

# 4 ways to help improve organizational sustainability

## Traditional revenue sources are under pressure



### Declining enrollment

1.3 million fewer higher education students enrolled in 2017 than in 2010.<sup>1</sup>



### Steep tuition discounts

Average private college tuition discount rate at 44%.<sup>2</sup>



### Reduced public funding

17% drop in national average state appropriation per public higher education student between 1991–2016.<sup>3</sup>

## Endowments can augment revenue shortfalls, but...

### Spending levels may threaten sustainability

The amount an endowment needs to earn in order to maintain its purchasing power<sup>4</sup>

7.4%

The actual long-term 10-year average endowment return<sup>5</sup>

<5.0%

## Success factors for endowment management and governance



1. Leading with strong governance



2. Adopting responsible investing



3. Establishing a sustainable investment policy



4. Aligning asset allocation with spending policy

Click [here](#) for more information about enhancing endowment management and governance.



<sup>1</sup> U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, Table 303.25. Total fall enrollment in degree-granting postsecondary institutions, by control and level of institution: 1970 through 2017.

<sup>2</sup> NACUBO, Press Release: Private College Tuition Discounts Hit Historic Highs Again, May 15, 2017.

<sup>3</sup> The Commission on the Future of Undergraduate Education, The Future of Undergraduate Education: The Future of America, 2017.

<sup>4</sup> NACUBO, 2016 NACUBO-Commonfund study of Endowments Press Release: Educational Endowments Report -1.9% Return for FY2016 as 10-Year Return Falls to 5.0%, January 31, 2017.

<sup>5</sup> NACUBO, 2017 NACUBO-Commonfund study of Endowments Press Release: Educational Endowments Report Decline in 10-Year Return Despite 12.2% Return for FY2017, January 25, 2018.

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