

HOW COVID-19 CHANGED EVERYTHING AND NOTHING AT ALL

Multi-billion dollar losses due to declining enrollment, inconsistent success moving to an online learning environment, questions about the viability of athletic programs, and challenges in planning and executing a safe physical return to campus. COVID-19, it would appear, has changed everything in higher education. Or has it?

Based on an analysis of research conducted at the end of 2019, the very set of issues leaders are grappling with today are the ones identified as being of concern pre-pandemic. In fact, in many regards, COVID-19 has only exacerbated underlying and systemic issues and risks that have been at the forefront of leaders' minds for years.

TOP CHALLENGES

The Fall 2019 research—conducted by the Association of Public and Land-grant Universities (APLU) in partnership with Blue Moon Consulting Group, a boutique higher education crisis management consultancy and SimpsonScarborough, a leading higher education research and marketing firm—focused on top challenges institutions face and how prepared leaders felt to both manage reputational risk and to meet their strategic objectives. Follow-up qualitative interviews were conducted December - February 2020 with presidents at APLU institutions to further examine key research findings.

Regardless of leadership role (president, provost, student affairs, research etc.) there was remarkable consistency in the prioritization of identified challenges, which were:

1. Government funding (77%);
2. Student mental health and well-being (68%)
3. Diversity & inclusion efforts (63%); and
4. Affordability (62%)

CHALLENGES AS REPORTED BY ALL RESPONDENTS

CHALLENGES	BIG CHALLENGE	SMALL CHALLENGE	NOT A CHALLENGE: ADDRESSED	NOT A CHALLENGE & HAS NEVER BEEN	DON'T KNOW/ NOT SURE
Government funding	77%	17%	2%	1%	2%
Student mental health/well-being	68%	22%	4%	0%	6%
Diversity & inclusion of students, faculty, and staff	63%	25%	7%	2%	3%
Affordability	62%	27%	7%	2%	2%
Student success/retention	58%	29%	9%	1%	3%
Graduation rates	50%	34%	11%	2%	4%
Decrease in high school student population	48%	31%	6%	6%	9%
Evolving workforce needs for graduates	47%	42%	5%	1%	4%
Student enrollment	45%	34%	12%	5%	4%
International enrollment	44%	42%	6%	3%	5%
Sexual assault/harassment	42%	40%	11%	1%	7%
Serving nontraditional students	35%	45%	12%	3%	6%
Research security	35%	40%	10%	3%	12%
Rankings	32%	44%	10%	5%	9%
Academic freedom/freedom of speech	28%	43%	17%	6%	6%
Academic quality	21%	50%	18%	7%	5%
K-16 partnerships	18%	48%	18%	2%	14%
Competition from non-trad. postsecondary programs	17%	45%	11%	13%	14%

Showing the broad relevance of these issues, only 1% of respondents said that government funding was “not a challenge at all;” and 0% said that student mental health was “not a challenge & has never been.”

#1 CHALLENGE: DECLINING GOVERNMENT FUNDING—DISCUSSING THE ROOT CAUSES OF FINANCIAL RISK

Declining government funding and its flipside, affordability, are two of the four biggest challenges—hardly a surprising result. The delicate financial balancing act most schools undertake each semester have been laid bare by COVID-19-driven layoffs, furloughs, program cuts, and the expected significant reduction in state allocations to higher education as they scramble to meet public health financial challenges. Additionally, existing college and university funding concerns over enrollment declines due to demographic changes (48%) and a perceived unwelcoming environment for international students (44%) are being exacerbated by the pandemic itself.

Follow-up conversations with leaders in late 2019 and early 2020 focused on the root causes of declining government funding and how to address it. Two main themes emerged:

DECLINE IN BELIEF OF HIGHER ED AS A “PUBLIC GOOD”

“Yesterday is not going to return for higher education funding” said one President. While there are always practical justifications for the continuing pattern of disinvestment by states in higher education (declining state revenues, carve outs for K-12 etc.), the underlying cause of reduced support was often identified by presidents as a result of the decline in perception of a college degree as a “public good.” The Varsity Blues admissions scandal as well as various athletic

and sexual assault issues, broader questioning by political leaders as well as students, and their families about the perceived value of a degree versus learning a trade, were also referenced as contributing to a decline in perception of the value of higher education generally. The political environment, particularly anti-science viewpoints was also noted as being problematic, undermining broad support for higher education funding.

Some solutions suggested included:

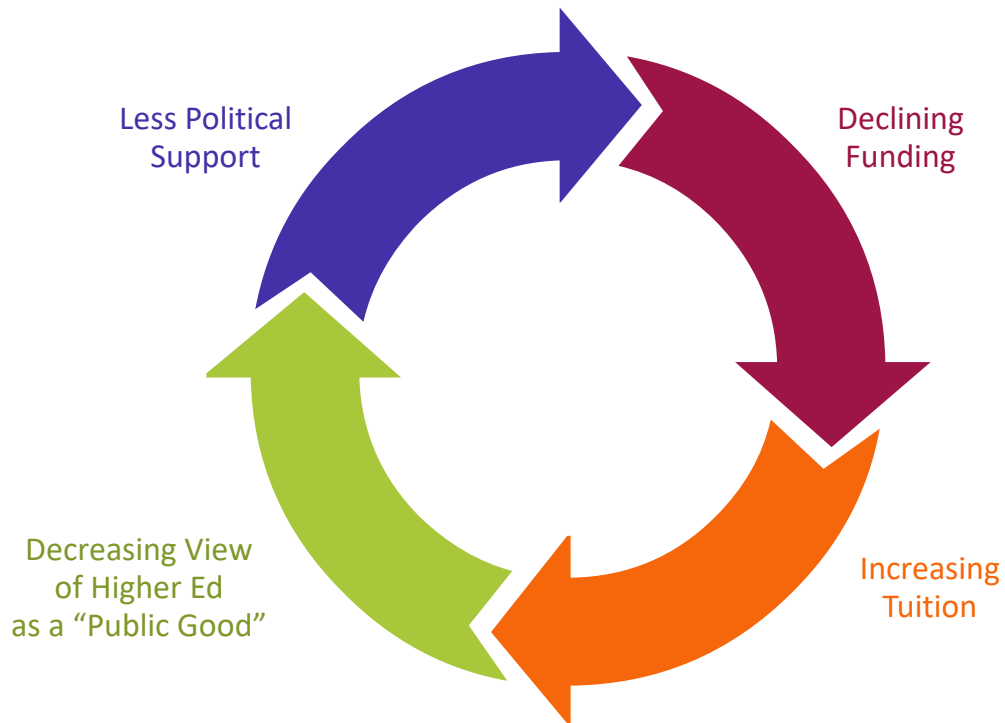
- Increasing public advocacy regarding the contributions of higher education (including research, economic contributions, and educating the workforce for the future);
- Supporting the creation of political action committees to directly lobby for additional support; and
- Actively seeking alternative sources of funding (philanthropy, public private partnerships etc.)

DECLINING GOVERNMENT FUNDING—DISCUSSING THE ROOT CAUSES OF FINANCIAL RISK (CONT.)

These efforts, however valuable, are generally viewed as a band-aid to a systemic wound that may never heal.

The issue of declining funding causing increased tuition rates leads to a self-fulfilling prophecy of decreasing affordability. Higher education necessarily turns into an individual's investment or preference as opposed to a societal benefit.

The financial havoc COVID-19 is playing on state budgets is only going to accelerate the decline in state funding. Given limited ability to increase tuition for most state institutions amidst the economic downturn, particularly for institutions attracting significant numbers of first-generation students, significant cuts to staff, faculty, and programs are left as the primary solution to balance budgets.



INABILITY TO QUICKLY ADAPT

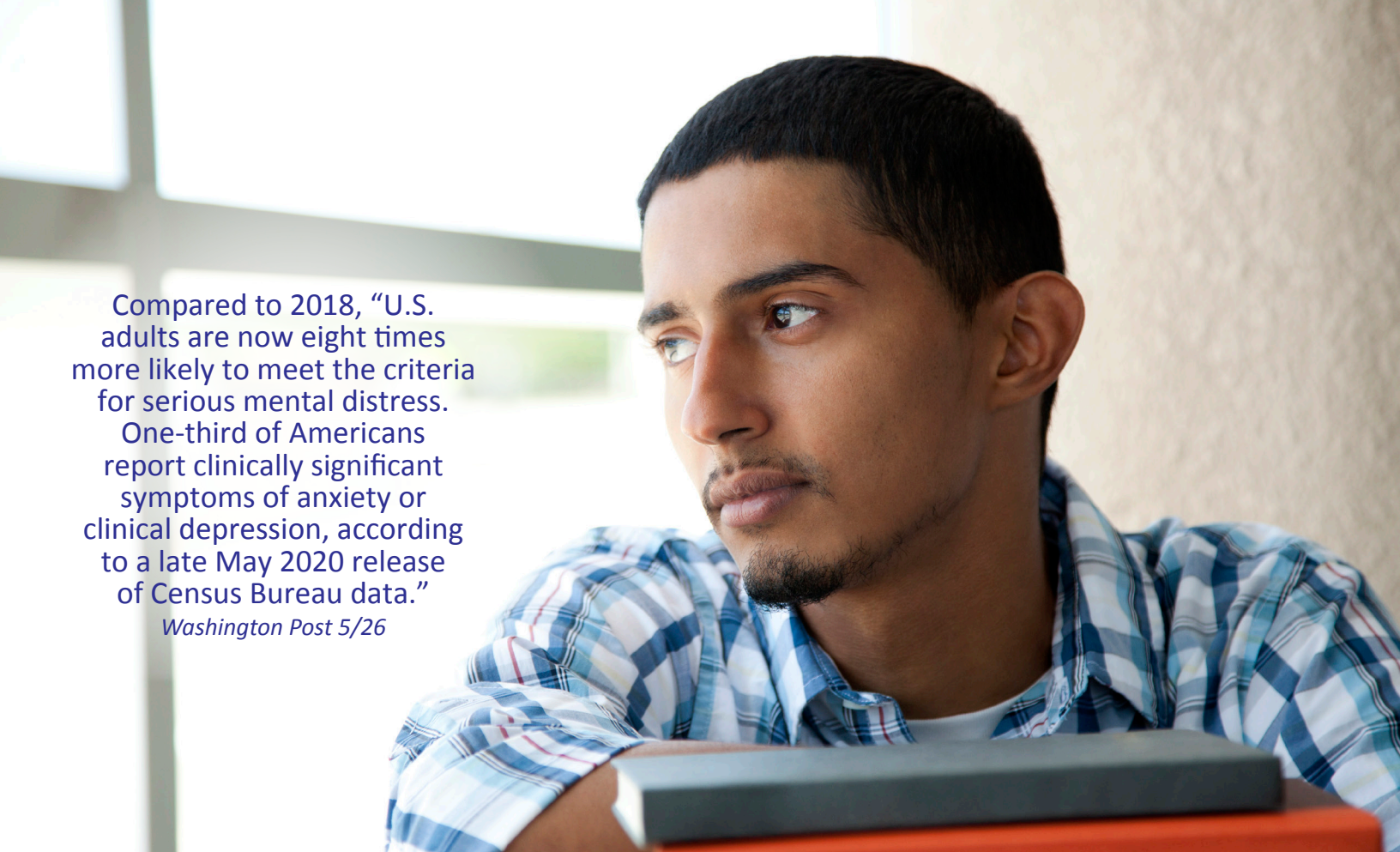
Higher education is “like a large cruise ship — [schools are] fine when heading in a straight direction but unable to change direction” said one president. Whether lamenting the problem (“the whole tenure thing” as one president summarized it) or trying to institute change by “incentivizing behavior” or being “agile,” the commonly-shared view is that governance and cultural make it harder to innovate and adapt than necessary and required.

This lack of flexibility, in turn can further undermine the perception of higher educational institutions as serving society effectively and thus being a good place to fund and invest. Interestingly though perhaps unsurprisingly, presidents who appeared less concerned about declining level of state support also tended to be enthusiastic proponents of non-traditional pathways including focusing on adult learners and continuing education, associate degrees and certificates, and blending online with in-person classroom experiences to reduce the cost of the delivery of education.

Suggestions mentioned in the survey to address the cultural at universities included the following:

- “Reward and advancement system does not support institutional values nor encourage a civic role for public universities. The system is also creating a growing pay disparity within the academic workforce.”
- “Faculty need to be incentivized to engage with businesses/industry”; and more generally,
- Universities need a “capacity to make significant changes” or as another respondent put it, a “capacity to “think big, think entrepreneurially, [and] move nimbly.”

COVID-19 has certainly forced almost all institutions to adapt extremely quickly, particularly in the area of moving to online education, perhaps suggesting the perceived inability to adapt is only partially true. Will COVID-19 be the catalyst for change that almost all the university presidents interviewed talked about as necessary for an institution to be successful in the future? Or will it be viewed, particularly by faculty, as a convenient “exigency” that is being leveraged by the administration to initiate change that is anathema to higher education’s traditional role, one that needs to be countered?



Compared to 2018, “U.S. adults are now eight times more likely to meet the criteria for serious mental distress.

One-third of Americans report clinically significant symptoms of anxiety or clinical depression, according to a late May 2020 release of Census Bureau data.”

Washington Post 5/26

#2 BIG CHALLENGE: STUDENT MENTAL HEALTH—AN “UNQUENCHABLE NEED”

Student mental health has been on leaders’ radar for a long time—albeit more narrowly focused on suicide prevention and awareness. Yet it was surprising—including to presidents when informed of this result—that student mental health was the second highest ranked “big challenge.” In fact, 72% of senior leaders viewed student mental health as a top challenge compared to 56% of directors and below, the largest gap in perceived seriousness across all issues measured.

Almost uniformly, presidents described a three-fold increase in funding for programs and counselors over the last five years, which was still failing to address what was described as a “seismic shift” by one president in responsibilities for schools forced to deal with “the social ills pervasive across all of America” as another put it. There was no consistency in point of view among presidents about the causes of such a rapid increase in student mental health services, including:

- Increased sensitivity to the need, i.e. same level of challenge just no longer being ignored
- Increased need for services due to a cadre of students essentially unable to cope with the stresses of university life (high expectations, accountability, deadlines, etc.) and, fundamentally different than other cohorts, the

prevalence and impact of social media was often referenced as a cause.

- Increased minority and first-gen students who need more support structures in general, even though they may have more “grit” than more privileged students (a theme that was mentioned by a number of presidents).

As with institutional financial stress, the challenges with providing adequate student mental health have been exacerbated by COVID-19. Not only is there increased need around access to and support for an online environment, but there is increasing concern about students who are facing additional anxiety as a result of the disease itself. In many cases, these students return to an unstable or unsupportive “home” environment, experience family economic pressures, and/or have limited summer and post-graduation opportunities. It’s no surprise, then, that a recent survey published in the *Chronicle of Higher Education* found that 80% of college students feel that COVID-19 had negatively impacted their mental health.

With many institutions’ student support services funded by auxiliary fees (housing, dining, etc.) that have been reduced as a result of campus closures, the ability to maintain, let alone expand, student mental health support, is and will be challenging in the pandemic environment.

#3 BIG CHALLENGE: DIVERSITY AND INCLUSION—A GROWING FOCUS

Sixty-seven percent of respondents rated “Diversity and Inclusion as a big challenge, 25% as a small challenge. Interestingly, 7% rated the issue as not being a challenge because diversity and inclusion had been successfully addressed. While the relevance of this issue relative to Covid-19 has not received much attention in the higher ed press to date, it is clear the related challenges will be amplified upon the return to campus.

“While disproportionately black counties account for only 30% of the U.S. population, they were the location of 56% of COVID-19 deaths. And even disproportionately black counties with above-average wealth and health care coverage bore an unequal share of deaths”

NPR 5/30

Due to the uneven impact COVID-19 is having on communities of color both in terms of infection rates and treatment, as well as in terms of accessibility and financial stress, we can easily foresee dramatic reductions in the number of minority and first gen students who will be able to return to school next year due to family conditions. For those who are able to return, there will undoubtedly be a need for additional support including academic, financial, and emotional. Unfortunately, while campus can provide a much-needed reprieve for these students, the unfortunate politicization of health and safety advice, as well as the upcoming 2020 presidential election

cycle, all make for a potentially divisive campus climate, with race and socio-economic disparities an ever-present tension.

Recent polls suggest public opinion is shifting significantly on the subject of entrenched racism, and the adage of “act locally” ensures that the issue will be more prevalent this year. Hashtags such as #blackintheivory and #shutdownSTEM have taken hold and online petitions, campus vandalization, and demand for action on egregious—but perhaps previously overlooked—social media behavior hint at what is to come.

Indeed, while the environment was already primed for a politically active fall semester prior to Covid-19, inherent, structural racism dramatically revealed by both the pandemic and now George Floyd’s—and others’—death can be expected to bring campus activism to new heights. From large protests and high profile, contentious headline grabbing speakers to the day-to-day antagonism between student groups, professors expressing personal political opinions, insufficient or inconsistently-applied time, place and manner rules, or even peaceful protests disrupted by professional “non-affiliates” looking to cause trouble on campus—we can expect a tumultuous start to the new school year that will likely put campus leadership under intense scrutiny.

“Everything happening in our streets is going to be in our classrooms, in our committee rooms, our departments...activist students and faculty & staff members will be bolstered by their recent experiences. They will take action to ensure that our institutions live up to their statements.”

*Op ed by Johnathan Charles Flowers,
The Chronicle of Higher Education 6/11*



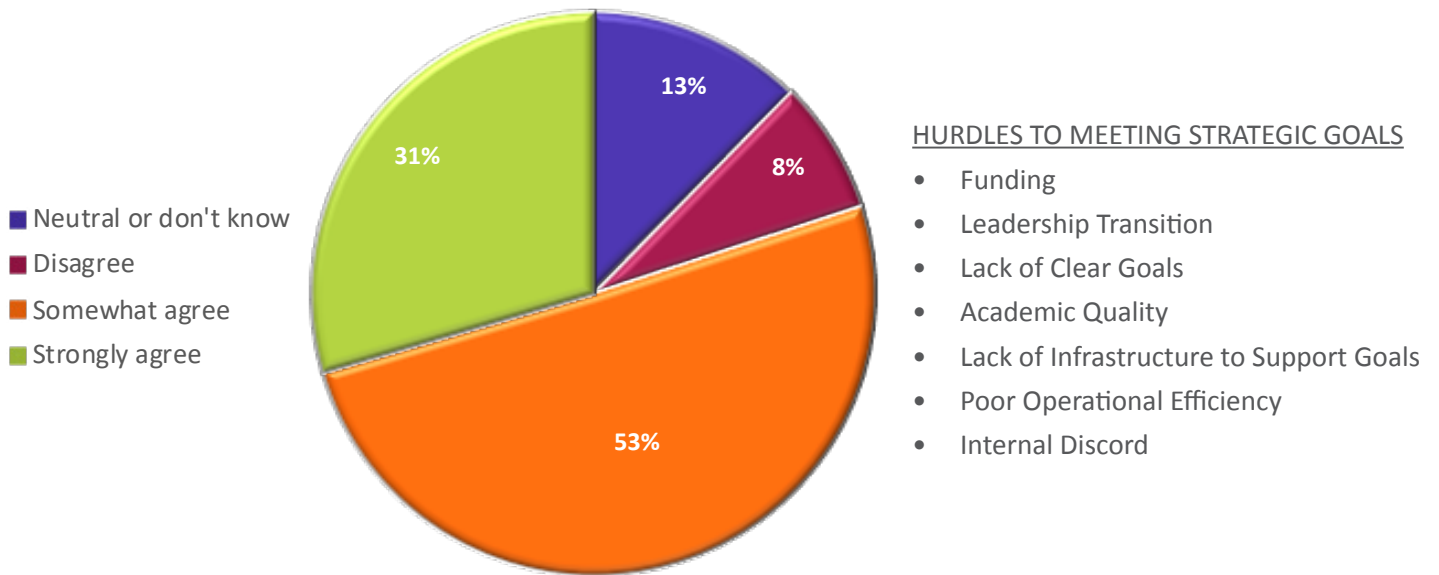
OVERLY OPTIMISTIC ASSESSMENT OF ABILITY TO MEET STRATEGIC GOALS?

At the end of each episode of the radio variety show *A Prairie Home Companion* the host signs off with the following: “Well, that’s the news from Lake Wobegon, where all the women are strong, all the men are good-looking, and all the children are above average.” Is it possible that a similar type of tunnel vision may be in play among higher ed leadership?

When faced with issues from budget shortfalls, student mental health, diversity and inclusion and the broad range of operational, societal, competitive and financial challenges, a surprisingly high number (84%) of respondents somewhat or strongly agree that their institution is “well-positioned to meet its strategic goals.” This degree of confidence is similar to the oft-reported disconnect between voters’ general disapproval of Congress but support for their individual

congressional representative. While there appears to be a recognition of the challenges faced by higher education in general, there is not as clear a recognition of those challenges at an institutional level.

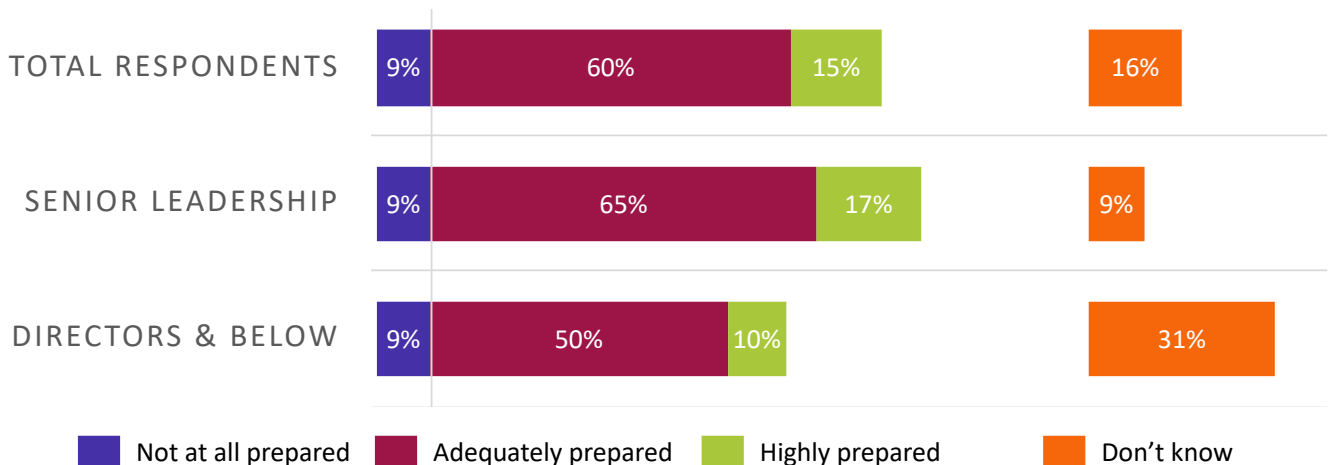
For the 8% of respondents who are concerned about meeting strategic objectives, common reasons mentioned—aside from financial constraints—were leadership transition and lack of clarity and alignment around strategic goals. Perhaps a love of the institution is coloring perceptions. Are individual institutions overly optimistic about their ability to meet strategic goals and to what extent would the COVID-19 environment change the answer to this question?



ABILITY TO MANAGE REPUTATIONAL RISK

A similar level of confidence was displayed by senior leadership when asked if their institution was prepared to manage “reputational risk.” Eighty-two percent of senior leadership responded they are either adequately or highly prepared to

manage reputational risk. Sixty percent of director level staff had a similar view, although 31% answered that they did not know, compared to 9% of senior leaders who did not know.



In follow-up interviews with presidents, almost all expressed a high level of skepticism about the 82% prepared to manage reputational risk—in fact, most stated it was highly misplaced, remarking they “are dreaming,” or rationalizing the answer as leaders would “look clueless” if they didn’t answer affirmatively.

Compared with the systemic challenges identified above, reputational risks are primarily associated with athletic scandals, racial issues, sexual and faculty misconduct, threats of violence, and financial mismanagement. Some viewed it as their “single biggest risk,” others felt it was just very difficult to manage, for a number of reasons:

- The unpredictability, speed, and impact of social media;
- An uneven playing field in which the university has to be deliberative and careful in its response during ongoing investigations as opposed to critics who did not have the same constraints.
- The plethora of issues that could cause a crisis-making reputational risk essentially unmanageable—“I don’t think we’ll ever be ready,” said one president.

Presidents, when asked what is important to effectively manage reputational risk, talked about the importance of “values,” or “integrity,” and “doing the right thing.” Some talked more about how to operationalize these aspirations by discussing various types of enterprise risk management, compliance, and issues/crisis management processes to help guide overall response and decision-making.

Unlike any time in recent memory, COVID-19 has created significant challenges across higher ed as a whole, making it possible to compare responses to essentially the same set of facts. The perception of the administration’s response to these challenges—whether operational or financial—will

determine the degree of impact COVID-19 will have on any specific institution. Some will fare well, others will not.

In the end, success will be a function not just of values and integrity but of stakeholder sensitivity, planning, and management processes and capabilities that allow an institution to remain ahead of the crisis rather than caught behind it.

CONCLUSION

As Rahm Emanuel famously said, “don’t let a good crisis go to waste” or as JFK stated referring to the Chinese character for crisis, “in a crisis, be aware of the danger—but recognize the opportunity.” As we move forward as an industry into uncharted waters, the question will be not just how do we in public institutions of higher education respond to COVID-19, but how do we respond to the underlying, systemic challenges that have been long known but rarely successfully addressed?

Decline in financial support, mental health, diversity and inclusion, and affordability—the top four challenges—have been issues that institutions have addressed with mixed success for years. COVID-19 has, unfortunately, turned our issues into crises—significant risks that will potentially impact the reputation and viability not just of individual institutions but of higher education for years to come. The question is, will things remain as they have been or is this an inflection point in higher education and will our leaders be able to find the opportunity amidst the crisis?

SURVEY METHODOLOGY/INFORMATION

In the Fall of 2019, 558 APLU members were surveyed, representing a mix of geographic regions, roles, and classifications of public institutions. Following the analysis and interpretation of the quantitative data, 28 in-depth telephone interviews were conducted in late 2019 and early 2020 with university presidents to explore the findings in more depth. Topics included biggest challenges, measurement of institutional success, ability to achieve strategic goals, and assessment of reputational risk.

APLU conducted the research in partnership with Blue Moon Consulting Group, a boutique higher ed crisis management consultancy, and SimpsonScarborough, a leading research and marketing agency focused on higher ed. The surveys and interviews were all conducted pre-pandemic.



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