Emerging Forces That Drive the Need for Prioritization: What Campus Leaders Are Telling Us

Society for College and University Planning Annual Conference – Washington, DC

Robert C. Dickeson - July 26, 2011
Your Institution at the Confluence
• Multiple National Commissions and Reports Demanding Greater Focus and Accountability (1998 – 2008)

• Reauthorization of the Higher Education Act Requiring Increased Scrutiny and Reporting in Areas Heretofore Within Institutional Province (2008)

• New Pressures on Accrediting Agencies to Prove Outcomes Commensurate with Investments in Higher Education (ongoing)

• National Goals for Increased Productivity, Including Doubling of College Graduates to Meet International Competition (2010)
• Economic Meltdown: Impact on Endowment Return

• Economic Meltdown: Impact on Tuition-Setting and Affordability

• Economic Meltdown: Impact on Bond Ratings

• Moody’s Three Critical Credit Factors (2011):
  1. Weakened prospects for net tuition growth because of a market preference for low-cost or high-reputation competitors
  2. Differing degrees of pressure on nontuition revenues, such as philanthropy or research
  3. Need for stronger management of operating costs, balance-sheet risks, and capital plans
“Be more nimble and entrepreneurial...by:

1. Adapting new technology
2. Entering new partnerships
3. Expanding into new markets
4. Encouraging faculty to be more productive”

Moody’s 2011 Outlook for U. S. Higher Education

Moody’s Solutions for Private Colleges
- **Percent of Family Income Needed to Pay for College**
  - Private, Four-Year Colleges and Universities – 71.7%
  - Public, Four-Year Colleges and Universities – 30.7%
  - Public, Two-Year Colleges – 24.0%
• Number of high school graduates will decline nationally until 2015;

• Diversity: ALL growth until 2014-15 will be among minorities

• Preparation: Only 29% at “Proficient” NAEP standards
Enrollment Growth, Largest For-Profit Colleges, 2008 to 2009:

- Bridgepoint Education - 79.7%, to 54,894
- Grand Canyon Education - 55.8%, to 34,218
- American Public Education - 42.2%, to 55,300
- DeVry - 37.1%, to 101,648
- ITT Educational Services - 28.7%, to 79,208
- Corinthian Colleges - 25.9%, to 93,493
- Education Management - 22.7%, to 136,000
- The Apollo Group - 22.3%, to 443,000
“Students have to borrow too much to pay for their education.” (83%)
“Many qualified people don’t have the opportunity to get a higher education.” (69%)
“College prices are growing at a faster rate than other things.” (65%)
“Colleges today are like most businesses who care mainly about the bottom line.” (60%)
“Colleges could take a lot more students without lowering quality or raising prices.” (60%)

Percent Agreement Scores, Public Agenda and National Center for Public Policy and Higher Education, 2010
• 10% - Selective Institutions – relatively unscathed

• 10% - Market-funded institutions – growing rapidly

• 80% - Institutions at Risk:
  ◦ Massive, structural budget cuts
  ◦ Legacy personnel issues
  ◦ Deteriorating physical plants
  ◦ Declines in gift income
  ◦ Inadequate endowments
  ◦ Unsustainable discounting

Institutions at Systemic Risk
Three Reports in the Past Year:

**What Will They Learn? (ACTA)** – Decries the malaise in the core – lack of rigor in General Education requirements.

**Academically Adrift: Limited Learning on College Campuses (Arum and Roksa)** – More than a third of college seniors were no better at writing and reasoning than at their first semester of college.

**Degree Qualifications Profile (Lumina)** – Identifies five spheres of learning, based in part on the Bologna Process in Europe.
Students coming to campus with heightened expectations for advanced technology

New, technology-driven delivery systems, academic and non-academic

Technology and relationships, including pervasive use of social networking
What’s the Driving Force to Prioritize?

- Overall Financial Stress
- Making Cuts Across the Board No Longer Acceptable
- Prioritization is a Recurring Process, Tied to Planning, Resource Allocation & Assessment
- Needed to Achieve Academic Excellence
- Governing Board Insists on Setting Priorities

550 Leaders, 300 Institutions
• Unmistakable Need to Set Priorities

How to Reconcile All These Forces?
What Constitutes a Program?

- Any activity or collection of activities that consumes resources (dollars, people, time, space, equipment)

- *If you believe in reincarnation, come back as an academic program and enjoy eternal life*
• Academic Programs are the heart of the institution and drive costs for the entire campus
• Academic Programs have been permitted to grow without regard to their relative worth
• Most campuses are striving to be all things to all people, rather than focusing
• Growing incongruence between programs and resources to mount them with quality
• Traditional approaches (like across-the-board cuts) tend to mediocrity for all programs
• The most likely source of needed resources is reallocation of existing resources, from weakest to strongest programs

The Case for Prioritization
NOT ALL PROGRAMS ARE EQUAL

- Some are more efficient
- Some are more effective
- Some are more central to mission
• Analysis focused on pre-selected criteria
• Concentration on resource development & resource utilization, independent of structure
• Focus on efficiency, effectiveness & centrality to mission
• Identifying opportunities to increase revenue, decrease expenses, improve quality, strengthen reputation
• Tough Decision: WHAT TO DO
• Tougher Decision: WHAT NOT TO DO
• Toughest Decision: WHAT TO STOP DOING

Michael Porter,
Harvard Business School
• PROGRAMS, not departments

• PRIORITIZATION, not “Review”
  (Reviews assume continuance, are not tied to resource allocation, and are not conducted simultaneously)
Seven Phases to Success

1. Preparation and Readiness Phase
2. Organizational Phase
3. Data Collection Phase
4. Analysis and Assessment Phase
5. Decision-Making Phase
6. Implementation Phase
7. Evaluation Phase
1. History, Development & Expectations of the Program
2. External Demand
3. Internal Demand
4. Quality of Inputs & Processes
5. Quality of Outcomes
6. Size, Scope & Productivity
7. Revenue and Other Resources Generated
8. Costs and Other Expenses
9. Impact, Justification & Overall Essentiality
10. Opportunity Analysis

Selecting Appropriate Criteria
What Weights to Put on Criteria?

Discussion:
550 Leaders, 300 Institutions

- 1. External Demand
- 2. Quality of Outcomes
- 3. Size, Scope and Productivity
- 4. Impact, Justification, and Overall Essentiality
- 5. Costs and Other Expenses
- Lack of Buy-In and Resistance from Faculty
- Campus Culture Isn’t Conducive to Setting Priorities
- Difficulties in Implementation, Including Lack of Data
- CAO-CFO Relationship
- Overbroad Mission

**Anticipated Challenges**
Possible Program Decisions

- Enrichment or expansion of existing programs
- Addition of new programs
- Reduction of programs
- Consolidation or restructuring of programs
- Elimination of programs
- Legal, policy and accreditation implications
- Maintaining the database for the future
1. Key objectives and how they are measured
2. Services provided and to which customers, internal and external
3. Position-by-position analysis
4. Unmet needs and demands
5. Opportunities for collaboration and restructuring
6. Opportunities to share skill sets and resources
7. Opportunities for cross-training
8. Technological improvements that are cost-effective
9. Process improvements to streamline operations
10. Outsourcing exploration to improve service and cut costs

Alternative Criteria for Non-Academic Programs
Other Opportunities to Cut Costs

- Number of faculty that constitute a “department”
- Number of graduates to sustain a separate program
- Audit of released-time
- Whether to seek specialized accreditation
- Redundancies across the curriculum
- Centers/Institutes – On their own bottom
- Collapsing programs for greater efficiencies
1. Why is this project being initiated? Source of impetus.
2. Overall goal of the project?
3. Specific dollar or percentage target?
4. Potential positives?
5. Potential pitfalls?
6. If mission too vague, is operational mission statement possible?
7. Data: institutional research capability?
8. Status of reduction-in-force policies?
9. Dovetail with governance process?
10. Dynamics on campus:
    - Board?
    - Alignment of leadership team?
    - Faculty Senate/other governance?
    - Other?
• 11. What has been done to date?
• 12. Key players responsible for planning/resource allocation/fiscal planning/academic program reviews?
• 13. Any efforts to integrate planning?
• 14. Other issues or concerns?
1. Most Institutions Can No Longer Afford to be What They’ve Become.
2. Reallocation of Resources is Necessary.
3. Reallocation Requires Systematic, Academically Responsible Prioritization.