Lessening the ultimate financial shock: Five greatest mistakes in higher education COVID-19 strategy

Too often, the urgent is crowding out time for strategy, rendering colleges and universities vulnerable despite momentous efforts.

by Melanie Ho

No industry was prepared for the financial shock presented by COVID-19, but for many colleges and universities it could be the final blow. Many institutions were already struggling to meet their enrollment and tuition revenue targets, and wondering how they would need to change to survive the demographic cliff projected to hit in 2026. Now the enrollment cliff may already be here; institutions previously worried about how to remain standing in a decade's time, now see survival as an urgent question for the next year or two. Even the more fortunate schools fear the financial strain will require unthinkable sacrifices to mission. Instructors, staff, and administrators are working nonstop to manage the crisis and its uncertainties, tirelessly finding ways to support their students and campus community.

The financial shock is inevitable. But the decisions that colleges and universities make across the next few months will determine the extent of that shock and whether the institution is positioned not only to recover, but also to emerge stronger on the other side. Based on our conversations with over a thousand college and university leaders, we have identified the five greatest mistakes in current COVID-19 response that are jeopardizing crisis recovery and post-crisis strategy.

In Brief: Mistakes to Avoid

1. Letting crisis response crowd out attention for the bolder strategic moves that cannot be delayed in order to ensure crisis recovery (pg. 2).
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3. Following the Great Recession playbook too closely, leading to underestimation of the more comprehensive and aggressive outreach plan needed to preserve the incoming fall class and re-enroll current students (pg. 9).
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Mistake #1: Letting crisis response crowd out attention for the bolder strategic moves that cannot be delayed in order to ensure crisis recovery.

In a typical crisis, organizations can focus on the "now" and deal with the "after" when the crisis has subsided. The nature of this crisis is different, and the typical playbook doesn't apply. Crisis response specialists talk about how an initial "boom" is typically followed by response, recovery, and — when there is time later to reflect on what's occurred — organizational resilience. This sequence will sound familiar to any college or university leader who has led response to a campus incident or natural disaster. But what does it mean when the boom keeps going with no defined end — and the continuous threat of a second boom?

Ask any college or university leader how they are managing COVID-19, and many describe the litany of operational decisions, what they've prioritized for this week vs. next vs. next month. It's an exercise in multi-tasking and getting things done. While there is tremendous complexity in this work, the problem is that the day-to-day crisis response is crowding out attention to larger strategy. In an extended crisis, and given the strategic risks already upon us, the "after" cannot wait.

Competition for fewer students and new markets will intensify further, and speed will bring decisive advantages.

Hard-fought student success and access gains already risk being dismantled absent quick interventions. Higher education must simultaneously focus on "crisis response" and "crisis recovery."

▶ Do not wait until fall to determine how to accelerate your strategic plan goals.

The current economic and public health crises are largely accelerating trends that were already in place. Before any of us had even heard of COVID-19, colleges and universities were dealing with intensified local competition, worried about student and family ability to pay, needing to do more to enhance career outcomes, working to close access and achievement gaps, and looking to create more flexible, workforce-oriented programs to serve non-traditional student and adult student needs. That means strategic plans are still directionally correct.

What has changed is the timeline. There's a lot we still don't know about the length of the continued crisis and the ultimate impact on all parts of society. The recovery will unfold differently in each region, based on infection rates, policy differences, and other factors. We still need to understand how the challenges K12 education is currently facing will reverberate to higher education in the coming years. But we don't need a crystal ball to know that we hadn't prepared for a financial shock of this nature, alongside the widening of equity gaps.

We have to move much faster than we're likely comfortable on many elements of our strategic plans.

We hear many schools say that "after things have calmed down" in the fall, they will turn their attention to strategy. Even with the best-laid plans, the challenges of crisis response will continue in some form, especially if we see a second wave. But our bigger worry on behalf of colleges and universities is that fall is too late.

Summer provides a critical time to re-position programs; fast-cycle new launches; aggressively prevent melt through bold action (not the same actions by other institutions where your students may be co-enrolling); and determine what unprecedented new ideas are needed for unprecedented challenges to student success.

▸ Begin readying the broader campus for bolder transformation on the other side.

More existential and fundamental questions also suddenly matter sooner, and will require more intensive financial modeling than is typical in college and university planning processes.

> - *How big (or small) should we be — how many students, and what is our enrollment mix?*
> - *How many different current and new audiences is it economically and organizationally feasible to pursue at once?*
> - *In what areas can we best differentiate our offerings and enhance our stature? What should we stop doing?*
> - *What is the right physical footprint for our institution?*
> - *What do we need to do differently to better engage with and support our communities?*
> - *Are fundamental changes needed to our business model to ensure affordability and remain financially sound?*

Answering these questions is a longer process worthy of more time across the next academic year. But the difference between approaching these questions from a point of resiliency — challenged but able to bounce back stronger — versus one of greater vulnerability, will depend on strategic decisions made across the spring and summer.

Additionally, the bolder transformation that these questions will necessitate cannot be accomplished without significant cultural change. Even before the current public health crisis, presidents frequently confided that despite hours spent on strategic planning, their plans needed to be more imaginative given the challenges to mission and margin ahead.

Colleges and universities already worried they lacked the organizational and strategic muscles for bolder transformation. This will be exacerbated in a crisis state, which psychological research shows can lead individuals to turn inward and want to preserve constancy. These are mindsets that hinder needed change. Additionally, teams are exhausted and stressed, with emotional reserves low and feelings of connection disrupted by social distancing.

The strategic pivots needed across the summer and next academic year will require commitment from across the campus community. As staff, faculty, and administrators are already busy and stressed, the impulse may be to protect their time from future-oriented discussions, and to think that individuals can only help within their silo or functional area.

The solutions to higher education's problems are threatened by our current silos, and we need to address the higher education silo problem. We need to build transparency and campus-wide literacy around college or university finances. And we need to engage campus stakeholders around aspirational visioning exercises that help individuals feel more enfranchised in change and that tap into their passion for the institution. These activities not only bring forward great ideas, but they can encourage individual stakeholders to feel more empowered to take initiative in how they lead through crisis — a necessity for organizations as complex and large as many colleges and universities.

▶ Upskill leaders deeper in the organization to play a larger role in crisis response.

Many executive teams are overloaded as they try to toggle back and forth between "crisis response" and "crisis recovery."   As the extended crisis continues and its financial implications become more clear, cabinets will need to spend less time on operational decisions, allowing more time to ensure the institution is making the bolder strategic pivots that they can't afford to wait on.

This will require empowering those deeper in the organization to play an increased role in crisis management, such as by ensuring broader leadership teams participate in tabletop exercises to be more practiced at day-to-day crisis response and decision-ready.

There are also other benefits of enfranchising a broader set of leaders in crisis response. Most crises in higher education require considerable time and energy from a small number of people: typically, a few members of the executive team, as well as key functional roles across the institution. Our current situation is impacting every department on campus. Anyone who manages anyone is leading their staff through the uncertainty of what's to come. Anyone who serves students or faculty is now doing so in a context that would have seemed unfathomable even a month ago.

We are all crisis managers now. The ability of the institution to continue adapting across the next year and beyond is requiring hundreds or even thousands of individuals to personally lead change in short order and with varying levels of preparation and training.

While it might seem like many of the most challenging parts of the COVID-19 crisis have passed, or will soon, unexpected fires and at least some continued ambiguity will continue, along with many institutions grappling with deficits and leaner staff.

Even before the crisis, executive teams worried that the tyranny of the immediate and constant firefighting was precariously stalling time for longer-term and more existential questions. But the need for cabinets to rethink how they prioritize their time together is simply more urgent now. That will require re-prioritizing how cabinets use their collective time — and, as a result, where their broader leadership teams will also need to re-prioritize their efforts.

Mistake #2: Assuming there is any scenario for fall that doesn't require enhancing digital capabilities significantly in order to safeguard student success.

The decision about fall term is placing university leaders under extreme pressure. New public health information emerges by the day, some of it conflicting. In some states, elected officials are ignoring or shortchanging public health warnings, bringing states 'back to normal' before it is seemingly prudent to do so. Some higher education institutions may be playing a game of chicken with peers and competitors, not wanting to rock the boat until the delayed decision deadline of June 1st. Many are waiting for additional public health clarity that is uncertain to come anytime soon: What will be the state of testing availability and contact tracing, regionally and nationally?   How will individuals weigh public health concerns against privacy ones?

EAB has been working with a number of institutions on considering a wide range of scenarios and implications for the fall term.

Our view is that there is no realistic scenario that does not include a need for higher quality online migration.

Keeping students six feet apart in residence halls, classrooms, and student activities will be near impossible to sustain with many campus populations. As a result, many institutions are considering different ways of reducing the number of students on campus at any point (such as by rotating on-and-off periods, or prioritizing those students most in need or most at risk of dropping out). This assumes that young adults already often unresponsive to *in loco parentis* attempts will oblige with distancing rules both on campus and as they spend time off campus, and that institutions will be able to provide testing, contact tracing, and quarantine protocols.

Even schools able to pull this off will need to double down on continued course migration.

One of the most assertive statements by a university to date, Purdue's announcement that fall will be in-person necessitates potential measures such as separating those under and over 35 years old and a system of frequent testing and quarantine; their scenario also includes use of online instruction for on-campus students. Additionally, many epidemiologists expect the virus to surge again in the fall, and faculty are already being told that even if they have on-campus classes, they will need to be able to shift to remote at a moment's notice.

▸ Start planning now for a higher-quality digital experience in the fall to meet heightened student expectations and respond to mounting retention challenges.

Education has been using the term "remote instruction," to indicate that classes quickly migrated as part of emergency management are not the same as online courses designed with the intentionality possible with more time and planning.

For many institutions, waiting for public health information to become more certain is distracting from the difficult planning task that needs to happen immediately: creating a virtual student experience with more intentionality. We'll need to shift to a higher quality online experience, not only when it comes to learning, but also related to student services. How do we create affinity and community among first-year students who won't have benefited from a pre-COVID-19 campus experience? How are we providing virtual career services support for students entering a difficult job market?

Colleges and universities are learning the hard way that getting online education right requires much more than flipping a switch. Many were caught off guard by the range of issues related to large-scale online migration, from assessing student learning to providing virtual career and experiential learning opportunities. Yet despite the inevitability of online instruction across the remainder of the calendar year, few institutions have created a comprehensive plan for summer course migration, including how to build the wraparound services critical to success and outcomes.

Additionally, while the Department of Education relaxed its guidelines during the emergency transition, institutions are now looking to ensure accessibility and accommodations for both compliance and equity reasons. All this will mean ramping up instructional design support.

Done right, distance courses can provide unique benefits to institutional equity and outcomes goals, but this will not happen automatically on its own. To the contrary, many institutions worry that remote instruction is exacerbating existing achievement gaps.

Remote instruction in K12 means that college readiness is about to take a big hit, as COVID-19 amplifies the typical summer slide. Schools with high at-risk populations would do well to invest in developmental and bridge programs now.

Generation Z students already rely on word-of-mouth and seek peer confirmation, including on social media, to learn about colleges and universities. While a residential experience can't be accurately assessed by its digital counterpart, as students "shop" for the 2021-2022 school year, they'll be looking not only at official communications, but also at what current students are discussing about their experience online.

▶ Consider blended models, including in-person student services, if your institution has a highly local population or a network of offsite locations.

While a high-quality virtual experience will be necessary for any remote student learning and support, early movers in online education have long found that targeted in-person opportunities can be powerful for creating community and supporting student outcomes. For example, select activities like advising, tutoring, and mental health services might still be offered in-person, in accordance with social distancing policies, even if courses are remote.

▶ Quickly assess your course offerings to determine where creating master courses or building extra-institutional partnerships are necessary to safeguard learning outcomes and rapidly scale high-quality online education.

Many instructors are not prepared, and many institutions lack the instructional design resources, to move each course one-by-one from the current, highly variable state of remote instruction to the more consistent quality needed to ensure student success.

Institutions need to quickly assess gaps in instructor readiness, especially for those teaching classes likely to have the greatest inflection on persistence and completion, to give students the best chance at success in online classes designed with less lead time than ideal.

By and large, faculty don't create all their instructional materials—they utilize textbooks, corresponding instructor's guides, and shared lesson plans and ideas among colleagues. Despite this, the development of "master courses," or one set of virtual lectures and course materials that can then be facilitated by different instructors, has always been controversial. Like online education itself, this approach causes faculty to worry that their role is diminishing.

But our priority now needs to be student learning. Individual institutions should consider where they should use open source materials or centrally create "master courses," especially in areas that will yield benefits long after COVID-19: bottleneck courses, remedial courses, and other courses critical to success but with high variability in instructor quality.

Many institutions are already looking to expand their partnerships with third-party vendors, such as Coursera or FutureLearn. Rather than re-inventing the wheel, schools can pair these existing courses with their own facilitated discussions, supplementary materials, and peer-to-peer work. Often, this will lead to a higher quality online experience and stronger student outcomes than if faculty do not have the inclination or support to migrate a course. Additionally, it provides an opportunity to expand the course catalog.

We also expect to see expanded partnerships between colleges and universities. The Online Consortium of Independent Colleges and Universities (OCICU) allows members to offer seats in online courses to one another, enabling institutions to provide a wider set of offerings to their students and generate added revenue. UCLA and Berkeley have long shared less-commonly taught foreign language courses. Partnerships like St. Norbert College and Bellin College's BSN provide opportunities for students to benefit from a liberal arts foundation and a professional education.

It will not be economically feasible in the future for most colleges and universities to offer all the courses and programs they do today. New partnerships will assure students and prospects that their institutions can provide a holistic set of offerings.

▶ Consider mini-mesters and project-based learning innovations that can provide both enrollment and student success benefits.

Many institutions are weighing the possibility of splitting the fall term into two mini-terms, or mini-mesters, or implementing block scheduling.

This strategy comes with several benefits. First, it allows for a phased course migration plan. Second, for schools able to be more flexible about admissions, it allows for later starts if nearby students who had planned to leave the region desire a local option instead. Multiple starts will also be beneficial in the spring, as economic uncertainty leads to a demand for more flexible options. Finally, community colleges have found that mini-terms can lead to improved retention rates in populations where life circumstances can prompt withdrawals.

Mini-mesters can also be well-suited for high-impact practices like project-based learning, which could provide a powerful introduction to college for first-years, exposing them to interdisciplinary inquiry and tying projects to the challenges of COVID-19 response and recovery.

Schools worried that their population might take a gap year, whether due to the need to work or out of reluctance to pay or travel amid uncertainty, could consider allowing these students to participate in project-based learning opportunities that provide exposure to higher education, continued connection to the institution, and credits toward a later degree.

▶ Reaffirm your mission and values to the campus community, no matter the exact fall scenario.

Institutions face the difficult challenge of responding to stakeholder pressure to define what fall will look like as quickly as possible. There are too many unknowns about public health infrastructure and the virus itself to give a wholly accurate prediction, and stakeholders will need to adapt to greater ambiguity than they'd like.

As a result, to help manage uncertainty and give confidence in institutional direction, colleges and universities need to prioritize communicating what values will be guiding their decisions and evolving response. Communications like the University of Colorado-Boulder chancellor's update to the campus community provide a model for articulating the institution's guiding principles as well as focus areas, timeline, and process for planning.

Mistake #3: Following the Great Recession playbook too closely, leading to underestimation of the more comprehensive and aggressive outreach plan needed to preserve the incoming fall class and re-enroll current students.

Comparisons to the Great Recession undermine how ruinous the current crisis could be to higher education, due to the speed at which it has descended and the impact that it will have immediately on student and family ability and willingness to pay.

Institutions who enroll large numbers of low-income and first-generation students were already concerned that the college-going rate could be threatened by the opportunity cost of pursuing a four-year degree outweighing lifetime earning potential for many of these students' economic realities. The current crisis is disproportionately impacting low-income families, and these students are more likely to melt before fall.

Those with means are not a sure bet either, with speculation over whether students will decide to delay starting college or attend a lower-cost institution nearby. Schools that rely on large numbers of out-of-region students have to expect families to be more hesitant to send their kids "away to college" or to pay full freight for an online simulation of the expected residential experience. High likelihood of fall virus resurgence is leading to worries about students being far from home if they or their parents get sick. Students and their parents may fear urban centers.

Institutions also find themselves threatened by new forms of intra-regional competition.

Incoming first-years were already putting down deposits at multiple institutions, and are expected to do so to a greater extent this year to hedge their bets against uncertainty.

Higher education was already grappling to understand how quickly the competitive landscape might shift as a result of the National Association for College Admission Counseling (NACAC)'s decision last fall to allow institutions to more aggressively recruit students who have committed to or are already enrolled at another college or university. Prior to COVID-19, most teams were focused on defensive strategies, aimed at fending off competition.

The shift to more aggressive strategies is now here faster than previously anticipated. Institutions are already discussing how to target local students who decide not to attend an out-of-state school as initially planned. Meanwhile, we expect discounting wars to worsen, further threatening net tuition revenue.

Ripple effects across the competitive landscape will also cause more enrollment pain.

Imagine a flagship institution that's lost 1000 international enrollments, and that also wants to compensate for COVID-19 costs or guard against unpredictable melt by growing their first-year class by another 500 students. That institution accepts 1500 more waitlist students, drawing from institutions nearby at the next tier of selectivity. Those institutions need to compensate for the resulting loss by going to the next tier of students, and so on. This ripple effect phenomenon was already occurring prior to COVID-19 as institutions looked to grow enrollments in a constricting market, but now will be exacerbated.

We shouldn't take the persistence of any current students for granted.

While current students have had more opportunities to develop attachment to the institution in person, the economic and public health factors mentioned above impact continuing students as well.

▶ Adopt "marketing through graduation" as a new mantra for reducing melt and enhancing persistence.

Institutions are working on a number of initiatives to reduce melt and re-enroll current students, such as by launching virtual orientations, reforming registration holds, expanding emergency grants, and more.

Next, colleges and universities will need to move beyond a collection of events and communications to aligning their actions and outreach as part of a cohesive customer journey: a framework common for recruitment, but less so for incoming and continued students.

Colleges and universities should consider all the ways that they cultivate prospective students across the decision cycle and apply these same tactics to incoming and current students.

This includes increased digital engagement, but also prioritizing high-touch interactions, such as one-on-one phone calls or web-conferences with faculty, staff, alumni, or peers. More importantly, it includes thinking about how these touches fit together intentionally, similar to how institutions have managed inquiries and cultivated prospects across the marketing and recruiting funnel.

As one enrollment leader has put it, the idea of marketing through graduation reduces the distinction between pre-enrollment communication and the post-enrollment student experience. The siloed approach to the student lifecycle — separating out enrollment from student success — was always suboptimal, but it could now have disastrous implications on the ability to reduce melt and retain students.

In recent years, a growing number of colleges and universities have created Chief Student Experience Officer roles. Even without that position, institutions must ensure that academic affairs, student affairs, and enrollment are getting beyond historical silos to collaborate on a cohesive digital student experience.

▶ Beyond discounting: determine and communicate distinctive value

Colleges and universities are deploying a wide range of pricing and discounting tactics in the short-term. As we head deeper into a recession, institutions will need to consider new ways to define and communicate the value and return of a college degree. Higher education tends to be counter-cyclical, but we haven't seen job losses hit so quickly before, with more unemployment claims in just two weeks than we saw in the entire Great Recession. Additionally, the public's view of higher education today has since been shaped by media stories about the "lost class" of 1.4 million bachelor degree graduates who experienced under- or unemployment at the height of the Great Recession, just as student debt hit the trillion-dollar mark.

Institutions will need to double down on marketing student outcomes not only to prospective, but also incoming and current students. They will need to boost their career support to be employer-ready in a difficult market and/or informed about graduate programs. And they will need to find as many ways as possible to help students "earn while they learn" to off-set the immediate opportunity cost of an education, especially for those supporting their families.

In addition to a continued focus on career outcomes, schools will need to re-visit the question most were asking before the crisis: where is our institution's *distinctive* value?

Mistake #4: Not realizing that most institutions are already behind when it comes to planning how to capture non-traditional enrollments.

Even before the crisis, colleges and universities were turning to adult and professional programs to compensate for declining undergraduate enrollments, but were struggling to grow share in a saturated market.

As with undergraduates, COVID-19 will make adult and professional programs even more hyper-local. Given the current emphasis on remote instruction, many boards and stakeholders will inevitably hope that launching new online programs can help schools evade local destiny. Institutions will need to be realistic about reach beyond their geography. One in five online graduate students already attends one of seven institutions: Southern New Hampshire University, Western Governors University, Liberty University, and several for-profit universities. These institutions benefit from sizable marketing budgets and the ability to re-invest in both recruiting and the online student experience in ways that smaller institutions cannot. Furthermore, while other institutions are overwhelmed by the transition to remote instruction, historically online and adult-serving schools have more capacity to double down on future strategy, giving them a leg up in the race to capture enrollments.

▶ Assess first-cut of new regional opportunities this spring — and conduct a market analysis (at least) quarterly to understand shifting needs for program revision, repositioning, and launch.

The impact of the current crisis on post-baccalaureate revenues will depend heavily on each institution's portfolio.

Those whose offerings appeal largely to career changers may need to rethink program design and positioning, as fewer adult working professionals voluntarily change careers during times of uncertainty. At the same time, there will be opportunities to provide education for displaced workers, employers shifting strategy, and the new crop of college graduates looking to launch careers in a seemingly impossible job market. Even before the current crisis, forward-thinking colleges and universities were looking at how to increase "repeat customers" (to use a private-sector term) through 4+1s, discounts for alums, and mapping educational opportunities to common alumni lifelong career pivots; we are already seeing institutions accelerating or initiating these efforts.

While there are a few broader trends likely to impact working professionals everywhere, colleges and universities will need to identify fields in their region that are being hit hardest by COVID-19. Small businesses are looking to retool — are there offerings that could help them? What are the most feasible career pivots for those displaced; for example, are there roles in a stressed health care industry or other essential services that would be a reasonable shift for those formerly working in hospitality? On a more sobering note, how can higher education support healthcare worker shortages? Community colleges typically benefit from downturns, and many have proven adept at providing more flexible, workforce-oriented offerings than their four-year counterparts. Many four-year institutions would do well to offer sub-baccalaureate credentials as well.

Beyond more technical workforce needs, difficult times lead many to search for community, purpose, and shared humanity. Many crave the arts and humanities, along with courses related to personal health and wellness. What will make this period different than the Great Recession is the search for meaning — not economically feasible for all, but an opportunity to provide courses or certificates for schools whose student base can afford it.

Many schools have begun discussing new opportunities, and understandably are trying to assess how the regional labor market will continue to change.

But there will be a crowded race to capture new non-traditional enrollments, and educational needs will continue to shift at a faster rate than many institutions typically stand up new programs.

Securing market share in a crowded field will require quickly understanding the regional market and identifying opportunities for re-prioritizing and expanding the current portfolio.

▶ Audit your adult student capabilities and infrastructure — for crowding (and crowded) markets, execution and experience can win the day.

Accustomed to "university speed," higher education institutions often celebrate a new offering that was able to be launched in a year or even two. Academic leaders should assume that any new idea for an academic program related to emerging needs from the current crisis is also being considered by peers and competitors. Early mover advantage will go to those who can enter the market quickly with short-format non-degree options, or through re-packaging and re-positioning existing content.

Schools shouldn't underestimate the value of being first(ish)-to-market. But the adult and professional education portfolio has suffered from commodification for some time, and will continue to do so. In a commodified market, student experience and operational execution can win the day.

Those who have thrived aren't always the biggest brand names or most well-resourced institutions, but those that have an organizational structure built for adult student needs.

- *Do you have a fast-cycle approval and launch process?*
- *In order to shift marketing investments and also allow for some risk in new programming, do you have a way to sunset or de-prioritize programs as market needs shift?*
- *Do you have the right faculty with expertise to design courses and programs for working professional needs; if not, can you identify, support, and train quickly?*
- *Are colleges and schools able to find ways to collaborate with one another to expand reach and develop new programming, or do they unhelpfully compete internally and send confusing signals to the market?*
- *Are you maximizing your employer partnerships for enrollments?*
- *Do you have a process for identifying primary and secondary audiences, and the different messages most likely to be effective for each?*
- *Are you able to differentiate from competitors based on services for adult students in a difficult job market (career services, executive coaching)?*

Any institution that expects that adult and professional students will be a key revenue strategy needs to answer these questions and more in order to grow, or in some cases maintain, share. Not all this needs to be built overnight, but many colleges and universities will find key competitors already ahead in having the right processes and infrastructure.

If institutions haven't already started prioritizing new or re-positioned offerings for the summer, and developed a plan for fast-cycle launch across the year, they are already behind.

Mistake #5: Institutions are making cost-containment decisions disconnected from investment decisions, putting enrollment and student success goals at greater risk.

Colleges and universities are needing to determine how to pay for the <u>unanticipated costs of the crisis</u> while also anticipating added stresses on the budget model to come. As a result, most have begun the difficult work of cost-cutting, looking to non-personnel costs first before shifting to personnel decisions.

Higher education is a highly fixed-cost business, and cost containment alone cannot compensate for lost tuition revenue. But the typical hope is that cost-reduction as a first line of defense buys time to focus more deeply, though usually separately, on revenues.

Even in normal times, EAB research shows that <u>labor cost-reductions frequently do not achieve the intended savings</u>, with two-thirds of institutions that reduce headcount seeing labor costs grow faster in the three years following the cut than the three years before the cut.

Potentially more troubling is that the wrong cuts could make it difficult to bounce back. COVID-19 recovery will require institutions to make several strategic pivots, described above, that will demand considerable energy by staff, administrators, and instructors.

While many institutions will not be able to avoid looking at personnel costs in their cost-containment plans, they must do so in light of strategic investment needs.

▶ Prioritize strategic workforce planning to ensure talent is aligned with strategic objectives, especially (but not exclusively) before any significant consolidation efforts.

Colleges and universities need to understand where they must shift the focus of their talent base in order to preserve revenues (especially enrollment and retention) and determine restructuring accordingly.

In some places, it may make sense to shift talent to growing needs. For example, many schools do not have sufficient enrollment counselors or advisors to provide the one-on-one support needed to reduce melt, keep students engaged, and recruit new students to programs and initiatives stood up quickly and amid heightened competition. Meanwhile, there are <u>other staff on campus with translatable skills</u> for these activities, such as those in advancement or even in internal roles with heavy customer service. Additionally, schools may need to consider cutting more deeply in certain areas in order to have the ability to hire in others, such as instructional design.

Higher education does not have a history of approaching human capital issues strategically, and this makes us vulnerable as cost-cutting measures are employed now.

Across-the-board cuts are often tempting for expediency, but can mean reducing capacity for talent in areas where it's needed most, leading to a second wave of cuts later to re-hire back in priority areas. This can delay progress on strategic objectives, and the dribbling of cuts over time is difficult for morale. Even for colleges and universities not planning to consolidate, a strategic workforce planning exercise can help to ensure the institution's talent base is focused where it can have the greatest impact in the near-term and long-term.

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Preparing for what will endure on the other side.

Some of the best parts of the "virtual" student experience should endure post-crisis, supporting innovations in learning and the student experience even when campuses return to a primarily residential experience.

Pedagogical and student experience innovations have been plentiful on every campus, but these have long been trapped in pockets rather than scaled where needed most across the institution. Colleges and universities are beginning to identify what current innovations they want to last to help prioritize investments and rally stakeholders in the present.

Another silver lining to the crisis may be a resurgence of interest in expertise and in how colleges and universities are solving COVID-19 challenges in real-time. Higher education will undoubtedly play a critical role in rebuilding regional economies and addressing societal inequities and challenges made bare by COVID-19. The University of Texas at San Antonio's COVID-19 Business Recovery Accelerator, created to help small businesses access relief and recovery funds, provides one example of how institutions are serving the needs of the moment.

Through the CARES Act, Congress greatly expanded the National Science Foundation's Rapid Response Research (RAPID) grant program, fast-tracking funding to COVID-19 research, including its mid and long-term effects. While industry-driven research will continue to play a key role in the response and recovery, with COVID-19 expected to reorder all aspects of society, it is colleges and universities that will be able to amass and network the depth and breadth of expertise needed across every single discipline.

In recent years, many universities have launched "Grand Challenge" initiatives, focused on solving large-scale societal problems that require multi-disciplinary solutions. These often can draw funding from a wide range of agencies, donors, foundations, and corporations. Institutions should consider what large-scale problems presented by COVID-19 they may be uniquely qualified to address for their region, nationally, or globally. In addition to expanding the impact of research, Grand Challenges can provide areas for institutions to expand and differentiate related educational offerings, outreach activities, and faculty consulting.

Higher education's standing has historically been strongest during times of dramatic societal shift, and as a sector we have pivoted when society has needed us before. The history of any single college or university is one of evolution along with the community it serves. Managing crisis response and steering significant strategic pivots simultaneously will not be an easy task, but it will help institutions find strength and focus on the other side.

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