



The President's Monthly Perspective

November 2008

The Global Economy and Unity College

Part One: Vigilance and Creativity

The disturbing news about the global economy has us all swimming in a pool of anxiety and uncertainty. The extraordinary chain of events, coupled with the excitement of the presidential election, has been utterly fascinating, if unnerving. We are all wondering how this uncertainty will impact Unity College. What are our prospects and opportunities? What risks do we face? How will we manage those risks? How shall we weather this storm? I'd like to assess some of these challenges and share my thinking with you.

Like many of you, I've been following the economic news diligently. I've been especially interested in the higher education news media (*Chronicle of Higher Education*, *Inside Higher Education*), to get a sense how a range of institutions are working through these challenges. Many colleges and universities, especially the large public institutions have already brought out the budget scalpels. It seems the larger the endowment, or the more an institution relied on its investments, the more it had to cut. The Unity College endowment has lost 20% of its value, but since we don't rely on it for operations or scholarships, our bottom line still looks worse, but the losses are thus far very manageable. Institutions that have incurred much debt to support athletic facilities or flashy buildings are now regretting some of their choices; last I looked, we don't have those kinds of buildings!

The major uncertainty for small, tuition-driven colleges is whether the loan markets will be steady enough to support our students. If they aren't, then we are all in for some major belt tightening. I am assured that we will not face this issue for the Spring 2009 semester as students generally secure loan money for a full year at a time. But we might face it for Fall 2009, if our returning students are unable to secure the same loans, or if our new students are unable to get them. And with credit as tight as it is we just don't know how this will turn out.

There are some important trends that are in our favor. Colleges are historically recession proof. We are a small, niche-driven College. Our retention numbers are increasing. Our inquiry numbers are increasing. I expect that our applications will increase. Our fundraising numbers are improving. Additionally, state institutions are initiating significant tuition hikes. Even if we hike tuition 3-5%, Unity College will be cheaper than the University of Maine for out of state students. I also believe that a new federal administration will make student loans a priority item.

In ordinary times, there would be no cause for concern. But in times like these, there is cause for concern, and despite all of our optimism about the great things that are happening at Unity College, we would be naïve to overlook the deepening economic trough. No one really knows what's going to happen.

So what is Unity College going to do about this uncertainty? Here are some of the approaches we're taking.

First, the budget committee is developing multiple planning scenarios. We will have contingencies for a variety of enrollment possibilities. If our worst scenarios occur (let's say (50) fewer students), we will have a plan. Honestly, I would be shocked if we have (10) fewer than we do now, and I actually don't think our numbers will decrease at all. But if they do, we will be ready. Our priority will be to emphasize job security, maximize efficiencies, cut back on any unessential services, and protect the integrity of our academic programs.

Second, I have contracted with the Education Alliance (the same folks who offered the retention workshop) to develop a pricing study for 2009-10, including a review of our financial aid strategies. We will be emphasizing Unity's reputation as a "good deal" College. I have also asked the Education Alliance to consult with Unity College for assistance in developing alternative revenue scenarios.

Third, the senior administrative staff will continue to explore alternative revenue generation. This includes summer programs, business partnerships, and partnerships with other educational institutions. I believe that we remain an underleveraged institution, not necessarily in terms of our capacity to borrow money, but in terms of using our campus as a source for revenue.

Fourth, we will continue to pursue sustainable solutions, not only for their ecological virtue, but because we can save money this way. Whether its energy retrofits and efficiencies, alternative energy sources, or more food grown on campus, over time, and with good planning, we will generate cost-savings as we become a more sustainable community.

Fifth, I will do all that I can to add more financial skill and experience to our community. Whether it's through the use of consultants, "friends" of the College, or Board members, we will ask for help in these matters as necessary.

Sixth, we will communicate openly, honestly, and frequently about the choices we face and how we go about making them. If we have difficult choices, we will ask for input, we will consult widely, and we will listen to multiple points of view. We will use tough choices as an opportunity to build strength and community.

On a more personal note, I remain highly optimistic about the prospects for Unity College. This feeling comes from a variety of sources—my on-the-ground discussions with students, staff, and faculty; the interest and reception I receive as an ambassador of the College; the number of people and organizations that wish to work with us; our great press coverage and our growing regional and national reputation; and the pertinence and urgency of our environmental and educational mission.

What's crucial is that we balance vigilance and creativity, risk and opportunity, analysis and intuition, patience and urgency.

The College has an excellent master plan, a strong strategic plan, and a committed community. We will build on our strengths, keep our vision front and center, and adapt to the changing times without yielding our courage or conviction. Never before has the depth of the sustainability message been so crucial.

The bottom line: as we become a better College and serve our students well, there will be a need for our services. One cannot think any other way!

Part Two (forthcoming) of this message will explore the ecological meaning of debt and investment.

Mitchell Thomashow
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