The 2009 edition of the *Higher Education Directory* has recently been released, and it only begins to tell the tale of how the current economic downturn is affecting our educational institutions. In the past year alone, several dozen U.S. institutions have lost their accreditation, merged, changed their names, or simply closed.

The trend promises to continue as the Associated Press recently wrote that a number of small Christian colleges have announced plans to close in the near future. Reports on the huge losses in endowments of Harvard, Princeton, Brown, and many other universities, as well as the *Chronicle of Higher Education*'s survey on high levels of compensation for college presidents, also add to the current nervous environment.

Following are some comments we've heard at the recent APPA regional conferences about the effects of the economy on bond issues for construction. Note that these are anecdotal and represent a variety of institutions and various geographical locations.

- A large public research university in the Midwest experienced a dramatic change in their bond interest rate from 1.9 to 7.9 percent in just a few days.
- Smaller private liberal arts institutions are concerned about their investment portfolios (just as a number of the larger publics are) as many of these support the annual physical infrastructure recapitalization and renewal budgets. We don't know the size of the problem yet, with the dramatic fluctuations of the stock market to date.
- Another colleague said the following: "We're going out for some bonding, so we had some concerns about the difficulty or ease of getting some projects bonded. Our bond counsel said that instead of the 'normal' $6 billion per week of bonding, the market is down to about $1 billion. However, while there are fewer seeking to borrow, there are still folks out there looking to lend their cash to a qualified borrower. As a public institution, with the 'full faith and credit' of the state backing up our bonds (which is why we have to receive legislative approval to sell bonds) seems to be keeping us in a favorable situation. All that said, we haven't completed the bonding yet and don't know what interest rate we'll be paying. That may be the true answer to the question that is being asked."

ASK WHETHER YOU'RE MAKING A SHORT-TERM CHANGE THAT SUPPORTS THE LONG-TERM MISSION AND GOALS OF YOUR INSTITUTION.

The situation changes daily. Changes in the stock market, fluctuating fuel costs, rising unemployment rates, frozen or eliminated positions, and increased costs of virtually everything will continue to challenge us to use our resources as effectively and efficiently as possible.

Regardless of what you must do, always consider your decision-making process and ask whether you're making a short-term change that supports the long-term mission and goals of your institution.

Coming in January/February 2009

- Planning for Campus Safety and Security
- The National Campus Safety and Security Initiative
- IACLEA Panel Report on Campus Safety
- 2008 APPA Regional Conferences Report
- APPA 2009 Preview

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