



**OFFICE OF THE
PRESIDENT**

UNIVERSITY TOWN HALL

WITH PRESIDENT COLEMAN AND JAMES PATTI



WELCOME!

***Thank you for joining us
today!***

LAND ACKNOWLEDGMENT



AGENDA

GENERAL UPDATES

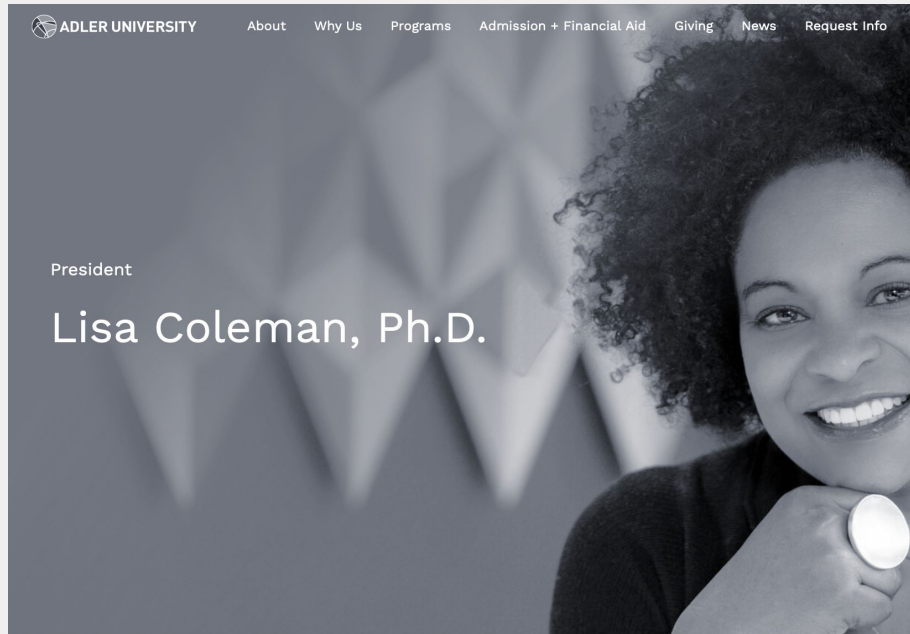
REGULATION & THE LAW

FINANCIAL UPDATES

Q&A

CLOSING REMARKS

GENERAL UPDATES



adler.edu/President

- EAB State of the Sector
Tuesday, Oct. 15 at 1 p.m. CDT/11 a.m. PDT.
[Watch the recording on YouTube.](#)
- President's Town Hall
Wednesday, Sept. 18 at 2 p.m. CDT/noon PDT.
[Watch the recording on YouTube.](#)

- ☐ Overview
- ☐ Announcement
- ☐ Campus Communication
- ☐ Upcoming Events
- ☒ Previous Events | Recordings

Apply

Info

LEGAL + FINANCIAL CONSIDERATIONS

Higher education law, compliance, and regulation = broad area covering a multitude of legal issues and guidelines that affect colleges and universities, including but not limited to:

→ **Supreme Court decisions.**

→ **Federal laws**

The Higher Education Act (HEA) of 1965 is a federal law that governs the administration of federal higher education programs, including student aid, federal aid to colleges, and teacher preparation programs.

→ **State and provincial laws**

In addition to federal laws, state and provincial laws also govern college and university operations.

→ **Institutional policies**

Colleges and universities also have policies that govern their operations.

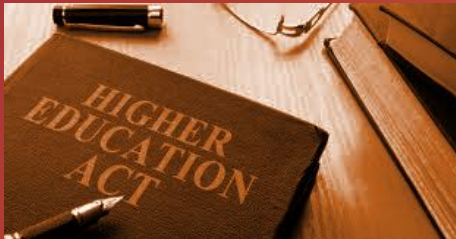
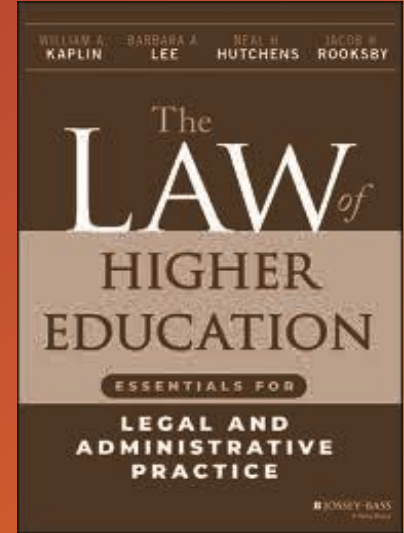
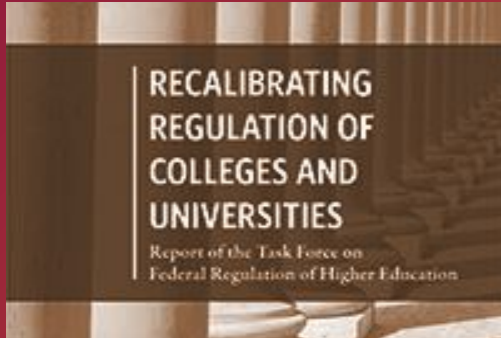
→ **Legal considerations**

Colleges and universities have unique legal considerations and customs, such as tenure, academic freedom, ADA, FERPA, Title VI, VII, IX, student conduct...

Colleges and universities retain attorneys, compliance officers, and related experts to help identify, analyze, resolve, and prevent legal issues.

The Law & Regulation

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**AAU KEY ISSUES in
HIGHER EDUCATION REGULATION**

- Adler must adhere to federal, provincial, and state laws (*legal management*).
- Policy alignment.
- Far-reaching impact and liability issues, i.e. accreditation.
- System design = Decision-making, reporting structures, institutional best practices *and* regulatory requirements.



- Liability and increased scrutiny
- Complete Infrastructural legal alignment
- Continued fiscal viability and stabilization contingent upon legal and regulatory adherence
- Student centered/focused policies as per higher education best practices



The Law & Fiscal Viability

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	FUNDING	REGULATORY
DIRECT	<p>Partnerships between states and the federal government to provide financial support for higher education</p> <p>(e.g., matching funds, MOE, competitive grants)</p>	<p>Partnerships between states and the federal government to develop policies and regulations governing higher education</p> <p>(e.g., negotiated rulemaking, other advisory partnerships)</p>
INDIRECT	<p>States and the federal government separately contribute funding to higher education; although separate funding, the amount contributed by one partner influences the amount contributed by the other</p> <p>(e.g., funding for institutions/ student financial aid)</p>	<p>Federal laws and regulations directed at institutions, but also indirectly pressure states to take action</p> <p>(e.g., US Department of Education's state authorization regulations)</p>

Universities are responsible for ensuring that they comply with consumer protection legislation.

Failure to comply could result in fines, complaints and loss of reputation.

Risks & Considerations

- Legal
 - ◆ Legal lack of compliance - liability
 - ◆ OFCCP, OCR, DOJ, DOL, HEA Act
 - ◆ Provincial, Federal & State
 - ◆ Fines, Accreditation & Funding
 - ◆ i.e. new regs → Limitations on Canadian immigration/int'l students

- Fiscal
 - ◆ Dept of Ed. elimination and increase regulatory constraints
 - ◆ U.S. student loan policy (financial aid)
 - ◆ Competitive risk (brand, investment...)

- Execution risk (!)
 - ◆ “Unknown unknowns”

FINANCIAL UPDATE

- Acknowledgement of challenges.
- June/July Intervention.
- Interim CFO.
- Fiscal stability and strategy.
- Accurate reporting and clarity.
- No more “stop” and “starts”.
- Confidence in institutional viability.
- Investment in strategic growth - key areas process improvements, enrollment, marketing and comms, fundraising.



OVERVIEW

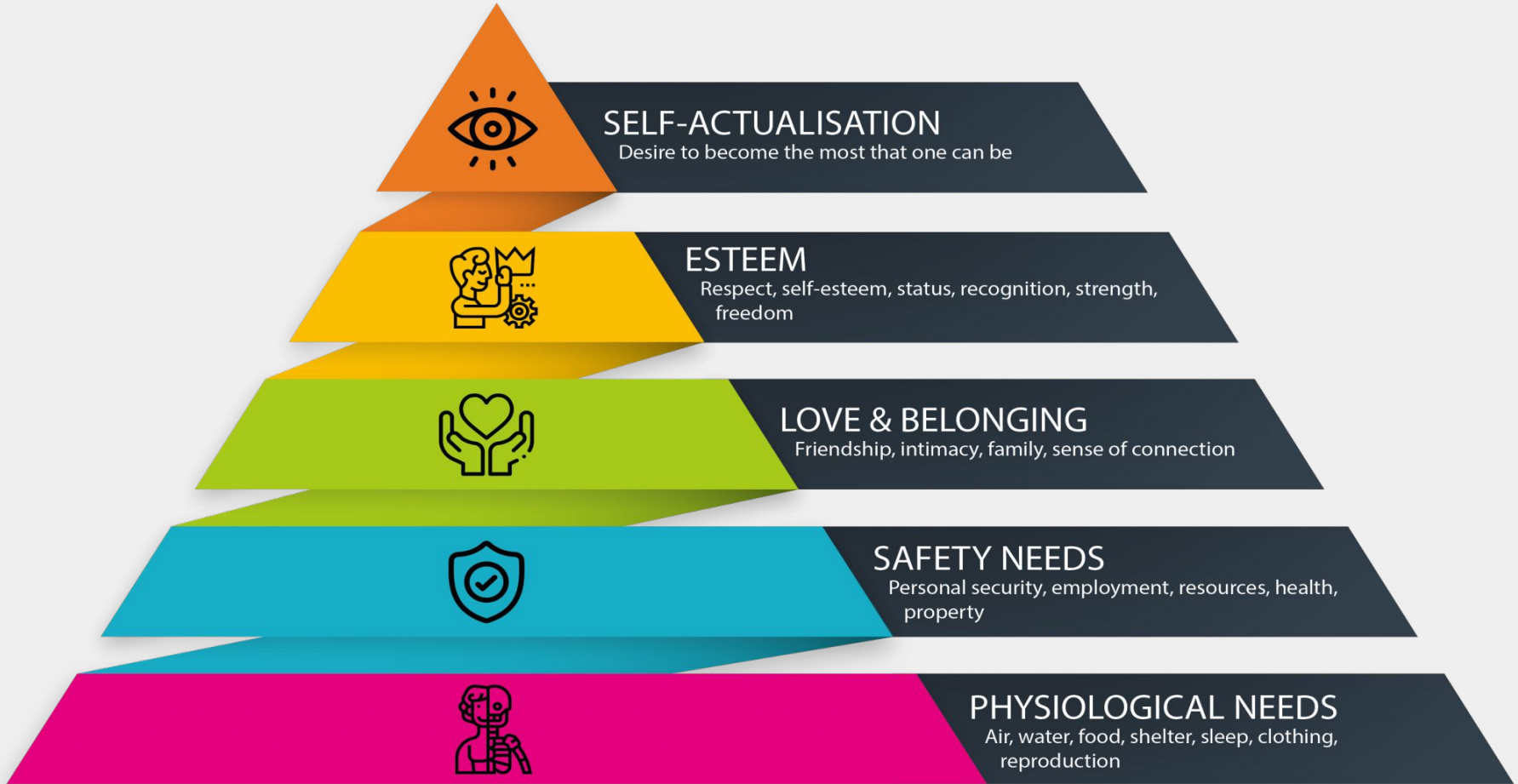
FINANCIAL UPDATE

INTRODUCTION

WHAT JUST HAPPENED?

WHAT ARE WE DOING ABOUT IT?

**Confidence +
current emotions**



Positivity + Forward Focus

Our predecessors — and a big thank you to the Finance and Operations team.

Background



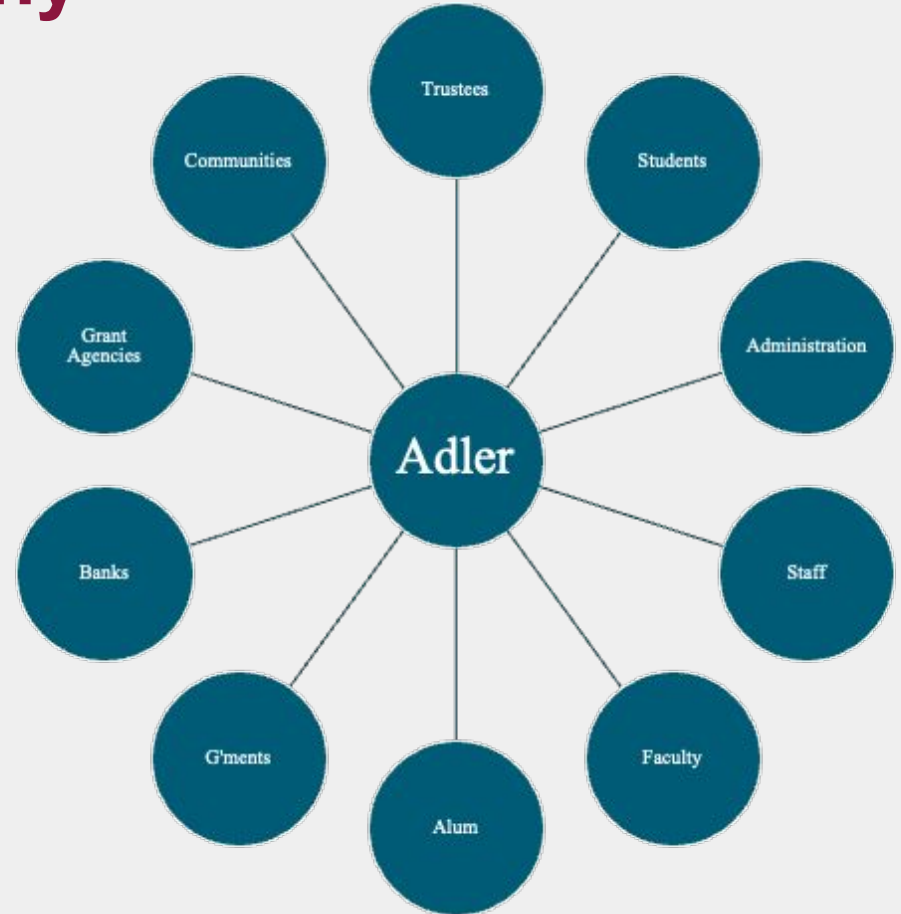
GEORGETOWN UNIVERSITY



- Higher education finance, administration.
 - Tuition-dependent and research universities.
 - Private and public, domestic and foreign.
 - “Flush with cash” vs. operating month to month.
- Consulting practice and entrepreneurship coach.
- Teaching business and economics courses.
- Passion, purpose, and...K, M, F

Management philosophy

- Not-for-profit only, universities are complex businesses operating in competitive markets.
- Adler is a sacred trust, responsible to stakeholders, transparency obligations about finances and performance.
- Collective obligation to leave Adler stronger than we found it, for the benefit of future generations.



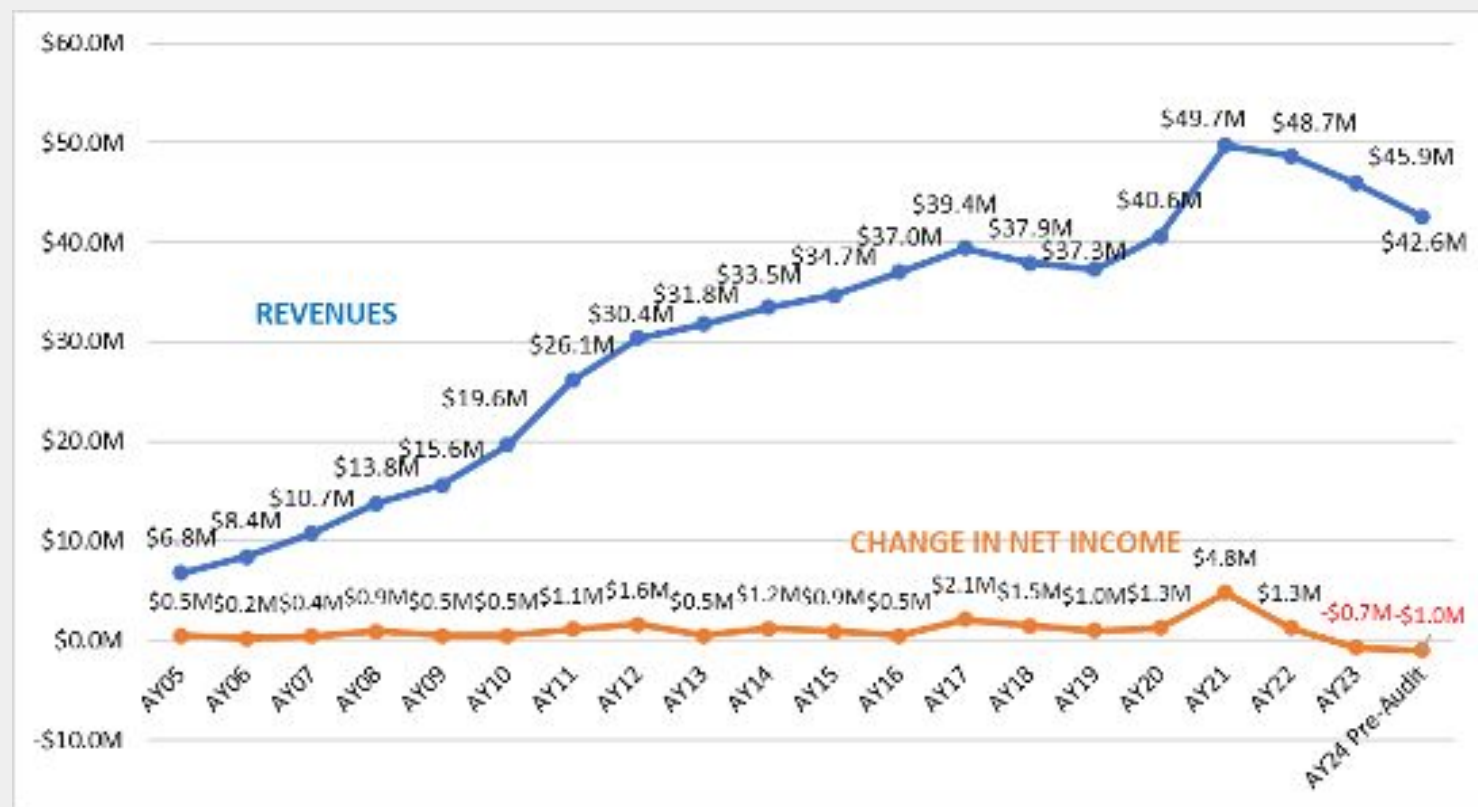


Institutions must be managed carefully

Lessons learned from cinema, The Titanic

Historical Revenue + Net Income

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FY24 Budget Issues

- Aspirational targets.
- Massive expense variances.
- Not built on previous budgets (actuals).
- Lack of month-to-month oversight of budget v. performance.
- Decentralized budget philosophy

Resulting in

- Position eliminations.
- Furlough.
- Vacation policy changes.
- Marketing freeze.
- Restrictions on travel/meals/PD.

More importantly: Pain, rumours, breach of trust, loss of confidence.

FY24 Summary Operating Results

NOTE: RESULTS ARE PRE-AUDIT & SUBJECT TO CHANGE

FY24 Draft Financials	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>
Revenue			
Net Revenues From Enrollments	\$ 39,836,552	\$ 45,088,010	\$ (5,251,458)
Total Other Operating Revenue	2,446,069	3,841,741	(1,395,673)
Net Revenue From Operations	<u>\$ 42,282,621</u>	<u>\$ 48,929,752</u>	<u>\$ (6,647,131)</u>
 Interest Income & Realized Gains/Losses	 407,780	 -	 407,780
Total Revenue	<u>\$ 42,690,400</u>	<u>\$ 48,929,752</u>	<u>\$ (6,239,351)</u>
 Expenses			
Salary & Benefits	29,364,908	32,306,610	(2,941,702)
Marketing	2,987,744	3,382,600	(394,856)
Facilities	2,652,512	2,815,808	(163,296)
Professional Services	2,514,057	2,393,371	120,686
Depreciation	1,380,535	1,429,433	(48,898)
Other Expenses	4,758,416	4,848,429	(90,013)
Total Operating Expenses	<u>\$ 43,658,170</u>	<u>\$ 47,176,250</u>	<u>\$ (3,518,079)</u>
 Net Income	 <u>\$ (967,770)</u>	 <u>\$ 1,753,502</u>	 <u>\$ (2,721,272)</u>



“We’re on to Cincinnati”

Bill Belichick and the 2014 Patriots

FY25 Budget Assumptions

\$43.6M in revenues

Reset the revenue budget to match realistic (actual) performance. This means:

- Net Tuition revenues (93% of total) reflect:
 - ◆ Returning student enrollment, net of attrition.
 - ◆ Realistic targets for new students — not stretch goals.
 - ◆ Credits per student per term based on recent patterns.
 - ◆ Seasonality of revenues by Fall/Spring/Summer terms.
 - ◆ Price increases as previously announced.
 - ◆ Honor scholarship commitments w freeze on new “extraordinary” awards.
 - ◆ Academic calendar change to align with FY across all campuses.
- External support for centers and institutes should reflect their documented grant and contract revenue — ACHS/IPSSJ.
- \$500K in unrestricted/”loosely (temporarily) restricted” fundraising.
- Interest Income on bank balances @ \$360K
- Miscellaneous income (e.g. Federal Work-Study funds, etc.)

FY25 Budget Assumptions

\$42.6M in expenses

- Merit pool for implementation in early 2025.
- Retirement match reduction/pause.
- Vacation policy.
- Professional Development funds.
- Marketing spending @ \$2.5M incl. \$500K in reserve.
- Comprehensive consultant/vendor review.

FY25 Summary Operating Budget

\$1M surplus target

Total Revenue	\$43,607,360
Total Expense	\$42,585,409
Surplus	\$1,021,951

Why a Surplus?

- Meet debt covenants.
- Provide capital for new investments.
- Demonstrate to stakeholders that we are running the school responsibly, based on sound business planning.

Renewed Optimism

- New president.
- Realistic budget.
- Fall new student enrollment > budget.
- Merit pool in early 2025.
- Ongoing searches.
- Cash and Investments > \$10M as of today.
- \$3M Line of Credit with Fifth Third Bank (zero balance today).
- Restoration of confidence underway with all Adler stakeholders (bank, auditors, board, faculty, staff, students, etc.)

Commitments

- Town Halls to update community.
- Online publication of FY24 audited financial statements, when complete.
- Transparent and inclusive budget process for FY26.
- Merit pool implementation, early 2025.

Understanding Cognitive Biases

What is
Pessimism
bias?

**...and how
to shift?**



Cognitive pessimism is a cognitive bias that involves interpreting negative events as persistent and pervasive.

Cognitive pessimism tends to overestimate the likelihood of negative events and underestimate the likelihood of positive events

The State of Leadership

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**CLEAN UP
OTHER
PEOPLE'S MESS**

PK
DailyDiscipline.com

The Trust Trifecta

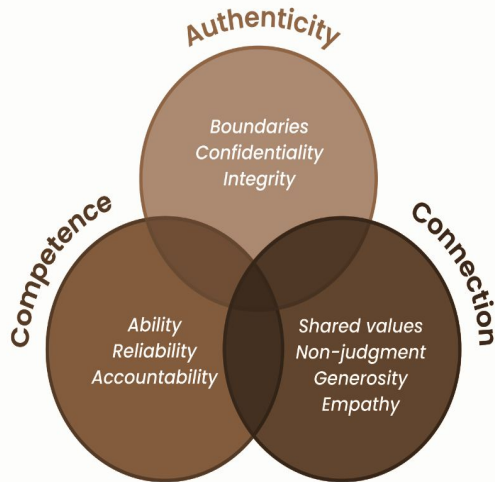


Figure developed by The Center for Implementation

The Link Between Integrity and Trust

- 01 Consistency
- 02 Transparency
- 03 Accountability
- 04 Respect
- 05 Long-term thinking

<https://thecenterforimplementation.com/toolbox/the-trust-trifecta-framework>

Effective Leadership & Management

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Communicate clearly: Leaders should be able to communicate their vision and goals clearly, concisely, and tactfully.

Make tough decisions: Leaders should be able to make difficult decisions quickly and with limited information.

Recognize success: Leaders should frequently recognize achievements.

Empower others: Leaders should help employees feel a sense of ownership over their work.

Motivate and inspire: Leaders should drive their team forward with enthusiasm and passion.

Be adaptable and ethical: Leaders should be able to make informed decisions while fostering an inclusive work environment.

Have integrity: Leaders should draw on their values to guide their decisions and behavior.

Have compassion: Leaders should be compassionate and respectful.

4 USEFUL MANAGEMENT TECHNIQUES

1 GOAL SPECIFICITY

2 STRATEGIC CLARITY

3 REPETITION WORKS


4 SHORTEN COMMUNICATION,
REPORTING, AND WORK CYCLES

LEADINGTOWIN.COM

Building Excellence in Leadership

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**Choosing
Excellence
over
Mediocrity**

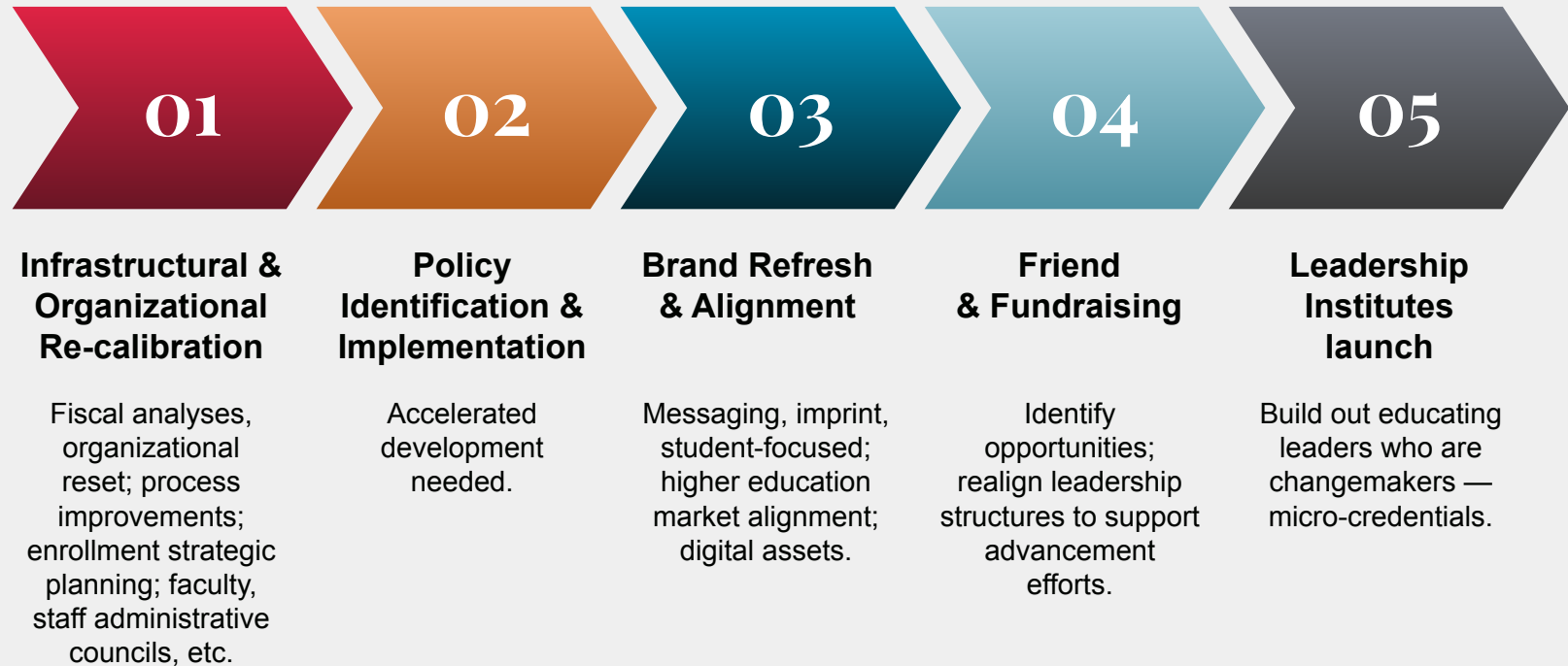


Effective leaders can never be content with mediocrity. They make excellence a priority.

Citi Gugu Mona

Maintain fiscal stability and institutional viability, calculated strategic growth to deliver on the value of education for students.

Upcoming Work



Q&A