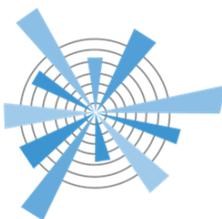




National Association of College and  
University Business Officers



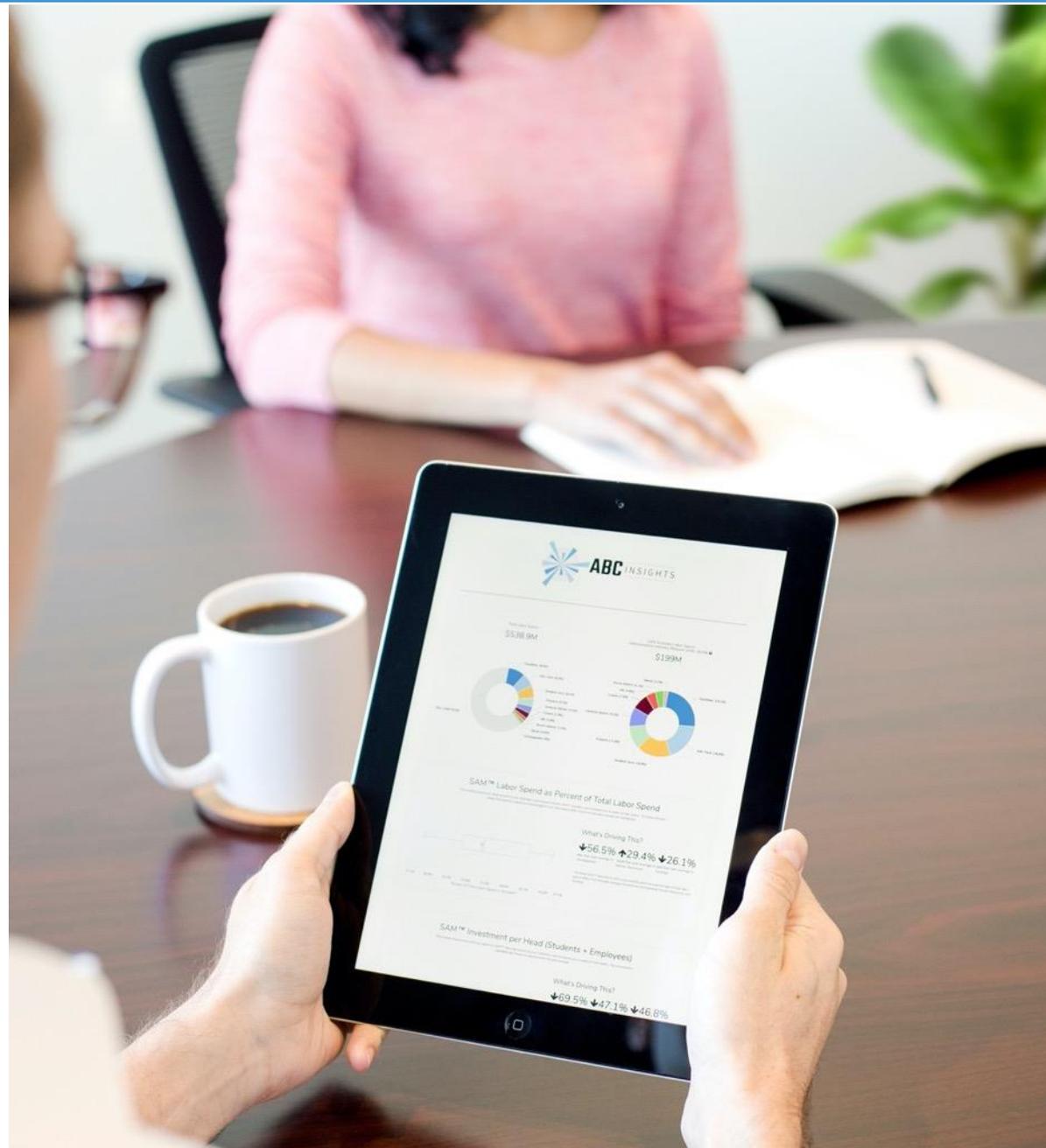
**ABC** INSIGHTS  
A HelioCAMPUS COMPANY

# Master Class Series - Financial Transformation During COVID-19

An Exclusive Opportunity for only CBOs

October 9 – December 2, 2020

Class Session Material #3 – Nov 4, 2020



# Discussion topics

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- Introductions and Overview
- Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources
- Report Outs

- **Introductions and Overview**
- Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources
- Report Outs

# Meet your Subject Matter Experts



Oct. 9 3:30-5pm EST

Understanding and Managing Financial Realities



**Kasia Lundy**  
Managing Director in the Education Practice, EY-Parthenon



**Haven Ladd**  
Managing Director in the Education Practice, EY-Parthenon

Oct. 21 3:30-5pm EST

Drive Greater Operational Efficiency & Organizational Effectiveness



**Laura Yaeger**  
Higher Education Client Service Leader, Huron Consulting



**Kurt Dorschel**  
Senior Director in the Higher Education Sector, Huron Consulting

Nov. 4 3:30-5pm EST

Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources



**Peter Stokes**  
Managing Director in the Higher Education Group, Huron Consulting



**Mike Cogan**  
Strategy and Ops Consultant in the Higher Education Group, Huron Consulting

Nov. 18 3:30-5pm EST

Driving Efficiency and Effectiveness in Administrative Services



**Jonathan Fry**  
Managing Director, Head of NA Education Practice, Accenture



**Natalie Sisto Means**  
Managing Director, Strategy & Consulting, Accenture

Dec. 2 3:30-5pm EST

Post-Pandemic – The Future of Higher Education



**Samantha Fisher**  
Managing Director, NA Education Practice, Accenture



**Aneel Delawalla**  
Managing Director/Senior Partner, Accenture Strategy

Each Session Hosted By:



**Jim Hundrieser, Ph.D.**  
Vice President for Consulting Services, NACUBO  
Focus on student success and strategic business models  
B.S. from Northern Michigan University, M.Ed. from Plymouth State university, Ph.D. from Barry University



**Paul Friga, Ph.D.**  
Strategy Prof. at UNC CH, Co-founder of ABC Insights  
Focus on university strategy and efficiency/effectiveness  
Previously with PwC and McKinsey  
B.S. St Francis University, MBA & Ph.D. UNC-CH

# Welcome Master Class Participants!



## Community Colleges

Allen Bottorff	Polk State College
Anabel Cunha	Community College of Rhode Island
David Kuntz	Cuyahoga Community College
Elizabeth Argiri	Macomb Community College
Jeffrey West	Salt Lake Community College
Kathryn Kaoudis	Community College of Denver
Lisa Watson	Northwest College
Maria Elizondo	South Texas College
Nathan Langstraat	Whatcom Community College
Olivia Padilla-Jackson	Central New Mexico Community College
Pam Harrison	Meridian Community College
Roberta Remias	Oakland Community College
Susan Coulston	Southwestern Michigan College
W. Leatherman	Hopkinsville Community College

## Small institutions - Public

Kari Gaswick	Chadron State College
Veronica Paulson	Northern State University
William Spindle	South Dakota School of Mines and Technology

## Small institutions - Private

Amy Bosio	Georgian Court University
Andrea Young	Ripon College
Ann Spall	Fontbonne University
Anna Arvay	Geisinger Commonwealth School of Medicine
Beth Mcgrath	Clarke University
Christopher Gardner	Wofford College
Claudette Smith	Stillman College
David Carson	Flagler College
Debra Martin	Mount Saint Mary's University
Debra Polley	The College of Saint Rose
Denton Stargel	Centenary University
Donna Nance	Texas Wesleyan University
Jeff Scaccia	Presbyterian College
Jerry Silberman	Elizabethtown College
Jodie McGaughey	Hardin-Simmons University
John Risboskin	Lackawanna College
Kim Kvaal	St. Edward's University
Lezlie Hukill	Wayland Baptist University
Linda Allen	Evangel University
Lorraine Atwood	Vermont Law School
Meghan Kass	Wheaton College
Michael Poster	St. Ambrose University
Michele Smith	Brite Divinity School
Rhonda Shirazi	Spring Hill College
Rick Gilbertson	University of Sioux Falls
Sarah Mouch	Methodist Theological School in Ohio
Stacie Scott	Beloit College
Stephanie Ourada	Hastings College
Steven Alderman	South Texas College of Law Houston

## Comprehensive – Public

Beth Reissenweber	Midwestern State University
Claire Stinson	Tennessee Technological University
Jennifer Potter	Stockton University
John Carmichael	The Evergreen State College
Kathleen Eichelroth	Worcester State University
Lori Beaty	Tarleton State University
Pratima Gandhi	University of Wisconsin-Stevens Point
Rick Anderson	University of Texas Rio Grande Valley
Russ Hannah	Arkansas State University

## Comprehensive – Private

Cathleen Kenny	Pratt Institute
Hania Ferrara	Fairleigh Dickinson University
Laura Sander	Suffolk University
Linda Gilbert	Widener University
Rosana Lopez	Universidad Del Sagrado Corazon

## Research – Public

Allyson Easterwood	University of Southern Mississippi
Cathy Anderson	University of Utah
Jean Vock	University of Nevada, Las Vegas
Karin Hegstad	North Dakota State University
Kelli Shomaker	Auburn University
Kelly Fox	Georgia Institute of Technology
Lynne Schaefer	University of Maryland Baltimore County
Noel Sloan	Texas Tech University
Stacy Pearson	Washington State University

## Research – Private

Danielle Manning	Clark University
Leslie Brunelli	University of Denver

# Our unique format for the Master Class Series



## Master Class Sessions

<p>Friday, October 9<sup>th</sup> 3:30 – 5:00pm</p> <p>Understanding and Managing Financial Realities</p> <p>Featuring EY Parthenon</p>	<p>Wed, October 21<sup>st</sup> 3:30 – 5:00pm</p> <p>Drive Greater Operational Efficiency &amp; Organizational Effectiveness</p> <p>Featuring Huron Consulting</p>
<p>Wed, November 4<sup>th</sup> 3:30 – 5:00pm</p> <p>Aligning Faculty Effort to Institutional Mission</p> <p>Featuring Huron Consulting</p>	<p>Wed, November 18<sup>th</sup> 3:30 – 5:00pm</p> <p>Driving Efficiency and Effectiveness in Admin Services</p> <p>Featuring Accenture</p>
<p>Wed, December 2<sup>nd</sup> 3:30 – 5:00pm</p> <p>Post-Pandemic – The Future of Higher Education</p> <p>Featuring Accenture</p>	

## Workshop Flow

15 Minutes	Overview	Jim Hundrieser and Paul Friga
30 Minutes	Plenary Presentation	Led by a Monthly Topic Subject Matter Expert From Consulting Firm
30 Minutes	Breakouts & Case Studies (led by University CFOs)	Facilitated by NACUBO Team, ABC Insights and Consulting Firm SMEs
15 Minutes	Report Outs	Led by Jim Hundrieser and Paul Friga

# Session Three – Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources



Nov. 4 3:30-5:00pm EST



**Peter Stokes**

Managing Director in the Higher Education Group, Huron Consulting



**Mike Cogan**

Strategy and Ops Consultant in the Higher Education Group, Huron Consulting

## Description

Discover how CFOs can partner with provosts to produce the right program mix that aligns to institutional strengths and values.

## Learning Objectives

1. Understand the elements to program optimization
2. Reason to partner with other key offices and the importance of not working in silos
3. How to build a financial plan that maximizes institutional strengths

15 min

Overview

30 min

Plenary Presentation

30 min

Breakouts & Case Studies

15 min

Report Outs

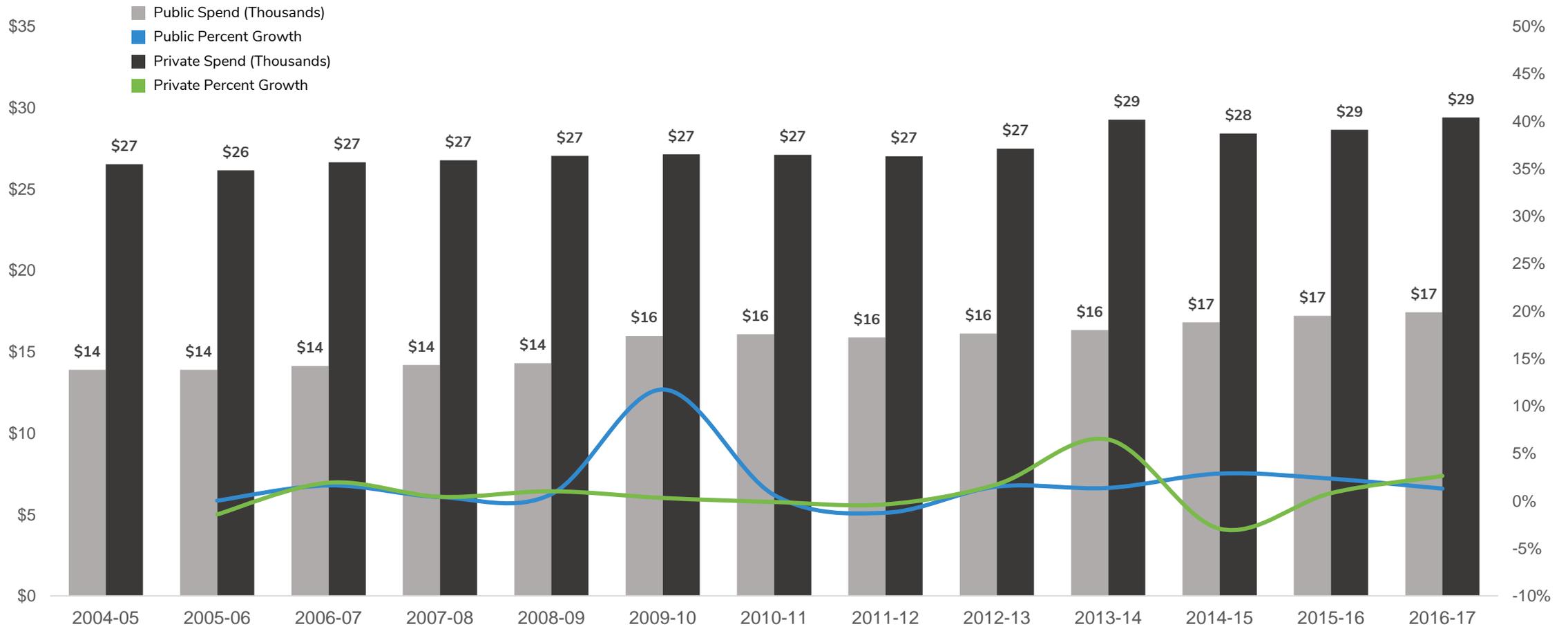
## Key Readings

- [Under COVID-19, University Budgets like We've Never Seen Before \(April, 2020\)](#)
- [How to Address the Elephant in the Room: Academic Costs \(May, 2020\)](#)
- [Unite Technology and Service Delivery to Elevate the Higher Education Experience \(Huron\)](#)
- [The Transformation-Ready Higher Education Institution \(Huron\)](#)
- [Rethinking the Four-Year, On-Campus Student Experience \(Huron\)](#)
- [Implementing Disruptive Change within Higher Education \(Huron\)](#)

## Key Asynchronous Webinars

- [Preparing Your Budget with Coronavirus in Mind \(Chronicle\)](#)
- [Unit-Level ROI: Increase the Impact of Strategic Resource Allocation \(NACUBO\)](#)
- [Technology Investment Enables School to Successfully Navigate Pandemic \(NACUBO\)](#)
- [Pivoting and Planning in Response to COVID-19 \(NACUBO\)](#)
- [Income Share Agreement Program Modeling: Measuring Impact on Yield and Retention \(NACUBO\)](#)

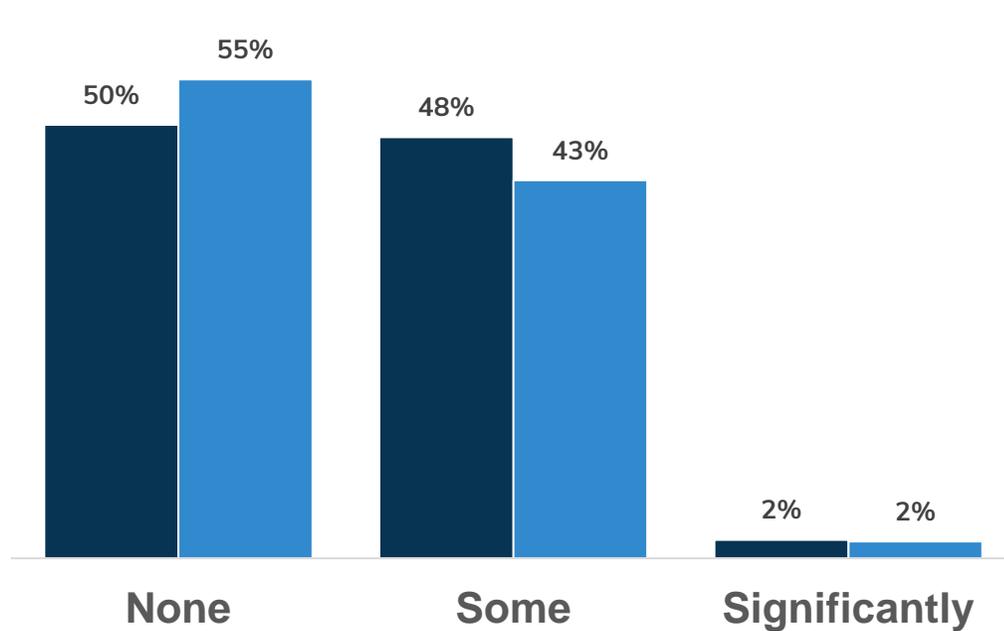
# Academic spending has risen over time



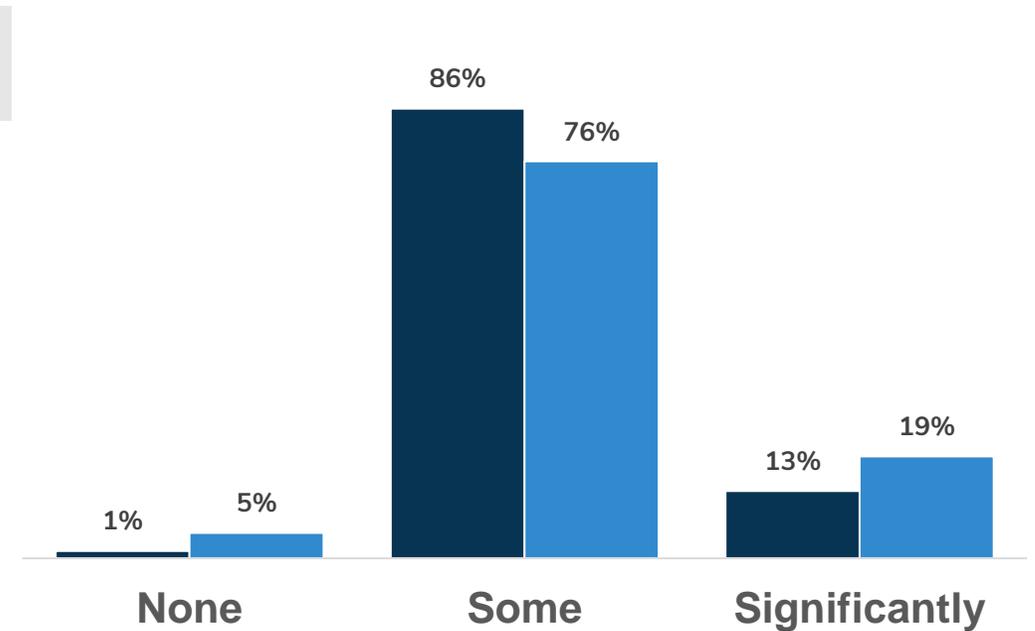
# Campus leaders plan to lead with administrative cost cutting but do indeed plan to examine academic cuts as well



## How Significantly Participants Anticipate Cutting **Academic** Programs in FY21



## How Significantly Participants Anticipate Cutting **Administrative** Costs in FY21



# A roadmap to addressing academic spend on your campus



Step	Description	Actions	Data
<b>Organize</b>	Create team and plan	<ul style="list-style-type: none"> <li>• Form Task Force</li> <li>• Create Advisory Committee</li> <li>• Develop action plan</li> </ul>	<ul style="list-style-type: none"> <li>• Potential candidates</li> <li>• Other initiatives' timelines</li> </ul>
<b>Analyze</b>	Examine academic opportunities	<ul style="list-style-type: none"> <li>• Conduct Academic Program Review</li> <li>• Assess Faculty Productivity</li> <li>• Estimate financial impact of changes</li> </ul>	<ul style="list-style-type: none"> <li>• Class/course offering data</li> <li>• Faculty performance</li> </ul>
<b>Prioritize</b>	Rank highest impact actions	<ul style="list-style-type: none"> <li>• Sort through pros/cons</li> <li>• Calculate financial and reputational impact</li> <li>• Determine timeline for moving forward</li> </ul>	<ul style="list-style-type: none"> <li>• Cost benefit analysis</li> <li>• Risk assessments</li> <li>• Resources required</li> </ul>

Source: Dr. Paul N. Friga; Featured in: How to Address the Elephant in the Room: Academic Costs; May 3, 2020; <https://www.chronicle.com/article/how-to-address-the-elephant-in-the-room-academic-costs/>

# A turnaround at the University of Maryland Global Campus



INTEGRATED DATA PLATFORM

**Drive Student Success and Grow Revenue**

Increase Enrollment  
Improve Student Success  
Accelerate Gift Giving

**Maximize Returns of Academic Programs**

Rationalize Academic Portfolio

**Optimize Administrative Spend**

Activity-Based Cost Analyses, Benchmarking and Quality Surveys

# Lessons learned on academic and administrative transformations



1

Accept the magnitude of the problem.



2

Build consensus.



3

Don't underestimate politics.



4

Establish benchmarks.



5

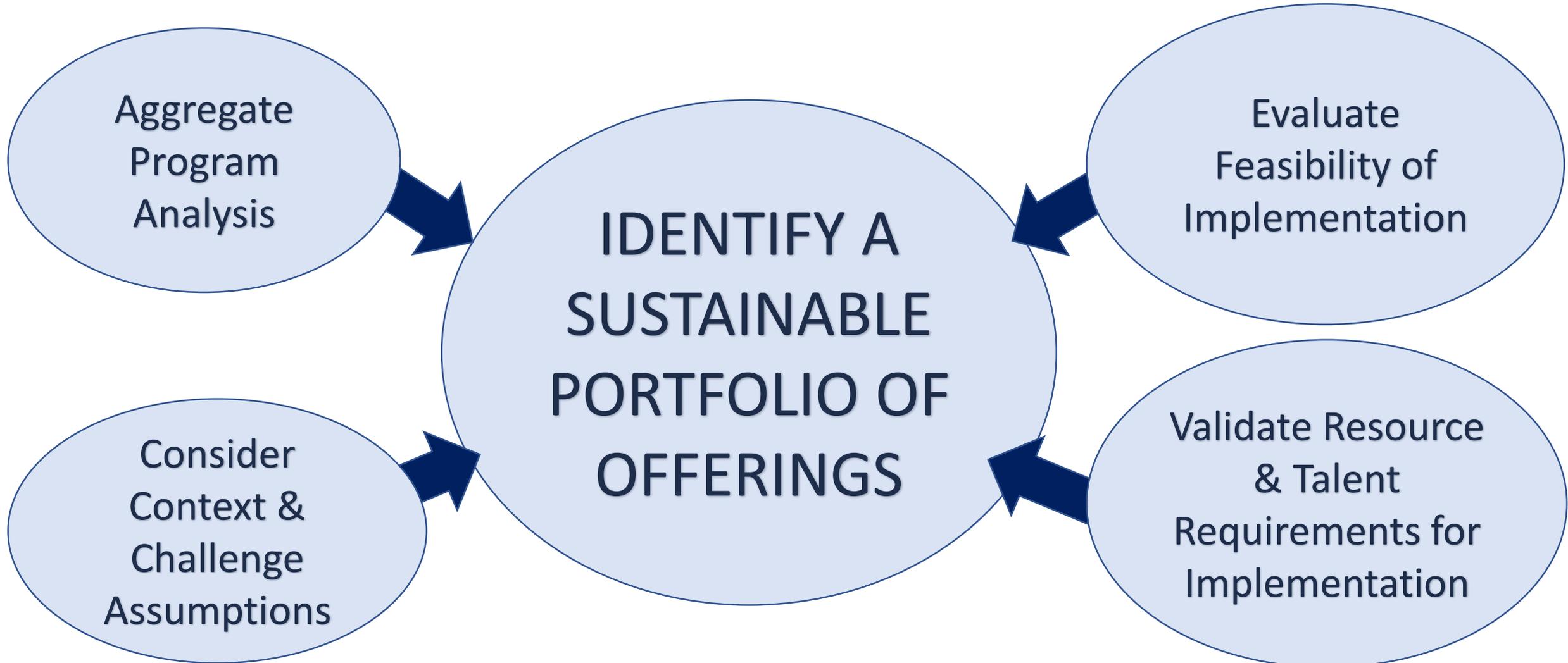
Take action, make changes, and measure the impact of those changes.



6

Explore new ideas and models.







**Using data**



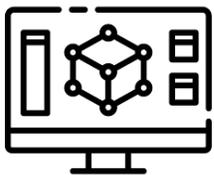
**Programs and services through diverse delivery methods**



**Focus on net revenue versus headcount**



**Build new partnership and sponsorship opportunities**



**Budget Projection Model linked to ROI**

Market Demand	Reliance on Brand	Infrastructure	Net Revenue
Regional, state, local needs linked to academic programs	What are you know for?	Systems that allow for easy access and on demand considerations	Revenue Minus <u>Expenses</u> a Positive Margin



Jay Goff, 2020

# Participant Participation – Polling Question 1



**How often is your campus reviewing the data to understand program costs?**

**1 = Continuously reviewing data**

**2 = Annually reviews data to understand top line program costs**

**3 = Analyzes program costs linked to program reviews or reaccreditation efforts**

**4 = Has not started any data review**



# Discussion topics

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- Introductions and Overview
- **Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources**
- Report Outs

# ALIGNING FACULTY EFFORT TO INSTITUTIONAL MISSION

Leveraging Traditional Scholarship to  
Optimize Academic Resources



# Today's Presenters

Our presenters have extensive experience in academic portfolio assessment having worked and consulted at a variety of private and public, 2- and 4-year institutions.



**Sheryl Van Gruensven**  
University of Wisconsin  
Green Bay  
Chief Financial Officer  
vangruess@uwgb.edu



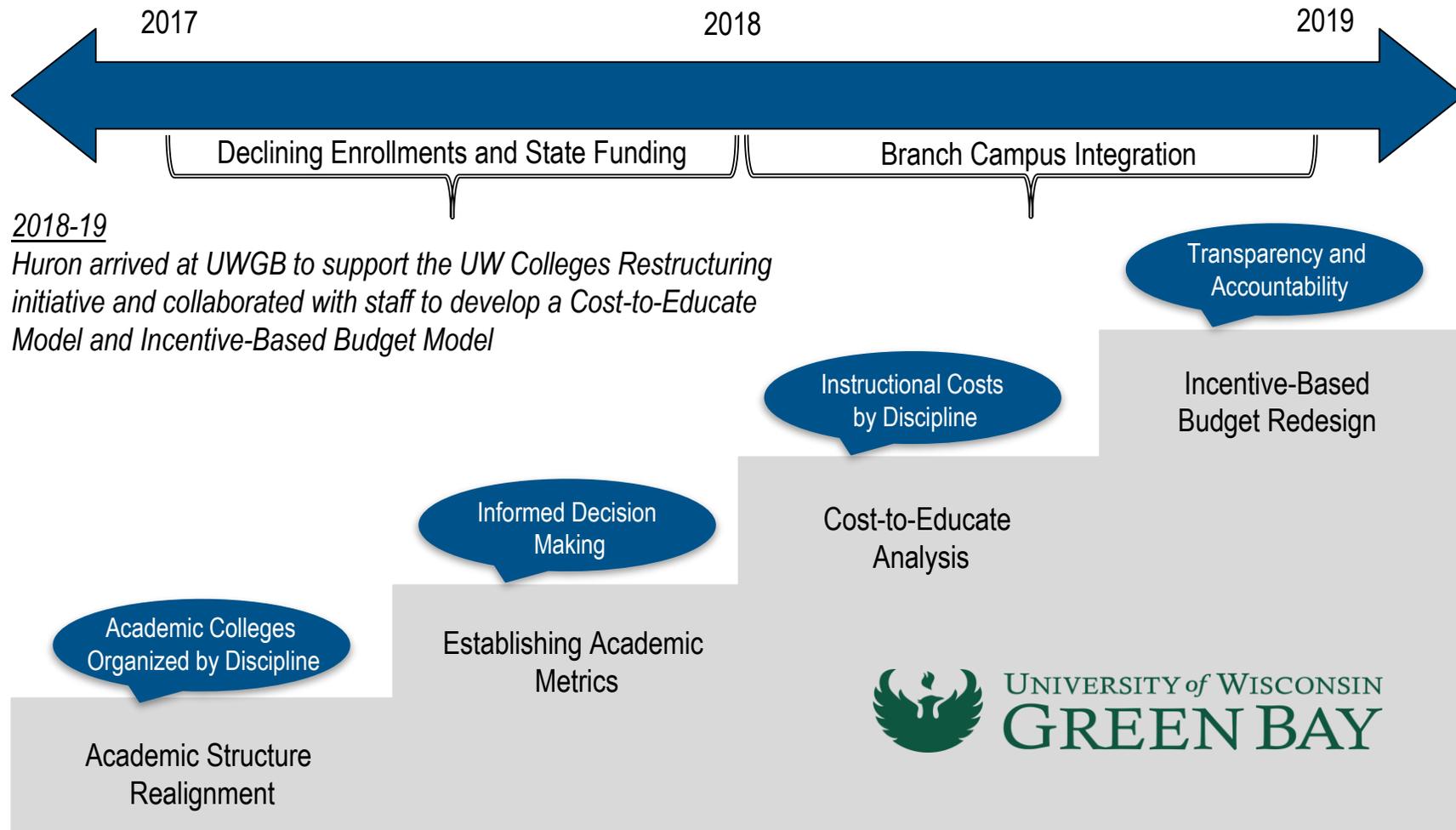
**Peter Stokes**  
Huron  
Managing Director,  
Strategy & Operations  
pstokes@hcg.com



**Mike Cogan**  
Huron  
Director,  
Strategy & Operations  
mcogan@hcg.com

# Applied Academic Resource Optimization

The University of Wisconsin – Green Bay and Huron collaborated during 2018-19 to integrate three 2-year colleges, establish an academic cost-to-educate model, and design an incentive-based budget model.



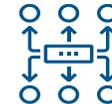
# Why is Faculty Effort Important?

Historically, higher education organizations faced with financial challenges seek to protect the academic core, by searching for administrative efficiencies; however, this strategy is unlikely to resolve all future challenges.



## Changing student demographics, populations, and needs

The proportion of adult learners and lower-income students is increasing, while the population of “traditional” college-going students is expected to decline sharply.



## Challenges to the core higher education business model

As institutions compete to attract students with new facilities, degree programs, and services, the costs to serve students have risen. Institutions are also facing substantial costs associated with COVID-19.



## Changes in funding models

Changes in government funding for education and research are creating challenges. As COVID-19 exacerbates enrollment declines, tuition-dependent institutions are facing additional financial stress.



## Decreasing “half-life” of skills and increased demand for them

For the first time in history, in-demand work skills are changing dramatically within workers’ lifetimes, reducing the return on traditional educational training. Meanwhile, million of jobs have been eliminated.



## Rise of online learning and competency-based education

Traditional higher education faces new competition through internet-based offerings, for-profit certification options, and innovative adult/nontraditional offerings.



## Allocation of limited and shrinking resources

Due to COVID-19, institutional leaders have been forced to make difficult decisions including furloughs, hiring freezes, pay cuts, and delays to non-essential projects.

**Although these challenges have been well documented over the past decade, COVID-19 has exacerbated these issues, resulting in colleges and universities closely examining how faculty effort aligns to both mission and financial viability.**

# Designing a Cost-to-Educate Model

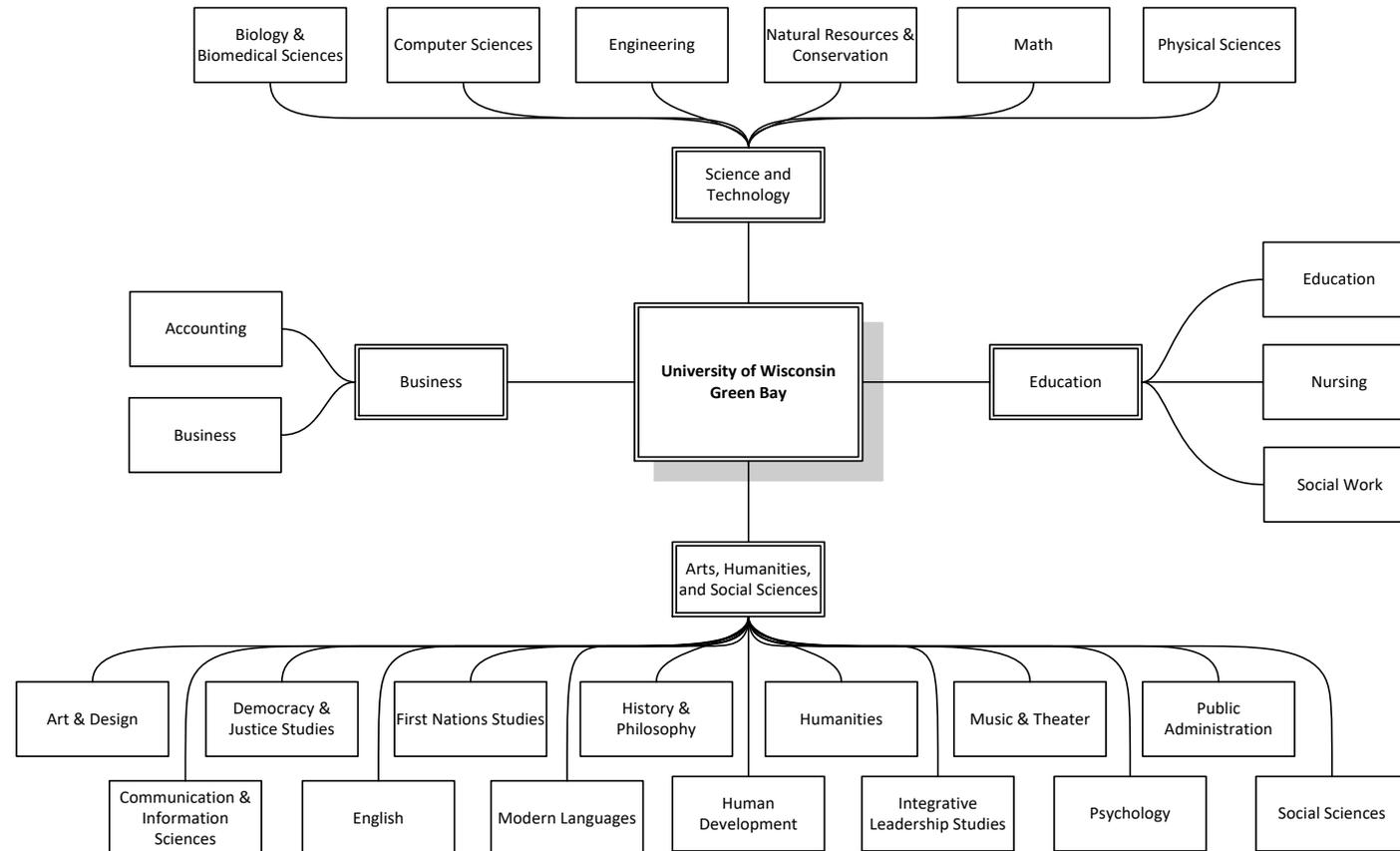
Assessing and managing faculty effort requires a comprehensive approach and benefits from a thorough understanding of academic units, coursework utilization, faculty deployment, and academic support costs.

Activity	Component	Objectives
Visualize Academic Taxonomy		<ol style="list-style-type: none"> <li>I. Confirm understanding of the academic structure</li> <li>II. Map coursework to the taxonomy to set foundation for cost allocation</li> </ol>
Establish Meaningful Metrics		<ol style="list-style-type: none"> <li>I. Inventory courses and calculate credit hours produced by faculty, departments, and programs</li> <li>II. Evaluate credit hour growth trends and determine load value</li> </ol>
Quantify Faculty Effort		<ol style="list-style-type: none"> <li>I. Establish college level understanding of faculty effort</li> <li>II. Discuss load calculation caveats including load requirements, reassigned time and co-curricular activity</li> </ol>
Manage Instructional Activity		<ol style="list-style-type: none"> <li>I. Review variability between in load and overload pay</li> <li>II. Confirm methodology for distributing salary across instruction, service, and professional development</li> </ol>
Align Overhead Costs		<ol style="list-style-type: none"> <li>I. Confirm understanding and application of functional expense classifications with schools and departments</li> <li>II. Determine levers for allocating overhead expenses and revenues</li> </ol>

**Working collaboratively, administrative and academic leaders should leverage available data to develop a customized cost-to-educate model which allows leaders at address important questions related to faculty effort.**

# Visualize Academic Taxonomy

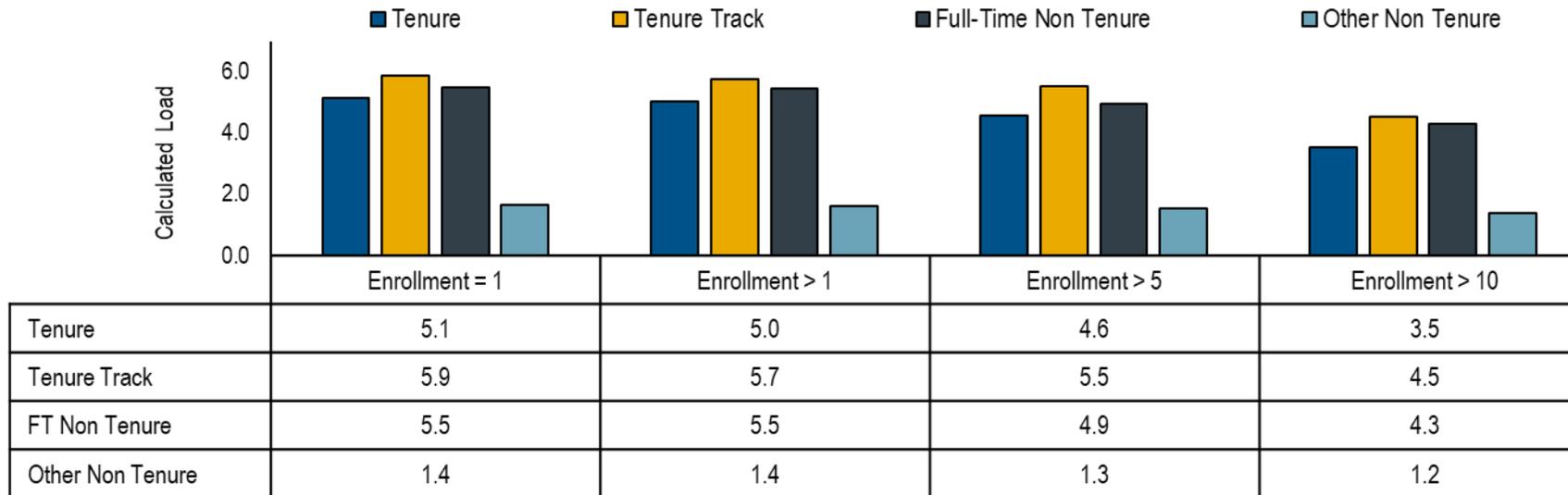
Defining an agreed upon academic structure provides the foundation of the cost to educate model and aligns each academic discipline to an administrative unit inclusive of direct and indirect expenditures.



**Establishing this taxonomy requires a collaborative approach and should be completed early on in the modeling process to assure all expenditures and revenues are organized within the academic organizational structure.**

# Establish Meaningful Metrics

A common metric used by university and college leaders to measure faculty effort is course sections or number of credits per course with the origins of these metrics found in faculty handbooks or academic policies.

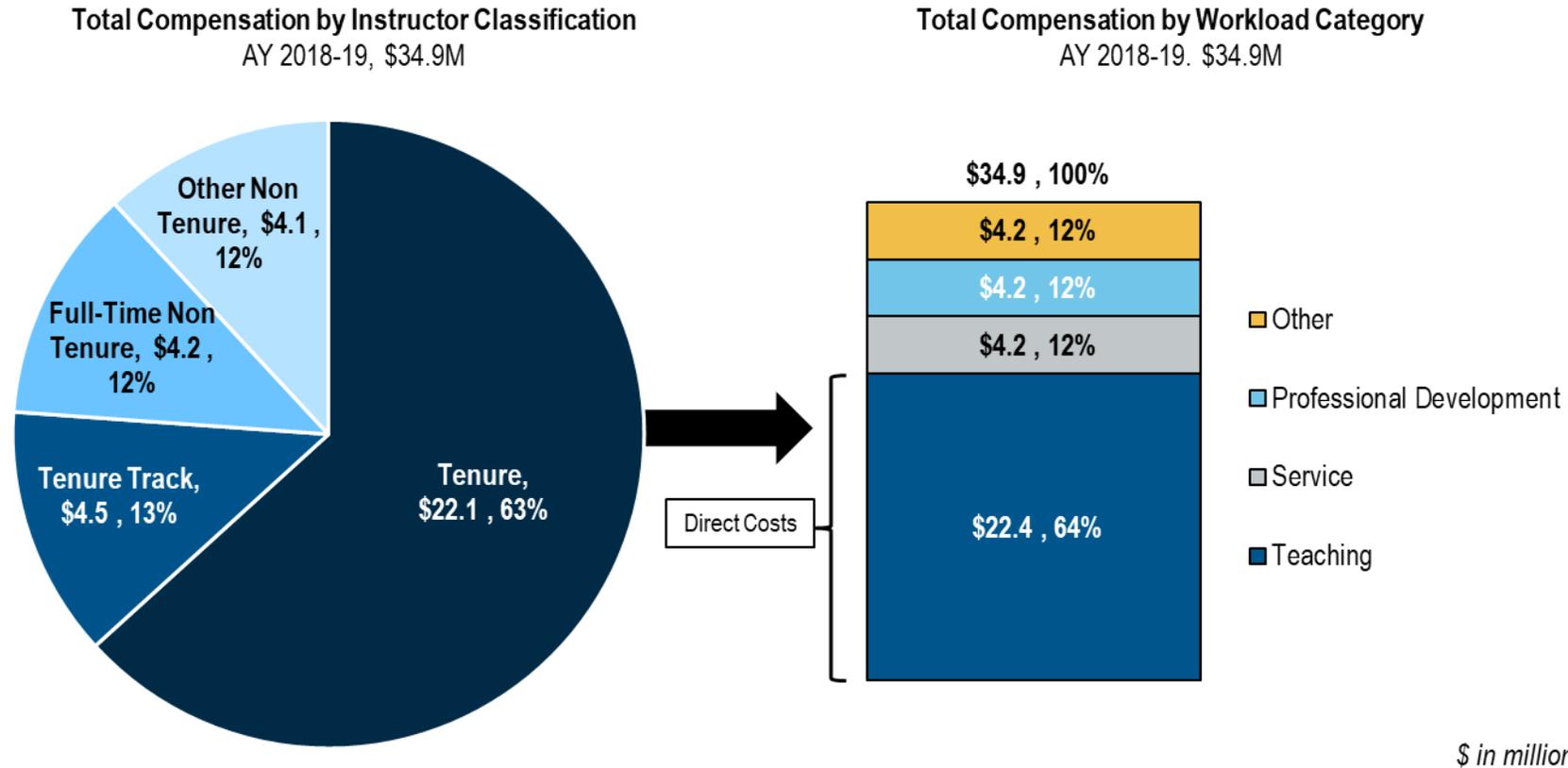


Requirement	Sections Removed	Opportunity (\$)	Avg. \$ Per Faculty
Enrollment =1	0	\$1,794,653	\$10,557
Enrollment > 1	104	\$2,032,615	\$11,957
Enrollment > 5	286	\$3,128,921	\$18,405
Enrollment > 10	520	\$5,599,976	\$32,941

**Huron has found that measuring faculty effort by the number of sections taught provides a limited view of faculty effort and does not provide the detailed information necessary to effectively manage margin contributions at the unit level.**

# Quantify Faculty Effort

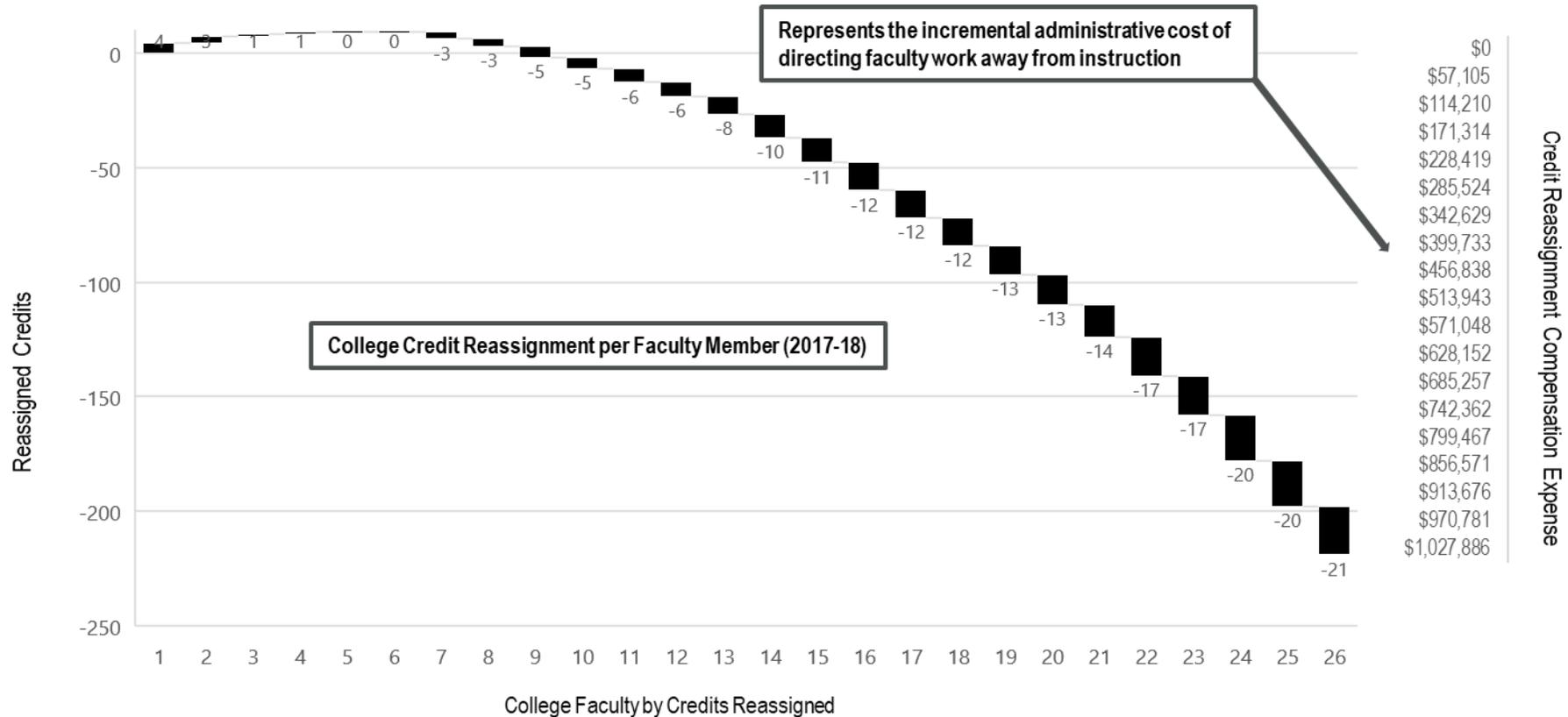
Traditional scholarship as a concept is widely understood by academic leaders; however, there are important nuances to consider based on the mission of the institution, emphasis on student teaching, and research portfolio.



Working closely with academic leaders to define scholarship expectations sets the foundation for allocating direct expenses and sets the stage for understanding the detailed cost of instruction, scholarly activity, and service.

# Manage Instructional Activity

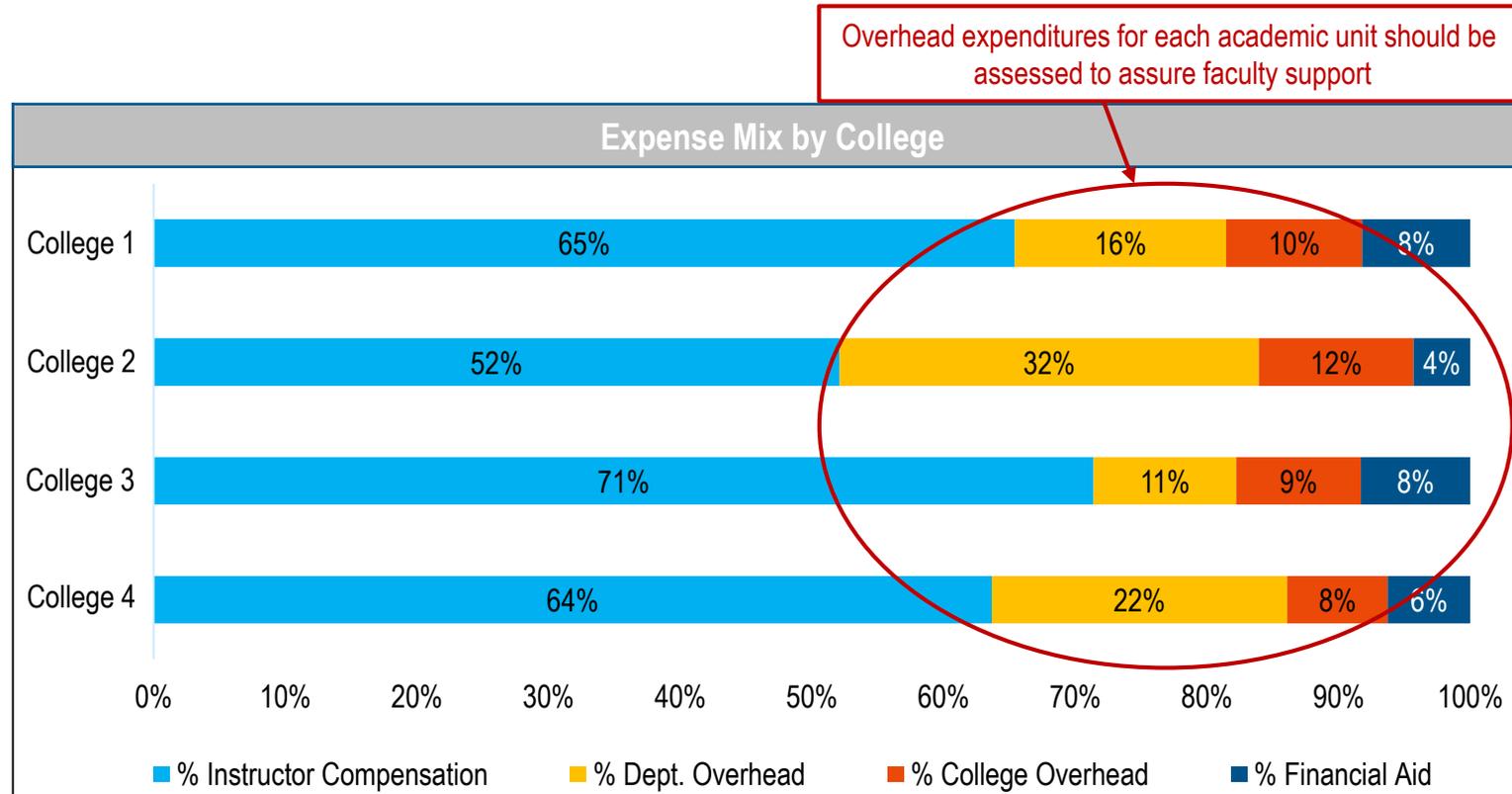
Faculty effort expectations vary across disciplines and faculty type; further, faculty may be asked to take on leadership roles or emphasize one component of scholarship such as instruction, advising, and research.



**Administrative reassignments may have a significant financial impact on the institution as the majority of these activities do not generate revenue and require additional contingent faculty to backfill necessary courses at an additional cost.**

# Align Overhead Costs

Overhead costs identified as administrative support in academic units may vary dramatically across schools and colleges resulting in redundant services, depressed margins, and proliferation of non-instructional staff.



Overhead expenditures at the college, school, or department level should provide enough support to minimize faculty administrative reassignments while at the same time provide critical specialized services (e.g., clinical placement).

# Closing Thoughts

As with any sensitive change engagement effort, it is critical that the assessment of an institution's academic portfolio is transparent, informed by data, involves stakeholders, and results in meaningful metrics.

Component	Description
Transparent Approach	Academic portfolio assessments benefit from the development of <b>clearly articulated campus and leadership objectives</b> and desired end-goals at the start of the project
Data Integration	Aligning <b>curriculum, coursework, compensation, and other fiscal resources</b> provides academic and administrative leadership with information necessary to make informed decisions
Stakeholder Engagement	Applying a managerial cost accounting approach should be undertaken <b>in collaboration with academic leadership with an emphasis</b> on developing a nuanced methodology to address discipline specific variability
Decision Support	Cost-to-Educate modeling provides academic leaders at the college, school, division, and department level with the information necessary to <b>assure both pedagogical excellence and fiscal viability</b>

# Participant Participation – Polling Question 2



What level of resistance do you get from faculty/academic leadership when working on program review/optimization/utilization efforts?

1 = Very Low – they are willing partners

2 = Low – it is mixed bag

3 = High – lean toward resistance

4 = Very High - fight such efforts tooth and nail



# Breakout Sessions

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## Discuss during breakout:

1. Talk about the current ways you are engaging faculty to maximize your yield of prospective students?
2. Share strategies that have worked to engage faculty as you examine program costs, effectiveness, outcomes

## Discussion topics

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- Introductions and Overview
- Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources
- **Report Outs**

# Teams report out key topics, insights, and recommendations



# Participant Participation – Polling Question 3



**Based on the information shared, how likely is your institution going to do the following:**

**1 = Add new programs after a comprehensive needs assessment has been completed**

**2 = Better engage your faculty in your scholarship practices**

**3 = Seek new ways to optimize resources that includes strategies presented today**

**4 = All of the above**

**5 = None of the above**

**6 = Item 1 and 3**



# A preview of next week's class and SME guests



Oct. 9 3:30-5pm EST

Understanding and Managing Financial Realities



**Kasia Lundy**  
Managing Director in the Education Practice, EY-Parthenon



**Haven Ladd**  
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**Jim Hundrieser, Ph.D.**  
Vice President for Consulting Services, NACUBO  
Focus on student success and strategic business models  
B.S. from Northern Michigan University, M.Ed. from Plymouth State university, Ph.D. from Barry University



**Paul Friga, Ph.D.**  
Strategy Prof. at UNC CH, Co-founder of ABC Insights  
Focus on university strategy and efficiency/effectiveness  
Previously with PwC and McKinsey  
B.S. St Francis University, MBA & Ph.D. UNC-CH

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