



# FOUNDATION & ENDOWMENT REPORT

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## Universities need to adapt to changing educational landscape

Under increasing economic pressure, educational institutions need to find new ways to reach previously untapped demographics, argued **Patrick Harker**, president of the **Federal Reserve Bank of Philadelphia**, at the 2018 **National Association of College and University Business Officers (NACUBO) Endowment and Debt Management Forum**. Instituting creative ways to reach new students would benefit both colleges and the economy as a whole, he said.

"With the birth drop off in the 90s, there will be fewer occupancies of classroom seats in the near future," Harker told an audience of university investment officials and asset managers. "And for immigrants, it is becoming harder for them to come and increased competition gives them an incentive to stay home."

Harker added that immigrants have traditionally added a much needed addition to the workforce that will have to be replaced. The most glaring hole is in vital service-related industries.

"I'm not denying the range of learning that comes with a four-year college degree, he said. "But there are gaps to be filled in the new working economy that schools can reach out to."

He pointed to a large airplane hub located in a town desperately in need of an economic boost, Atlantic City. The state of the art complex with enough runway to serve as an emergency landing zone for NASA ships, is being underutilized due to a dearth of available engineers and mechanics.

"A singular university experience isn't right for everyone," said Harker. "If we can shift the ways we think about higher education, we can shift the ways we provide them."



The problem will only become exacerbated as schools brace for decreased charitable contributions and in some cases an excise tax as a result of the **Tax Cuts and Jobs Act**. Harker added that state budgets are increasingly going toward pensions and retirement benefits as well.

At the same time, the Higher Education Price Index (HEPI) jumped to around 5% from 3%, **Mary Jane Bo-byock**, a managing director of the institutional non-profit advisory team at **SEI**, told *FER* on the sidelines of the forum.

"I worry that mounting numbers, combined with uncertainty about payments or forgiveness, deter moderate to low-income students from getting an education," said Harker. "Inequality exacts a financial cost on the country as a whole."



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