



## McDonald Hopkins issues alert on the looming financial crisis facing Higher Education

IN THE NEWS | MAY 06, 2014

### McDonald Hopkins issues alert on the looming financial crisis facing Higher Education

**Cleveland, Ohio** (May 6, 2014) – In today's post-recession economy, many colleges and universities need to start planning on new ways to recover their lost liquidity sooner rather than later, or risk facing the same fate as many failed businesses in other industries. The historical reaction in higher education to financial issues has been to raise tuition, but this no longer works as families have less savings and home equity to borrow from and, as a result, are becoming more cost-conscious and savvy customers. Furthermore, colleges and universities typically view academic matters as their first priority and often are not well-equipped to handle business matters. McDonald Hopkins addresses these issues in an alert designed to help institutions of higher education understand and respond to the challenges they face today.

Authored by Stephen M. Gross, co-chair of the firm's Business Restructuring and Bankruptcy Practice, the alert details some of the pitfalls colleges and universities fall into, and how institutional failure to recognize and react to change and adapt successfully is largely to blame for this imminent crisis. The alert outlines how institutions are often over-leveraged as a result of the costs associated with expanding into new areas in an effort to enhance their prestige. The alert also discusses the organizational structure in higher education, and how its fragmented, decentralized nature contributes to its financial issues. This is compounded by the fragmented and inefficient operational structure most colleges and universities employ.

Using this information, colleges and universities can better understand the financial challenges before them and devise a strategy to adapt successfully. Like all organizations, educational institutions must focus on their core mission, while operating efficiently and on financially sound principles.

**Click here** to view the full version of McDonald Hopkins' Alert on *The looming financial crisis for colleges and universities*. For more information on the financial issues facing colleges and universities, contact: Stephen M. Gross, [sgross@mcdonaldhopkins.com](mailto:sgross@mcdonaldhopkins.com).

#### **About McDonald Hopkins**

McDonald Hopkins has offices in Chicago, Cleveland, Columbus, Detroit, Miami, and West Palm Beach, as well as a subsidiary, McDonald Hopkins Government Strategies LLC, which is based in Washington, D.C. and led by former Congressman Steven LaTourette. McDonald Hopkins Government Strategies is not a law firm and does not provide legal services.

For more information about McDonald Hopkins, visit [mcdonaldhopkins.com](http://mcdonaldhopkins.com).

###