

Is your college financially healthy?

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You have worked hard to make your list of colleges, visit them in-person or virtually, write the essays, and fill out the applications. The colleges know a lot about you and your family's finances, but what do you know about theirs?

Traditionally, the FAFSA has served as a college's resource to determine a family's ability to pay for college. However, there has been a long wait for an easy to understand and accurate record of a private college's ability to stay in business for the 4-6 years students' needs to graduate.

Based on a review of audited financial statements, it is reasonable to assume that many small to medium-sized private colleges will not have the financial resources to remain viable or even to provide you with the type of education you have come to expect.

We created the College Viability App to provide students and their parents an easy-to-understand resource of what to look for regarding a private college's financial health. You simply select the colleges you are considering, and we provide you with six years' worth of comparisons on 6 key viability indicators. We explain how to easily interpret the comparisons below.

The consequences of choosing a financially challenged, and potentially non-viable college include:

- The need to transfer colleges and the emotional and logistical challenges associated with it
- Potential loss of transfer credits and the need to re-take some classes at the new college
- Faculty and staff turnover
- Decreased building and grounds maintenance
- Increased time and costs to complete your degree

Here are some traditional indicators of colleges who most frequently face viability challenges.

- Enrollment less than 1,000 with a trend of decreasing enrollment
- Endowments less than \$50 million
- High tuition discount rates (greater than 50%) that are reflected in lower tuition and fees revenue

In most cases, scholarships offered by colleges are simply tuition discounts – like discounts you might get when buying groceries, clothes, or cars. Those scholarships are not funded with real money.

If a college is desperate to fill seats, it commonly offers 'scholarships' that are not funded by any real money. They are simply lowering the price of tuition to get your enrollment commitment.

Certainly, these tuition discounts are good for students and their families, but they are not always good for the college's finances. Faculty need to be paid, lights kept on, buildings maintained, and a long list of other expenses are incurred. Decreased revenue from tuition will be one of the leading factors in colleges that choose to go out of business.

The College Viability app does not predict whether a private college will close or not. It simply provides you with an easy-to-use, customizable comparison of colleges you are considering. Below, you will find some straightforward guidance on how to interpret and understand the financial, enrollment, and outcome

data used in the app. Some colleges have performed better than others over the past 6 years. You can compare and make your own judgement. It is important to note that we use the most recent federal data available. There is usually a 12-18 month lag time before a private college's data is posted.

Here is a screen shot of the first page on the College Viability App.

The College Viability App v4.5		6-Year Changes (2013-2018)					
State	College Name	12 Month FTE Enrollment 2013 - 2018 Change	Admissions Yield Total 2013 - 2018 Change	6-year graduation rate 2013 - 2018 Change	Core expenses total dollars 2013 - 2018 Change	Core revenues total dollars 2013 - 2018 Change	Endow Assets at End of Year 2013 - 2018 Change
WI	Alverno College	-458	-1	2	(\$2,560)	(\$11,894,316)	\$7,702,705
WI	Beloit College	118	1	-3	\$4,485,229	\$2,803,858	\$43,705,606
WI	Cardinal Stritch University	-1,902	10	-2	(\$26,845,951)	(\$22,466,086)	\$3,108,631
MN	Carleton College	0	0	-1	\$19,142,481	\$49,189,346	\$177,953,720
MN	College of Saint Benedict	47	-3	3	(\$1,257,789)	(\$1,475,742)	\$28,605,282
MN	Crown College	-14	5	-4	(\$709,247)	\$94,835	\$1,831,160
WI	Edgewood College	-518	0	12	\$3,969,286	\$1,039,604	\$20,201,721

6 - Year Changes: The first page summarizes six key indicators for finances, enrollment, and outcomes for the reported period of 2013-2018. Compare each of the six indicators to look for any big differences among the colleges you are considering.

Navigation Links

To the left are explanations of the navigation links in the College Viability App.

Selections

6-Year Changes

Enrollment

Tuition & Fees

Endowment

Grad Rates

Core Expenses

Core Revenue

Understanding

Quick Summary:

- The **FTE Enrollment** should be positive. The larger the increase over the 6 years, the better
- The larger the increase in the **endowment assets**, the better.
- You will want to see the **graduation rate** increase over the reporting period. More importantly, when you access the CV App, click the 'Grad Rates' button. Any number around or below 50% is not good. A graduation rate in the 70% and above is a reasonable minimal target.
- The change in **core expenses** should be less than the change in **core revenues**.
- The last page of the App, **Understanding** provides a concise explanation of the data.

Below is a more detailed description of the factors we track in the College Viability App and how they can help you become more informed about your private college options.

FTE Enrollment:

State	College Name	2013 FTE	2014 FTE	2015 FTE	2016 FTE	2017 FTE	2018 FTE	Change in Enrollment
WI	Alverno College	1,925	1,863	1,758	1,689	1,544	1,467	-458
WI	Bellin College	232	289	327	372	374	398	166
WI	Beloit College	1,270	1,310	1,311	1,353	1,423	1,388	118
WI	Cardinal Stritch University	3,595	3,383	2,656	2,150	1,846	1,693	-1,902

This effectively shows full-time enrollment for each of the years 2013-2018. It is easy to compare one college's 6-year trend with another. The last column shows the positive or negative change over those years.

Positive trend: FTE stands for full-time enrollment and is a calculation showing how many students would be attending if all were enrolled full time. On the Enrollment tab, you want to see consistent increase in the FTE enrollment. Larger enrollment typically provides more revenue to a college.

Negative trend: Either big changes from one year to the next or a consistent decline in enrollment. The first suggests inconsistent discounting and the college may be having difficulty bringing in students without substantial discounts. This hurts their ability to generate revenue to stay viable.

The tables below show the actual number for each of the reported years (2013-2018). The far right column shows the changes from 2013 to 2018. Note: In the last column, **Green background color** is suggestive of a better result. **Red background color** is suggestive of *comparatively* less desirable result.

Tuition and Fees:

State	College Name	Tuition and fees - Total 2013	Tuition and fees - Total 2014	Tuition and fees - Total 2015	Tuition and fees - Total 2016	Tuition and fees - Total 2017	Tuition and fees - Total 2018	Change in tuition and fees
WI	Ripon College	\$13,161,177	\$12,869,707	\$12,182,945	\$12,706,866	\$12,851,953	\$12,407,966	(\$753,211)
WI	Mount Mary University	\$17,919,281	\$17,473,202	\$15,607,271	\$16,088,886	\$16,320,769	\$17,010,262	(\$909,019)
WI	Beloit College	\$22,936,328	\$23,401,160	\$23,716,872	\$25,131,739	\$25,983,299	\$24,439,021	\$1,502,693
WI	Lakeland University	\$23,112,925	\$24,687,650	\$23,570,089	\$24,446,319	\$22,790,935	\$22,056,193	(\$1,056,732)

The main revenue source for almost all private colleges is tuition and fees. While enrollment is often reflected in the tuition and fees colleges collect, in recent years there has been a lot of market pressure to discount tuition. This has contributed to decreasing tuition and fees and could indicate trouble for a college you are considering.

Positive trend: Consistent increase in tuition revenue

Negative trend: Consistent decrease in tuition revenue

Admissions Yield

No yearly screen shot shown.

A negative number suggests a larger number of students are not accepting a college's admission offer. A positive number can suggest more students are accepting their admission to a college. It is not as strong of an indicator of viability challenges as other factors, but it can build on the pattern seen by other data in the CV App.

Positive trend: An increasing **admissions yield** can suggest a college is able to enroll students who they have accepted.

Negative trend: If the **yield** is decreasing, for some reason(s) more student are choosing other options instead of enrolling in a college that accepted them.

Endowment:

State	College Name	2013 Endowment	2014 Endowment	2015 Endowment	2016 Endowment	2017 Endowment	2018 Endowment	2013-2018 Change Endow
WI	Alverno College	\$22,260,140	\$25,317,427	\$25,425,125	\$23,854,949	\$27,709,006	\$29,962,845	\$7,702,705
WI	Bellin College	\$9,080,660	\$9,695,985	\$10,151,773	\$10,215,786	\$10,565,802	\$10,796,759	\$1,716,099
WI	Beloit College	\$117,227,267	\$130,761,615	\$145,348,605	\$145,155,229	\$159,514,047	\$160,932,873	\$43,705,606
WI	Cardinal Stritch University	\$8,978,545	\$9,747,225	\$10,229,682	\$10,450,224	\$11,109,690	\$12,087,176	\$3,108,631

Positive trend: Simply speaking, this number represents financial gifts private colleges have received. While there are different types of gifts, look for those colleges whose endowment has grown more than its competitors. These organizations will have the extra resources to survive tough economic times.

Negative trend: If you see that a total endowment amount has decreased in the 6-years of data, it could mean the college is using those funds just to keep the lights on.

Any **endowment** total that is less than \$50 million is also reason for concern about a college's financial health.

6-Year Graduation Rates:

State	College Name	6-year Graduation rate - 2013	6-year Graduation rate - 2014	6-year Graduation rate - 2015	6-year Graduation rate - 2016	6-year Graduation rate - 2017	6-year Graduation rate - 2018	6-year Grad rate Change
WI	Northland College	48	54	58	46	58	50	2
WI	Viterbo University	49	53	47	49	52	46	-3
WI	Marian University	52	51	49	56	41	45	-7
WI	Mount Mary University	46	35	41	49	43	43	-3
WI	Alverno College	40	39	39	36	42	42	2

The education outcome the College Viability app tracks is 6-year graduation rates. There are typically not big swings in graduation rates over 6 years. Just look for colleges with higher graduation rates.

Positive trend: The larger the number, the better.

Negative trend: A lower percentage suggests a college is not as successful in graduating its students as those colleges with higher percentages. If the graduation rate hovers around 50% or lower, there are legitimate reasons to have concerns about that college's quality of education and the systems and processes needed to enhance retention and create graduating students.

Core Expenses:

State	College Name	Core expenses (2013)	Core expenses (2014)	Core expenses (2015)	Core expenses (2016)	Core expenses (2017)	Core expenses (2018)	Core Expenses Change 2013-2018
WI	Lakeland University	\$29,272,065	\$30,777,259	\$29,993,959	\$27,406,919	\$27,241,887	\$27,089,755	(\$2,182,310)
WI	Lawrence University	\$52,211,908	\$55,021,515	\$55,618,675	\$56,673,682	\$58,256,944	\$60,475,964	\$8,264,056
WI	Marian University	\$29,679,026	\$29,360,333	\$30,042,636	\$28,968,853	\$29,449,607	\$27,592,653	(\$2,086,373)
WI	Marquette University	\$325,730,000	\$334,740,000	\$334,218,000	\$342,539,000	\$359,487,000	\$364,594,000	\$38,864,000
WI	Mount Mary University	\$21,516,652	\$22,475,176	\$22,313,660	\$23,173,114	\$23,066,206	\$22,610,542	\$1,093,890

It is best to compare both core expenses and core revenues for each of the years listed. Any significant expense imbalance is worthy of concern. If expenses go up year after year, it is reasonable to expect revenues to at least trend upwards also. Watch for colleges whose expenses have increased, but their revenues have not. Remember, you are looking at a 6-year trend. If a college can't reverse a bad expense and revenue pattern in 6 years, there is reason to be concerned about their viability.

Positive trend: Expenses have either decreased more than the core revenue has decreased, or the increase in core expenses should be a smaller number than the increase in core revenue.

Negative trend: Expenses have increased faster than core revenues, or the decrease in expenses has been slower than the decrease in revenues.

Core Revenues:

State	College Name	Core revenues (2013)	Core revenues (2014)	Core revenues (2015)	Core revenues (2016)	Core revenues (2017)	Core revenues (2018)	Core Revenue Changes 2013-2018
WI	Lakeland University	\$29,689,612	\$32,038,472	\$31,891,235	\$30,553,576	\$35,443,961	\$30,987,247	\$1,297,635
WI	Lawrence University	\$73,228,128	\$107,191,387	\$64,930,210	\$54,378,009	\$90,005,065	\$73,846,815	\$618,687
WI	Marian University	\$28,633,767	\$28,658,845	\$28,209,734	\$29,846,394	\$33,452,227	\$28,731,906	\$98,139
WI	Marquette University	\$358,608,000	\$413,373,000	\$369,073,000	\$338,239,000	\$420,691,000	\$414,613,000	\$56,005,000

If revenues are trending downward and expenses are not decreasing in a similar trend, there is reason to consider whether a college with that pattern has the capacity to do what is necessary to survive and thrive. Tuition and fees are part of core revenue. As one goes trends, the other usually goes in the same direction.

Positive trend: Core revenues have increased faster than expenses have increased, or revenues have not decreased as much as expenses have decreased.

Negative trend: Any trend where the revenue decreases is concerning. However, if a college can keep its expense changes in line with its revenue, that works for a while. Any business strongly prefers consistent revenue growth. It's an indication of a good product or service.

Remember, it is the trends that are most important to consider. Bad trends in enrollment and revenue along with increased expenses trends are a bad combination. Ask your admissions rep why that pattern has continued over the 6-years reported. If they suggest things are getting better, accept that with the proverbial 'grain of salt', or ask for proof.

If you see differences that concern you among the colleges you are considering, share your concerns with your admissions representative. Use their responses and the data in the College Viability App to make a more informed decision about the college(s) you are considering.

The CV App is available at no charge through September 15th, [Click here](#) for your courtesy access. The App is designed to work best on a computer.

[Here is a link](#) to a YouTube **tutorial** on the College Viability App.

Data Source: National Center for Education Statistics - Integrated Postsecondary Education Data System (IPEDS) 2013-2018