

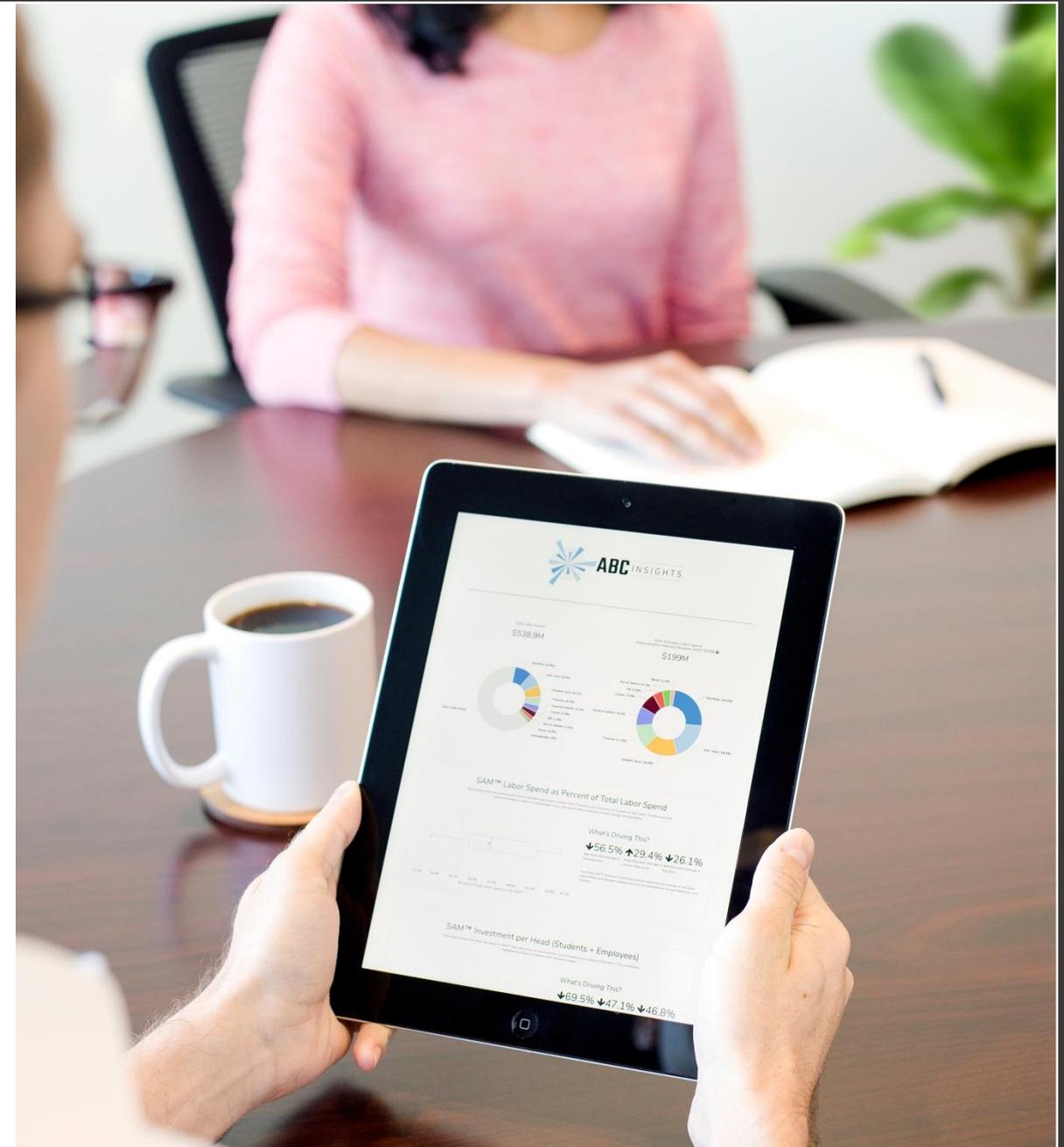


ROI Webcast Series

Unit-Level ROI:

Increase the Impact of Strategic Resource Allocation – With COVID-19 In Mind

June 11, 2020 1:00-2:15 pm EST



Your presenters for this webcast



Laura Hubbard

Vice President for Finance and Administration, the University at Buffalo



Ken Kaiser

Vice President, CFO, and Treasurer, Temple University



Randy Gentzler

Vice President for Business and Finance and Treasurer, Loyola University Maryland



Paul Friga

Clinical Associate Professor UNC CH, Co-founder of ABC Insights

Measuring

Balancing

Driving



Tremendous pressure for change in higher education – before and after Coronavirus and potential recession

COVID-19 AND LOOMING RECESSION WILL DRIVE GREAT NEEDS FOR EFFICIENCIES

Demand-Side Pressures

- Investment in facilities, and services to attract top students, faculty and staff
- Investment in research infrastructure to support top faculty

Revenue Pressures

- Continued cuts in state appropriations
- Nascent limitations on increasing tuition
- Declining projections in traditional students

Raising Regulatory Compliance

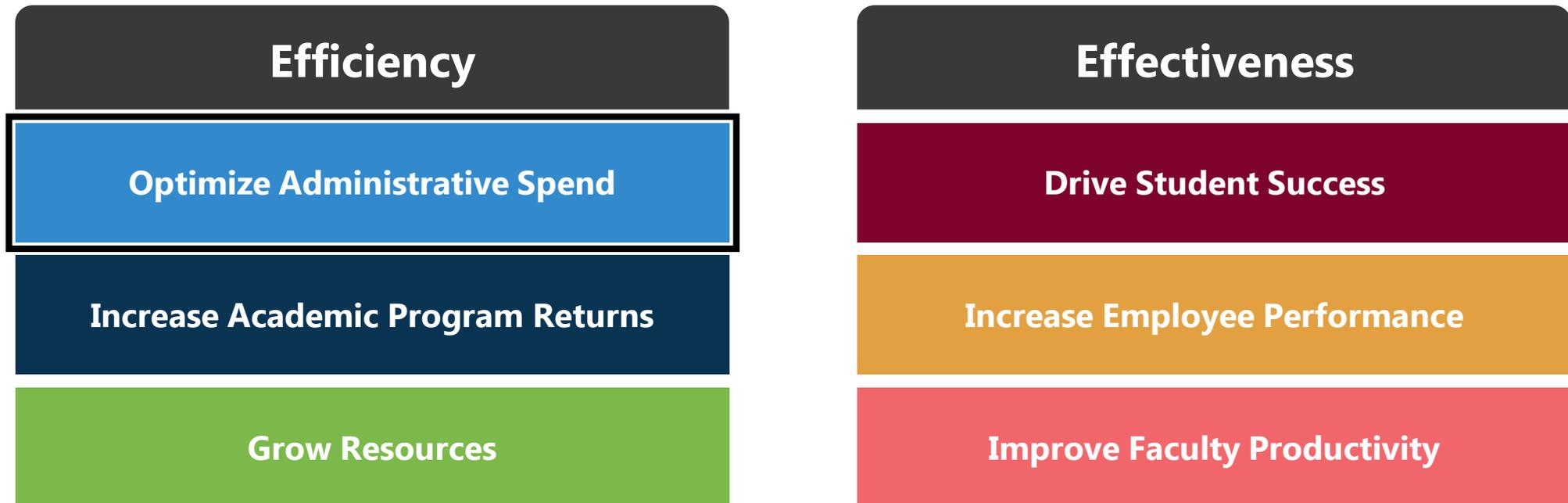
- State and Federal laws
- Title IX
- Research Administration
- Facilities and Athletics

BUDGET AND COST MANAGEMENT

The ABC Insights Framework for ROI in Higher Education



ABC Insights® ROI = More efficient and effective universities will result in higher returns for investment



Explore and prioritize administrative efficiency initiatives per the ABC Insights ROI Framework



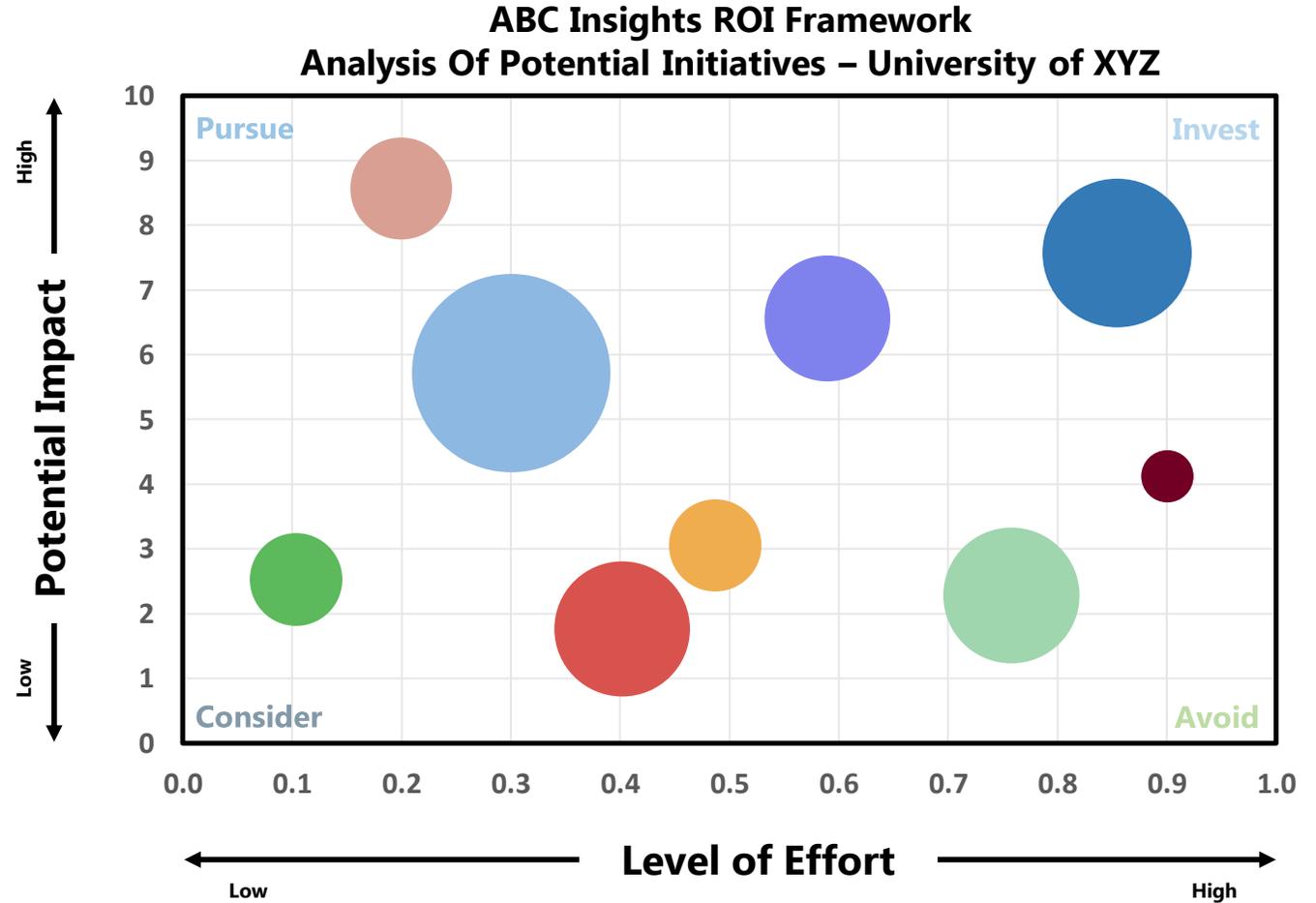
Optimize Administrative Spend

Assess level of investment vs strategy

Chart Key

- Consolidate Purchasing
- Cut Staff
- Re-engineer Processes
- Outsource
- Centralize/Shared Services
- Modernize Technologies
- Merge Multiple Locations
- Increase Spans of Control
- Decrease Energy Use
- Manage Debt

Size of Bubble: Level of FTEs



Source: www.abc-insights.com

Agenda

Measuring Efficiency at the Unit-Level at Buffalo

The AIM Ratio

Comparing Schools

Within a School

Balancing Efficiency and Effectiveness at Temple

Efficiency

Effectiveness

Prioritization

Driving Return on Investment During COVID-19

Scenarios

Perspectives

ROI Framework

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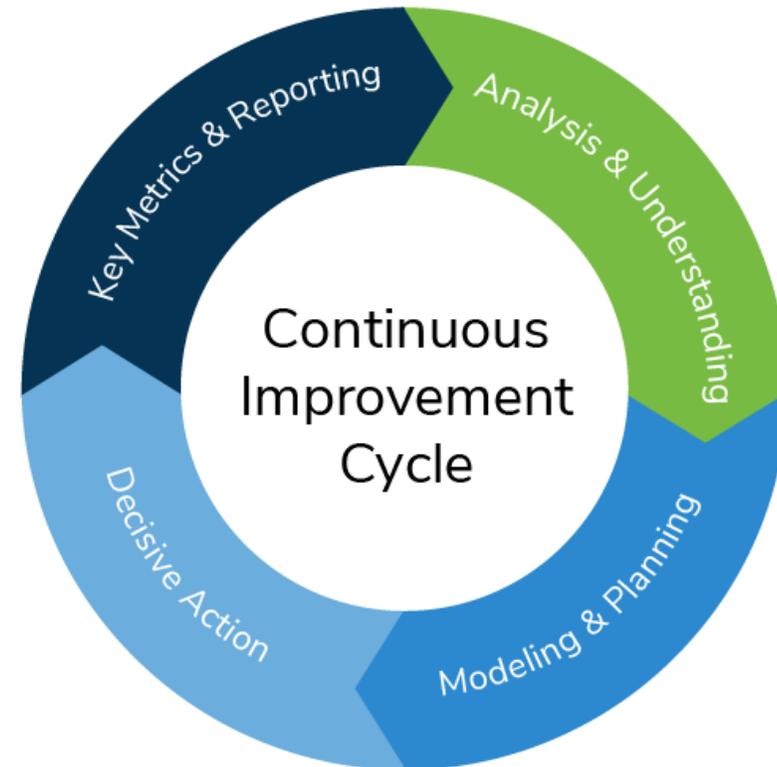
ROI Framework

ABC Insights helps to improve the efficiency and effectiveness of higher education



Our Mission: Improve sustainability of higher education by helping universities become more efficient and effective

Our Vision: Become the trusted partner and thought leader for analytics, benchmarking, and insights in higher education



Measuring

Balancing

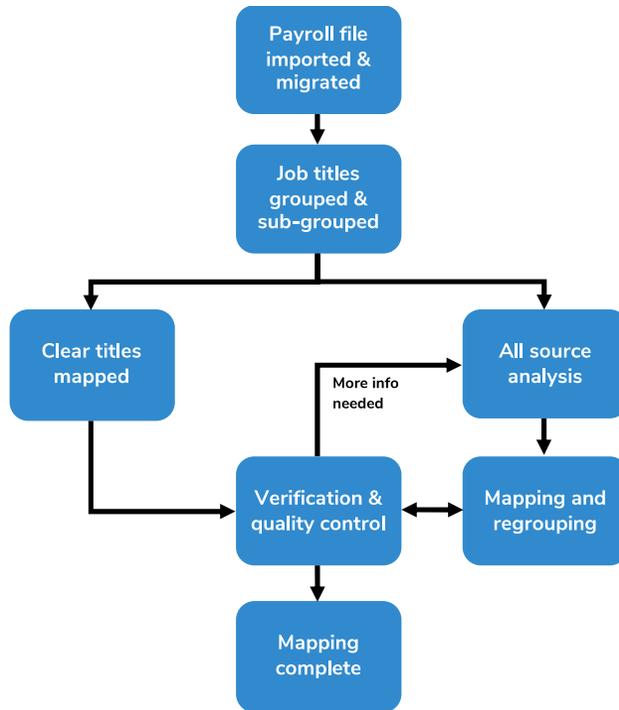
Driving



Administrative expenses are divided into 9 categories – “SAM” or Standard Activities Model



Implementation Cycle



 <p>COMMUNICATIONS</p> <p>Marketing and Communication Public Affairs</p>	 <p>DEVELOPMENT</p> <p>Alumni Relations Fundraising Prospect Management, Research and Analytics</p>	 <p>FACILITIES</p> <p>Capital Planning and Management Construction Services, Maintenance and Repair Dining Services Energy and Utilities Environmental Health and Safety Grounds Custodial Services Public Safety Transportation</p>	 <p>FINANCE</p> <p>Accounts Payable Budget and Financial Planning Financial Reporting General Accounting Payroll Processing Procurement Student Accounts</p>	 <p>GENERAL ADMINISTRATION</p> <p>Executive Leadership Departmental Support</p>
 <p>HUMAN RESOURCES</p> <p>Benefits Classification and Compensation Employee and Labor Relations Hiring Training</p>	 <p>INFORMATION TECHNOLOGY</p> <p>Application Development Education Technologies Infrastructure and Operations Security and Privacy User Support</p>	 <p>RESEARCH ADMINISTRATION</p> <p>Pre-Award Post-Award Research Compliance</p>	 <p>STUDENT SERVICES</p> <p>Academic Advising Admissions Career Services Diversity Financial Aid International Programs</p> <p>Recreational Services Registration Residential Services Student Engagement Tutoring and Learning Support</p>	

Measuring

Balancing

Driving



The first step is to calculate your University's Administrative Intensity Measure (AIM)



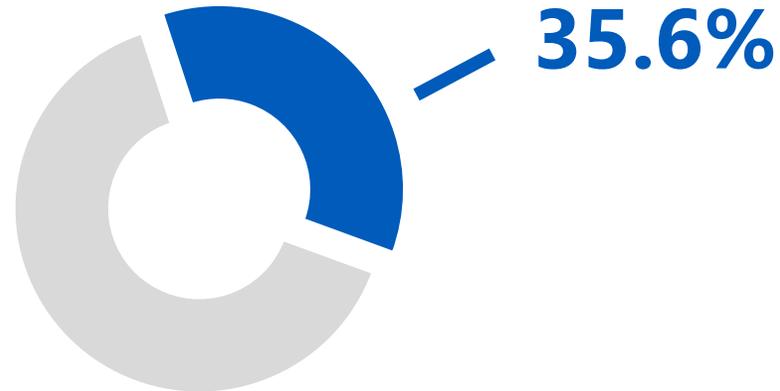
FY18

\$441,325,273

of total spend analyzed from
the FY18 data file

\$156,931,552

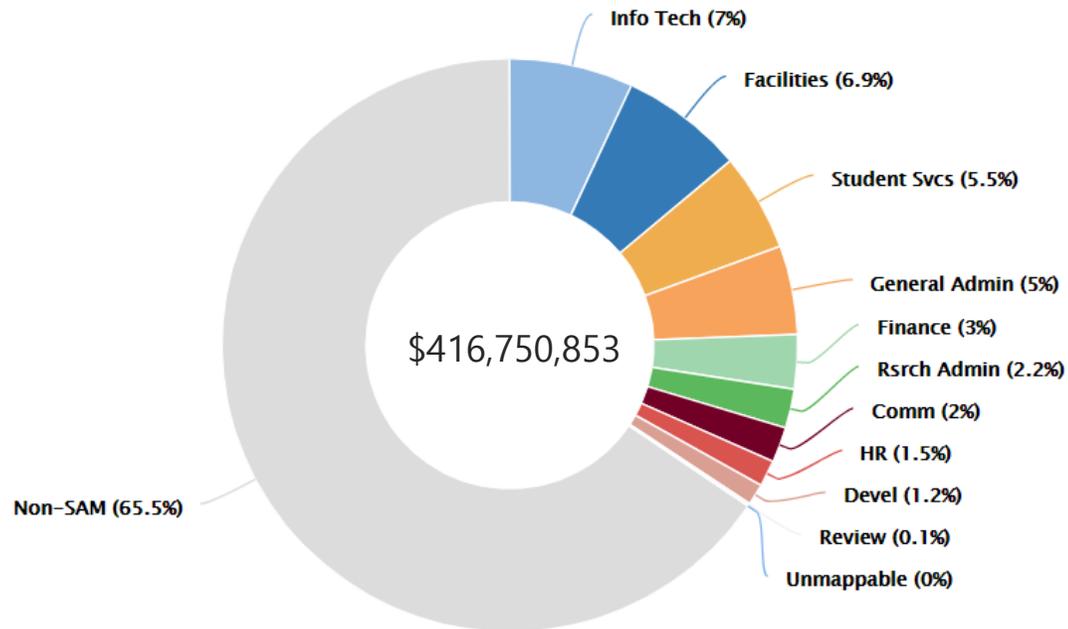
mapped into ABC's Standard
Activity Model (SAM) –
Administrative Spend



Take a deeper look at administrative spending investments

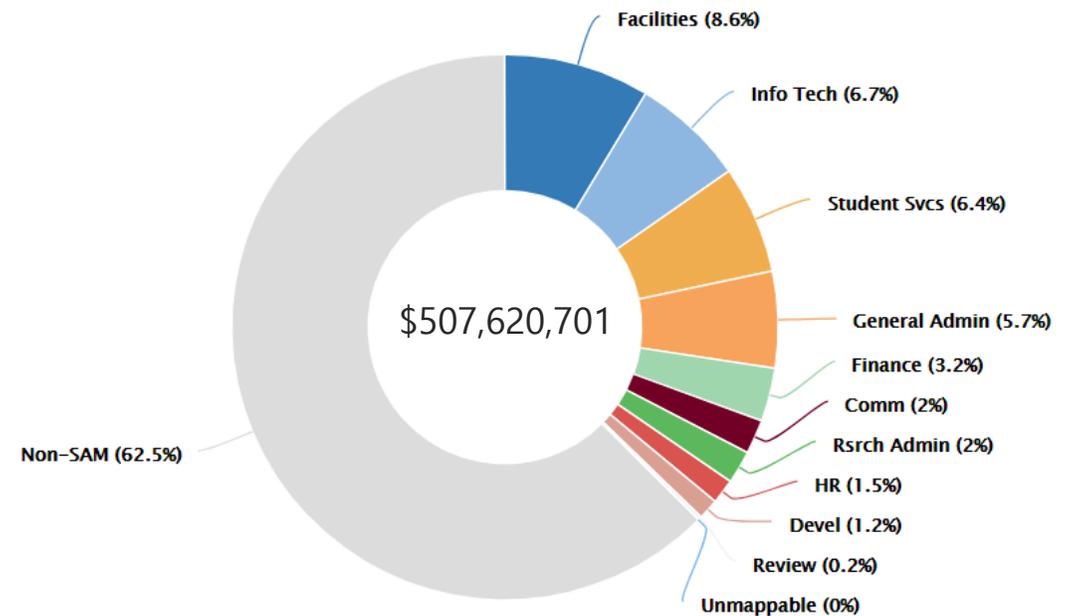
FY17

Total Labor Spend in FY17 Data File
Total Cash Compensation - All W2 Employees



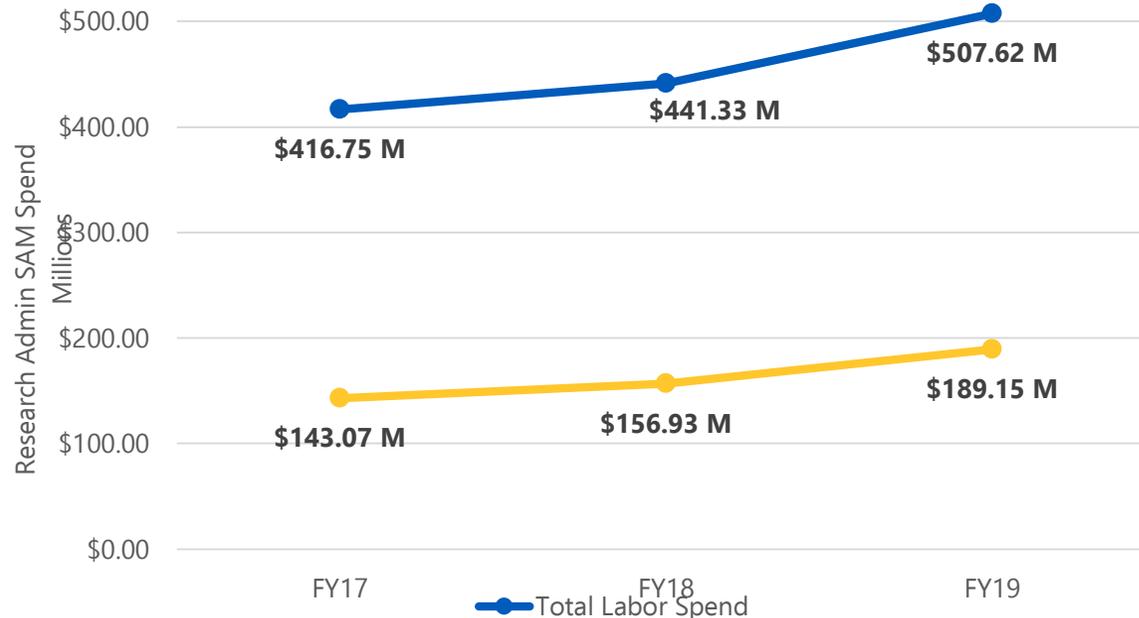
FY19

Total Labor Spend in FY19 Data File
Total Cash Compensation - All W2 Employees



We noted that the administrative spending has gone up

Total Labor Spend vs. SAM Spend

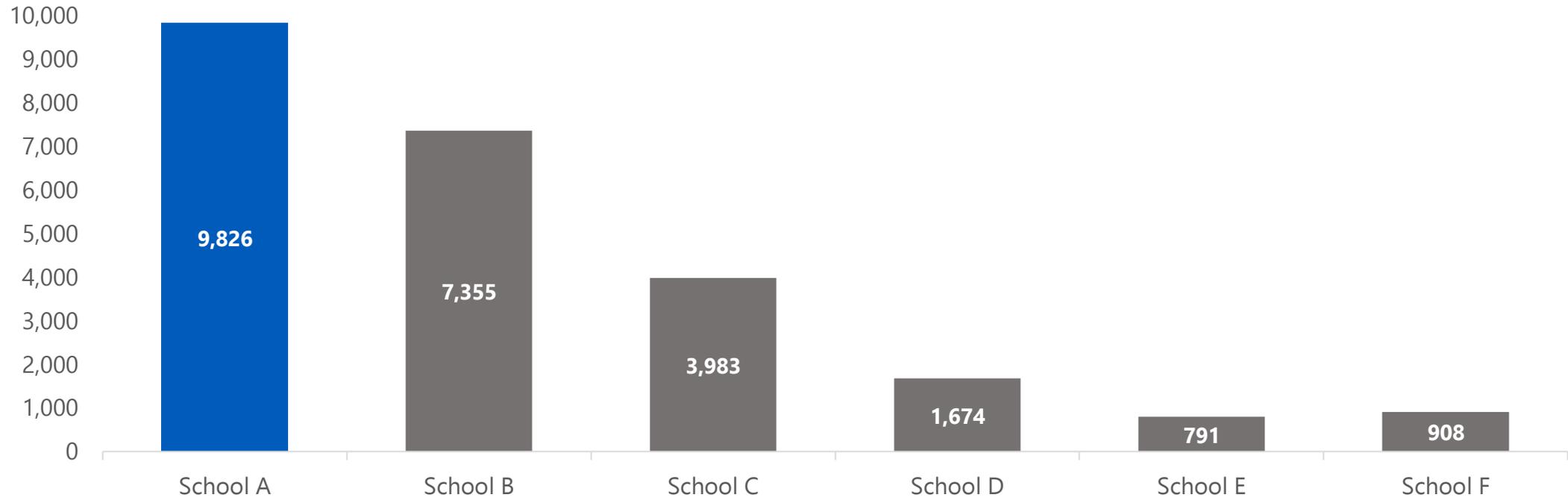


FY17 AIM	FY18 AIM	FY19 AIM
34.3%	36.6%	37.3%

Spend	Compound Annual Growth Rate (CAGR)
Total Labor Spend	10.4%
SAM spend	15.0%

We looked to analyze schools – starting with enrollments

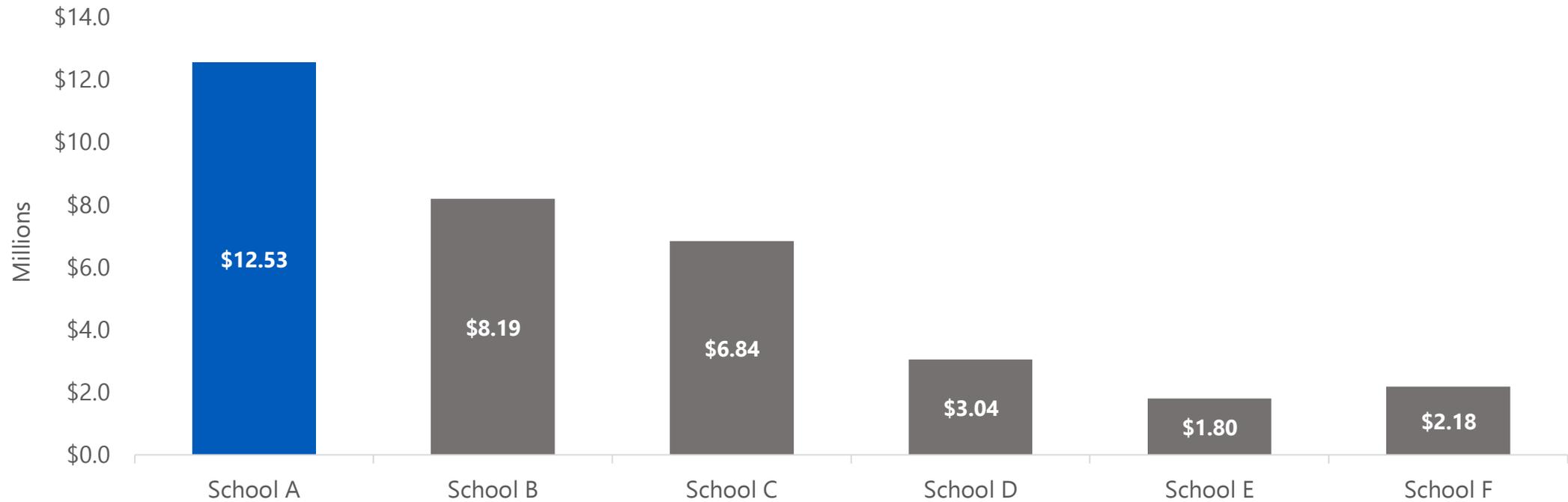
FY19 total fall enrollment* by UB school/college



*Student numbers from UB Institutional Analysis

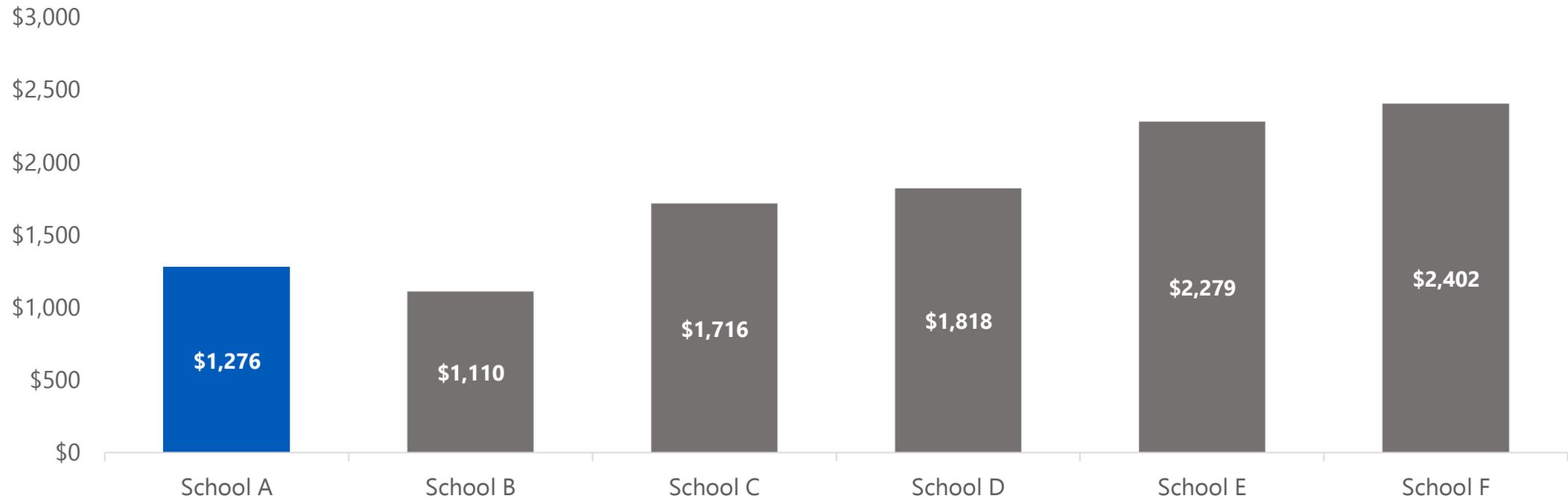
And by administrative spending

Total SAM spend in colleges/schools



And also by administrative spending per student

SAM spend in colleges/schools per student*

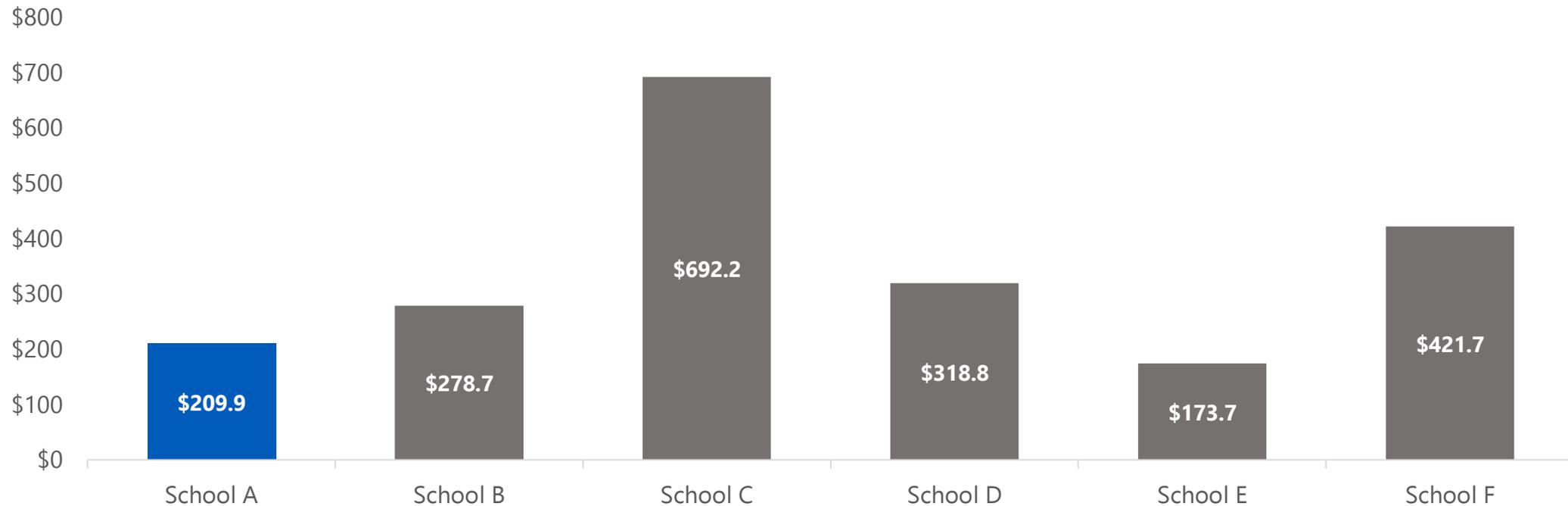


*Student numbers from UB Institutional Analysis

FY19 Student Services spend per student in academic units



Student Services spend in academic units per student*

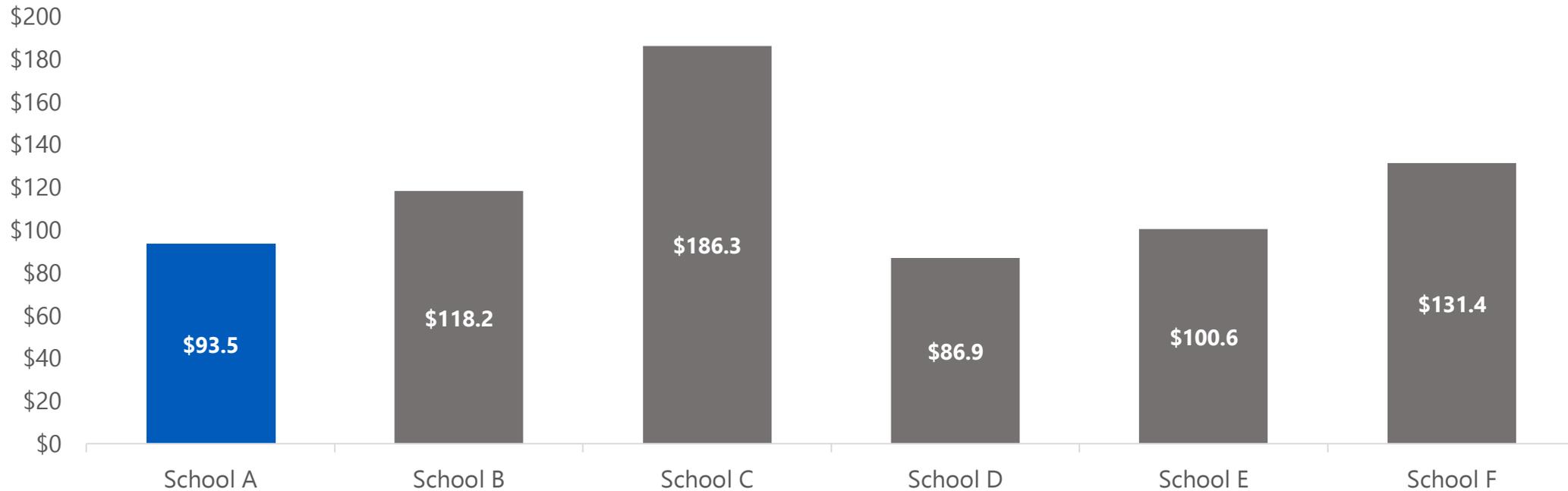


*Student numbers from UB Institutional Analysis

FY19 Academic Advising spend per student in academic units



Academic Advising spend in academic units per student*



*Student numbers from UB Institutional Analysis

US News Top Public Schools rankings benchmark set



Member	US News Top Public rank	OpEx	Employees (IPEDS)	Student Fall Headcount (IPEDS)	Research Expense
University at Buffalo	31 (tie)	\$1.1B	5.5K	30.6K	\$280.5M
Auburn University	44 (tie)	\$1B	7.0K	29.8K	\$107.1M
Florida State University	18 (tie)	\$1.2B	7.0K	41.4K	\$173.5M
Miami University of Ohio	39 (tie)	\$590.2M	4.3K	24.4K	\$13.3M
Temple University	44 (tie)	\$1.2B	9.0K	40.0K	\$198M
University of California Davis	11	\$1.4B	13.4K	37.4K	\$541.2M
University of Colorado - Boulder	44 (tie)	\$1.6B	9.2K	35.3K	\$463.5M
University of Delaware	39 (tie)	\$934.3M	4.7K	23.8K	\$145.4M
University of Massachusetts Amherst	24 (tie)	\$1.1B	6.0K	30.3K	\$139.1M
University of North Carolina - Chapel Hill	5 (tie)	\$3B	13.9K	29.9K	\$824.1M
University of Oregon	44 (tie)	\$913.6M	5.1K	22.9K	\$76.1M
University of Wisconsin	13	\$2.5B	16.8K	43.0K	\$808.1M
Virginia Tech	30	\$1.4B	8.3K	34.6K	\$311.9M

Measuring

Balancing

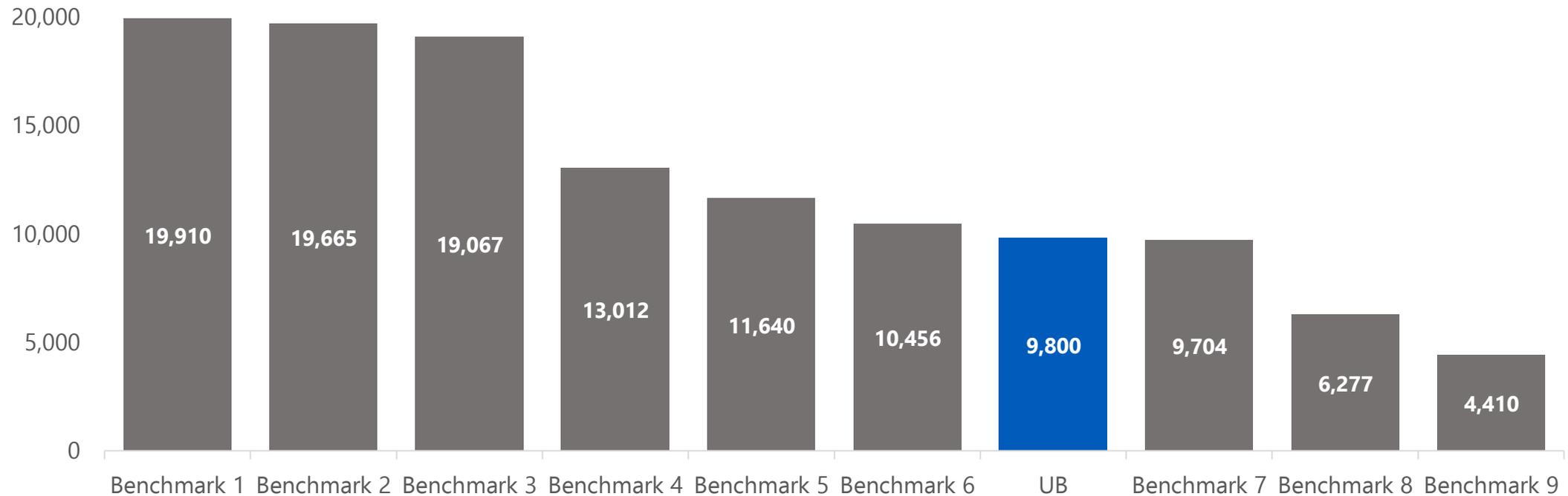
Driving



FY18 School A benchmarks' enrollment



Fall 2018 School A total enrollment*



*Student Fall FY18 enrollment based on individual university's institutional research

Measuring

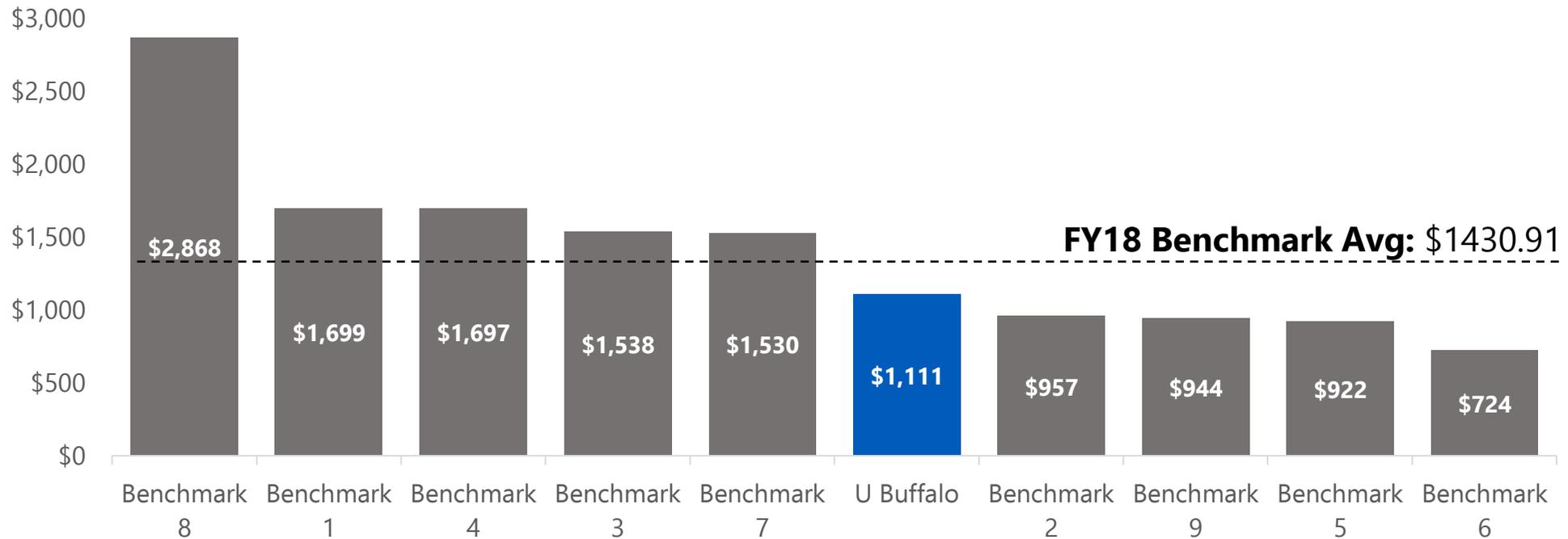
Balancing

Driving



Total SAM spend per student at benchmark School A

Total SAM spend per student at benchmark School A

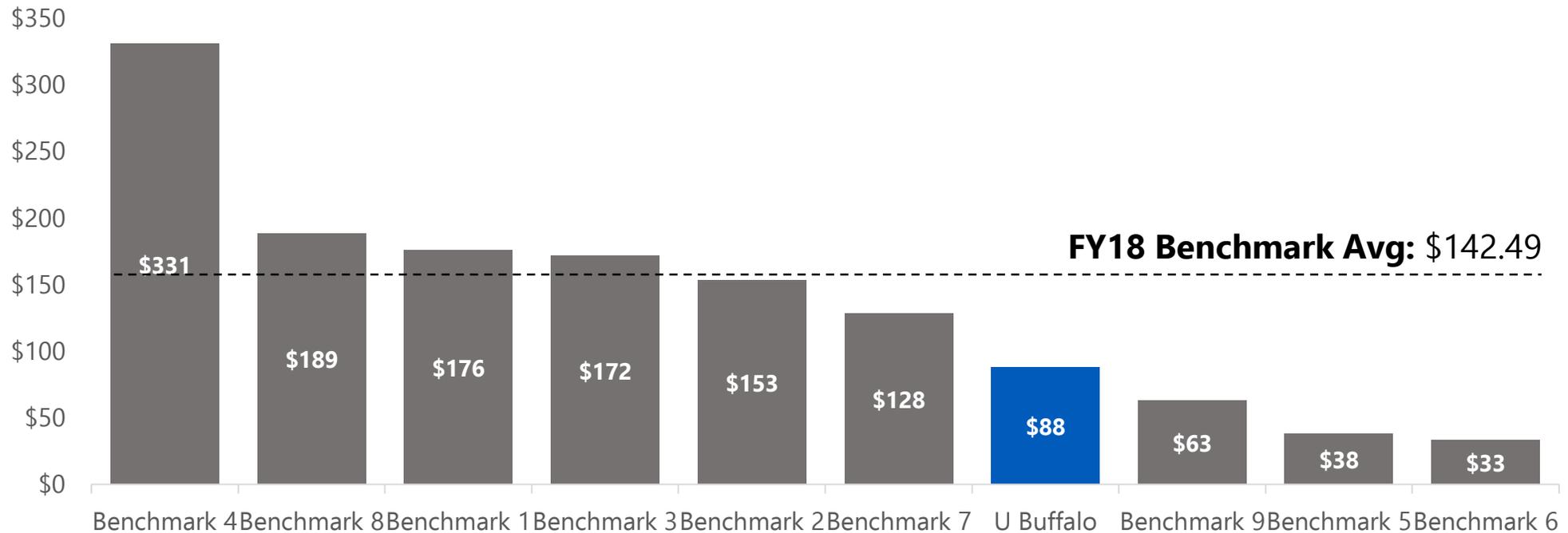


*Student Fall FY18 enrollment based on individual university's institutional research

Academic Advising spend per student in School A – possibly underinvesting?



Academic Advising spend in academic units per student*



*Student Fall FY18 enrollment based on individual university's institutional research

Summary Observations for increasing ROI at the Unit Level – Buffalo



Start with measuring desired outcomes and then gather relevant benchmarking data to assess areas of over or under-investment

Strategically examine all administrative positions and classify them as to unique nature (e.g. "Strategic," "Core," or "Currently Utilized")

Change resource allocations accordingly based on data from processes listed above.

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ROI Framework

We set out to improve administrative operational efficiency and effectiveness



1 Survey Creation

- ABC drafted survey with questions aimed at assessing levels of customer satisfaction across SAM activities
- Both quantitative and qualitative questions were incorporated
- ABC and Temple Staff tested the survey for clarity and instrument utility

2 Data Collection

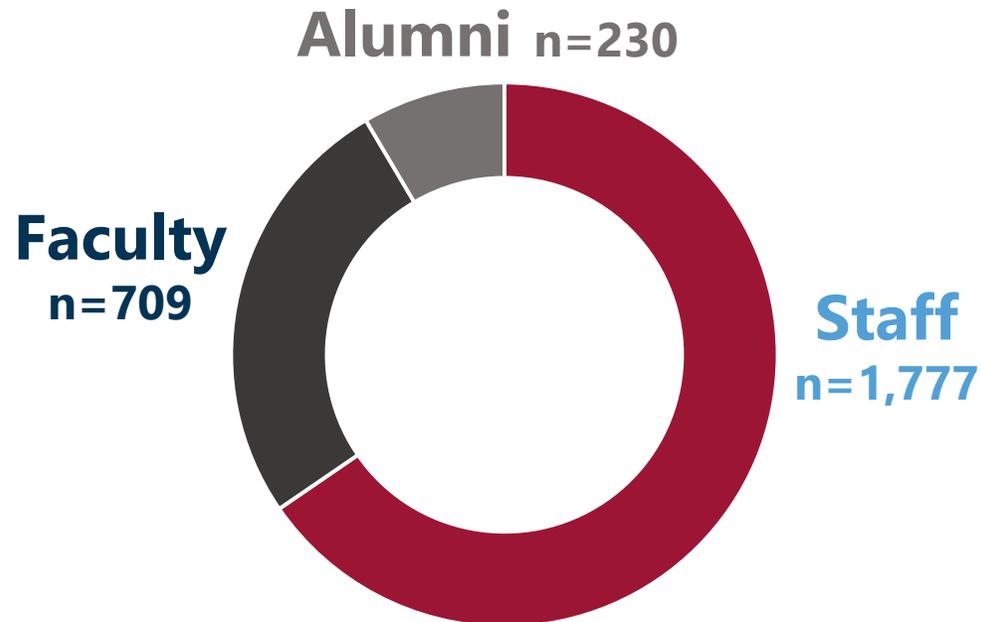
- Temple emailed the survey to a sample size of alumni and all full-time faculty and staff
- Using Qualtrics as the instrument, 2,700 survey responses were captured over a two-week period
- Data was then exported from Qualtrics for analysis

3 Content Coding

- Quantitative data was averaged to assess numerical ranking of satisfaction
- Qualitative comments were individually analyzed, with key insights ascertained from the first hundred responses
- Key insights were then assigned to subsequent comments and summed to capture the frequency

The survey yielded 2,716 quality responses

Respondents by Type



**Staff: *7.6 minutes average completion;
44% did not finish the survey**

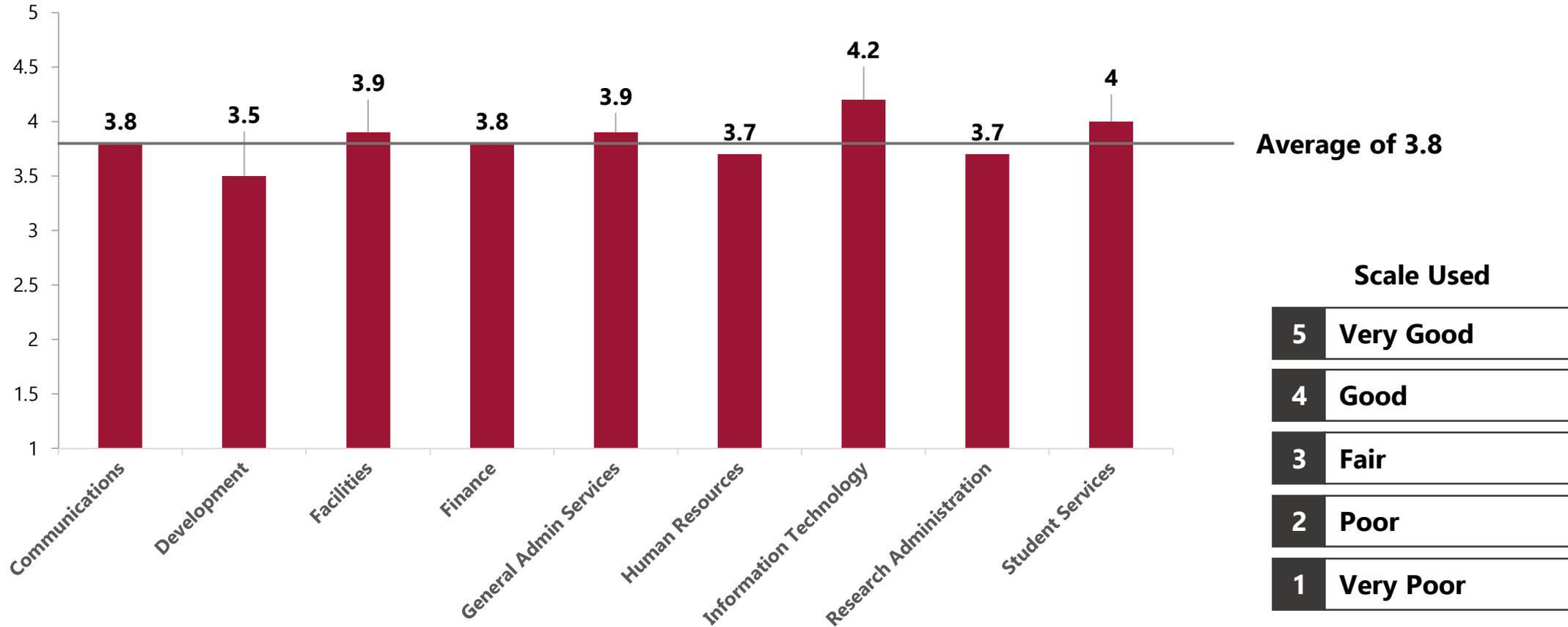
**Faculty: *7 minutes average completion;
32% did not finish the survey**

**Alumni: *2.4 minutes average
completion; 78% did not finish the
survey**

58% of respondents chose to identify school or unit

*Response times in excess of 35 minutes were considered outliers and excluded from the average

Overall responses across decentral categories are positive



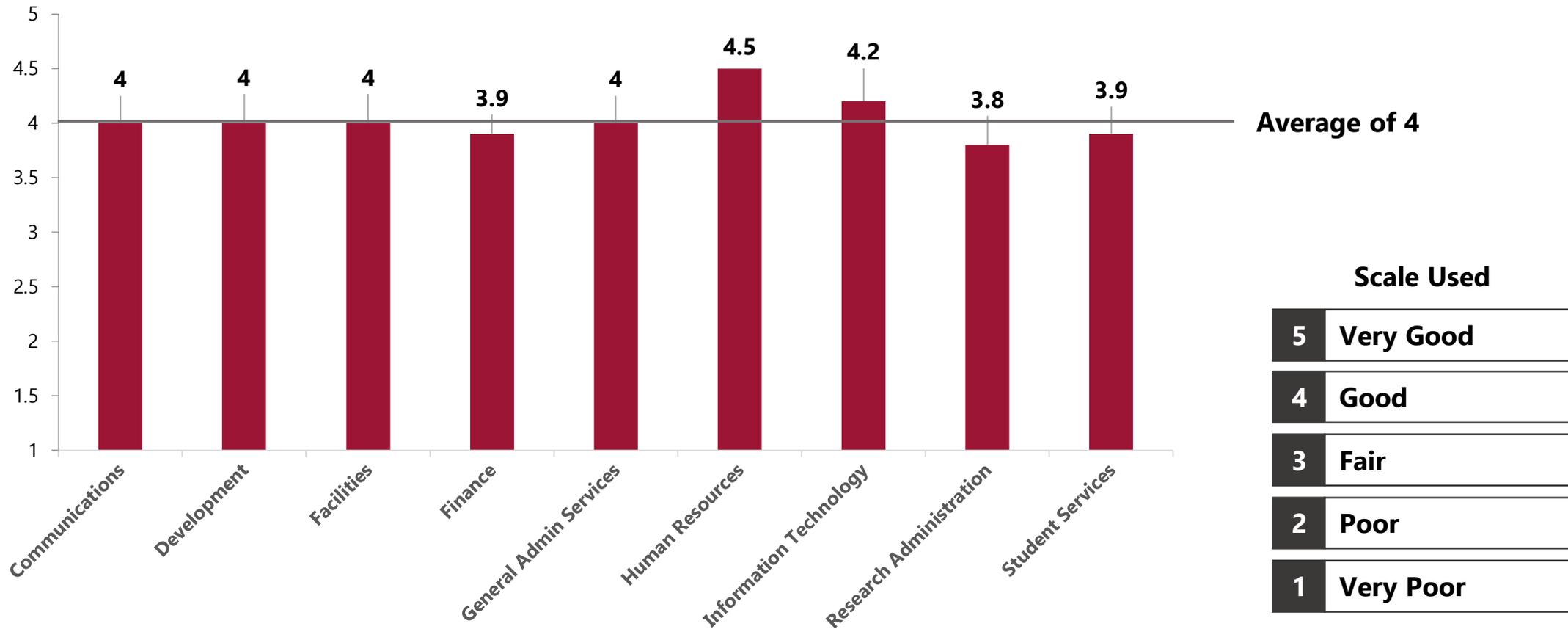
Source: Temple Survey, n=2,716

Measuring

Balancing

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Overall responses across central categories are even higher



We derived actionable feedback for improvements

1

Respondents want an increase in two-way communication with leadership & other units

2

Many respondents felt as though increasing training and development of staff would benefit the university overall

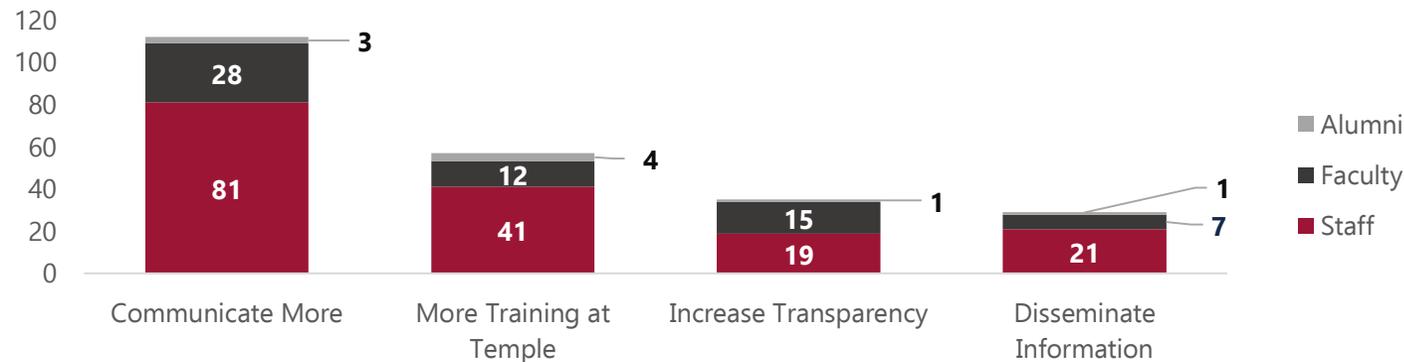
3

Increasing transparency surrounding policies at Temple, recruitment of new employees and issues that arise, was advised

4

Some respondents felt that they were currently lacking in sufficient information about Temple processes and practices

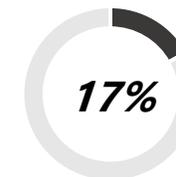
Top Survey Responses



“Cleared communication, instruction or how to advance, within wage ranges and grades.”

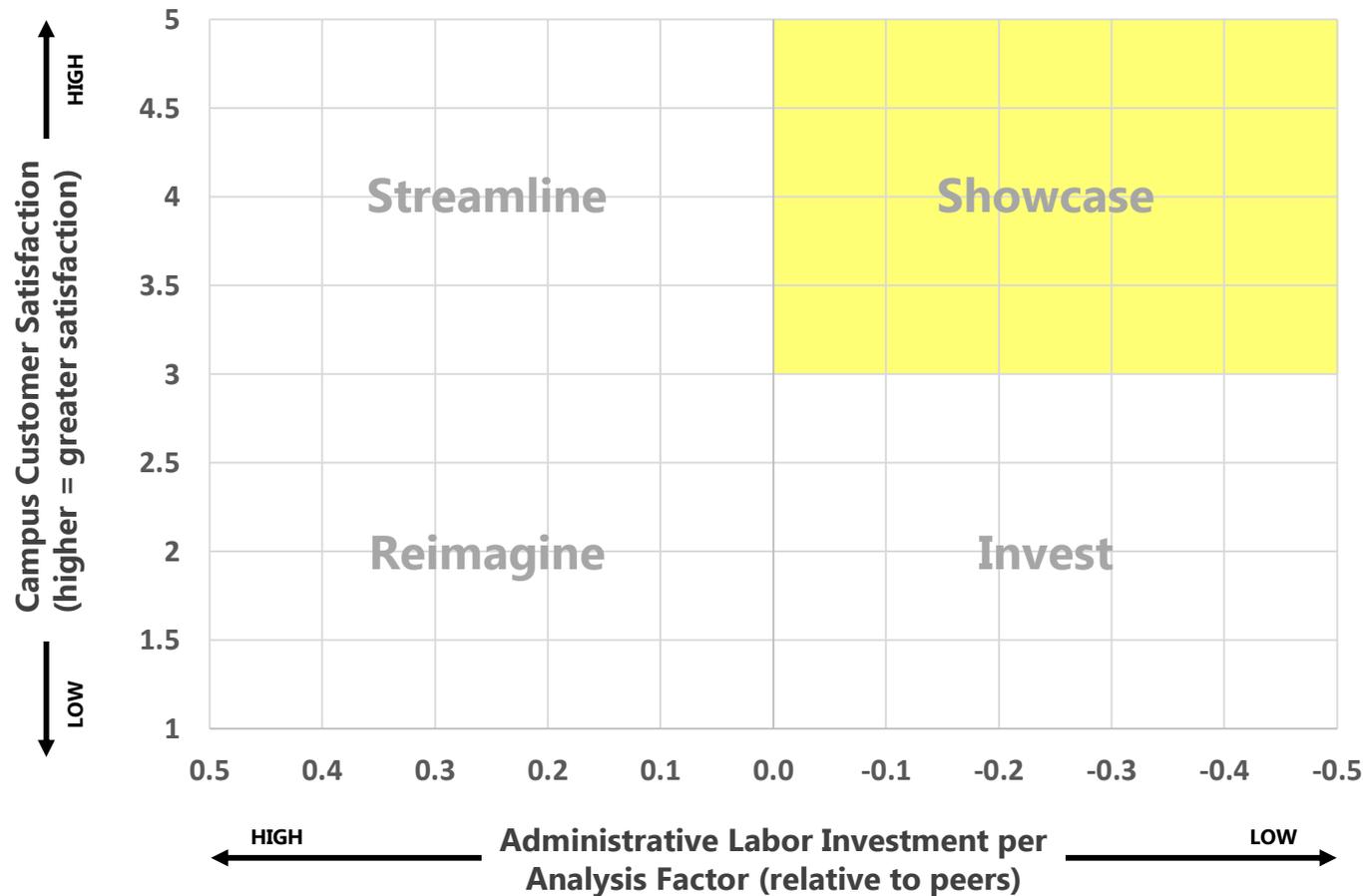
“Better communication between groups. Work as One Temple, not individual units.”

“There needs to be an intensive customer service training with special attention to how to talk to people and what an appropriate response time is. I experience none of these issues with Payroll and HR functions.”



Of all respondents emphasized increasing communication as a key to improvement

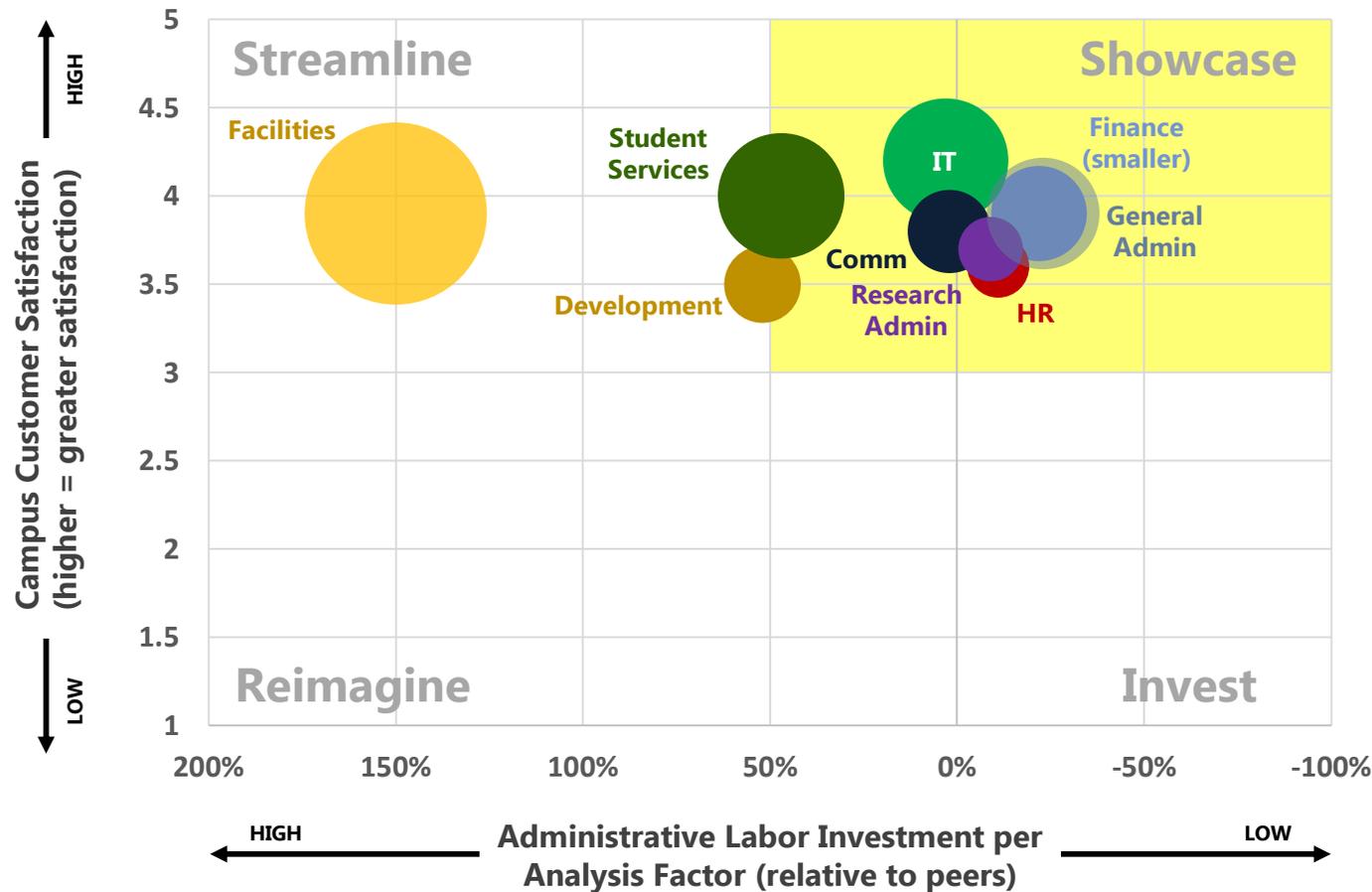
ABC Human Capital Matrix (Template)



Bubble size
Total Administrative Labor Investment (cash compensation only)

- Analysis Factor**
- Communication: Total Headcount
 - Development: Funds Raised
 - Facilities: Square Feet Cleaned
 - Finance: Total Employee Headcount
 - General Admin: Total Headcount
 - HR: Total Employee Headcount
 - Information Technology: Total Headcount
 - Research Admin: Total Research Awards
 - Student Services: Total Student FTE

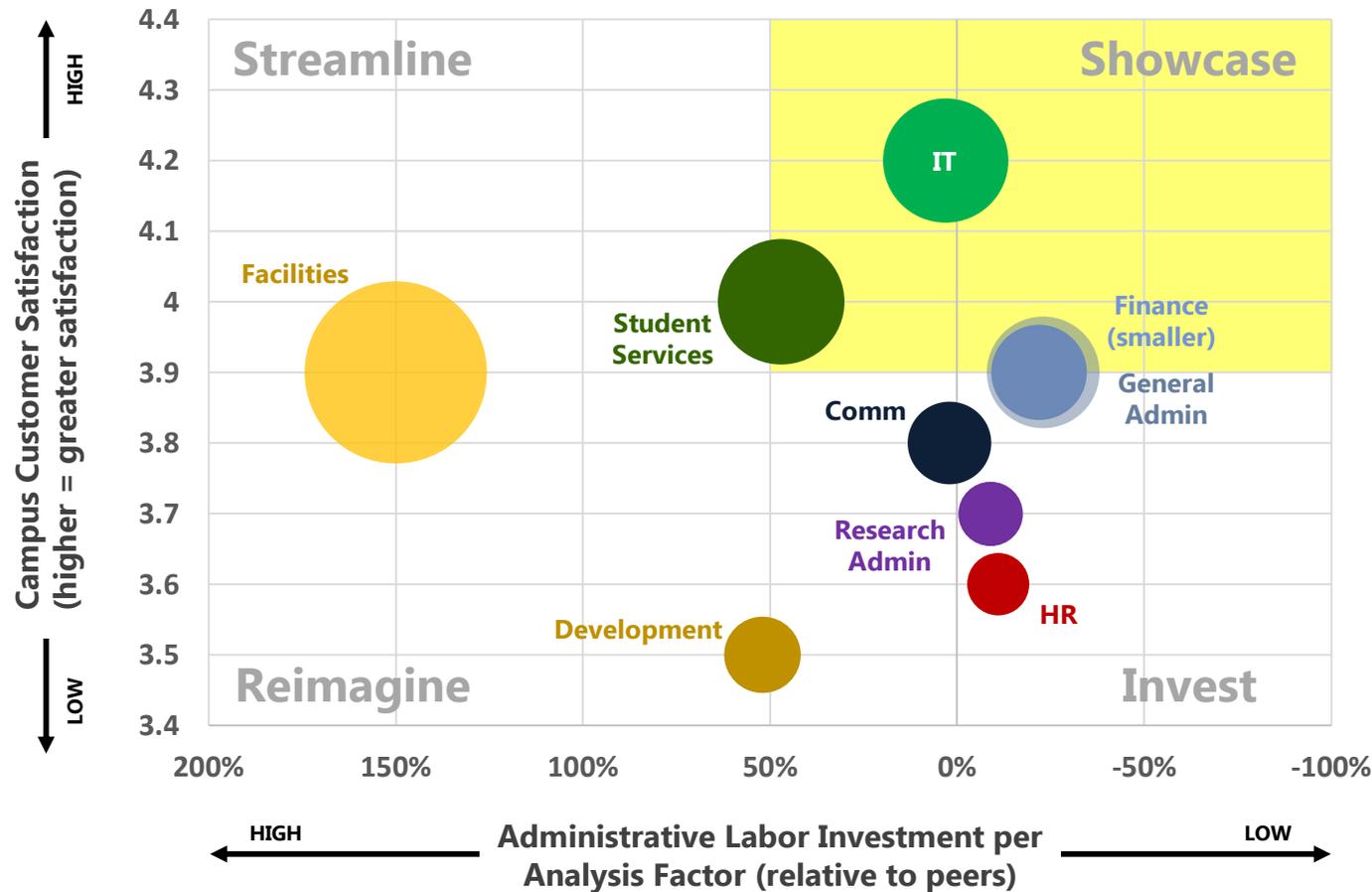
ABC Human Capital Matrix (5.0 Scale)



Bubble size
Total Administrative Labor Investment (cash compensation only)

- Analysis Factor**
- Communication: Total Headcount
 - Development: Funds Raised
 - Facilities: Square Feet Cleaned
 - Finance: Total Employee Headcount
 - General Admin: Total Headcount
 - HR: Total Employee Headcount
 - Information Technology: Total Headcount
 - Research Admin: Total Research Awards
 - Student Services: Total Student FTE

ABC Human Capital Matrix (Narrow Band)



Bubble size
Total Administrative Labor Investment (cash compensation only)

- Analysis Factor**
- Communication: Total Headcount
 - Development: Funds Raised
 - Facilities: Square Feet Cleaned
 - Finance: Total Employee Headcount
 - General Admin: Total Headcount
 - HR: Total Employee Headcount
 - Information Technology: Total Headcount
 - Research Admin: Total Research Awards
 - Student Services: Total Student FTE

Summary Observations for increasing ROI at the Unit Level – Temple



Start with and continually evaluate spend against benchmarks to discover efficiency opportunities.

Equally important is to find a way to measure effectiveness of administrative services from the perspective of faculty and staff

All part of effort for continuous improvement that we take from both a central and decentral approach

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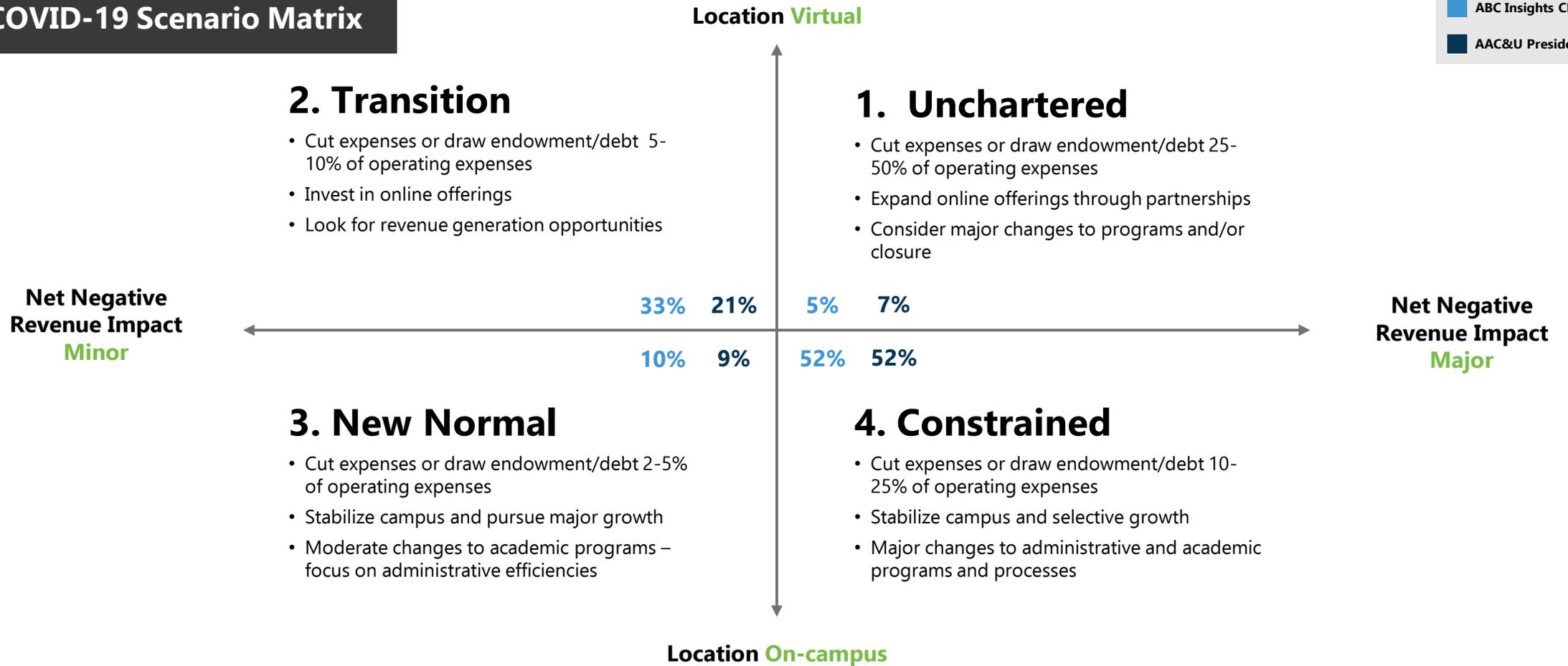
ROI Framework

Higher education is under a dramatic transformation period



COVID-19 Scenario Matrix

■ ABC Insights CFOs
■ AAC&U Presidents

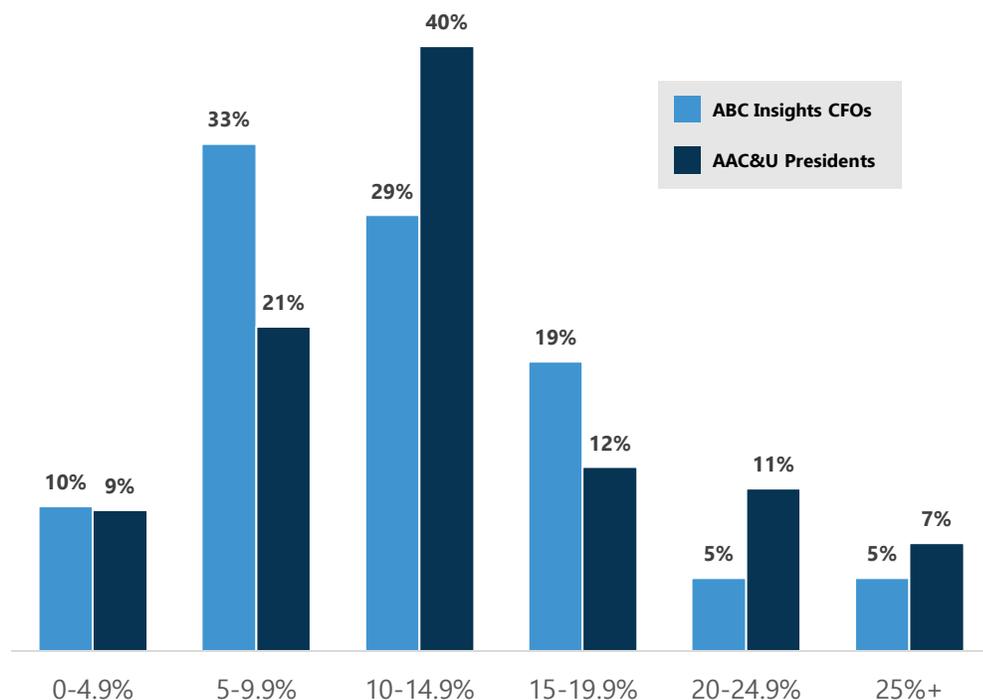


Source: Under Covid-19, University Budgets Like We've Never Seen Before; Friga, Paul N. The Chronicle of Higher Education

Presidents and CFOs believe the impact will be significant on their respective campuses



Expected Potential Decreases to Revenue in FY21



Presidents Say

"I worry about cuts in state and county funding. ... I worry that I won't have the workforce resources to help lead the economic recovery."

"Beyond the well-being of our students and staff, which comes first, I am worried about the lack of sufficient relief for higher education from state and federal governments."

"Sharply declining revenue due to loss of paying students and a new 'free college' program in our state."

"All income streams are under stress — tuition, development, endowment."

CFOs Say

"State subsidy will be reduced, auxiliary funds will be reduced due to lack of events, athletics impacted negatively."

"We are expecting 25% cuts in State support as well as enrollment impacts."

"Lost revenue is the main issue and the need to maintain physical infrastructure without revenue"

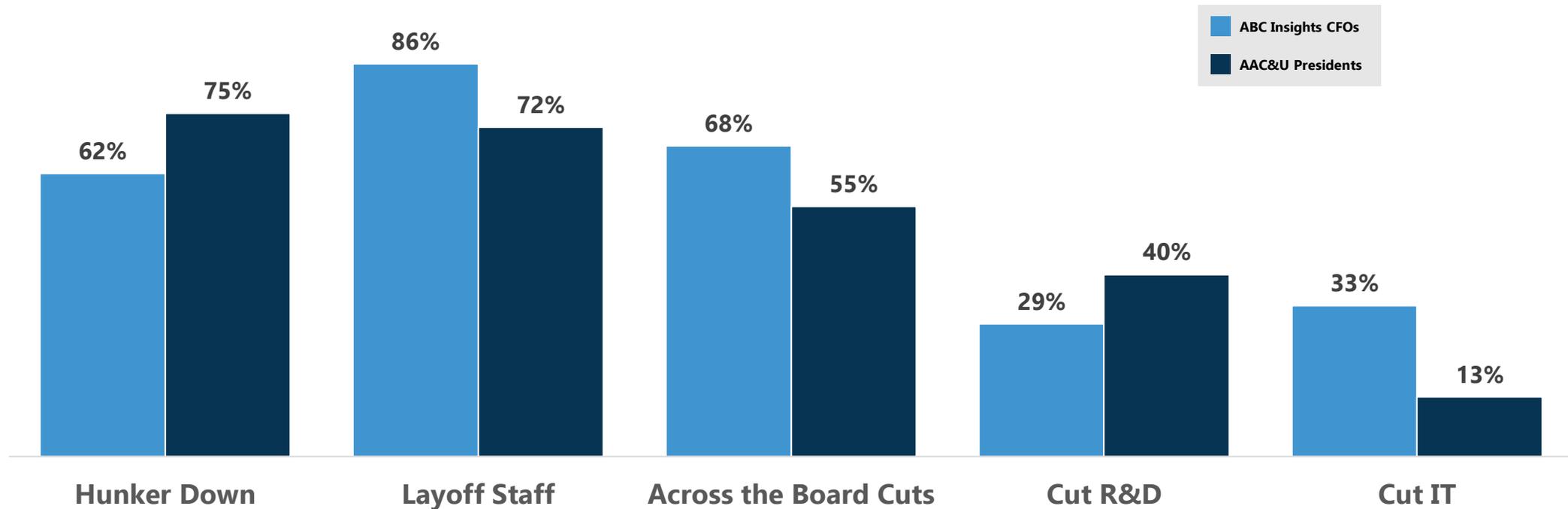
"Out of state revenues account for [a majority] of our revenue."

Source: ABC Insights Internal Analysis; Paul Friga, Chronicle of Higher Education; ABC Insights AAC&U Survey of Presidents, April 1, 2020 n=142; ABC Insights Survey of CFOs n=21

Presidents and CFOs are generally aligned about potential actions to mitigate financial impact, with a few exceptions (1/2)



Future Considerations in Dealing With COVID-19



Source: ABC Insights Internal Analysis; Paul Friga, Chronicle of Higher Education; ABC Insights AAC&U Survey of Presidents, April 1, 2020 n=142; ABC Insights Survey of CFOs n=21

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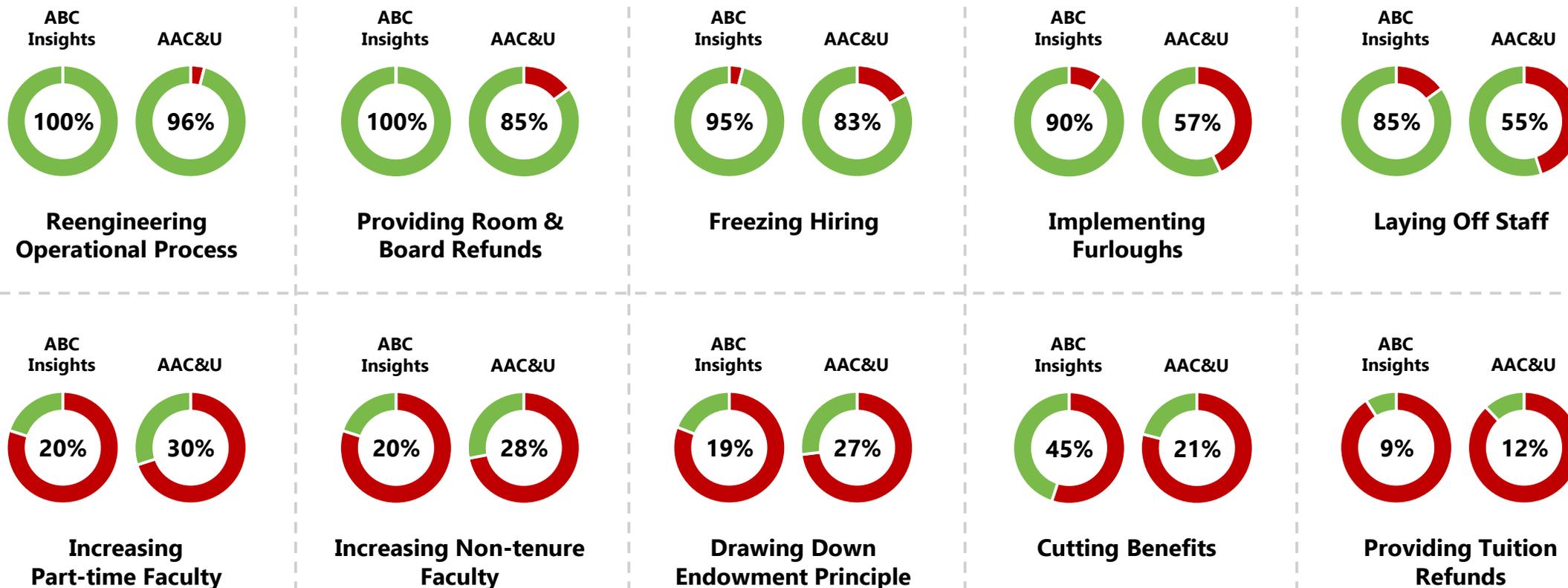


Presidents and CFOs are generally aligned about potential actions to mitigate financial impact, with a few exceptions (2/2)



Yes No

How Many Participants Anticipate Taking the Following Actions



Source: ABC Insights Internal Analysis; Paul Friga, Chronicle of Higher Education; ABC Insights AAC&U Survey of Presidents, April 1, 2020 n=142; ABC Insights Survey of CFOs n=21

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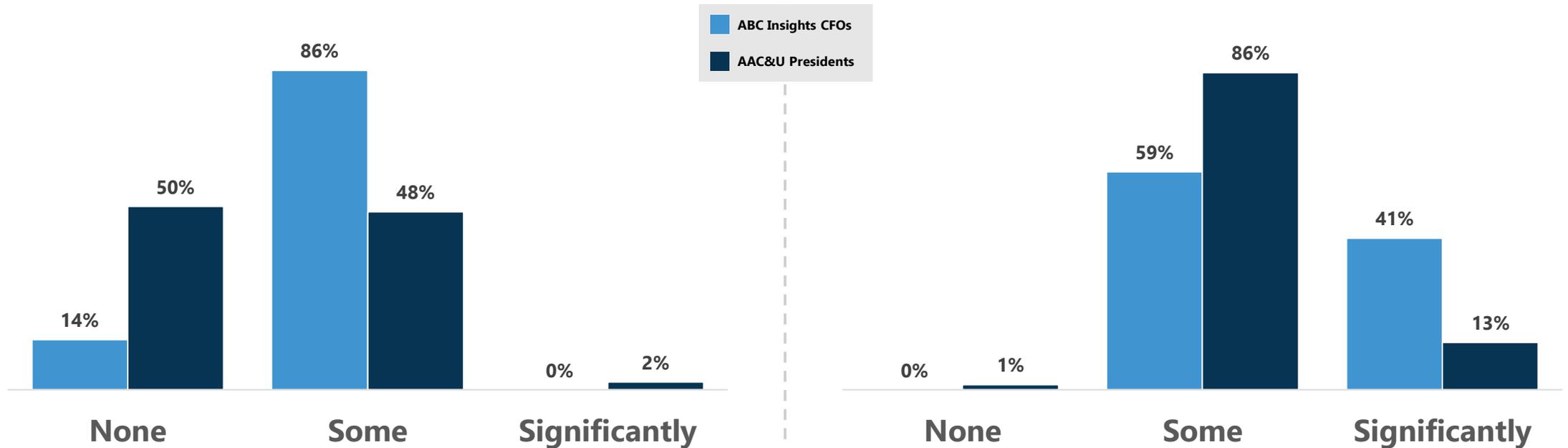


Campus leaders plan cuts to administration and academics, with an emphasis on the former



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

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



Source: ABC Insights Internal Analysis; Paul Friga, Chronicle of Higher Education; ABC Insights AAC&U Survey of Presidents, April 1, 2020 n=142; ABC Insights Survey of CFOs n=21

Measuring

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The ABC Insights Efficiency Study identifies areas for administrative opportunities



\$1B
Total Opportunity
across 32 institutions

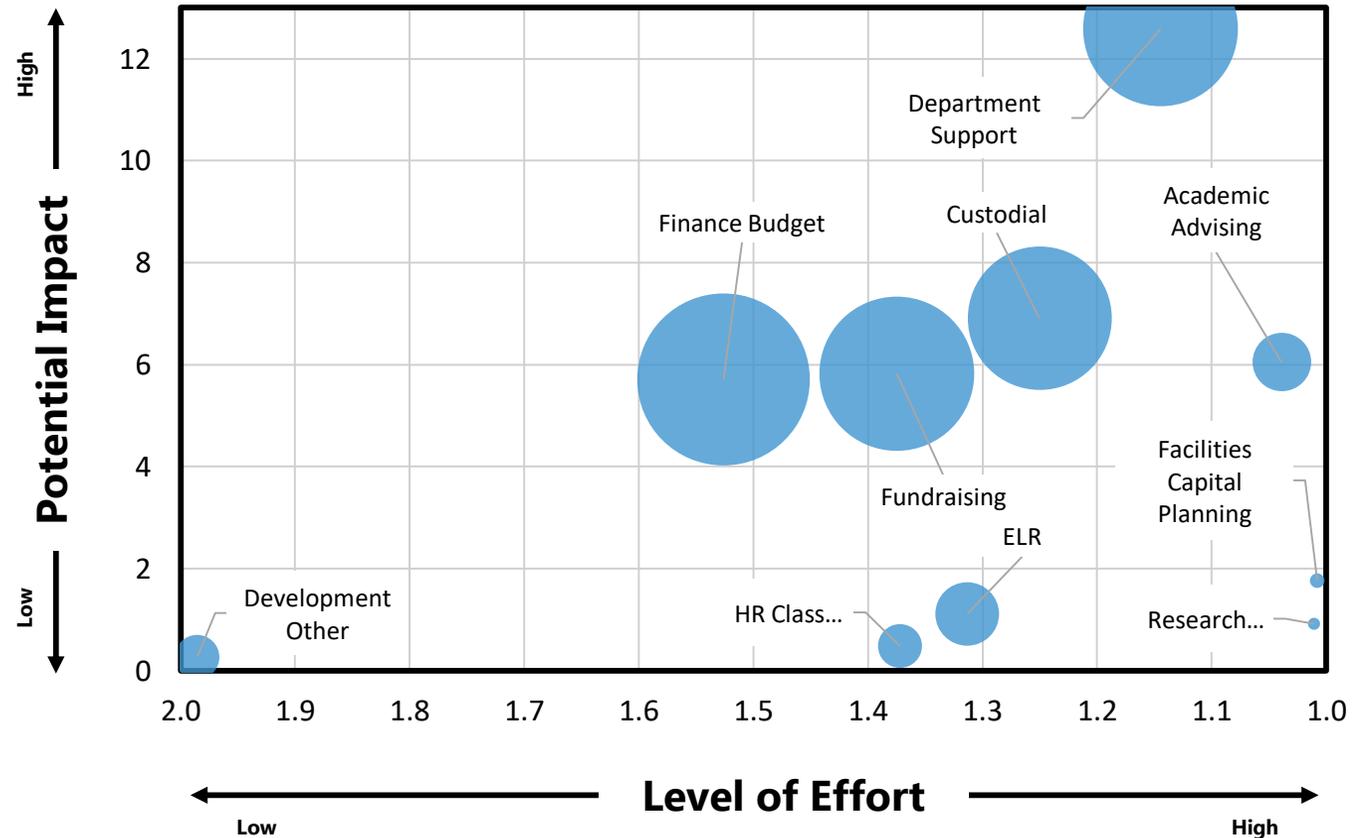
\$29M
Average opportunity
per institution

Methodology

- ABC normalizes FTE by relevant analysis factor for each sub-activity
- ABC calculates the percent difference if FTE per analysis factor is higher than benchmark average
- ABC calculates the total FTE that would be reduced if the benchmark's average FTE per analysis factor was reached
- ABC quantifies the potential savings in dollars using university's average salary per FTE for the sub-activity

Annual Spend is cash compensation (no benefits) for each activity and sub-activity; Comparable Efficiency Percent is calculated on a normalized FTE basis (analysis factors vary by activity and sub-activity). Size of bubble is approximate efficiency opportunity in dollars

ABC Insights ROI Framework
Potential Opportunity- University of XYZ



Measuring

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ABC Insights drives to efficiency and effectiveness



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

Efficiency

Optimize Administrative Spend
Assess level of investment vs strategy

Increase Academic Program Returns
Rationalize academic offerings based upon demand

Grow Resources
Increase enrollments and revenue

Effectiveness

Drive Student Success
Increase retention, graduation, and earnings

Increase Employee Performance
Recruit, train, evaluate, develop, and reward

Improve Faculty Productivity
Teaching and research

Looking forward – 2021 and Beyond

- Smaller universities?
- Leaner/restructured administrative operations?
- Restructured governance?
- New ways of/metrics for measuring ROI?
- Broader use of data in decision-making?
- Increased collaboration between centralized and decentralized units?
- Identifying resources for strategic reinvestment?

COVID-19 response to date *(suggested pre-reading/skimming)*



Covid-19 Related Articles *(click [here](#) for actual articles and slides, and below for Chronicle online link)*

- [Scenario Planning for Coronavirus \(March, 2020\)](#)
- [The Great Recession Was Bad for Higher Education. Coronavirus Could Be Worse \(March, 2020\)](#)
- [The Hard Choices Presidents Will Have to Make \(April, 2020\)](#)
- [How to Steer Your Campus Through a Recession \(April, 2020\)](#)
- [Under COVID-19, university budgets like we've never seen before \(April, 2020\)](#)
- [How Congress can save colleges \(April, 2020\)](#)
- [How to Address the Elephant in the Room: Academic Costs \(May, 2020\)](#)
- [Why Colleges Should Plan for an Exclusively Online Fall \(May, 2020\)](#)
- [This Is an Existential Time for Higher Ed: An Interview with Gordon Gee \(June, 2020\)](#)
- [Will College Athletics Survive? Should They? \(June, 2020\)](#)

Virtual Forum Series Part 1 *(click link for recording)*

- [Why Coronavirus will change higher ed more than the great recession](#)
- [What a college should NOT do during a recession](#)
- [Preparing your budget with Coronavirus in mind](#)
- [Optimizing academic programming in the post Coronavirus era](#)

Virtual Forum Series Part 2 *(click link for recording)*

- [Strategic HR – Critical During a Crisis](#)
- [How Online Education Can Save Higher Ed](#)
- [Change Management in Higher Education](#)
- [A Strategic and Financial Look at Collegiate Athletics](#) In 2020 and Beyond

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