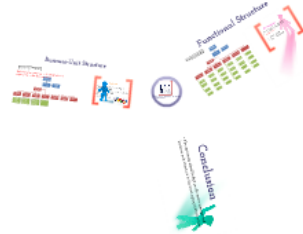






# Piedmont University

TheCasesolutions.com





## Brief History

- 1984: Financial crisis (enrolment ↓ cost ↑)
  - Quasi-endowment was exhausted
- 1986: Small operating surplus  
(resulted from increased tuition, froze faculty and staff hirings, curtailed operation cost)
- 1987: Malcolm recommended Profit Center approach

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Should the school be expense  
or profit center?



# 1st Viewpoint: Expense Center

Public benefit entity- stakeholder  $\square$  Trustee



adds to the cost

Discretionary expense center

- no relationship between input and output

Annual Expenditure Budget

- Control cost
- Participate in planning, sharing information

Actual expenditure

Budget Expenditure

Evaluate Financial performance: Efficiency & Effectiveness

- Discretionary expense center would be more appropriate for certain school e.g. unpopular Theological School

Public benefit entity- stakeholder □ Trustee



adds to the  
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