Trends in Higher Education Finance

A Survey by TD Bank

TD Bank

America's Most Convenient Bank®

WHAT WE OFFER

We are a one-stop banking, insurance and investment source for educational institutions. Our Relationship Managers are seasoned professionals who understand the distinct challenges and responsibilities of your institution. We will review and provide a clear picture of your current situation. Then, we'll customize a suite of financial products, including banking, insurance, cash management and investment management solutions to help you achieve your goals.

WHO WE SERVE

Our Customers are public and private colleges and universities, as well as private secondary schools.

HOW YOU WIN

Our approach will help you identify and respond to trends and opportunities that may affect your organization. Our advisors can help you manage the details so that you can concentrate on providing students with the best education possible, year after year.

PRODUCTS & SERVICES

- Cash Management Services
- Investment Management
- Insurance
- Deposits and Loans
- Debit and Credit Cards
- Merchant Services
- Global Trade Finance Services
- Foreign Exchange Services
- International Payments
- ATMs
- Faculty and Student Checking

800-833-2098

TD Bank

America's Most Convenient Bank®

TD Bank

America's Most Convenient Bank®

Reduced Tuition and Declining Fee Revenue Among Top Concerns for Higher Education Executives, as Endowments Bounce Back from 2008 Lows

TD Bank survey finds 64% of respondents are 'going green' as way to mitigate lower income and to spur investment in IT and updating of campus infrastructure

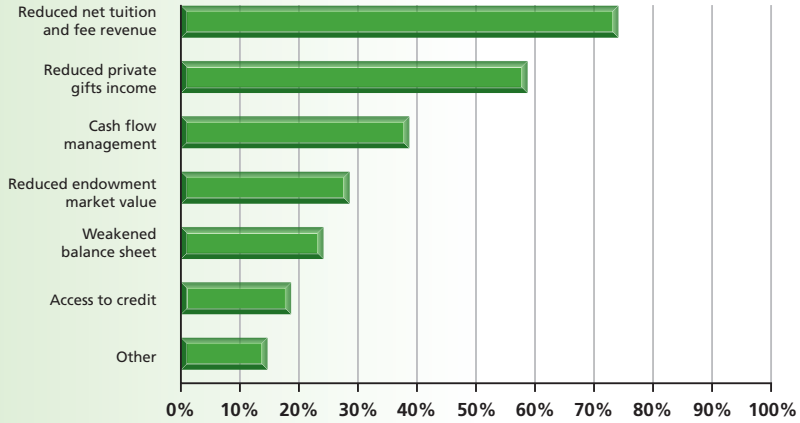
CHERRY HILL, N.J. and PORTLAND, Maine, July 12, 2011 /PRNewswire/ -- According to a recent survey by TD Bank, America's Most Convenient Bank, college and university financial decision-makers cite reduced tuition and declining fee revenue as major causes for concern and are increasingly considering "going green" to save on operating expenses, while ramping up information technology (IT) spending and investments in updating campus infrastructure.

TD Bank's survey of chief financial officers, accounting officers, comptrollers and other financial managers at private, not-for-profit colleges and universities across the U.S. found that nearly three out of four (72%) respondents view reduced net tuition and fee revenue as their biggest financial concern, even as they deal with decreasing private gift income (59%). *(see Figure 1)*

Despite these concerns, spending is expected to increase in many areas over the next 12 months, with 77% expecting to invest in on-campus "green" power or environmental sustainability projects over the next five years.

Figure 1

What will be your one biggest concern regarding your institution's financial picture?



Financial Concerns

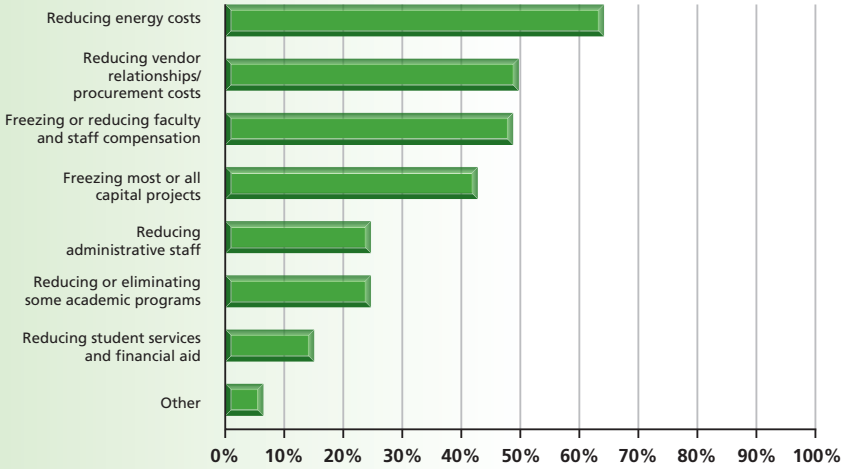
Respondents also report concern about cash flow management (39%), reduced endowment market value (31%), weakened balance sheets (22%) and access to credit (19%). As the stock market has bounced back from its lows in the fall of 2008, concern about loss of endowment market value has been cut in half, from 68% over the past three years to just 31% today.

The financial management practices that college and university financial decision-makers expect to focus on in the coming year include:

- Reduced private gifts income (68%)
- Reduced net tuition and fee revenue (61%)
- Weakened balance sheets (48%)
- Cash flow management (48%)
- Access to credit (39%)
- Reduced endowment market value (36%)

Figure 2

Over the next 12 months, which of the following measures, if any, is your institution most likely to take to reduce operating costs?



The survey also highlighted that higher education executives have a lack of confidence in the U.S. economy overall, with just one quarter saying they are very optimistic, while 51% are neutral.

Going Green to Save Green

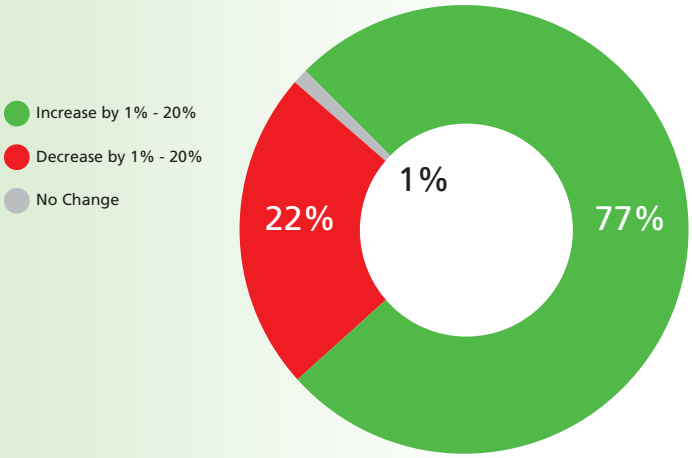
Reduced energy costs are one way college and university executives are looking to trim operating expenses (64%). Other areas of prospective cost savings include: *(see Figure 2)*

- Reducing vendor relationships and procurement costs (50%)
- Freezing or reducing compensation for faculty and staff (49%)
- Freezing most or all capital projects (42%)
- Reducing administrative staff (25%)
- Reducing or eliminating some academic programs (25%)
- Reducing student services and financial aid (15%)

Despite seeking ways to save, investing in on-campus "green" power or environmental sustainability projects (25%) is a key area where institutions are looking to increase capital expenditures, with over three quarters of respondents (77%) expecting to increase spending on these projects over the next five years. *(see Figure 3)*

Figure 3

Over the next 5 years, by what percentage will your investments in on-campus "green" power or environmental sustainability projects increase or decrease?



Projects in Need of Financing

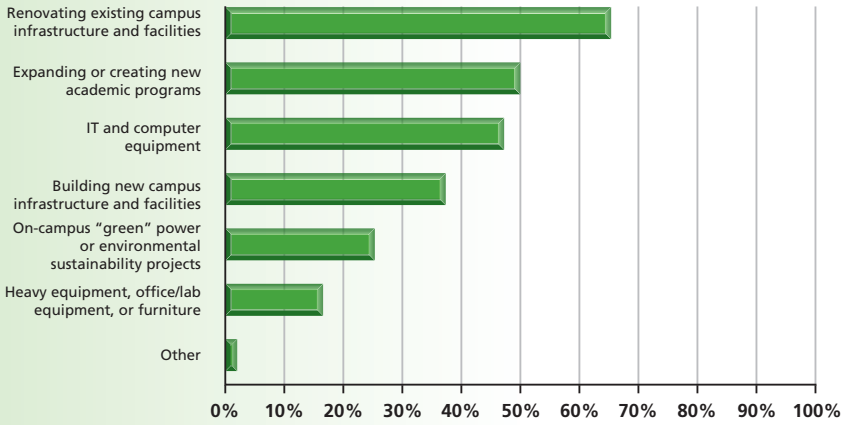
Executives have a long list of projects they're seeking to finance over the next 12 months, including:

- Renovating existing campus infrastructure and facilities (63%)
- Expanding or creating new academic programs (50%)
- Investing in IT and equipment (48%)
- Investments in heavy equipment, office/lab equipment or furniture (16%)

In addition to "going green," executives expect capital campaign fundraising and private gifts will yield the greatest potential for expansion projects (51%), followed by tuition revenue (26%), bond financing (7%), bank or institutional financing (5%) and endowment investment (2%). *(see Figure 4)*

Figure 4

In which of the following areas, if any, is your institution most likely to increase capital investments?



TD Bank
America's Most Convenient Bank®

About TD Bank's Survey

TD Bank polled financial decision makers and influencers at four-year private colleges and universities in the U.S. to understand their main financial concerns when considering campus investments over the next 12 months. The survey was conducted by ORC International, an Infogroup company, in April and May 2011. Overall results for n=100 can be interpreted with an error margin of +/- 9.75 at a 95% confidence level.

About TD Bank, America's Most Convenient Bank®

TD Bank, America's Most Convenient Bank, is one of the 10 largest banks in the U.S., providing more than 7.4 million customers with a full range of retail, small business and commercial banking products and services at more than 1,250 convenient locations throughout the Northeast, Mid-Atlantic, Metro D.C., the Carolinas and Florida. In addition, TD Bank and its subsidiaries offer customized wealth management services through TD Wealth, and insurance products and services through TD Insurance, Inc. TD Bank is headquartered in Cherry Hill, N.J., and Portland, Maine. To learn more, follow TD Bank on Twitter at www.twitter.com/TDBank_US or visit www.tdbank.com.

TD Bank, America's Most Convenient Bank, is a member of TD Bank Group and a subsidiary of The Toronto-Dominion Bank of Toronto, Canada, a top 10 financial services company in North America and one of the few banks in the world rated Aaa by Moody's. The Toronto-Dominion Bank trades on the New York and Toronto stock exchanges under the ticker symbol "TD." To learn more, visit www.td.com.

SOURCE TD Bank