I
n the wake of financial difficulties and the rising costs of higher education, Cedarville is making budget changes to stay afloat.

“There are so many changes going on in the environment. There’s questions about whether it’s still worthwhile to go to college and to pay that money and to take on that debt,” said Chris Sohn, Cedarville’s senior vice president for business and chief financial officer. “So as a university, we are assessing the environment that’s out there, and we’re seeking to make Cedarville as affordable as possible for our students.”

Sohn said that Cedarville’s budget for the next academic year, which was created by administration and approved by the trustees, will increase by about 7 percent. He said that Cedarville’s budget has increased each year for the past 23 years, and the university’s managed to keep its budget balanced with incoming revenue.

Sohn said that even though the budget for next year has been approved by the trustees, he would not be able to speak about specifics of the budget that have not yet been communicated to the public.

One change that has been revealed by administration is a tuition increase of 2.8 percent. As the university has repeatedly stressed through news releases, the increase will be the lowest in over 40 years. Next year will also be the first year that all students will be under the block pricing plan.

In an email sent out by acting president John Gredy on March 19, the university also revealed a $100/semester fee to help underwrite student services that are provided at no direct charge. This year’s graduating seniors will also pay a $50 fee to cover the costs associated with the special events of commencement weekend. Gredy said in the email that price comparison places Cedarville below many competitors when it comes to such fees.

The $4 Million Fund
The biggest change in the budget for next year is the $4 million fund the trustees mandated in October that the university carve out from its operating budget. Sohn said the administration has been working closely with the trustees over the last several months to create a specific plan for the money.

The plan for that money has been divided into two parts: expanding the university’s maintenance budget and paying the remaining balance on several buildings and projects that have not yet been paid off. Sohn said that the maintenance budget has not been increased since 1997, prior to the construction of the BTS, the SSC, and the HSC, as well as several dorms. Sohn chose not to specify which buildings and projects have not yet been paid off.

Rodney Johnson, Cedarville’s associate vice president for operations, said that the portion of the budget going to maintenance would be increasing an already existing budget, which he referred to as the “Capital Reserve.” He said this budget is used for large renovations and renewal projects that are outside the scope of the maintenance budget either due to scope or size of the project. Johnson said that no additional maintenance staff will be hired and that the money will all go toward maintenance projects.

“We work very hard to keep deferred maintenance to an absolute minimum on campus; you may have seen or heard of other universities that have deferred maintenance issues that run into the hundreds of millions of dollars,” Johnson said. “[The trustees] wanted to increase this budget now to be certain that the facilities would continue to be maintained [in] a manner such that deferred maintenance issues would not become a future problem.”

Sohn was quick to point out that the $4 million is not representative of a budget shortfall and that the university has not had...
by Trustee-Mandated $4 Million Fund

a budget shortfall since 1979. That being said, Sohn recognized that Cedarville has some tough days ahead.

“We’re moving into challenging times just like any other university,” he said. “So today we are stable, and we are making changes as a university, looking at our budget, so we can remain sustainable and stable into the future.”

Sohn said that the $4 million would be an annual mandate in the budget that will continue for the foreseeable future.

Residence Life Changes

One of the areas of the school feeling the financial pinch is Student Life, particularly Residence Life. Acting VP for Student Life Kirsten Gibbs, who has headed the division since the departure of Carl Ruby earlier this year, said that Student Life was asked by the trustees to come up with ways to cut costs.

“All of us had to look for ways to do what we do more effectively with less resources financially,” Gibbs said. “And so we’re still working through the process to identify any reductions in our overall budget.”

For example, Cedarville is reducing the number of resident assistants next year. This will be happening only for the unit-style dorms (Printy, Lawlor and Maddox), wherein one RA will now serve a number of students usually served by two. Gibbs said the RA-to-student ratio would generally transition from 1:16 to 1:32. Gibbs said that the previous ratio was practically unheard-of at other institutions; even hall-style dorms at Cedarville have a typical ratio of 30 students for each RA.

Gibbs, who was herself an RA in Printy during her time as a Cedarville student, said she understands the challenge the change poses but does not think it’s insurmountable.

“It is an opportunity to think creatively about leadership and how to build community when they’re walls between them,” said Gibbs, who cited difficulties of serving in Printy before co-units were linked through bathrooms. “What I’m asking them to do and consider as RAs is not something I haven’t personally had to do even in my experience as an RA at Cedarville.”

Gibbs said that even given the budget crunch, she’s confident that Cedarville will remain the same.

“We are committed to trying to maintain the level of experience for the students, that they would walk away feeling like they have had a positive experience in the life outside the classroom,” she said. “All of those things that you hear students talk about as what they value from their experience really don’t have money attached to them. That culture is about people.”

Kirsten Gibbs
Interim Vice President
of Student Life

Technology Transitions

Still more changes lie ahead for the university in terms of technology. David Rotman, associate vice president for technology, said that one of the biggest changes would be the removal of university-provided desktop computers in each dorm room. Rotman said that students, most of whom have laptops, tend to stow the unused computers in closets or on top of wardrobes anyway. He said that students would still have the option of requesting a dorm computer for no additional charge.

Another change mentioned both by Rotman and in the email from Gredy was a virtual lab initiative that will make computer usage, printing, and other technological tools available in residence hall rooms. Rotman said that the university has not yet solidified which programs will be available through the virtual labs. He also said that computer labs in academic buildings will not be as consistently staffed as they are now, but lab hours would not change.

Additional Revenue Sources

Administrators have said that budget changes include not only where the money is going to but also where it’s coming from.

“Consistent with what all other schools are doing, we need to be looking at our administrative costs, our staffing costs; we need to make sure that we have the right mix of programs for our students; we need to be looking at our revenue profile,” Sohn said.

He continued by noting that the university is currently too reliant on tuition and room and board for revenue, and they would be looking at other sources. This is part of the school’s Vision 2020 plan, and has been in the works for several years, Sohn said.

Sohn also said that Cedarville’s increased online and graduate programs would be additional revenue sources. He also mentioned other possible business opportunities that he said would fit in with the university’s core values and abilities but he would not go into specifics on what these were.

In times where change is the only constant, administrators tell students that they’re committed to keep Cedarville affordable and loyal to its values.

“As stewards of Cedarville University, it’s our responsibility to make proper and wise decisions for the university,” Sohn said. “Cedarville is in good shape today, and we’re making changes to make it more sustainable and stronger for the future.”

All About Donations to Cedarville

For information on where Cedarville gets some of its money and where it goes, see the donations graphic on the next page.
ALL ABOUT DONATIONS TO CEDARVILLE

According to the 2011-2012 President’s Report, Cedarville received $4,595,112 in donations that year, coming from 11,519 donations.

Where Are Donations Going?

- Capital Projects: $1,668,397
- Cedarville Fund: $867,431
- Endowment: $506,512
- Honorariums: $488,690
- Scholarships: $443,289
- Other Restricted: $308,815
- Academics: $172,473
- Athletics: $100,223
- CDR Radio Network: $39,282

Who is Donating?

- Friends: $2,102,832
- Corporations: $828,765
- Foundations: $755,868
- Alumni: $639,135
- Churches: $155,706
- Consortia: $90,064
- Other: $22,742

Source: 2011-2012 President’s Report
ERAP Funding Cut, But Teachers Staying

by Zack Anderson

Cedarville won’t fund ERAP – Cedarville’s English-teaching program in China – after this summer, according to Robert Rohm, who has led the program for almost 20 years. But many ERAP teachers may stay in China and contract on their own with the schools they teach at.

Rohm said the decision to end ERAP funding is part of Cedarville’s efforts to reallocate $4 million.

“The university over the years has paid for the health insurance for our ERAPers,” Rohm said, “and as the ERAP program has gotten larger — this year we have 44 of them over there — that’s a quarter of a million dollars.”

Rohm said he was told in October that a decision was made to no longer fund that $250,000. It was in October that Cedarville’s board of trustees mandated that Cedarville reallocate $4 million from its budget to use toward maintenance and building update costs, according to Chief Financial Officer Chris Sohn.

The ERAP decision comes as Cedarville is looking at other opportunities for getting involved with China.

Teachers to Stay in China

But just because ERAP, which stands for Educational Resource Assistance Program, won’t be funded by Cedarville after June 30, that doesn’t mean Cedarville alumni will be done teaching English in China.

Andy Runyan, senior associate academic vice president for the College of Extended Learning and dean of graduate studies, visited China with Rohm during spring break and met with representatives of the three Chinese high schools and one university where ERAP teachers work.

Runyan, who is the chair of a group of faculty advising Cedarville on China, said the three high schools that ERAP teachers work at have all offered benefits and increased pay to the teachers who choose to contract with the schools on their own.

“Every one of those schools said how highly they think of our teachers,” Runyan said. ERAP teachers already receive a salary from whatever school they teach at.

People’s University of China is the one of the four schools that Runyan said won’t be offering benefits to ERAP teachers. He is unsure if they are offering a pay raise.

“It’s not as critical to them if they would happen to lose people from Cedarville,” Runyan said, saying the ERAP teachers aren’t the only ones doing their specific job at the university.

Though ERAP teachers may stay and teach at the schools they’re involved with, Runyan said at least three of these schools will not have an official relationship with Cedarville.

Cedarville is still negotiating with one of the high schools on this relationship. Runyan said if Cedarville does continue an official relationship with this high school, the costs involved would be minimal.

Abby Wight is one ERAP teacher who will be continuing to teach English in China.

“A lot of the people at my school, including myself, are planning on coming back next year,” said Wight, who teaches at Beijing National Day School.

Wight’s school had actually offered insurance to ERAP teachers before some of the other schools decided to. So Wight said Cedarville’s decision to end ERAP funding and not pay for health insurance anymore wasn’t as big of an issue for her and the other teachers at her school.

“It’s been really cool seeing how God’s used like so many different things to make it very clear that he still wants us there,” Wight said.

Even though Cedarville may not have an official relationship with the ERAP teachers in the future – they’ll simply be Cedarville alumni teaching English in China – Runyan said there is the possibility that these alumni could come to Cedarville to recruit students to teach English at the schools in China.

ERAP Community Changes

And while some ERAP teachers are staying in China, Wight said that the environment may be different.

“We probably won’t have an organized time where we can get together,” Wight said, referring to the group of over 40 ERAP teachers that gathers on Sunday nights.

Another similar change will be that team leader Diane Lichtensteiger, who Wight said is salaried by Cedarville, will not hold that position anymore. Wight said she thinks Lichtensteiger is staying in China but that it will be different with her not leading the team anymore.

“She’s been there for 23 years,” Wight said. “So it’s going to be weird to adjust to China without her being around a lot.”

What’s Going on with ERAP?

What? Cedarville won’t be funding the ERAP program after June 30.

Why? To help fulfill the trustees’ mandate to reallocate $4 million from the budget to maintenance and building update costs; providing health insurance for the ERAP teachers cost the university around $250,000 this year.

When? Rohm was told of the decision to stop ERAP funding in October; that is also when the trustees requested the $4 million reallocation; funding for the program will officially end at the end of the fiscal year, June 30.

About ERAP:

• 44 Cedarville alumni teaching English in China this year at four different high schools and colleges

• ERAP has been around for 27 years

• Rohm has led the program for almost 20 years

Sources: Bob Rohm, Andy Runyan, Chris Sohn
COVER STORY

Higher Ed: Lower Budgets

Financial struggles in higher education affecting schools close to Cedarville as well as Christian colleges around the country

by Mary Miller

Cedarville is not the only college adjusting its budget. Similar schools across the country are addressing their financial issues in varying ways.

WITTENBERG UNIVERSITY

Wittenberg University in Springfield is making cuts in its budget for next year. These cuts are necessary because of decreased enrollment, according to Springfield News-Sun.

“We were budgeting for higher numbers of students than were realistic,” Wittenberg President Laurie Joyner said.

The university’s previous financial strategies have led them to a $7 million deficit, which Joyner told the newspaper she wants to be paid off in five years.

The deficit includes necessary repairs to be made to the campus and buildings as well as replacing money taken from the endowment fund for debt interest payments, overhead expenses and student services.

Wittenberg is a private liberal arts school.

“We plan to protect the core mission of the university, changing it as little as possible,” Joyner said. “However, I also do not think the issues are simple enough that we can cut our way out of the challenges we face. We need to grow out of them as well.”

Wittenberg has several plans in place to both grow the school and to cut back financially. Joyner said she hopes to increase incoming revenue by expanding programs that cater to non-traditional students. She also eliminated a position from the administration, and the school cut wages and benefits for housekeeping employees.

Another option that was suggested was to cut programs and courses from areas such as music, dance, computer science and foreign language studies, according to Provost Chris Duncan. This option, presented to the Educational Policies Committee, was rejected in February. Instead, the committee recommended cutting 24 faculty positions over five years.

“One unique approach Wittenberg has taken to rebuild its falling enrollment numbers is to freeze tuition for the upcoming school year. “There are two ways to help students afford a college education,” said Randy Green, Wittenberg’s executive director of financial aid. “One is through grants and scholarships while the other is achieved by controlling the amount students pay. The latter approach benefits the entire student population.”

Laurie Joyner
President, Wittenberg University

CALVIN COLLEGE

Calvin College declared in November a 10% tuition increase.

• Tuition increases
• Selling real estate holdings
• Programs and courses cut

WITTENBERG UNIVERSITY

Springfield, Ohio

• Tuition frozen for 2013-2014 school year
• Wage and benefit cuts for cleaning services
• 24 faculty positions and one administration position cut

BRYAN COLLEGE

Dayton, Tenn.

• Salary cuts for top earning employees, including the president
• Employee retirement plan contributions suspended
• Faculty contracts cut or changed from full time to part time
• Decreased athletic scholarships
• Staff layoffs

Sources: Springfield News-Sun, Calvin College website, Bryan College website

Graphic by Radleigh Wakefield

March 2013
percent budget shortfall as well as $115 million in debt, according to its website. Calvin is a Christian Reformed liberal arts college in Grand Rapids, Mich.

The financial troubles were uncovered when newly chosen college president Michael Le Roy, appointed in June, formed the independent Financial Review Task Force to review the budget and the school’s financial stability.

“The college’s construction strategy has been to immediately borrow to build,” Mary Tuuk, the task force chair, said in the task force’s recommendations to the president. This policy caused the college to accumulate $115 million in debt over the past 15 years.

Other causes listed in the task force report include increased health care costs and debt service payments.

The administration plans to cut into its debt by increasing tuition costs and selling real estate owned by the school. There will also be cuts to academic programs and services.

“We’ve got to make cuts,” said Calvin spokesperson Matt Kucinski, “so the focus is really on the process of getting those cuts made in a way that’s as fair and as forward thinking as possible.”

BRYAN COLLEGE

More recently, Bryan College has made budget cuts described as “painful” by the school’s website. Bryan, a Christian liberal arts school in Tennessee, instituted these cuts at the beginning of 2013.

President Stephen Livesay said that a number of new and returning students dropped out of the school over the summer because of financial reasons. The school year’s budget was finalized in May, and the summer enrollment changes left the school with approximately 50 fewer students than planned.

“Reduced enrollment because of the economy is not a problem that is unique to Bryan,” Livesay said, “but it especially affects us because we are tuition dependent. The majority of our funding comes from student tuition.”

Livesay himself is taking action to work toward financial stability. He has taken a 50 percent pay cut for the year as well as imposed a 5 percent pay cut on the top 10 salaried employees.

Livesay said that the school has also suspended contributions to employee retirement plans and ended financial support for CORE (Center for Origins Research), the college’s creation science center. Additionally, the administration is planning to cut several faculty positions from full-time to part-time and to not renew four more faculty contracts.

THE FUTURE OF HIGHER EDUCATION

Higher education is going to have to adapt to a different economy, according to Calvin’s President Le Roy.

“In the Midwest, enrollment figures look flat over the next 10 years or so,” he said.

Colleges are recovering from a recession with tighter budgets while needing to spend more money on rising health care costs, constant technology updates, and competitive salaries. To adjust for mounting costs, schools will need to think outside of the box, Le Roy said.

Wittenberg is expanding its non-traditional and vocational programs to appeal to a different demographic of those already in the workforce or without degrees. Green of Wittenberg’s financial aid department said other schools are focusing on getting students “out the door in four,” referring to initiatives that try to ensure students can graduate in four years.

More on college budget cuts:

RAs, Technology Affected by Trustee-Mandated $4 Million Fund, pgs. 4-6
ERAP Funding Cut, But Teachers Staying, pg. 7

Let us know what you think of the state of higher education on our Facebook page (Facebook.com/CedarsatCU).

“We’ve got to make cuts, so the focus is really on the process of getting those cuts made in a way that’s as fair and as forward thinking as possible.”

Matt Kucinski
Calvin spokesperson

Key Points:
- Colleges around the country are facing financial problems.
- Wittenberg University is making budget cuts because of decreased enrollment.
- A Financial Review Task Force at Calvin College discovered its budget shortfall of 10 percent.
- Bryan College made cuts at the beginning of this year because new and returning students dropped out over the summer, which affected Bryan because the college’s funding depends on tuition.
- Calvin’s president, Michael Le Roy, said higher education is going to have to adapt to a different economy. He said colleges are recovering from the recession.
- Wittenberg University has around 2,000 students, Calvin College has around 4,000 students, and Bryan College has around 1,200 students.