

## Liquidity Management in the Modern Era of Higher Education

The great financial crisis of 2008 – which resulted in material budgetary pressure on institutions – led to a sharper focus on liquidity management within higher education. Institutions were faced with plummeting endowment values, rising demand for financial aid, and reduced operating revenues against a fixed cost model, which pressured the ability to fund operations. Over the subsequent decade, steadier economic conditions enabled institutions to stabilize their finances and, in many cases, to increase net assets. However, the onset of the pandemic in March 2020 presented another crisis. Institutions faced material challenges to their operating budgets due to the impact of governmental restrictions and the practical implications of the pandemic on their ability to generate revenue.

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In this paper, we discuss best practices in liquidity management, particularly around times of fiscal stress, to help institutions prepare for the next gray swan event. These best practices include approaches to cash forecasting as well as management and governance strategies for external liquidity.

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