



ACADEMIC BENCHMARKING  
CONSORTIUM

**The Secrets of Our  
Success:  
Four of the Most Efficient  
Universities in the US  
Tell All**

April 9, 2019  
2:00 – 3:00 PM

[www.abc-insights.com](http://www.abc-insights.com)



**FINDING STRENGTH IN NUMBERS**

Tap Into the Power of Peer Perspective

# Your hosts for today



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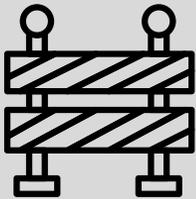
*And special thanks to Terry Pankratz, VP for Budget and Finance, UT Dallas for sharing his ideas and story although he was unable to join the SABCUBO Presentation*



# Agenda

## The Landscape

Higher Education  
challenges and obstacles



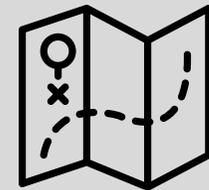
## The Metrics

Measures of efficiency  
and effectiveness



## The Strategies

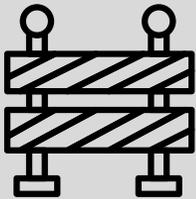
Growth  
Centralization  
Continuous Improvement



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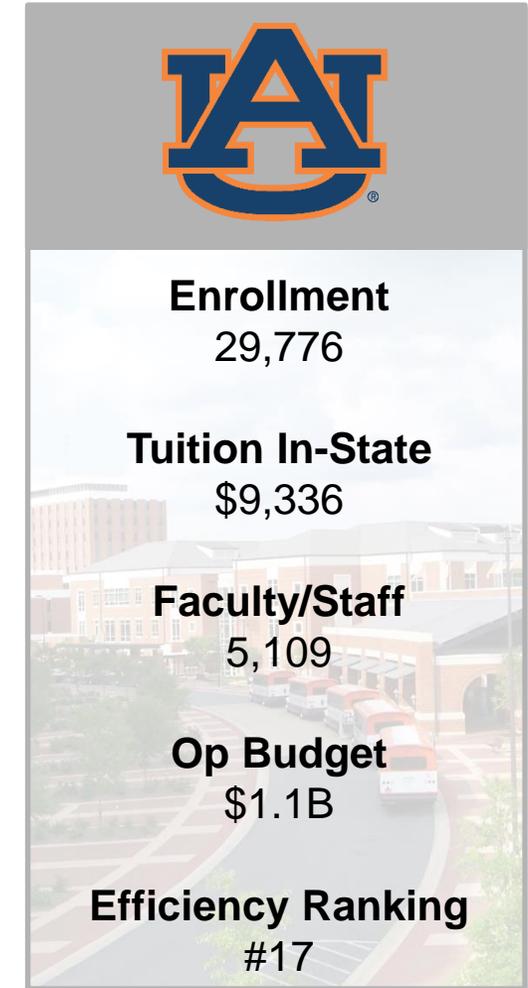
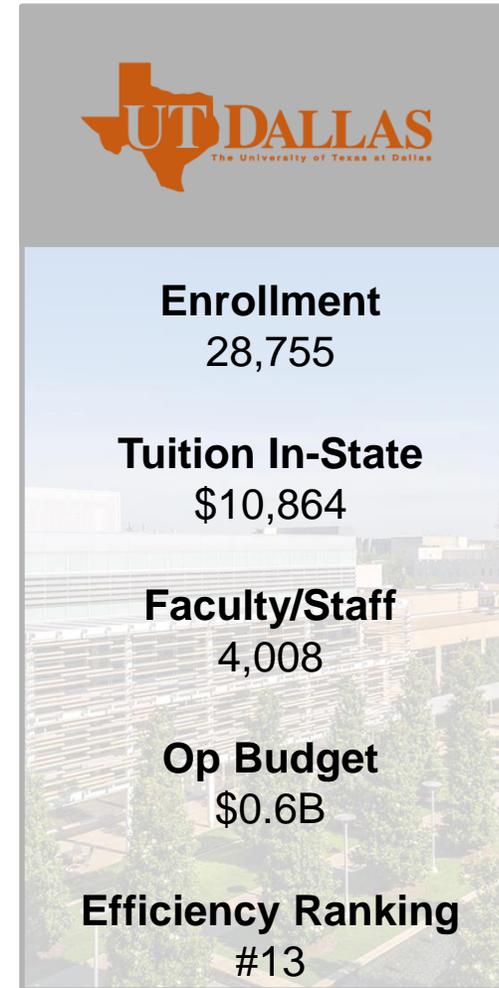


## The Strategies

Growth  
Centralization  
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# Four efficient and effective higher education institutions



Source: Respective Websites, ABC Insights, FY17-19, US News & World Report on Efficiency Rankings



# There are tremendous challenges for higher-ed today

## 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

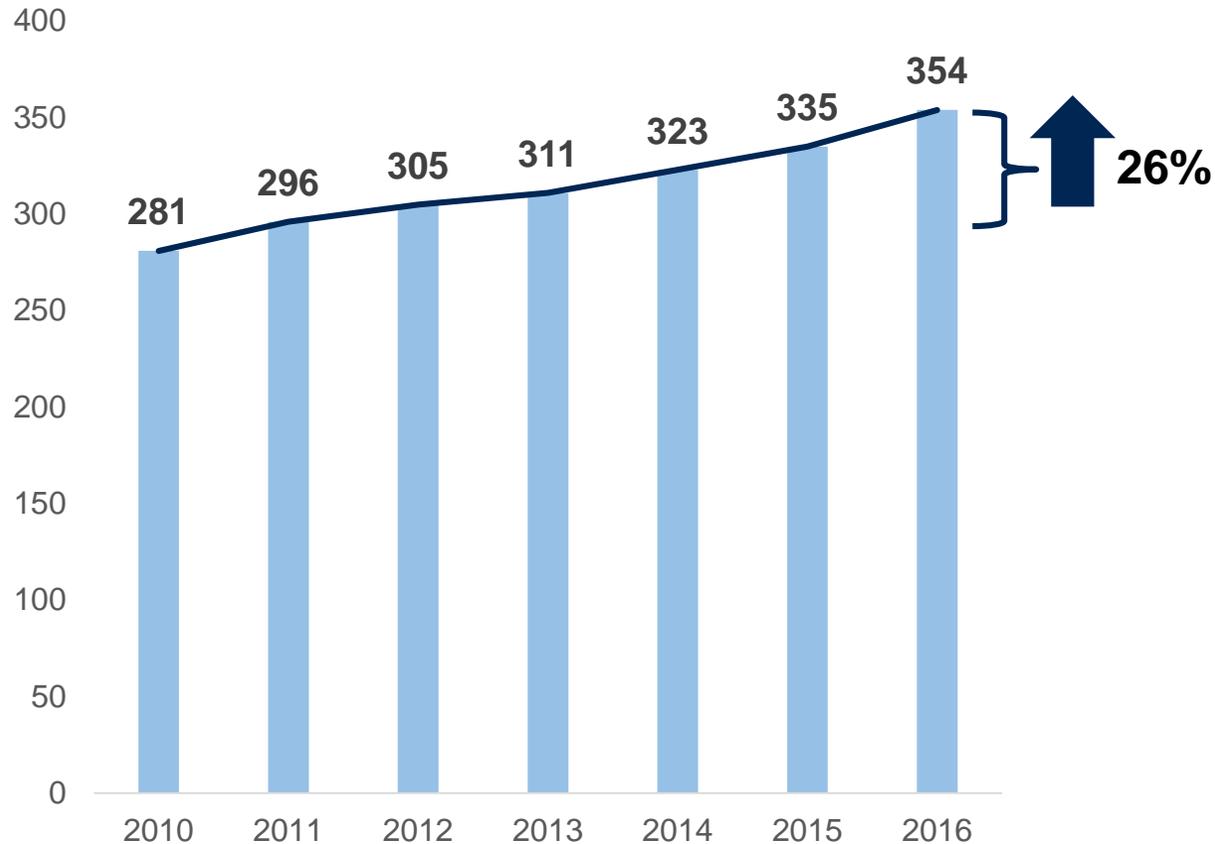
## BUDGET AND COST MANAGEMENT

Source: *The Time Is Right For Higher Education To Embrace Benchmarking* (Beisser, S; Friga, P; Krasnov, J.; Phillips, M.)



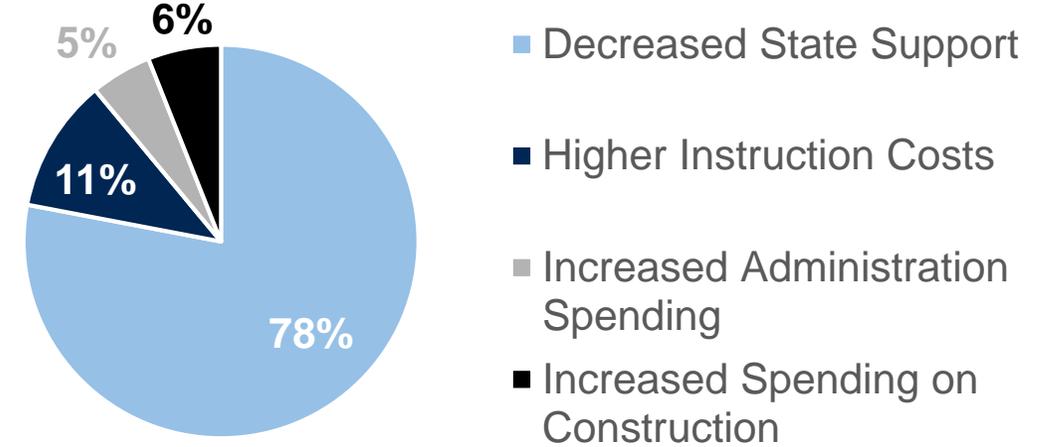
# Spending in higher education continues to rise fueled by tuition increases and government subsidies

## Spending in Higher Education (in Billions)



Source: Inside Higher Ed; Chronicle

## Causes of Rising Tuition



- ***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.”***

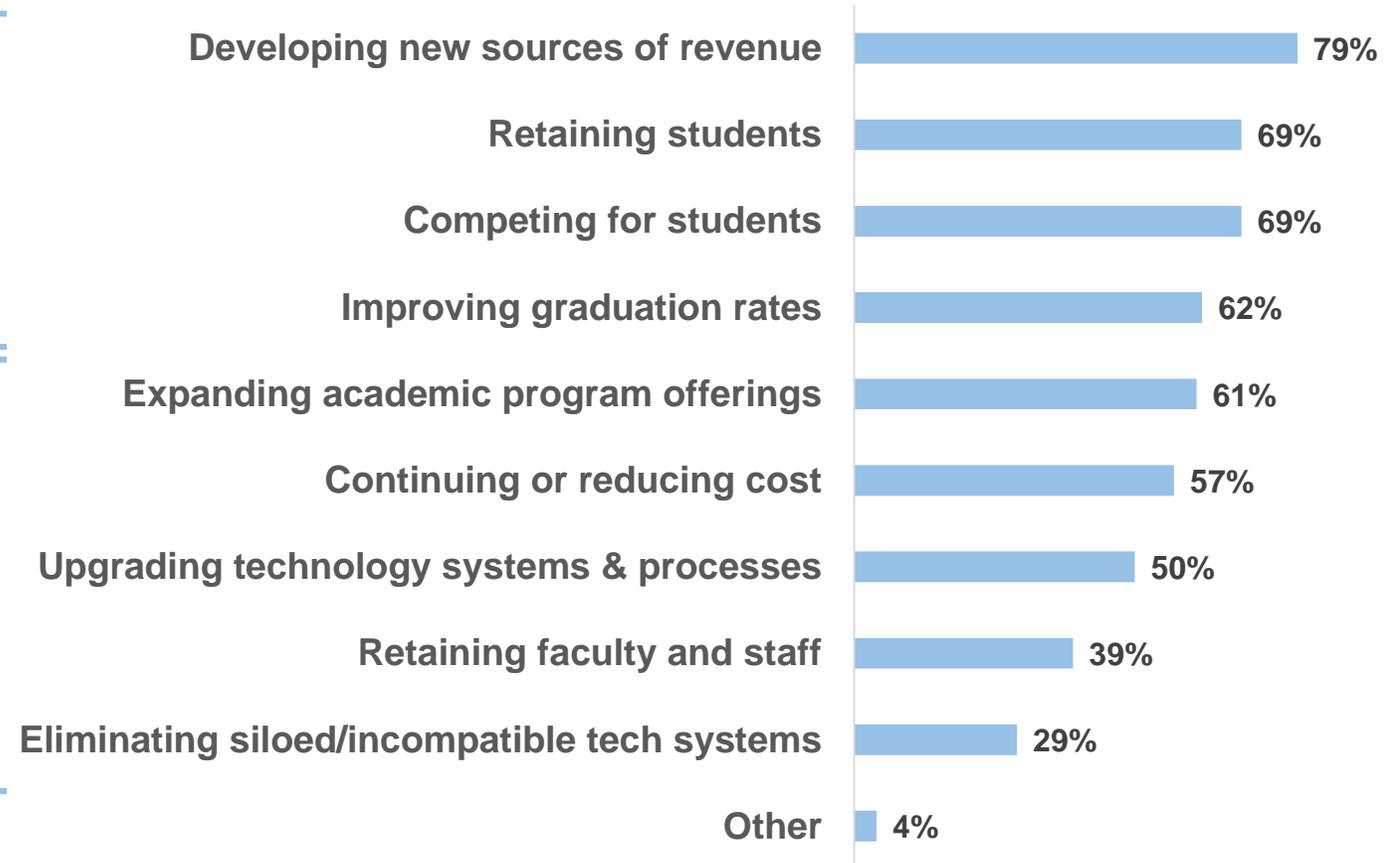


# Growth and increasing efficiency are top priorities on campuses in higher education around the nation

**Growth in revenue and enrollment**

**Efficiencies and cost management**

## Top Institutional Challenges According to Academic Leaders



Source: Chronicle of Higher Education



Now to hear your thoughts!



***What are the biggest challenges on your campus?***

- A) Revenue
- B) Cost control
- C) Student success
- D) All of the above
- E) Others



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# US News & World Report creates well-known university rankings

US News & World Report uses the following weighted combination of academic quality indicators to calculate rankings:

Ranking Factor	Weight (2017)	Weight (2019)
Graduation and Retention Rates	22.5%	22%
Undergraduate Academic Reputation	22.5%	20%
Faculty Resources	20.0%	20%
Student Selectivity	12.5%	10% (0% accept. rate)
Financial Resources	10%	10%
Graduation Rate Performance	7.5%	8%
Alumni Giving Rate	5.0%	5%
Social Mobility	0%	5%
Total	100 %	100%

\* Financial resources include “average spending per student on instruction, research, student services, and related educational expenditures in the 2015 and 2016 fiscal years” (Source: [US News](#))



# How US News & World Report calculates its efficiency rankings - essentially “spending per ranking point”

$$\text{Operating Efficiency} = \frac{\text{Spend per student on education-focused activities}^*}{\text{Overall 0-100 Score}^+}$$

\* “US News measures financial resources by calculating how much a school spends per student on instruction, public service, research, student services, institutional support and academic support. Unrelated spending on amenities like dorms and cafeterias do not count”; Financial resources has 10% weight in US News & World Report Best Colleges Ranking methodology (Source: [US News](#))

+ Basis for US News & World Report university rankings in 2018 Best Colleges rankings (Source: [US News](#))



# The top 25 most efficient universities (Green = ABC Member) - 2017



Efficiency Rank	University (state)	U.S. News National Universities rank	Overall score	Financial resources rank	Spending per student for each point in the U.S. News overall score
1	Miami University—Oxford (OH)	78 (tie)	55	226	\$362
2	Florida State University	81 (tie)	54	211	\$390.18
3	Brigham Young University—Provo (UT)	61 (tie)	174	174	\$411.92
4	San Diego State University	140 (tie)	42	250	\$413.62
5	Binghamton University—SUNY	87 (tie)	53	190	\$436.49
6	University of Alabama	110 (tie)	48	211	\$443.19
7	College of William and Mary (VA)	32 (tie)	70	111	\$466.87
8	Clark University(MA)	81 (tie)	54	163	\$481.80
9	University of Georgia	54 (tie)	62	121	\$484.40
10	Arizona State University—Tempe	115 (tie)	47	197	\$489.01
11	Texas Christian University	78 (tie)	55	158	\$489.16
12	Indiana University—Bloomington	90 (tie)	52	163	\$493.10
13	University of Texas—Dallas	145 (tie)	41	217	\$494.94
14	DePaul University (IL)	120 (tie)	46	197	\$497.35
15	Clemson University(SC)	67	59	129	\$501.72
16	University of South Carolina	103 (tie)	49	179	\$501.77
17	Auburn University(AL)	103 (tie)	49	174	\$517.16
18	George Mason University(VA)	140 (tie)	42	202	\$522.68
19	Villanova University(PA)	46 (tie)	64	103	\$524.05
20	St. John Fisher College (NY)	145 (tie)	41	202	\$528.42
21	Virginia Tech	69 (tie)	57	114	\$546.37
22	Stevens Institute of Technology(NJ)	69 (tie)	57	114	\$552.13
23	University of Missouri	120 (tie)	46	163	\$556.18
24	University of Oregon	103 (tie)	49	147	\$561.80
25	Duquesne University(PA)	120 (tie)	46	163	\$565.05

Source: [US News](#)



THE UNIVERSITY  
of NORTH CAROLINA  
at CHAPEL HILL

Now to hear your thoughts!



*Is your university current examining ways to increase efficiency and/or cost management?*

- A) Yes
- B) No



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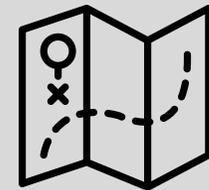
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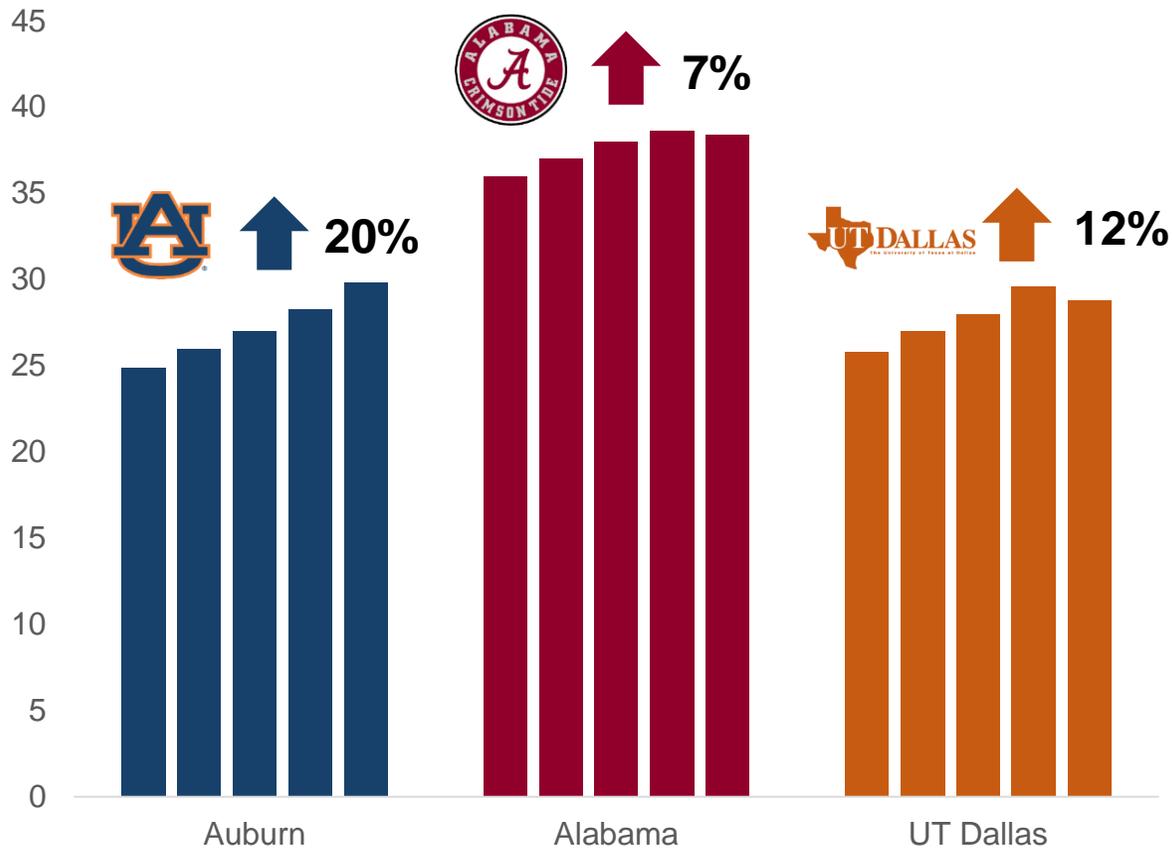
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# Strategy 1: Many universities have articulated growth goals to spread fixed costs over a larger base

Student Enrollments 2014-2017  
(in thousands)



Source: Respective Websites

## Strategies for growth at each university

- \* **UT Dallas** – very focused academic areas of great need such as technical areas and fields in engineering
- \* **Auburn and Alabama** – investment in recruiting, advertising, and admissions, expanded infrastructure and facilities, unique scholarship programs
- \* **Florida State** – Focus on student success and expanding interdisciplinary and graduate programs

## Challenges

- \* Hire in most critical areas first (highest risk) and monitor quality
- \* Neighboring and national competition for enrollments

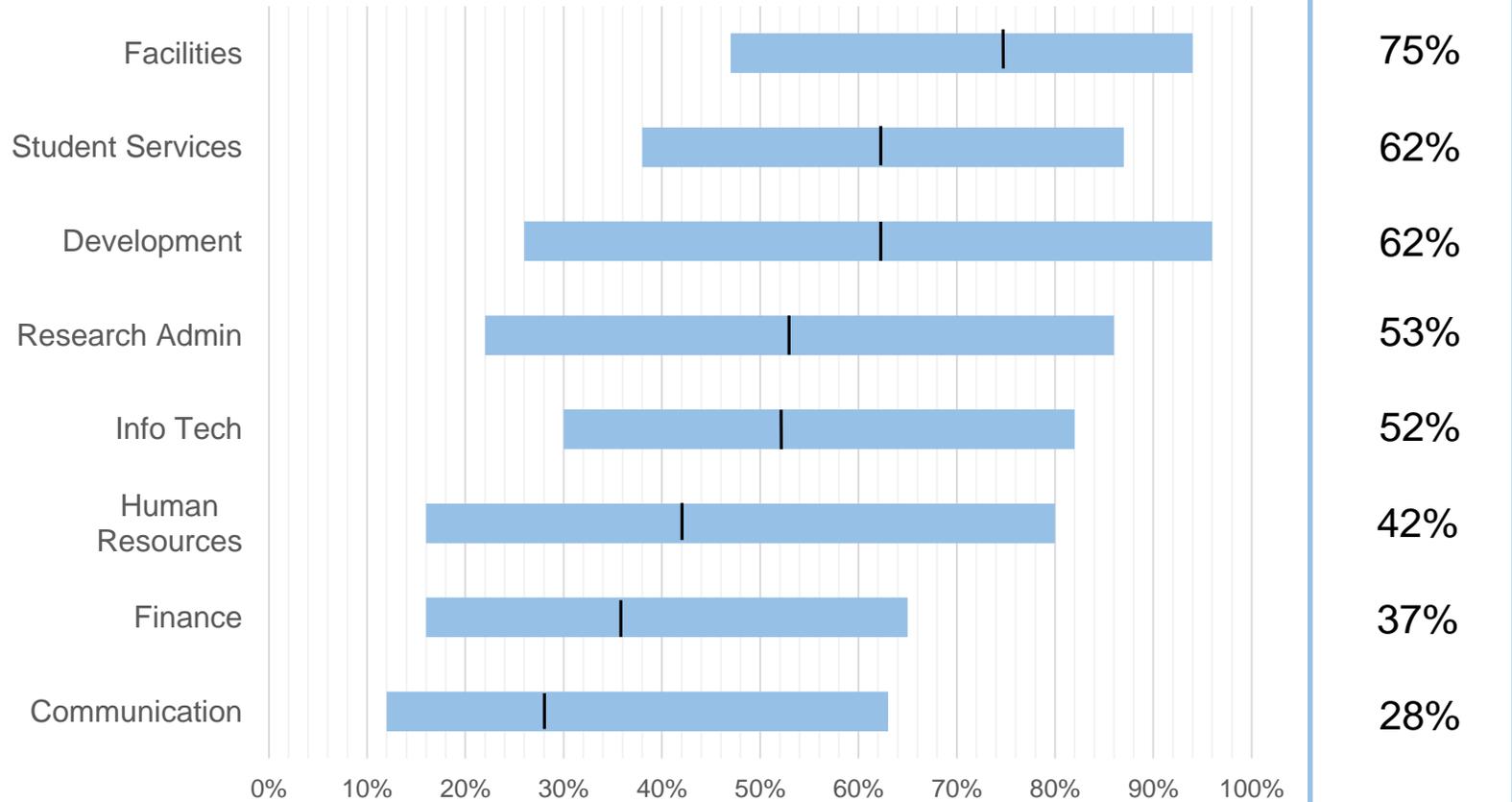


# Strategy 2: Centralization seems to be on the rise

## Strategies for **centralization** at each university

- \* **UT Dallas** – established strong central administrative services to support decentral units as they grow
- \* **Auburn** – more centralized in HR (hiring) and IT, and spends less per student in both categories; expanded central with growth in students
- \* **Alabama** – more centralized in HR, finance, and IT than peers and has lower levels of FTEs in these areas; expanded central with growth in students
- \* **FSU** – more centralized across the board and works with units to remove redundancy

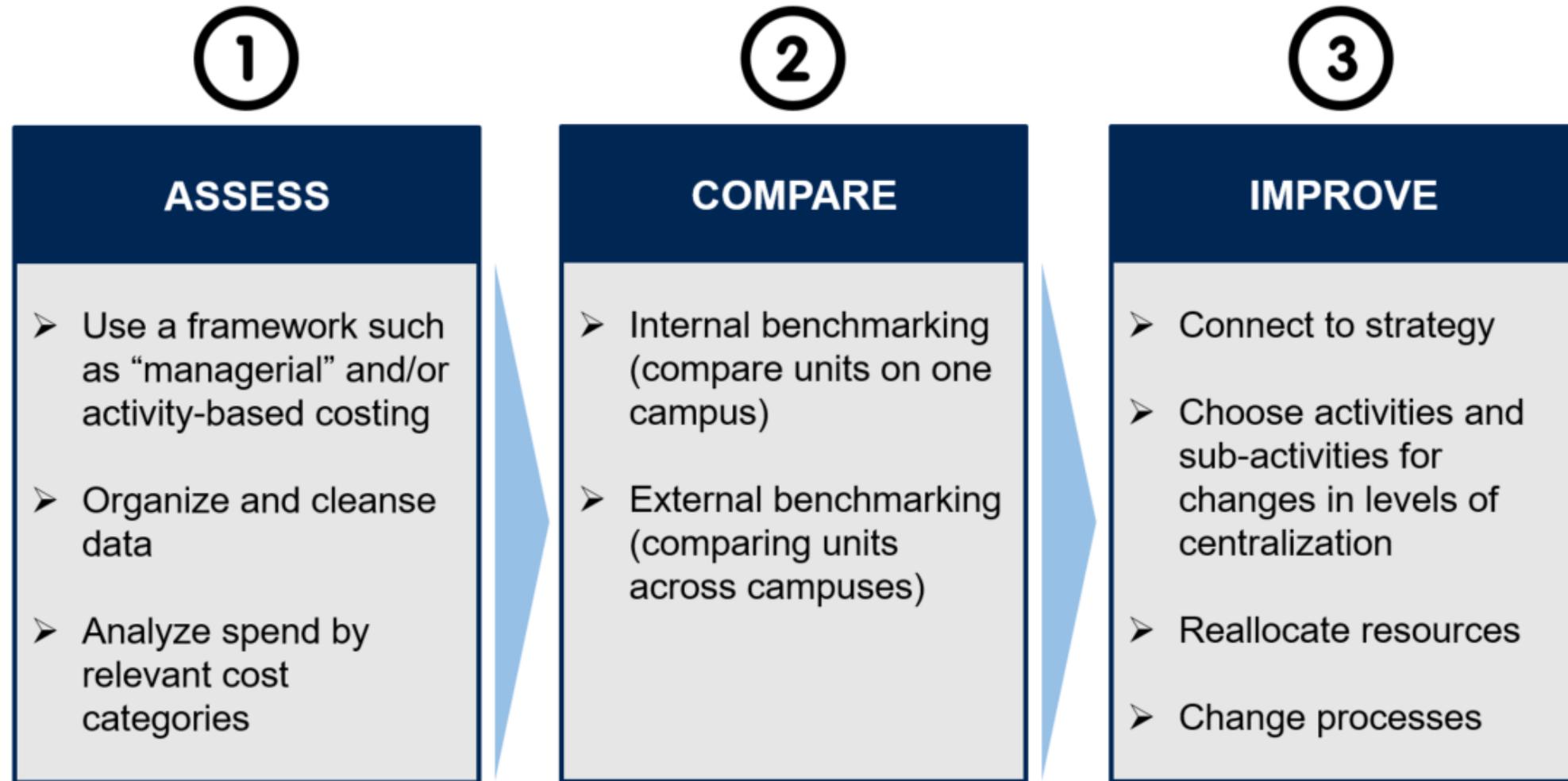
Centralization by Activity Across the Consortium



Source: Academic Benchmarking Consortium, abc-insights.com



# Strategy 3: Continuous improvement must be a priority



# Strategy 3: Continuous improvement on campus at our universities



- **Known for low tuition, high quality education, and efficient operations**
- **Strategic priority by leadership for increased efficiencies and accountability**
- **Lean methodologies, automated processes and function, non-siloed units**



- **Using analytics to examine both academic and administrative spend**
- **Hired a Green Belt Process Engineer**
- **Focus on adopting risk and predictive analytics, and overall process improvements**



- **Working with units to be strategic about areas of local vs central investment**
- **Using ABC and other data to identify areas of potential underinvestment**
- **Best practice sharing with Texas universities and beyond**



- **Carefully examining the balance of central vs. decentral personnel**
- **Fill vacancies with level of centralization in mind to enhance service to units and overall university**
- **New strategic plan priority for operational efficiency**



# Build a Data-Based Culture - 7 Key Principles from McKinsey

1. Data culture is decision culture and must be embedded
2. Commitment from the top leadership is critical
3. Get data in front of the right people to generate excitement
4. Encourage but also mitigate risk with the data
5. Involve people in the operations in the data culture
6. Consider outsourcing but also proactively manage the use of data
7. Strike the right balance of transforming existing people and new people in data roles



Now to hear your thoughts!



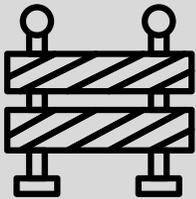
***What other ideas and examples do you have related to increasing efficiencies in higher education?***



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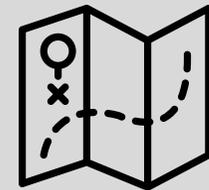
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# The ABC mission, vision, and core values

## Mission

Improve decision-making in higher education by providing reliable benchmarking data and insights

## Vision

Become the benchmarking standard in the higher education industry

## Core Values

- **Partnering** – building positive, trusted and sustained relationships
- **Collaboration** – we inquire of, listen to and learn from each other
- **Continuous Improvement** – we invest continuously in our professional growth to ensure we meet today's needs and tomorrow's challenges



# ABC allows comparisons to over 31 universities



# Recent use-cases reported by members

❖ Improve strategic alignment



❖ Evaluate technology investments



❖ Inform the budgeting process



❖ Measure progress on multi-year initiatives



❖ Ensure adequate Research Admin resources



❖ Demonstrate appropriate resource allocations to accrediting agencies and the Board



FLORIDA STATE UNIVERSITY



# The Academic Benchmarking Consortium measures key administrative labor spend and FTE

Our consortium focuses on providing high quality, benchmarkable administrative labor data

 <p><b>COMMUNICATIONS</b></p> <p>Marketing and Communication Public Affairs</p>	 <p><b>DEVELOPMENT</b></p> <p>Alumni Relations Fundraising Prospect Management, Research and Analytics</p>	 <p><b>FACILITIES</b></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><b>FINANCE</b></p> <p>Accounts Payable Budget and Financial Planning Financial Reporting General Accounting Payroll Processing Procurement Student Accounts</p>	 <p><b>GENERAL ADMINISTRATION</b></p> <p>Executive Leadership Departmental Support</p>
 <p><b>HUMAN RESOURCES</b></p> <p>Benefits Classification and Compensation Employee and Labor Relations Hiring Training</p>	 <p><b>INFORMATION TECHNOLOGY</b></p> <p>Application Development Education Technologies Infrastructure and Operations Security and Privacy User Support</p>	 <p><b>RESEARCH ADMINISTRATION</b></p> <p>Pre-Award Post-Award Research Compliance</p>	 <p><b>STUDENT SERVICES</b></p> <p>Academic Advising Admissions Career Services Diversity Financial Aid International Programs Recreational Services Registration Residential Services</p> <p><b>FY19 +</b> Engagement and Events Student Success and Tutoring Wellness</p>	

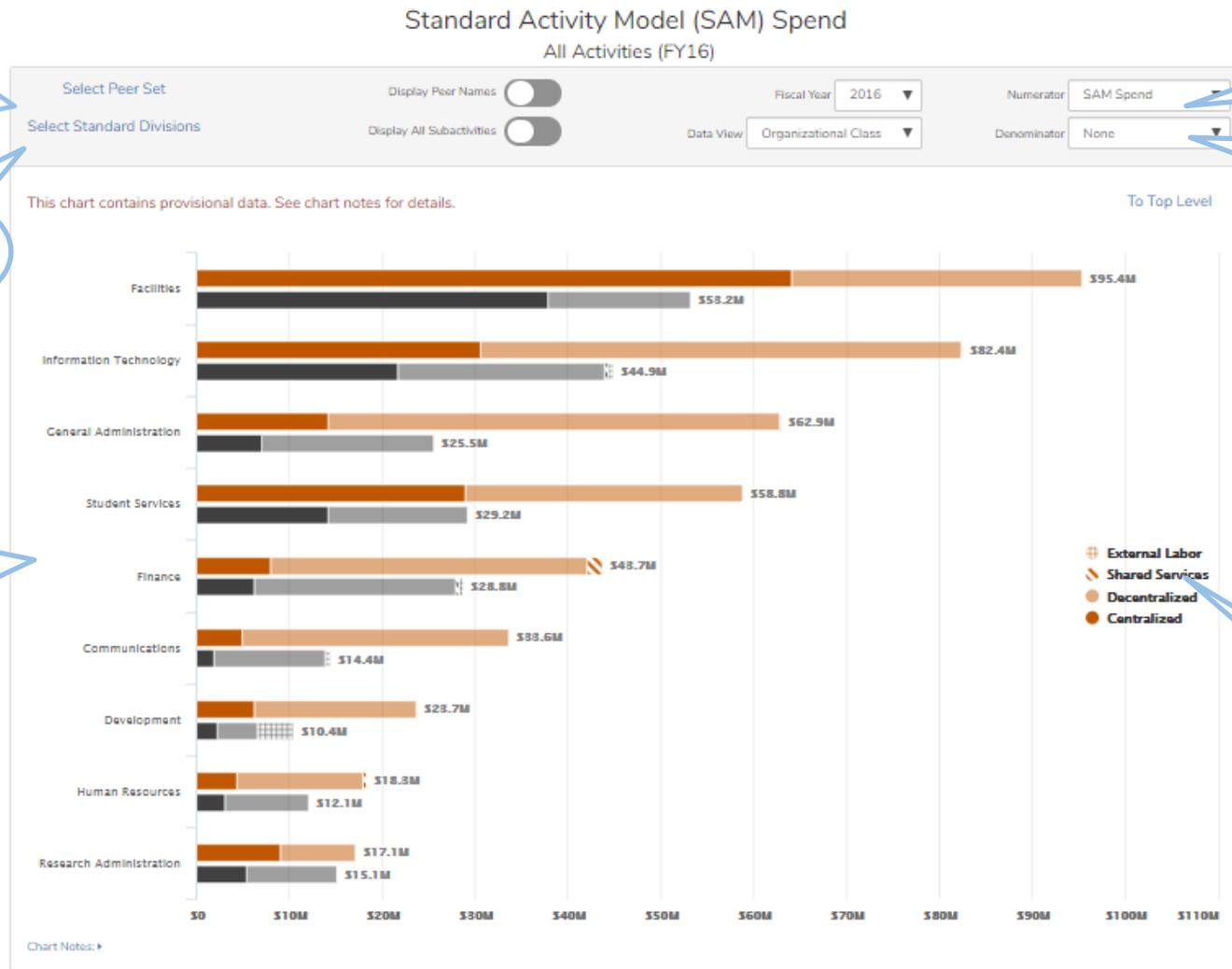


# Our platform allows benchmarking comparisons of key administrative investment areas for budgeting and performance

To whom should we compare?

What level of analysis?

Which activities to analyze?



Adjustment for local labor rates?

How do we normalize?

# of students, # of acres/ft. sq, % OpEx, research \$, development \$, etc.

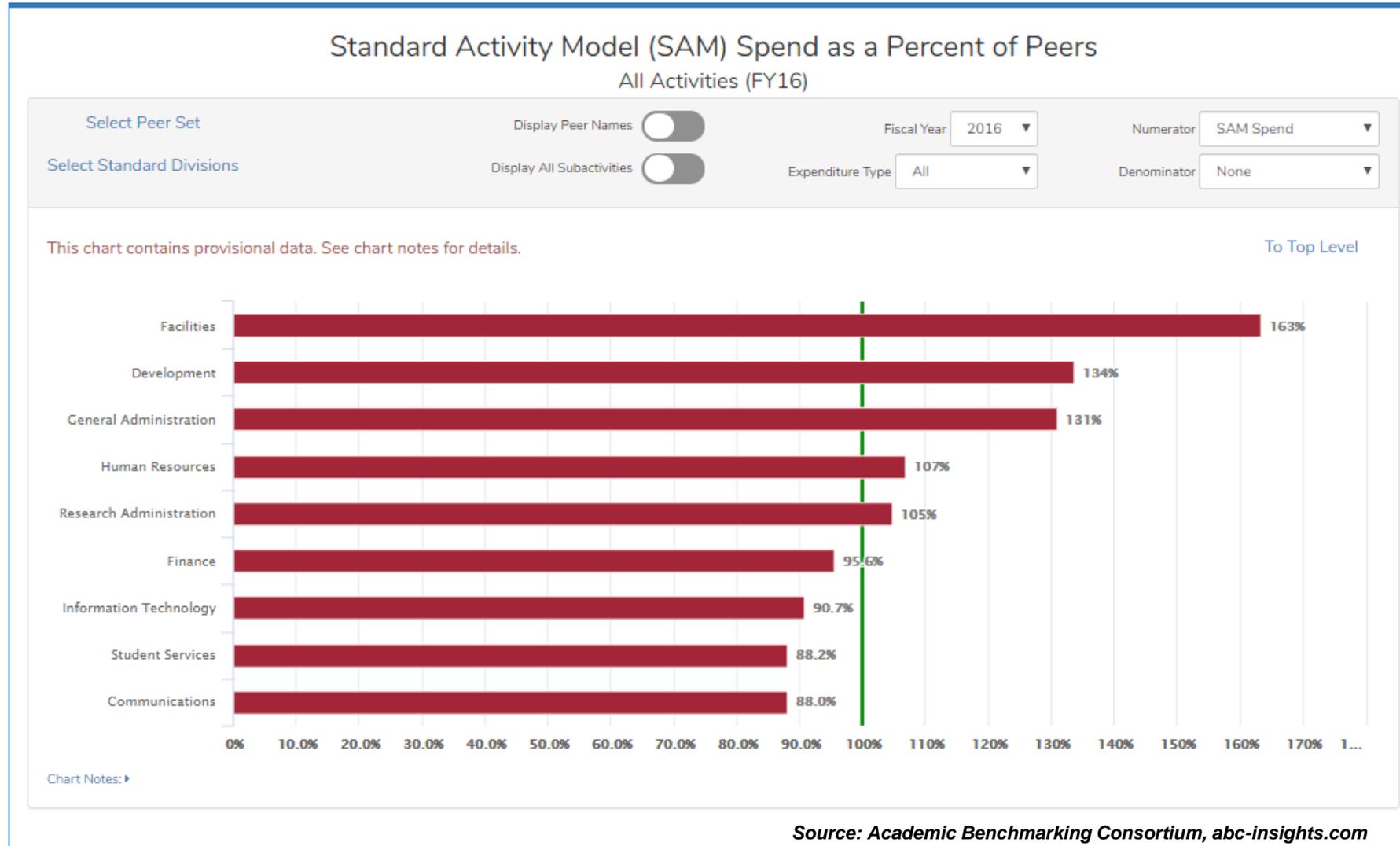
Where are activities occurring?

Source: Academic Benchmarking Consortium, abc-insights.com

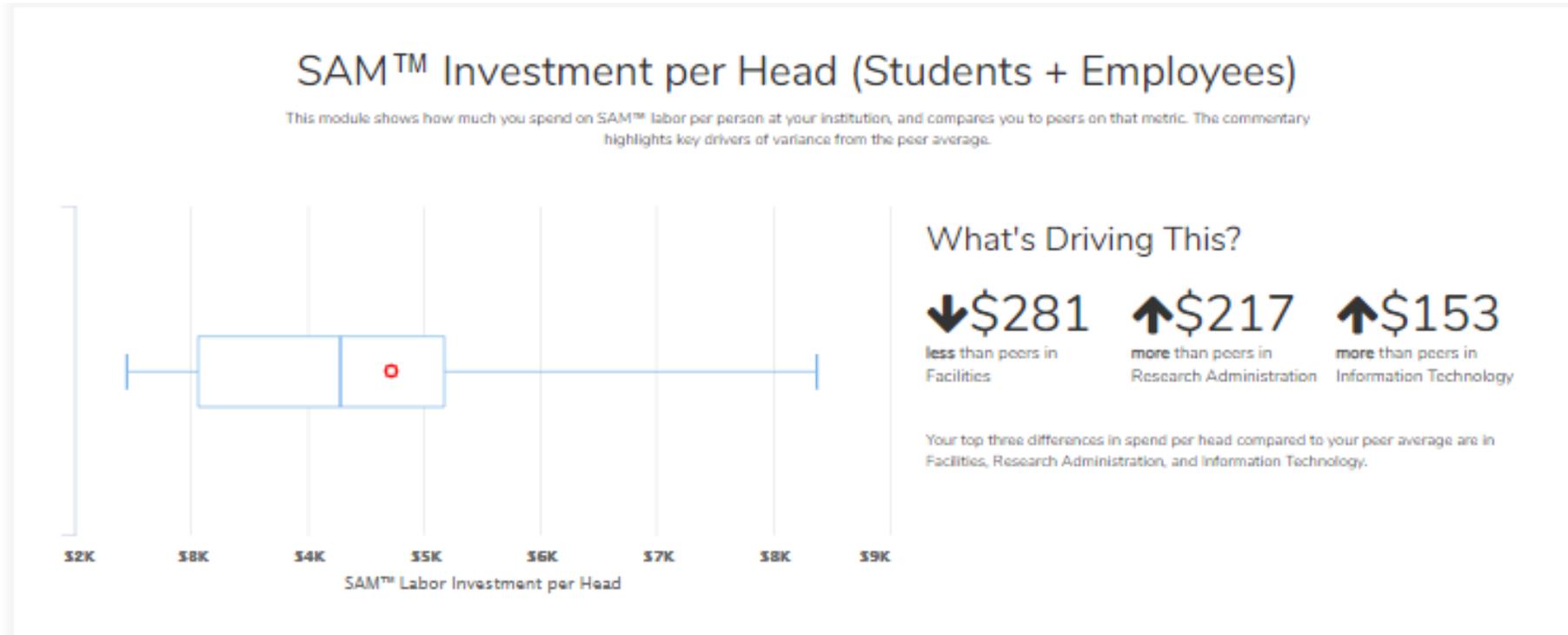


THE UNIVERSITY  
of NORTH CAROLINA  
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# Sample Output: This view is often used to assist the budget process



# Sample Output: One of the dashboard views provides a sense of overall stewardship



Source: Academic Benchmarking Consortium, [abc-insights.com](http://abc-insights.com)



# Sample Analysis: A common use-case is to compare levels of investment to assess efficiency

Put on your FTE glasses ...

SAM™ Activity	Analysis Factor	FY17 FTE	Peer Avg	% Diff
Finance	FTE per 100 Emp+Student (IPEDS)	1.5	1.0	+ 50.0%
HR	FTE per 100 Employees (IPEDS)	2.5	1.6	+ 58.7%
IT	FTE per 100 Emp+Student (IPEDS)	2.6	1.9	+ 39.3%
Research Admin	FTE per \$1M Research Exp (NSF)	0.7	0.5	+ 31.0%

Now put on your labor spend glasses ...

SAM™ Activity	Analysis Factor	FY17 Labor Spend	Peer Avg	% Diff
Finance	% of Total Labor Spend (ABC)	3.2%	3.5%	- 8.6%
HR	% of Total Labor Spend (ABC)	1.7%	1.4%	+ 21.4%
IT	\$ per Employee + Student (IPEDS)	\$2,051	\$1,171	+ 75.1%
Research Admin	% of Research Expenses (NSF)	4.2%	3.7%	+ 13.5%



# Sample Analysis: This university was interested in the level of administrative spend as % of total labor

University	SAM™ \$ as % of Total Labor Spend
Your Institution	26%
Peer Average	29%
Peer 1	33%
Peer 2	28%
Peer 3	26%

Your University	SAM™ \$ as % of Total Labor Spend
School of Government	30%
<b>Business School</b>	23%
School of Law	22%
<b>School Avg.</b>	<b>18%</b>
School of Global Public Health	17%
College of Arts & Sciences	13%
School of Education	13%
School of Pharmacy	13%



# We allow the evaluation of effectiveness and efficiency of administrative investment on a campus

## ABC Human Capital Matrix (Draft)

For University Name  
FY1x

