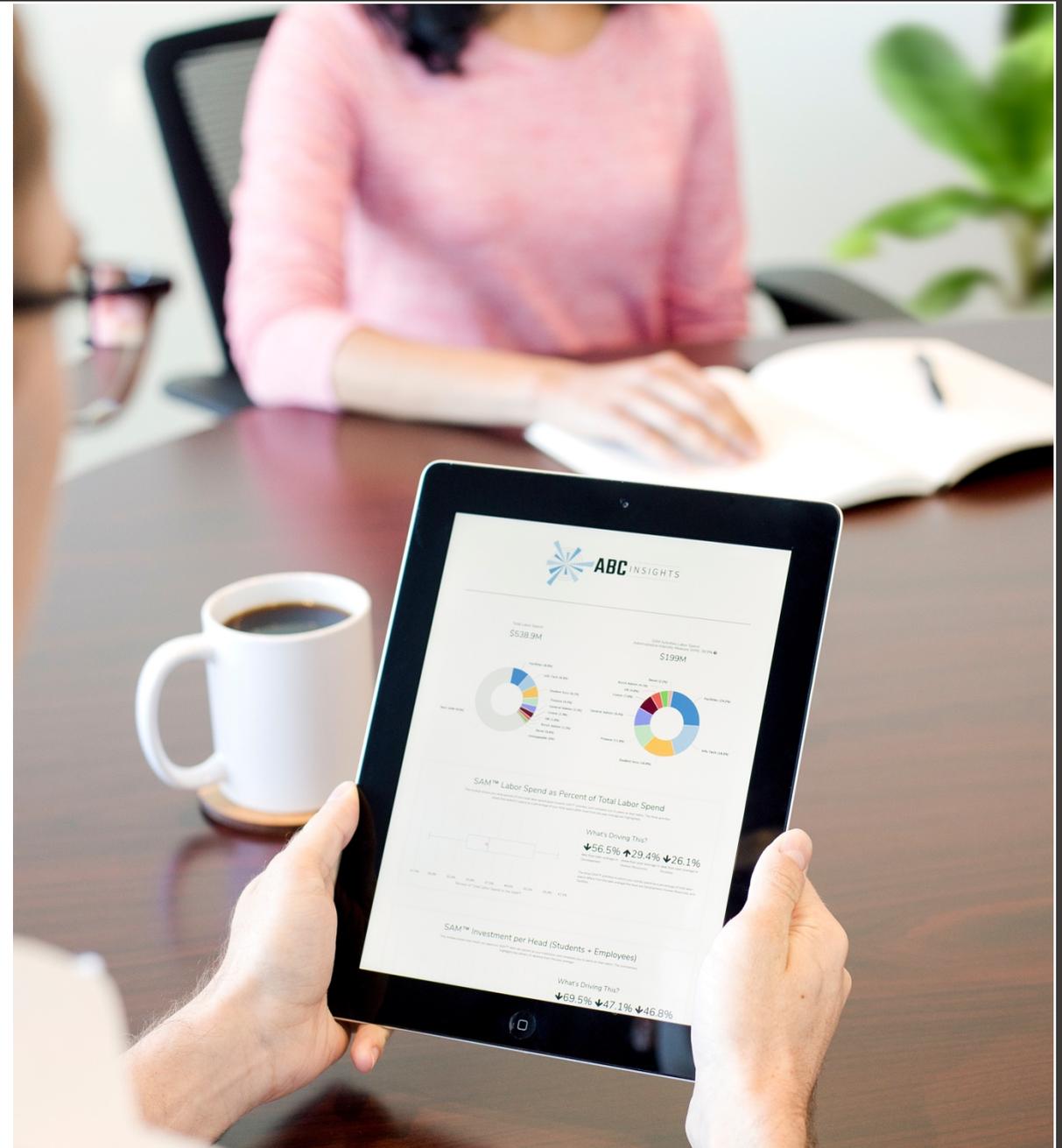




# Connecting Strategy and Data for Actionable Change: A Case Study in the State of Ohio

July 17, 2020 - 1:30-2:30 pm EST



# Your presenters for this webcast



**Sheri Stoll**

Vice President for Finance & Admin,  
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**Mark Polatajko**

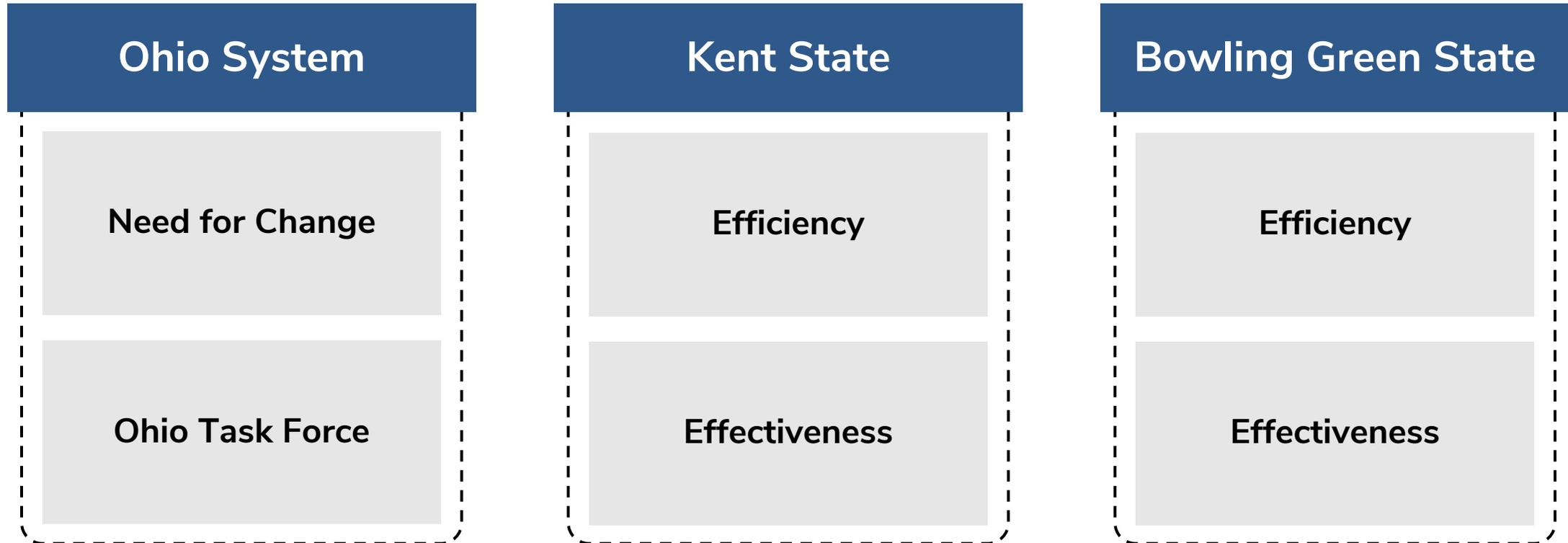
Senior Vice President for Finance &  
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# Agenda



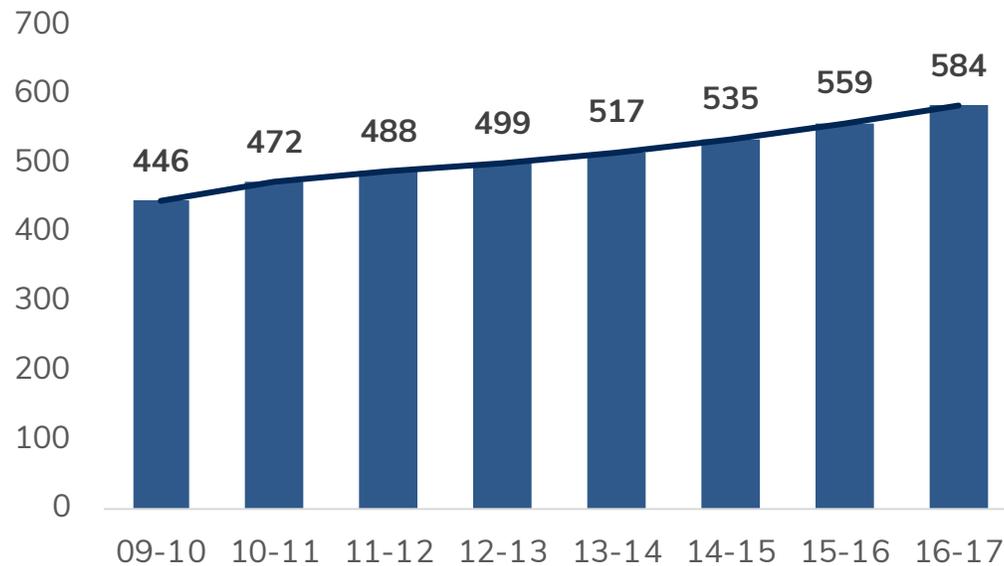
# Agenda



# Since Our Last Recession, Spending in Higher Education Continued to Rise Fueled Primarily by Tuition Increases

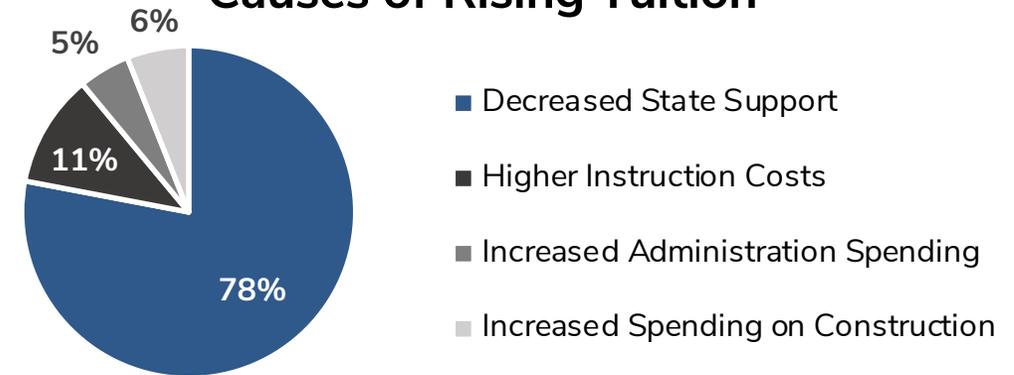


## Spending in Higher Education (Billions)



**31% growth over past 6 years**

## Causes of Rising Tuition

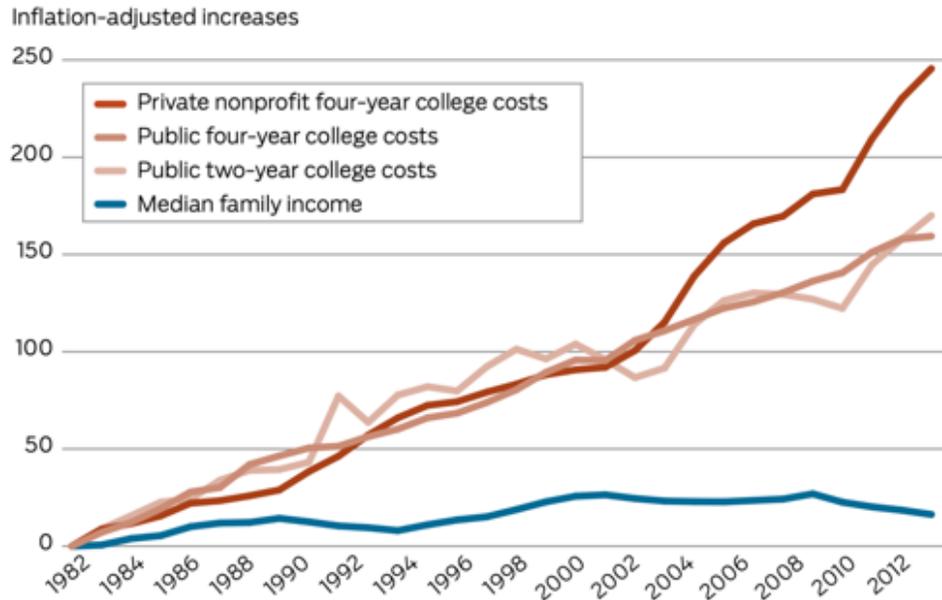


- **Annual published tuition at four-year public colleges has risen by \$2,484, or 35 percent, since the 2008 school year**
- Non-academic administrative and professional employees have more than doubled in the past 25 years
- Administrative spend now represents an equal percentage of total spend when compared to spend on faculty and all other educational expenses
- “According to the Department of Education data, administrative positions at colleges and universities grew by 60 percent between 1993 and 2009, which Bloomberg reported was 10 times the rate of growth of tenured faculty positions.”

# We Must Consider The Ability to Pay in Term of Tuition Increases



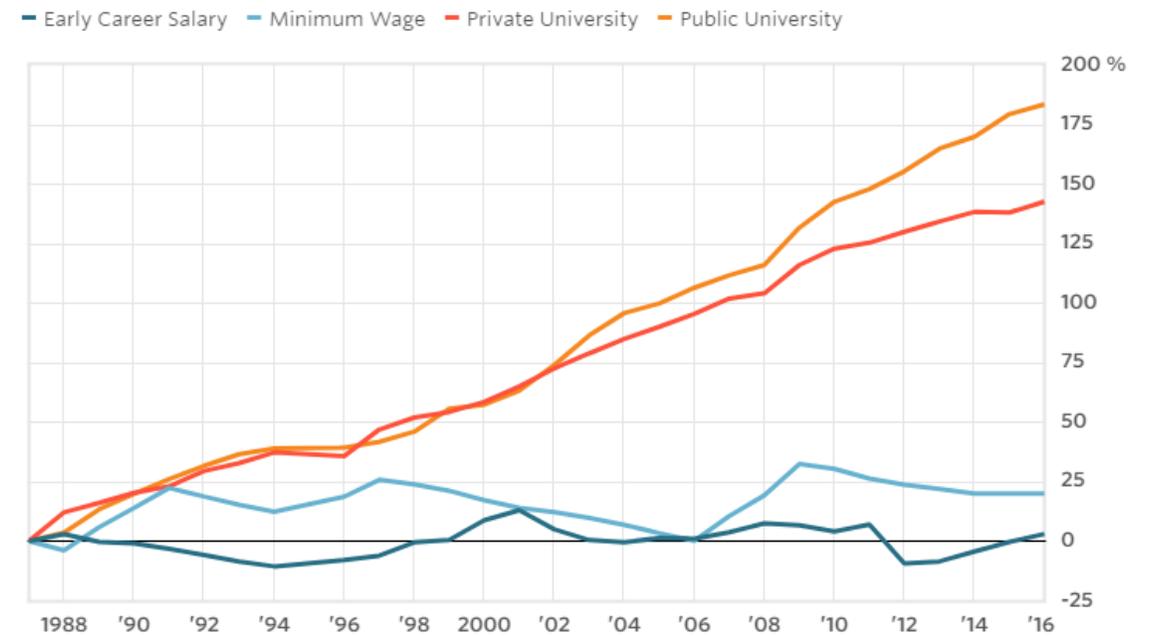
## College costs and median family income, 1982 to 2012



Sources: The College Board, Annual Survey of Colleges; National Center for Education Statistics, Integrated Postsecondary Education and Data System.

## Tuitions rise, salaries don't

Percentage change since 1987, adjusted for inflation



Source: National Center for Education Statistics; National Association of Colleges and Employers; U.S. Department of Labor

# Enter One of the Most Significant Challenges to Higher Ed in Our History



**Recession:** Contraction period of economy, usually 6-12 months

## The Great Recession of 2007-2009:

- Unemployment rose from 4.9% in 2007 to over 10% in 2010
- Stock market lost more than 50% of its value
- American households lost an estimated \$16 trillion in net worth; one quarter of households lost at least 75 percent of their net worth, and more than half lost at least 25 percent

**Depression:** Prolonged period of economic recession, over 10% drop in GDP

## The Great Depression of 1929-1933:

- US Economy decreased more than 30%
- Unemployment rose from 3% to over 25%
- Stock market lost more than 89% of its value

## Current Scenario in 2020:

- Stock market has dropped over 35%, although it has recovered
- Unemployment is approaching 15%
- 2020 GDP estimates are -37.7% annual rate in the 2<sup>nd</sup> quarter

State support was already well below 2008 levels - 13 percent lower per student as of 2018 - even as state revenues are now well above pre-recession levels

Mounting Peril For Public Higher Education  
During The Corona Pandemic

How Congress Can Save Colleges

# The Ohio System Created a Task Force on Affordability and Efficiency



*In 2015, Governor John R. Kasich called on this task force to recommend solutions for institutions of higher education based on three key simultaneous needs: **to be more efficient both in expense management and revenue generation while offering an education of equal or higher quality and decreasing costs to students and their families***

## Master Recommendations

- 1. Students Must Benefit:** Savings and/or new dollars generated from these recommendations must be employed to reduce the cost of college for students. Any other uses must have tangible benefits for the quality of students' education.
- 2. Five-Year Goals:** Each institution must set a goal for efficiency savings and new resources to be generated through fiscal 2021, along with a framework for investing those dollars in student affordability while maintaining or improving academic quality.

## All Recommendations

**3. Strategic Procurement**

**4. Assets and Operations**

**5. Administrative Cost Reforms**

**6. Textbook Affordability**

**7. Time to Degree**

**8. Program Review**

**9. Co-located Campuses**

**10. Policy Reform**

# Each University Reports Annually and is Held Accountable to Results



University	Assets and Operations			Administrative Cost Reforms			
	4A: Asset Review	4B: Operations Review	4C: Affinity Partnerships	5A: Cost Diagnostic	5C: Organizational Structure	5E: Data Centers	5F: Space Utilization
Bowling Green State University	I	I	I	I	I	I	I
Clark State Community College	NI	I	NI	W	I	W	W
Eastern Gateway Community College	I	I	I	I	I	NI	I
Hocking College	I	I	W	NI	I	NI	I
Kent State University	I	I	I	I	I	NI	I
Marion Technical College	NI	I	I	W	I	NI	I
Rhodes State College	I	I	I	NI	I	NI	I
The Ohio State University	I	I	I	I	I	I	I
The University of Akron	I	I	I	I	I	W	I
Youngstown State University	I	I	I	I	I	W	I

NI = Not Implemented / W = Working toward Implementation / I = Implemented/Progress Made

# Each University Reports Annually and is Held Accountable to Results



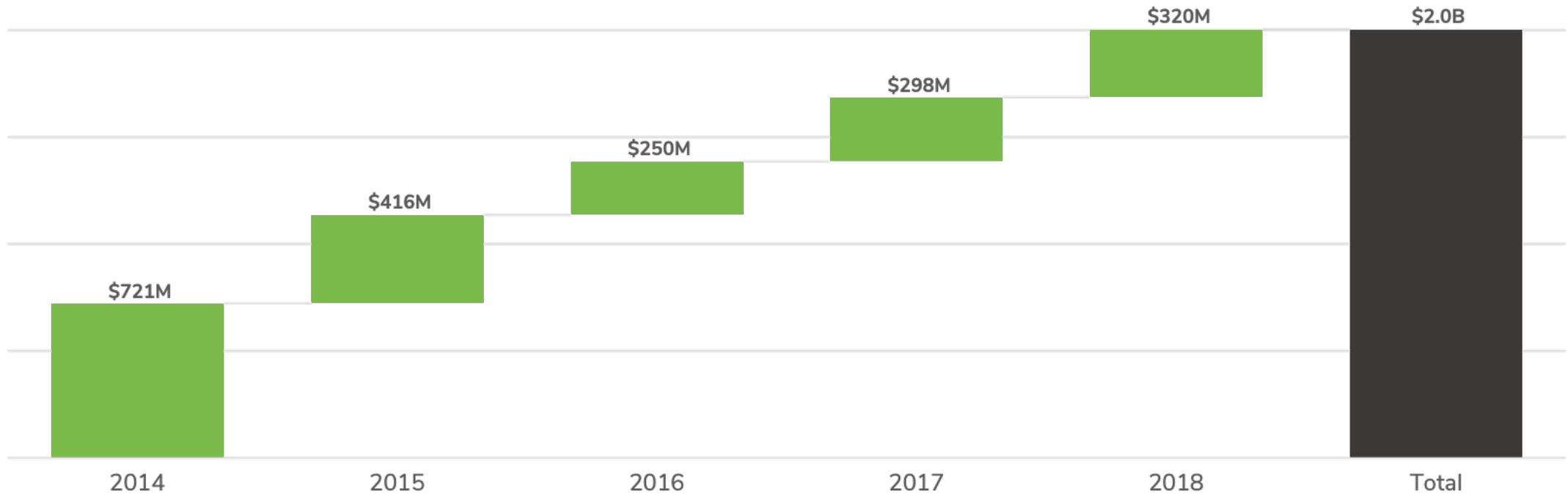
University	Textbook Affordability			Time to Degree				
	6A: Negotiate Cost	6B: Standardize Materials	6C: Digital Capabilities	7A: Education Campaign	7B: Graduation Incentive	7C: Standardize Credits	7D: Data Driven Advising	7G: Competency Education
Bowling Green State University	NI	I	I	I	I	I	I	I
Clark State Community College	I	W	I	I	I	I	I	NI
Eastern Gateway Community College	I	I	I	I	I	I	I	W
Hocking College	I	W	I	NI	NI	I	I	NI
Kent State University	I	I	I	I	I	I	I	NI
Marion Technical College	NI	I	I	I	I	I	I	NI
Rhodes State College	W	I	I	I	W	I	I	NI
The Ohio State University	I	I	I	I	I	I	I	NI
The University of Akron	I	I	I	I	I	I	I	NI
Youngstown State University	I	I	I	I	I	I	I	NI

NI = Not Implemented / W = Working toward Implementation / I = Implemented/Progress Made

# This Effort Has Resulted in Significant System-Wide Savings



## Ohio System 5-Year Cost Savings



Ohio System

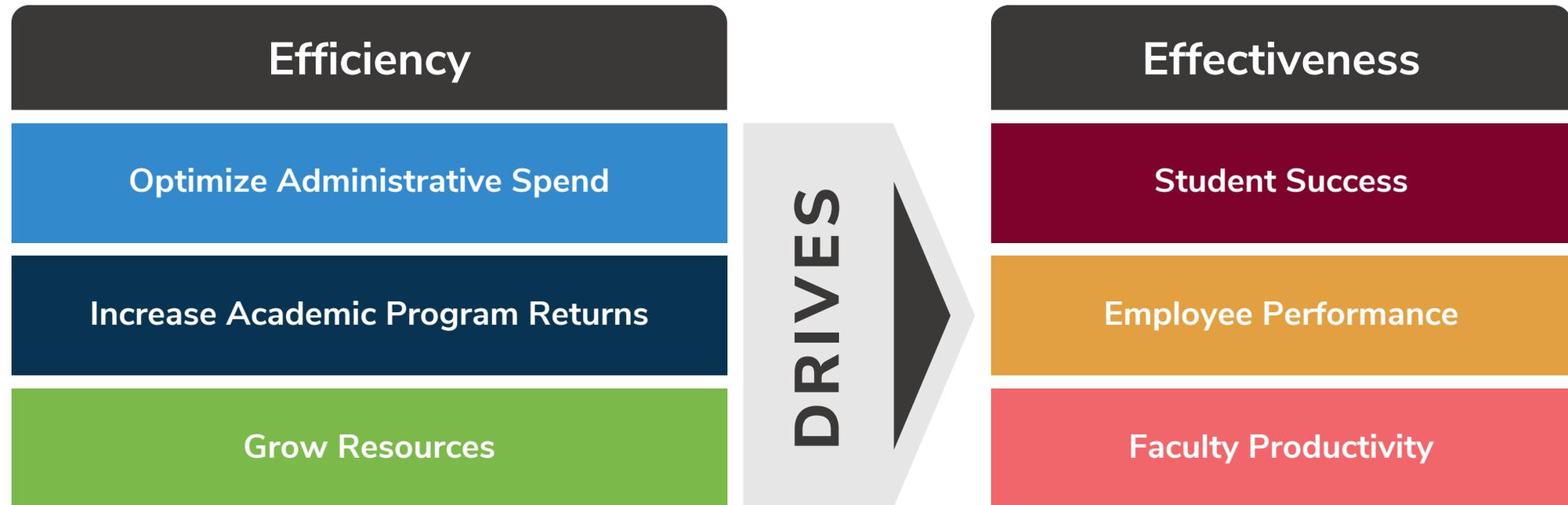
Kent State

Bowling Green State

# ABC Insights Was Created to Help Universities Become More Efficient and Effective and Increase ROI

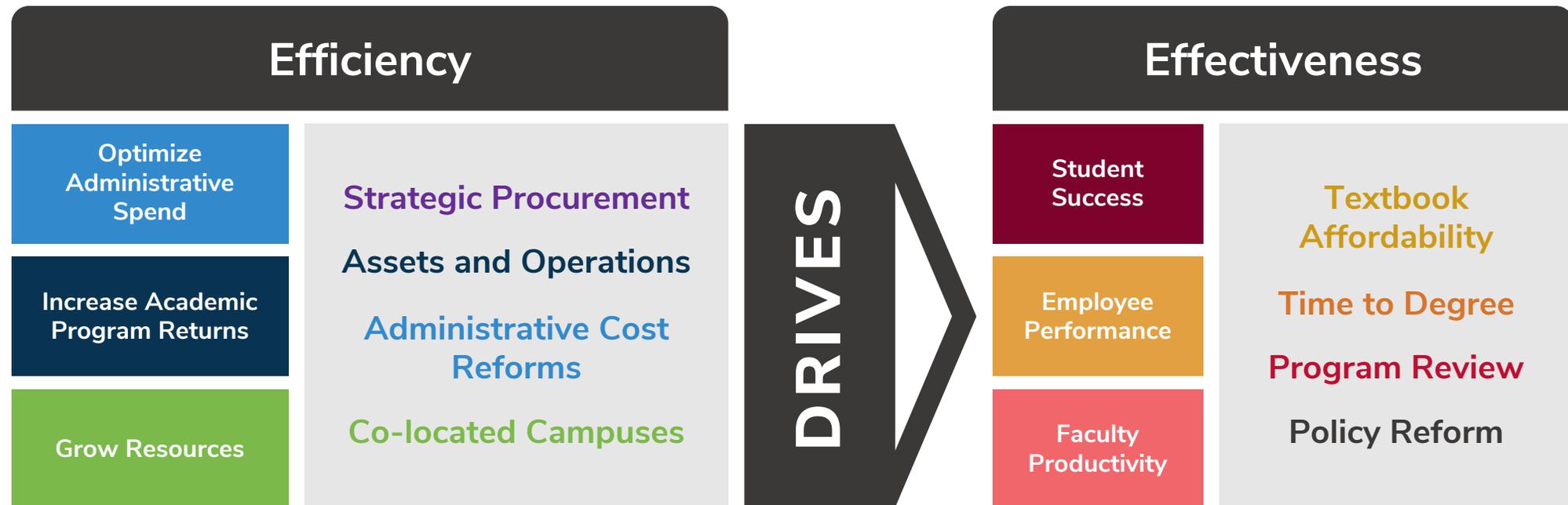


ABC Insights ROI Framework = More efficient and effective universities will result in higher returns



# Connecting the ABC Insights ROI Framework to the Ohio System Recommendations

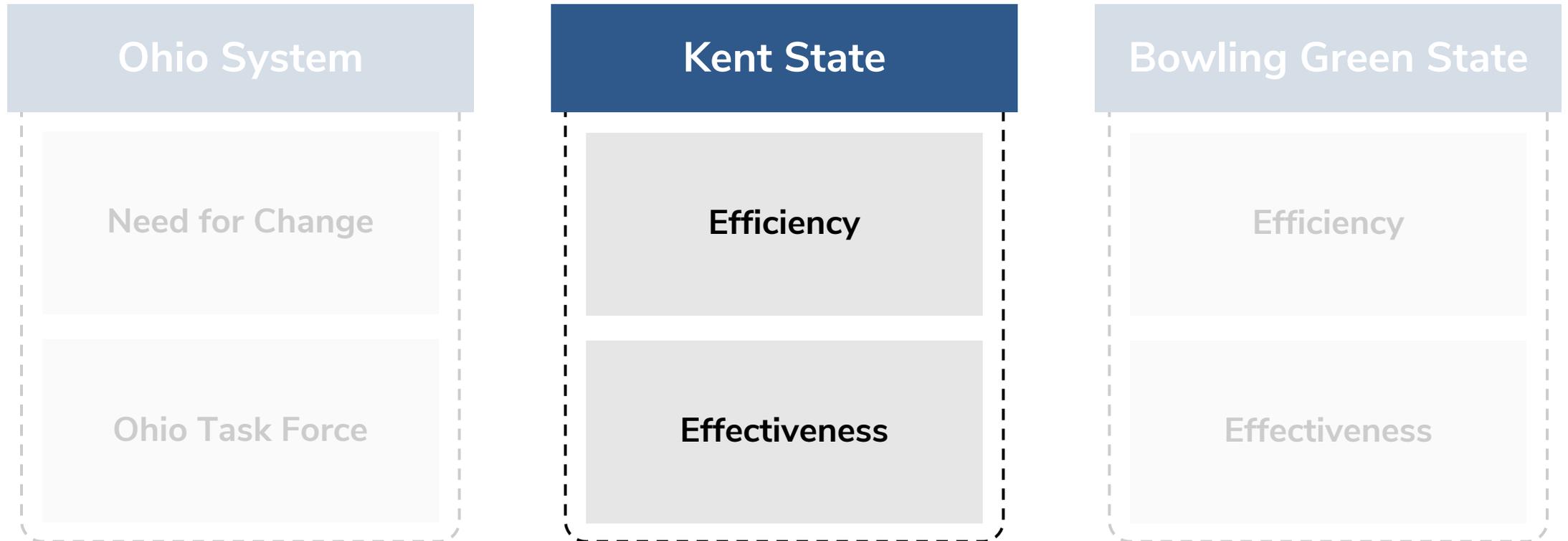
The Ohio System efficiency recommendations aim to increase efficiency and effectiveness



Panelists reflect on the design intention, and results of this effort (positives and negatives)

Participants share high-level questions and experiences in their own states

# Agenda



# Kent State University – Overview FY2020



**Enrollment – 37,411**

**Tuition In-State - \$10,982**

**Faculty/Staff – 5,700**

**Op Budget - \$644M**



# Kent State University - Efficiency



Efficiency

Objectives	Initiatives	Impact
Strategic Procurement	Kent State University estimates that it has saved \$3.25M in FY18 from using its current campus contracts, including medical carriers, utilities, investment advisory, beverage sponsorship, dining services, and information technology.	Current campus contracts saved \$3.25M in FY18
Strategic Procurement	Kent State University, Youngstown State University, The University of Toledo, Wright State University, and Miami University collaboratively negotiated a joint Master Services Agreement with Ellucian, the ERP vendor for these five institutions.	The combined five-year savings for the participating universities was \$4.2M
Assets and Operations	Kent State University installed nearly 700 copiers during FY19. This led to a 24%, or \$52,000, reduction in its annual paper purchases and an anticipated \$230,000 annual cost avoidance due to the elimination of toner purchases.	They anticipate total savings to be roughly \$570,000 annually
Administrative Cost Reforms	In 2017 Kent State University implemented a new voluntary University Employee Separation Plan for both faculty and staff with over 240 participants.	Employees taking to voluntary plan led to ~\$8.8M in net annual savings in the first three years
Administrative Cost Reforms	Kent State University implemented a comprehensive strategic hiring process to align the optimization of personnel and resources.	The university saved almost \$7M in FY18

# Kent State University - Effectiveness



Effectiveness

## Objectives

## Initiatives

## Impact

### Time to Degree

Kent State University has significantly increased investment on academic advising, university colleges, tutoring, etc. over past decade to drive student success in access, completion, and outcomes.

The university increased its four-year graduation rate from 42.3% in FY17 to 47.3% in FY18

### Time to Degree

Kent State University students who have earned at least 75 credit hours and need financial assistance to complete their degree began receiving a grant up to \$4,000. In 2017, the university awarded 226 students with completion grants

In 2017, 92% of students who received these grants graduated

### Time to Degree

In 2019, a total of 23 courses (less than 1% of all university courses) were part of Kent State University's Inclusive Access (Flash Books) model. However, these were typically large-enrollment courses, and a total of 8,276 students benefitted from these courses, which is 24.7% of KSU's undergraduate student body

Projected cost savings to students of \$981,000

### Time to Degree

Created the comprehensive "Got 15" campaign, that recommends every full-time student carry 15 credit hours per semester, as well as a multitude of student success initiatives such as mandatory advising, coaching, increased need-based scholarships, summer bridge experiences, and summer research experiences.

Four-year graduation rate has almost doubled over 10 years from 26% to the current four-year graduation rate of 50.8%

### Policy Reform

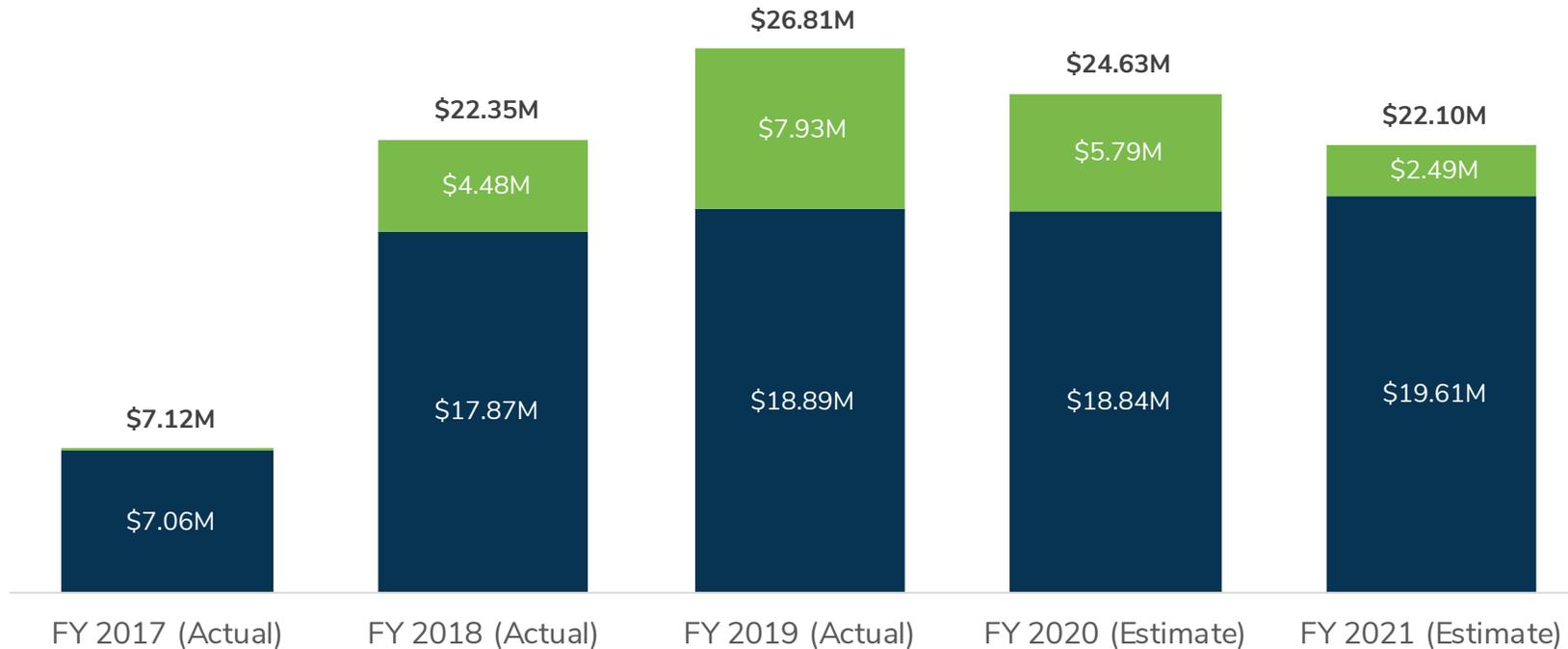
Kent State University requires an active confirmation from students of their desire to borrow prior to processing any student loan. Furthermore, students are provided with their aggregate Federal 16 The 2019 Efficiency Advisory Committee Report Direct Student Loan indebtedness when they are making their borrowing decisions.

Steady decrease in the number of students dropped for non-payment prior to the beginning of the semester

# Kent State University 5-Year Results



## Efficiency Savings and New Resource Generation



Kent State University anticipated gaining \$82.3M in efficiency savings, \$20.7M in revenue generation.

**Total: \$103M**

### Chart Key

- New Resource Generation
- Efficiency Savings

# Agenda



# Bowling Green State University – Overview FY2020



Enrollment – 19,331

Tuition In-State - \$11,316

Faculty/Staff – 1,156

Op Budget - \$423M



# Bowling Green State University - Efficiency



Efficiency

Objectives	Initiatives	Impact
<b>Administrative Cost Reforms</b>	Bowling Green State University conducted comprehensive space utilization assessment (classrooms). Two older, less efficient academic buildings were permanently demolished yielding >\$500k in annual operating costs and avoiding \$20+ million in deferred maintenance.	Significantly increased classroom utilization, avoided deferred maintenance costs, saved in annual operating costs.
<b>Assets and Operations</b>	Bowling Green State University (Firelands) sold 100 acres of vacant farm land to multi-national hydroponic vegetable producer creating agricultural co-op opportunities for students, additional jobs for local economy, and generating \$1.0 million in cash for regional campus to reinvest.	The University's regional campus realized \$1.0 to reinvest in campus needs.
<b>Assets and Operations</b>	Bowling Green State University analyzed auxiliary operations and identified several candidates for outsourcing or closing. Closure of the golf course generated >\$500k in annual savings (provided from institutional support); Student Health Center was outsourced to local hospital which provided capital investment to construct new building and assumed operations generating >\$750k in annual savings.	University closed or outsourced auxiliary units saving in operating costs and gaining outside capital investment for new facility.
<b>Assets and Operations</b>	Bowling Green State University acquired two residence halls previously owned by PPP; annual debt service savings of \$1.5 million.	The debt service savings realized by the University were passed on to students in form of lower room rates.
<b>Strategic Procurement</b>	In addition to savings generated by joining with other Ohio schools on large scale purchasing contracts, Bowling Green State University generates >\$450k in annual rebate as a participant in the Inter-University Council's joint Procurement Credit Card program.	The University has a small recurring revenue stream for funding professional development.

# Bowling Green State University - Effectiveness



Effectiveness

## Objectives

## Initiatives

## Impact

### Time to Degree

Bowling Green State University continues to offer \$50 per credit discount for undergraduates in face-to-face courses in summer, offers general education, high-demand, catch-up (1000 and 2000 level) and courses required for the major that can be taken in any sequence, and high-impact courses (study abroad/afar, capstone, field experience, etc.).

Summer enrollments continue to grow steadily.

### Time to Degree

The online self-paced Alternate Resident Educator Program will begin accepting students for fall 2020. The program leads to a certificate at the graduate level and credits earned for the certificate can be used to earn a master's degree.

In FY19, seven students submitted 12 portfolios and earned 36 credits toward their degree programs

### Time to Degree

Bowling Green State University introduced a scholarship maintenance plan for students who did not meet the original terms of their BGSU academic scholarships. Students were offered a percentage of their original awards for one academic year and the opportunity to "earn back" their scholarships if they made up the credit hours and earned the designated GPA for renewal.

Savings in FY18 from 2015-2017 were estimated at \$1.9M

### Policy Reform

The Student Success Collaborative (SSC) technology at Bowling Green State University is now fully implemented in all academic advising offices, and utilization among professional advisors is at 100%. State funding in Ohio is based on successful course completion and degrees granted so improving time to degree has provided a 1-2% increase in annual state funding since 2015.

In 2017 nearly 33,000 advising appointments were recorded and documented

### Policy Reform

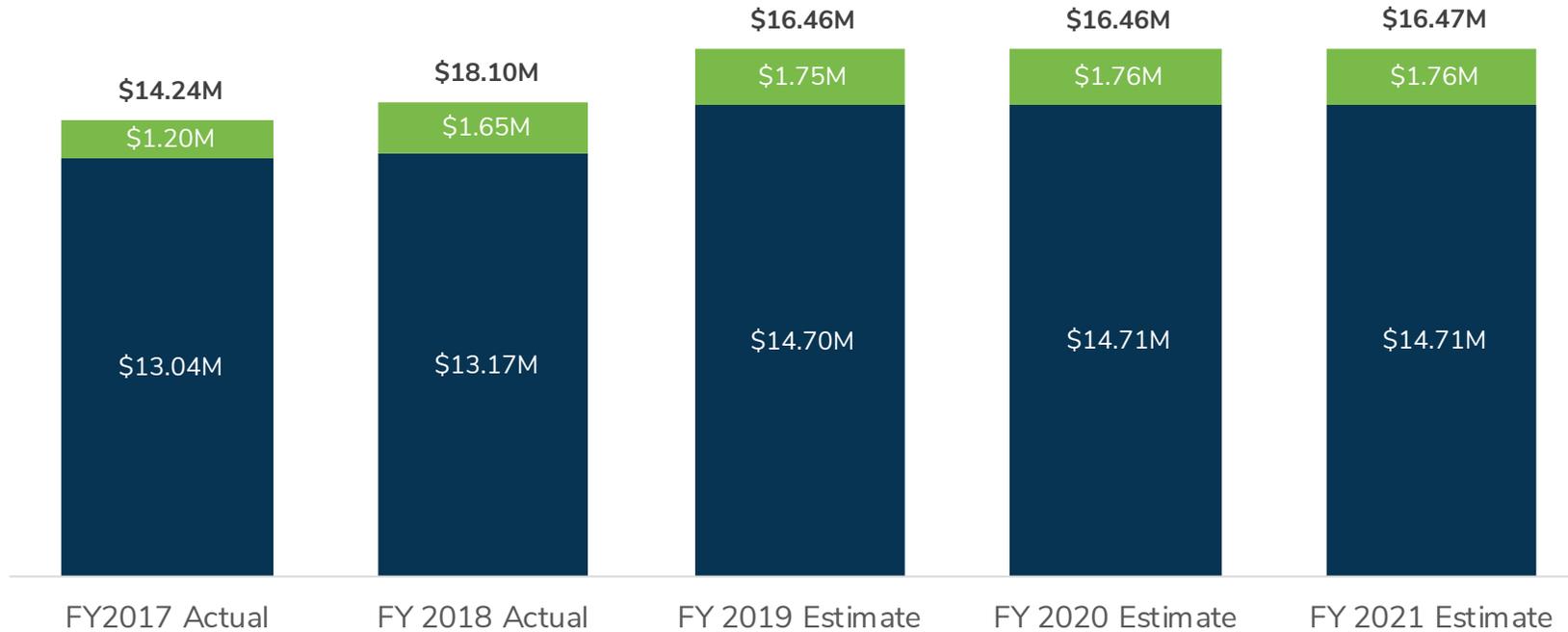
Following Ohio's legislation to reform construction law, Bowling Green State University took advantage of modern project delivery methods (CM at Risk, design/build, etc.) as part of \$200 million in capital investment. Savings estimated at 20-30 percent of total investment.

Achieved much greater capital investment.

# Bowling Green State University 5-Year Results



## Efficiency Savings and New Resource Generation



Bowling Green State University anticipated gaining \$80.4M in efficiency savings, \$8.6M in revenue generation.

**Total: \$89M**

### Chart Key

- New Resource Generation
- Efficiency Savings

# Agenda

## Ohio System

Need for Change

Ohio Task Force

## Kent State

Efficiency

Effectiveness

## Bowling Green State

Efficiency

Effectiveness

# Covid-19 and Beyond – Three Critical Recommendation Areas



## Assets and Operations

- Do we need significant office space?
- Should we consider sale of unproductive assets?
- What about public-private partnerships? (outsourcing)

## Administrative Cost Reforms

- How do we align and right-sizing staff to decreasing enrollments?
- How can benchmarking enable us to identify areas of over-investment?
- How do we measure effectiveness of administrative services?

## Program Review

- Do we have redundant academic offerings within and between universities?
- How do we adjust our academic portfolio to be focused on growing areas?
- How much could we save by increasing faculty productivity?

Strategic Technology Investments

Benchmarking and Sharing Best Practices

Measuring Investment and Returns (ROI)