Understanding the Landscape for Public Research Universities and Identifying Future Directions

Prepared for West Virginia University
State of the Union for Higher Education

Unpacking the Narrative Around Higher Education

Shifting Demographic and Economic Realities: Implications for Finance

Trends in Enrollment and Academic Programs

Shifting Conceptions of Value: “ROI” Thinking Across the University
Separating Fact From Fiction

Higher Ed Assailed By A Drumbeat of Critiques

Source: "Is College a Lousy Investment," Newsweek, September 2012; EAB interviews and analysis.
The Other Side of the Story

Popular Accounts Driven by Lack of Understanding

Public Perception

- The cost of higher education is out of control
- College degree is losing value
- Colleges and universities have triggered a student loan crisis
- Disruptive innovation will cause universities to lose students to low-cost providers

Reality

- The public doesn’t understand “net” versus “sticker” price; net cost for publics is still very low; and greatest barriers to low-income students are cost of living (room and board) due to stagnant wages and lost borrowing
- College premium has never been higher; baccalaureate holders earn far more than high school graduates
- Figures used by media are flawed; most debt and defaults stem disproportionately from non-completion, graduate/professional school, and for-profits; public B.A. holders who finish in four years owe on average less than $10,000 when they graduate
- Community colleges and for-profits losing enrollment, “disruptive” innovators focused more on non-consumers, new formats like MOOCs and Competency Based Education not yet to scale

Source: EAB research and analysis
Value of College Degree has Never Been Higher

Bachelor’s Degree Holders See ROI in Lifetime Earnings and Beyond

Median Annual Earnings Among Full-Time Workers Ages 25 to 32

Benefits Beyond Earnings

1) Return on Investment.
2) Median lifetime earnings differential $964,000.

Not Exactly News…

College Has Been Called into Question for Decades

Guess Which Quotes Are From 1976 vs. 2012

“By all estimates, the rising costs of college have been paced by diminished economic returns on the college investment.”

“Is all this investment in college education really worth it? The answer, I fear, is that it’s not.”

“As much as 27 percent of the nation's work force may now be made up of people who are "overeducated" for the jobs they hold.”

“More than half of all recent graduates are unemployed or in jobs that do not require a degree.”

April 1976

## The World Turned Upside Down

### Economic Underpinnings of the Traditional Academic Model Shifting

<table>
<thead>
<tr>
<th>1995-2007</th>
<th>A generally supportive environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Populations</td>
<td>• Increasing HS graduates&lt;br&gt;• Growing demand for adult education&lt;br&gt;• International student growth</td>
</tr>
<tr>
<td>Family Finances</td>
<td>• Increasing family wealth&lt;br&gt;• Middle class income and savings cover most college costs</td>
</tr>
<tr>
<td>Public Support</td>
<td>• Annual increases in state support&lt;br&gt;• Headcount based funding&lt;br&gt;• Rising federal funding</td>
</tr>
<tr>
<td>Career Outcomes</td>
<td>• Rising incomes for graduates&lt;br&gt;• BA sufficient for middle class income&lt;br&gt;• Less expectation of job-ready grads</td>
</tr>
<tr>
<td>Competition</td>
<td>• Competition mostly within peer groups&lt;br&gt;• Regional catchment areas&lt;br&gt;• Few compete nationally for elite students</td>
</tr>
</tbody>
</table>

### 2007-Present

| Student Populations | Declining population of traditional students<br>• Working adults leave education for work |
| Family Finances | • Hollowing of the middle class<br>• How long can high-tuition/high-discount go on? |
| Public Support | • Cuts in state support<br>• Shift to outcomes funding<br>• Federal research cuts |
| Career Outcomes | • ‘Lost class’ during recession<br>• Declining incomes for BA’s<br>• Credential inflation |
| Competition | • Cross-segment competition<br>• Geographical expansion<br>• Alternative providers |

Source: EAB interviews and analysis.
## Financial Sustainability in the Decade Ahead

### Existential Urgency Dependent on Segment...

Percent of presidents that strongly agree/agree business models for each type of institution will be sustainable over next ten years:

<table>
<thead>
<tr>
<th>Institution Type</th>
<th>Strongly Agree/Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elite private universities</td>
<td>91%</td>
</tr>
<tr>
<td>Elite private liberal arts colleges</td>
<td>75%</td>
</tr>
<tr>
<td>Public flagship universities</td>
<td>63%</td>
</tr>
<tr>
<td>Community colleges</td>
<td>43%</td>
</tr>
<tr>
<td>Non-flagship public four-year</td>
<td>26%</td>
</tr>
<tr>
<td>Other private four-year</td>
<td>10%</td>
</tr>
<tr>
<td>For-profit institutions</td>
<td>9%</td>
</tr>
</tbody>
</table>

Inside Higher Ed and Gallup 2017 Survey of College and University Presidents, (n = 706)

### ...But Worries Span Institutional Type

“We’re not going to go out of business. But will our current financial model allow us to maintain excellence, serve the community, and meet our ambitions? I don’t think so.”

-- Public Flagship Research University
State of the Union for Higher Education

Unpacking the Narrative Around Higher Education

Shifting Demographic and Economic Realities: Implications for Finance

Trends in Enrollment and Academic Programs

Shifting Conceptions of Value: “ROI” Thinking Across the University

PART ONE
Not Enough Growth to Go Around for Everyone

High School Graduate Growth Rate Plateaus Before Precipitous Decline

Number of High School Graduates and Compound Annual Growth Rates

Change in High School Graduates from School Year 2012-2013, by Region

<table>
<thead>
<tr>
<th></th>
<th>West</th>
<th>Midwest</th>
<th>Northeast</th>
<th>South</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2020</td>
<td>-11,500</td>
<td>-41,200</td>
<td>-42,000</td>
<td>32,200</td>
</tr>
<tr>
<td>2024-2025</td>
<td>24,900</td>
<td>-29,700</td>
<td>-26,200</td>
<td>117,900</td>
</tr>
<tr>
<td>2029-2030</td>
<td>-45,900</td>
<td>-26,200</td>
<td>-72,300</td>
<td>7,100</td>
</tr>
</tbody>
</table>

Source: EAB analysis of WICHE data.
Demographic Change Overview: West Virginia

Change in Number of High School Graduates, 2005-2015 Vs. 2016-2031

Data Source: Western Interstate Commission for Higher Education

Hispanic, White, and Black Students as a Share of All High School Graduates, 2016 Vs. 2031

Data Source: Western Interstate Commission for Higher Education

“...U.S. not-for-profit colleges and universities are segregating into winners and losers—with winners growing and expanding and losers seeing the first signs of a death spiral.”

Nathan D. Grawe
Professor of Social Sciences
Carleton College

Developed a new probabilistic model that projects college-going population from 2012 to 2029

Higher Education Demand Index

9%
Projected decline in 4-year college-bound students, 2017-2029

HEDI aims to predict first-time college students, disaggregated by state and selectivity

Falling Birthrates From 2007 to Present Projected to Hit HEIs Across the US

Projected Percent Change in the Population of 18-Year-Olds, 2017-2029

Sources: Grawe, Nathan D., Demographics and the Demand for Higher Education, 2017; EAB analysis.
Change in College Attendance Rates, 2017 to 2029

Middle Atlantic: 12% decrease, 2017 to 2029
East South Central: 9% decrease, 2017 to 2029
West North Central: 8% decrease, 2017 to 2029
East North Central: 7% decrease, 2017 to 2029
South Atlantic: 7% decrease, 2017 to 2029
West South Central: 6% decrease, 2017 to 2029
New England: 4% decrease, 2017 to 2029
Mountain: 2% increase, 2017 to 2029
Pacific: 1% increase, 2017 to 2029

Source: Grawe, Nathan D., *Demographics and the Demand for Higher Education*, 2017; Western Interstate Commission on Higher Education (WICHE), *Knocking at the College Door*, 2016; EAB data and analysis.
**Hispanic and Male College Participation Most at Risk as Economy Improves**

*College Enrollment Rates of Recent High School Graduates*

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>All HS Graduates</td>
<td>69.7</td>
<td>66.7</td>
</tr>
<tr>
<td>Male</td>
<td>67.4</td>
<td>61.1</td>
</tr>
<tr>
<td>Female</td>
<td>71.9</td>
<td>71.6</td>
</tr>
<tr>
<td>White</td>
<td>69.7</td>
<td>67.1</td>
</tr>
<tr>
<td>Black</td>
<td>58.2</td>
<td>59.4</td>
</tr>
<tr>
<td>Hispanic</td>
<td>72.0</td>
<td>61.0</td>
</tr>
</tbody>
</table>

Regional Outlooks Look “Uniform” at First Glance

Region-Level Analyses Smooth Over Differences Below the Surface

Projected Change in 4-Year College-Going Students Regionally, 2017 to 2029

Source: Grawe, Nathan D., Demographics and the Demand for Higher Education, 2017; EAB analysis.
Enrollments Did Rise During the Recession

But Nearly All Growth Was Low-Income, Accelerating the Demographic Shift

Undergraduate Enrollments and Pell Status

<table>
<thead>
<tr>
<th>Year</th>
<th>Total undergraduates</th>
<th>Percent receiving Pell</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>20.7M</td>
<td>26%</td>
</tr>
<tr>
<td>2005-06</td>
<td>20.9M</td>
<td>25%</td>
</tr>
<tr>
<td>2006-07</td>
<td>21.2M</td>
<td>24%</td>
</tr>
<tr>
<td>2007-08</td>
<td>21.9M</td>
<td>25%</td>
</tr>
<tr>
<td>2008-09</td>
<td>23.2M</td>
<td>27%</td>
</tr>
<tr>
<td>2009-10</td>
<td>24.6M</td>
<td>33%</td>
</tr>
<tr>
<td>2010-11</td>
<td>25.2M</td>
<td>37%</td>
</tr>
<tr>
<td>2011-12</td>
<td>24.7M</td>
<td>38%</td>
</tr>
<tr>
<td>2012-13</td>
<td>24.1M</td>
<td>37%</td>
</tr>
<tr>
<td>2013-14</td>
<td>23.6M</td>
<td>37%</td>
</tr>
<tr>
<td>2014-15</td>
<td>23.3M</td>
<td>35%</td>
</tr>
</tbody>
</table>

25% Percentage of families who would have enrolled elsewhere for less than $5k in additional grant or scholarship assistance from second choice

NACUBO-Reported Discount Rate for FTFT Freshmen

38.6% in 2006-2007

49.1% in 2016-2017

Today’s Undergrads More Challenging to Reach

Place Remains Important

EAB Royall & Company Student Mobility Analysis (n = 708,016 students, 290 colleges)

- Percentage of Incoming Freshman enrolled at a college that was 100 miles or less from primary residence (2014-2016)
  - 56%

Will Changing Demographics Make the U.S. Even More Place-Bound?

- Median miles traveled by ethnicity:
  - Hispanic: 42
  - White: 79
  - Asian: 40
  - Black: 78

A More Demanding “Shopper”

- Attending Multiple Orientations to Decide: 22%
- Increase in withdrawn deposits from 2007-2015

- New Marketing Approaches Needed: 87%
- Percentage of prospects who say they don’t trust university websites, seeking validation from externals source

A Long Tail of Competitors

- Where Admitted Students Who Did Not Deposit Went (n = 81,827)
  - Increased applications from 2001—2014 with just an 11.6% increase in prospects
  - 108%

Getting Ready for the Student of the Future

Preparing Not Only for Changes in Demographics...

- 10%
Students with household incomes >$100K (2017-2029)

- 19%
Non-Hispanic white 18-year-olds (2012-2029)

64%
18-year-olds in a household where neither parent holds a bachelor's degree (2029)

...But Also a Change in College-Going Attitudes

A resurgence of the trades?
“Men who otherwise would likely attend community colleges are now finding employment opportunities in areas like manufacturing.”

The Wall Street Journal
April 26, 2018

Is college worth it?
“We appear to be approaching a time when, even for middle-class students, the economic benefit of a college degree will begin to dim.”

The New York Times
May 16, 2018

Higher Proportion of At-Risk Populations

Immediate College Enrollment Rate\(^1\) Increasing Among Low-Income Students

A National Snapshot: First Generation Students

30% Of entering first-year students in US are first generation college students

25% Leave after their first year, a dropout rate four times higher than peers\(^1\)

89% Of low-income first generation students leave college after six years without a degree

1) Students who are enrolled in a college or university the October immediately following high school graduation.

Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics; EAB interviews and analysis
Generation Z Brings New Challenges

Traits, Preferences of Today’s Students Manifested in Lifestyles

**Generational Traits Ages (13-21)**
*Focus: Practical, Open, Connected*

- **Tech driven** – Prone to unplug, yet hyper connected; expects smart, flexible tech
- **Digital natives** – Comfortable with technology at a very early age
- **Open to sharing** – Puts lives online without filter
- **Self-Educators** – Uses online media; has seen it all

**Marketing or Communication Preferences**
*Focus: Humanity, Collaboration, Sharing, Personal*

- **Expects authenticity** – Expects demonstrated commitments to worthy causes
- **Personalized** – Prefers customized content
- **Shared values** – Needs to establish common ground to build trust, loyalty
- **FOMO** (Fear of Missing Out) – Needs to be in the loop; driven to connection via social media

A Typical Day in the Life of a Gen Z’er

- Touches 5+ devices
- Engages in 3+ hours of screen time
- Surfs 2 screens simultaneously
- Expects an app for everything (banking, dinner reservations, etc.)
- Is social media savvy from an early age
- Prefers to swipe over type
- Uses images over text (TLDR – Too Long, Didn’t Read)

Sources: Laurence Benhamou, “Everything you need to know about Generation Z,” Business Insider, 12 Feb 2015; EAB interviews and analysis.
Excessive Screen Time

Today’s Kids Have Never Known Life Without Phones

Mobile Screen Time on the Rise for Young Kids
Average Time Kids 8-Years-Old and Younger Spend on Mobile Devices per Day, in Minutes

- Time young children spend on mobile devices has **more than tripled** in just 4 years

<table>
<thead>
<tr>
<th>2013</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>48</td>
</tr>
</tbody>
</table>

Variation Plays Out Along Income Lines
Average Screen Time Per Day (hrs:min), by Family Income

- ** <$30,000**: 1:50
- **All students**: 2:19
- **>$75,000**: 3:29

Long-Term Effects of Screen Time Largely Unknown
But Excessive Exposure Has Been Linked to...

- Sleep Deprivation
- Greater Risk of Aggression
- Risk of Obesity
- Decreased Physical Activity

Today’s Students Were Born Amid Economic Downturn…

Economic and Societal Hardships Resulting from the Great Recession (2007-2009)

- **8%**
  - Decline in median household family incomes

- **18%**
  - Reduction in household net worth

- **4M**
  - Homes were foreclosed annually

- **6%**
  - Decline in the number of jobs

- **30M**
  - Americans lost their jobs, doubling historical high of long-term unemployment

- **5M**
  - Americans lost employment-based healthcare

...That Had a Detrimental Influence on Home-Life Stability

- **Poverty rates for youth under age 18 reached 22% in 2010**, higher than that of any other age group

- **8.1 million children (an increase of 67%)** were living with an unemployed parent in 2010, increasing their likelihood of homelessness

- **Percentage of food-insecure households with children peaked at 21.3%** in 2009

- **Domestic violence grew in relation to unemployment, resulting in 75% of shelters reporting an increase in women with children seeking assistance**

1) Based on national findings from a survey of domestic violence shelters, n=672.

Increased Substance Abuse

Substance Abuse Rates on the Rise

Alcohol Abuse Rising to Troubling Levels...
Results from the National Epidemiologic Survey on Alcohol and Related Conditions, 2002-2013

- 29.6M Americans engaged in high-risk\(^1\) drinking in 2012-13
- 50% Increase in alcohol abuse and dependence
- 66% Increase in alcohol abuse and dependence among low income\(^2\) individuals

...While Opioid Crisis Continues to Intensify
Data Based on a 2016 Governmental Account of Nationwide Drug Deaths

- 11.4M People misused prescription opioids between 2016-2017
- >115 People die every day in the United States from an opioid overdose
- Drug overdose is the leading cause of death for people under 50

Kids Suffer As a Result of Adult Behavior

- 25% Of American kids grow up in households where substance abuse is present

Experts find that children struggle to regulate behavior because they don’t know boundaries of right and wrong


\(^1\) “High-risk” drinking defined as women drinking four or more drinks in a day or men drinking five or more drinks in a day, on a weekly basis.

\(^2\) Low income defined as earning less than $20,000.
Mental Illness Has Become a Nationwide Crisis in Recent Years

Mental Illness Is a Consistent Struggle for Many Americans

- Of adults in the US in 2015 had a mental, behavioral, or emotional disorder

...And Disproportionately Affects Adults of Lower Income Backgrounds

- Adults below 100% of the federal poverty line are nearly 2x more likely to experience serious mental illness

Rate of Suicide Steadily on the Rise

- Increase in the national suicide rate 1999-2014
- Yearly increase in the national suicide rate since 2006

Increase in “Deaths of Despair,” Due to Rise in Suicide and Drug/Alcohol Abuse

Mortality of US Middle-Aged White Non-Hispanic Men with a HS Diploma or Less

- Annual increase in mortality rate from 1999-2013, while every other demographic group continued to see mortality rates decrease
- Number of deaths in this population segment that would have been avoided between 1999-2013, had the 1998 mortality rate continued

Source: Kamal, R. "What Are the Current Costs and Outcomes Related to Mental Health and Substance Abuse Disorders?" Kaiser Family Foundation; Case & Deaton, "Rising Morbidity and Mortality in Midlife Among White Non-Hispanic Americans in the 21st Century," 2015; EAB interviews and analysis.
Rise in Mental Health Diagnoses

Affecting Individuals Younger and Younger

Leaving Educators Very Concerned With How to Respond

Adolescents and Children Not Immune to Mental Illness

“% of Youth Ages 3-17 Diagnosed with ___”

- ADHD: 6.8%
- Behavioral or conduct problems: 3.5%
- Anxiety: 3.0%
- Depression: 2.1%

But Most of These Kids Fail to Receive Adequate Treatment

% of Youth Ages 3-17 with a Diagnosable Disorder who Go Untreated

Suicide is the second leading cause of death among children age 10-24

Or roughly 12 million children are not provided proper treatment for mental health issues

The New Normal

Demand for Campus Mental Health Services Continues to Soar

Breaking News for 2017

Surging Demand for Mental Health Care Jams College Services

Demand for Services Outpaces Enrollment Growth
Average Growth, 2009-10 to 2014-15

5.6%
Average percent change in institutional enrollment

29.6%
Average percent change in counseling center utilization

Rate at which counseling center utilization outpaced enrollment growth

5x

...And for 2016...

The Number of Students Seeking Mental Health Treatment is Growing Rapidly

...And 2015...

More Stress, Less Stigma Drives College Students to Mental Health Services

...And 2014

Students Flood Counseling Offices

State Appropriations Overview: West Virginia

Educational Appropriations per Student FTE, West Virginia

Data Source: State Higher Education Executive Officers Association Data

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$5,371</td>
</tr>
<tr>
<td>2011</td>
<td>$5,293</td>
</tr>
<tr>
<td>2012</td>
<td>$5,273</td>
</tr>
<tr>
<td>2013</td>
<td>$5,289</td>
</tr>
<tr>
<td>2014</td>
<td>$4,960</td>
</tr>
<tr>
<td>2015</td>
<td>$4,913</td>
</tr>
<tr>
<td>2016</td>
<td>$4,680</td>
</tr>
</tbody>
</table>

Net Tuition as a Percentage of Total Educational Revenues, West Virginia

Data Source: State Higher Education Executive Officers Association Data

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>53%</td>
</tr>
<tr>
<td>2011</td>
<td>54%</td>
</tr>
<tr>
<td>2012</td>
<td>55%</td>
</tr>
<tr>
<td>2013</td>
<td>55%</td>
</tr>
<tr>
<td>2014</td>
<td>61%</td>
</tr>
<tr>
<td>2015</td>
<td>61%</td>
</tr>
<tr>
<td>2016</td>
<td>64%</td>
</tr>
</tbody>
</table>

Certainly Not at the Moody’s-Recommended 3% Per Year Rate

**Tuition Revenue Growth Slows Across Sectors**

*Net Tuition Revenue Growth Rates, 2008-2015*

<table>
<thead>
<tr>
<th></th>
<th>2008-2011</th>
<th>2012-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>3.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Public</td>
<td>5.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Private</td>
<td>1.2%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Privates barely growing above inflation

Proportion Facing Tuition Revenue per Capita Declines from 2010-2016

- **37%** of *private* four-years
- **21%** of *public* four-years

Sources: IPEDS Database, National Center of Education Statistics; EAB Analysis.
Study in Brief: Efficiency and Effectiveness Initiatives

This research briefing is based on consultant engagements and resulting cost-reduction initiatives at 21 distinct colleges and universities. Throughout, we highlight financial data, cost reduction targets, and implemented savings tactics, but do not attribute data to individual institutions. However, a full list of the 21 colleges and universities, the consultants they utilized, and the scope of their respective engagements can be found starting on page 18.
Blood From a Stone

Cost-Savings Measures a One-Time Windfall, Not a Panacea

Prominent Consulting Engagements Achieve Savings But Not A Long Term Solution

![Bar chart showing planned savings and actual savings as a percentage of total operating budget.]

- **Planned Savings:**
  - $97.5M
  - $66.2M
  - $82.5M

- **Operating Budget:**
  - $3.5B
  - ~$2.5B
  - ~$3.5B

**Typical Savings:** 2-3%

**Struggling to Meet Consultants’ “Best Case” Savings Targets**

- **Average “best case” savings estimate provided to institutions engaged in consultancy-led efficiency audits:**
  - 4.30%

- **Actual savings as a percentage of total operating budget achieved:**
  - 2.03%

“Cost containment is an important issue, but once you’ve achieved it, you won’t become more efficient every year. At some point there has to be revenue growth.”

*Higher Education Analyst, Credit Rating Agency*

"Hold Harmless" No More

Years of Shielding Academics from Change No Longer Sustainable?

Percentage of Identified Savings Realized
n=21 consultant audits

<table>
<thead>
<tr>
<th>Department</th>
<th>Percentage Realized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center and Institutes</td>
<td>22%</td>
</tr>
<tr>
<td>Organizational Redesign</td>
<td>39%</td>
</tr>
<tr>
<td>IT</td>
<td>50%</td>
</tr>
<tr>
<td>Procurement</td>
<td>74%</td>
</tr>
<tr>
<td>HR</td>
<td>81%</td>
</tr>
<tr>
<td>Finance</td>
<td>86%</td>
</tr>
<tr>
<td>Facilities and Energy</td>
<td>87%</td>
</tr>
</tbody>
</table>

Source: Business Affairs Forum interviews and analysis.

"We worked so hard to protect our faculty throughout the recession that many of them have no idea how fragile our finances are."
Provost, Public Master’s University

"We keep improving our administrative efficiency and then just reinvesting those dollars in a much less efficient academy."
CBO, Private Research University
Vast Majority of Resources Tied Up in Academy

Academic Expenses Too Often Treated As “Non-Discretionary”

Average Percentage of Revenue Dedicated to Academy¹

- Public Institutions: 71.8%
- Private Institutions: 64.7%

Breakdown of Federal Spending, FY18

- Non-Discretionary Spending and Defense: 82%
- Non-Defense Discretionary Spending: 18%

Non-Discretionary Spending:
- Social Security
- Medicaid/Medicare
- Interest Payments
- Defense
- Other Benefits

Non-Defense Discretionary Spending:
- Unemployment
- Education
- Transportation
- Federal Agencies

¹ Percentage calculated as academic expenses per FTE over total university revenue. Academic expenses include: instruction expenses, research expenses, public service expenses, academic support expenses, and student services expenses. Revenue includes revenue from tuition and fees, state appropriations, local appropriations, government grants and contracts, private gifts, grants, and contracts, investment returns, and other core revenues.

The Third Rail

Do We Have the Appetite to Go After Inefficiency in the Academic Enterprise?

### Space Utilization
- Identify course access bottlenecks
- Better leverage existing space

### Course Offerings
- Consolidate underutilized sections
- Reduce number of small courses

### Course Success
- Expand bottleneck courses
- Redesign high-DFW courses to increase engagement

### Curricular Complexity
- Streamline major requirements
- Reduce elective offerings

### Faculty Workload
- Maximize capacity utilization
- Differentiate faculty workloads

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Utilization</td>
<td>50%</td>
</tr>
<tr>
<td>Underutilized Sections</td>
<td>33%</td>
</tr>
<tr>
<td>Attempted Credits Not Completed</td>
<td>20%</td>
</tr>
<tr>
<td>Students Graduating with Excess Credits</td>
<td>30%</td>
</tr>
<tr>
<td>Faculty Teaching Less than Standard Load</td>
<td>60%</td>
</tr>
</tbody>
</table>
A Structural Imbalance

Intra-Unit Improvement Will Only Get You So Far

Turning the Battleship
Institutional Program Portfolio (Illustrative)

Student Demand

High
German
Arabic
Art History
Restructure
Slow Demand, Excess Capacity

Low
History
Classics
Music

Department Capacity Utilization

High
Computer Science
Political Science
Criminal Justice
Economics
Marketing
English
Journalism

Source: EAB interviews and analysis.
Leaders Acknowledge Necessity of Reallocation

Chief Business Officers
“New spending at my institution will come from reallocated dollars, not an increase in revenue.”

Provosts
“Most new funds for academic programs will come from reallocation rather than new revenue.”

“We’re not seeing the same student growth that we used to, and our governor is saying that we’re not going to get the tuition bump we were expecting. **If we’re going to do anything new, then it’s got to come out of what we already have.** And folks around here don’t want to hear that.”

Chief Business Officer
Regional Public University

Source: Business Affairs Forum interviews and analysis.
Growth the Top Institutional Imperative for Most

Key Focus Across Different Campus Leaders and Segments

CBOs with Strong Growth Aspirations¹ by Segment

- Seeking to Increase Overall Enrollment
- Planning to Launch New Revenue-Generating Academic Programs

Leaders Across Campus Affirm Growth Imperative

88% Provosts agree¹ that financial concerns prevalent in institutional discussions about launching new programs

95% Online education administrators indicate plans to launch new online programs in next 3 years

1) Agreeing or strongly agreeing with survey statement.

State of the Union for Higher Education

Unpacking the Narrative Around Higher Education

Shifting Demographic and Economic Realities: Implications for Finance

Trends in Enrollment and Academic Programs

Shifting Conceptions of Value: “ROI” Thinking Across the University
The High Price of the High-Price Model

Sticker Shock Scares Prospects from Entering the Funnel

Students Ruling Out Schools on List Price Alone

- **69%** of students have some (or major) concern about financing college
- **59%** of students consider only list price when evaluating schools early in the process
- **17%** of students decide not to apply to a school because of its list price
- **175%** average parent overestimation of four-year tuition and fees

Price-Sensitive Attitudes More Prevalent Among Ascendant Demographics

Percentage of Students Reporting “Major” Concern About Financing College

- **25%**
- **9%**

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Concern About Financing College</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>-122k</td>
</tr>
<tr>
<td>Latino</td>
<td>+52K</td>
</tr>
</tbody>
</table>

Demographic Change in HS Graduates, 2017-2031

Affordability Marketing 101

Baseline Thresholds for Communicating Value to Prospective Students

Existing EAB Advice on Affordability Marketing

Communicate Aid Pre-Application

Send Scholarship Notices as First Outreach
Communicate anticipated aid awards early in the recruitment process

Personalize Aid Award Estimates
Ensure estimated aid awards are personalized to the particular characteristics of the student

Increase Clarity About Pricing and Aid

Make Net Price Calculators User-Friendly
Many net price calculators are time-intensive and cumbersome; a streamlined calculator can improve usage

Simplify Aid Award Letters
The best aid award letters will use language those unfamiliar with financial aid jargon will be able to understand

Reporting in 2017

The New York Times College, Cheaper Than You Think

Proactive High Performer Outreach

University of Michigan’s Hail Scholarship

Connect Low-Income Students with Targeted Information

Michigan sends information packets offering free tuition and fees to low-income students across the state.

Information also sent to parents and principals at qualifying high schools.

Prospective students receive detailed information on applying and connecting with counselors.

Proactive outreach provides high-need students with clear information and guided support.

Controlled Experiment Reveals Effectiveness of Proactive Outreach

- Divided high schools with scholarship qualifiers into control and treated groups.
- Students in treated group received scholarship packets.
- Treated group applied and matriculated at higher rates than control group.

Average Application and Matriculation Rates at Michigan High Schools, 2015-2016 Senior Class

<table>
<thead>
<tr>
<th></th>
<th>Control</th>
<th>Treated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application Rate</td>
<td>25%</td>
<td>68%</td>
</tr>
<tr>
<td>Matriculation Rate</td>
<td>11%</td>
<td>27%</td>
</tr>
</tbody>
</table>

1) Mean rates at the school level.

From All Seats Full to Excess Capacity

Fall Flight Results in a Large Proportion of Empty Spring Seats

Typical Proportion of Seats Filled in Fall vs. Spring

100% 80%

- Graduation
- Study Abroad
- Internships
- Attrition

Fall

Spring

There’s a Hole in the Bucket
Rejecting qualified applicants in the fall due to capacity limitations, but facing under-enrollment in spring

Source: EAB Interviews and Analysis.
Slow and Confusing Process Prevents Many Students from Transferring

5.9M community college students intend to transfer

1.9M community college students transfer to four-years

Lifecycle of a Prospective Transfer Student

Preparation

- Wants to transfer, unsure how
  - Confusing transfer guides
  - Over-burdened two-year advisors

Search

- Looks for four-year, unsure of best fit
  - Transfer fairs provide insufficient detail
  - Infrequent visits from four-year recruiters, sparse contact

Decision

- Wants to apply, still unsure if feasible
  - How many credits will transfer?
  - How much will it cost?
  - How long will it take?

4M potential transfers lost

Intended Transfers Drop Out of Pipeline

Source: Community College Research Center, “What We Know About Transfer,” Teachers College, Columbia University, 2015.
The three common threads for prospective student delays in decision-making are: I need to know what credits transfer, I need to know how much it will cost, and I need to know how long it will take me to finish... We need to develop a capability to provide this information to students before they apply.”

Scott Booth
Executive Director of Marketing and Enrollment
Franklin University

Source: EMF Interviews.
Program-Specific Curriculum Alignments

Partner with Community College Programs to Advance STEM Preparation

A Wealth of Transfers, But Not in Engineering

**Transfers Not Prepared for Engineering Success**
- Lack of STEM preparation, insufficient remedial coursework
- Low-division engineering courses not available at CC

**Engineering Unable to Fill Upper-Division Seats**
- Lower-division attrition
- Upper-division coursework inaccessible to transfers, who lacked high-level intro courses

University of Florida’s “Build-Your-Own” Engineering Transfer Pipeline

- Offer rejected freshman engineering applicant deferred admission
- Require initial matriculation in partner program at neighboring community college
- Oversee instruction of missing lower-division coursework
- Fill upper-division capacity with students prepared to succeed

Community College
- Guarantee seats in required lower-division coursework
- Provide office space for UF advisor
- Support “Gator Engineering” student organization

Four-Year University
- Administer applications, admissions, and enrollment
- Provide “missing course” instruction at the community college
- Oversee academic advising (1FTE)
  - Oversee course completion, flag when ready for transfer
  - Guide students to UF research opportunities

Engineering program increases in appeal...
- 457 additional engineering applicants from 2011 to 2014
- 91 additional engineering admits from 2011 to 2014

...and fills capacity with dually-admitted students
- 85 dually-admitted engineering enrollments in first two years
- $1.3M annual tuition revenue from dually-admitted students

# International Challenges Mirror Domestic

## Traditional Age Demographic Decline

<table>
<thead>
<tr>
<th>Year</th>
<th>18-22 Year Old Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>120M</td>
</tr>
<tr>
<td>2024</td>
<td>80M</td>
</tr>
</tbody>
</table>

## Countries Where 18-24 Year Old Population to Fall 15%+ Between 2005 and 2025

- Austria
- Czech Republic
- Germany
- Greece
- Hungary
- Japan
- Korea
- Poland
- Slovak Republic
- Spain

## Change in Portion of Students Staying in Region, 1999 and 2012

- **Increased Regionalism**
  - Arab States: 12% → 26%
  - Central and Eastern Europe: 25% → 37%
  - Sub-Saharan Africa: 18% → 28%

## Emerging Competitors

- **2,638**
  - Fully Taught English Degree Programs in Asia

- **440k**
  - International Students in China in 2016 – **11.4% Increase from Previous Year**

- **30k**
  - Number of International Students Taiwan Plans to Court by 2019

International Students and the U.S. Political Climate

Mixed Picture in Fall 2017
IIE, AACRO, NACAC, NAFSA, CGS Joint Study

Change to Application Volume, 2016 to 2017

- No Change: 26%
- Decrease: 38%
- Increase: 36%

Next Year’s Prospects More Concerned Than This Year’s
EAB Royall & Company International Students Survey (n = 28,000 high school students)

Percent of Students Whose Interest in Studying the U.S. has Declined Due to Current Political Climate

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>31.1%</td>
</tr>
<tr>
<td>2018</td>
<td>42.8%</td>
</tr>
</tbody>
</table>

Notable Variations

- 46%: Graduate school deans reported declines in yield rates of 2%+ more at master’s level, compared to 24% domestic
- 18%: Decrease in offers of admission to international students in TX, with a yield decrease from 44% to 35%
- 31%: Institutions concerned Middle Eastern students won’t arrive (melt)

Primary Reasons Interest Has Decreased

- 68.9%: Concerns about U.S. presidential administration
- 54.6%: Worried about travel restrictions for international students
- 52.5%: Worried about my personal safety

Developing Capabilities through Partnerships

University of Arizona Expands Access, and Revenue Potential, by “Exporting” Education

Ocean University of China
- Dual degree in law
- $10,000 per year tuition
- Hiring outside, local faculty members to teach

American University of Phnom Penh
- Dual degrees in business administration, civil engineering, and law
- $9,000 per year tuition
- Using AUPP faculty to teach

Fast Facts on UAZ’s Microcampuses

13
Campus partnerships reached, goal of 25

25,000
Projected students educated through microcampuses

Center for the Study of Higher Education evaluating student and faculty expectations and outcomes

Microcampuses, and affiliated programs, only launched with dept- or college-level buy in

The Economic Case for Student Success

Financial Impact of a Retention Improvement

Projected Net Revenue Above Baseline

- 10,000 student public institution
- $12,000 net revenue per student

1% increase in overall persistence each year for 3 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2018</td>
<td>$0.7M</td>
</tr>
<tr>
<td>Fall 2019</td>
<td>$2.0M</td>
</tr>
<tr>
<td>Fall 2020</td>
<td>$3.8M</td>
</tr>
<tr>
<td>Fall 2021</td>
<td>$5.1M</td>
</tr>
<tr>
<td>Fall 2022</td>
<td>$5.9M</td>
</tr>
<tr>
<td>Fall 2023</td>
<td>$6.2M</td>
</tr>
<tr>
<td>Fall 2024</td>
<td>$6.3M</td>
</tr>
<tr>
<td>Fall 2025</td>
<td>$6.4M</td>
</tr>
</tbody>
</table>
No Clear Root Cause of Attrition

Complexity and Diversity of Underlying Issues Make Progress Difficult

In my interviews with students, I have found that the biggest reasons for a delay in graduation are that students switch majors, fail out of courses, cannot get required courses, do not qualify for their intended majors; they have to work to pay for their living expenses, do not think there are any jobs for them after graduation, pursue double majors, do not receive adequate advising, have medical problems and personal issues.

Faculty Member,
Large Public Research University

Thousands of pages of task force recommendations

Hundreds of new student success administrators

Hours spent in campus meetings and town halls

Countless presentations on improving completion
The Evolution of Student Success Strategy

Most Growth in Sophistication Has Come in Last Decade

Source: EAB interviews and analysis.
On the Horizon: Strategic Financial Aid

Microgrants of $1,000 or Less Can Make a Huge Difference

Strategic grants of $1,000 or less are repeatedly shown to improve outcomes

Funded by:
- President or trustees
- Unspent endowment
- Alumni fundraising
- Aid returned by stop-outs

Grants awarded for GPA and progress
- +5% retention

Discretionary emergency grants
- +5%-8% retention

Qualified bursar balance forgiveness
- 70% graduate

Reenrollment grants for senior stop-outs
- 71% graduate

Source: EAB interviews and analysis.
A Big Opportunity in the “Murky Middle”

Large Numbers of Mid-Range Students Leaving Sophomore Year or Later

A Topographical Map of National Student Outcomes
6.7 million student records

- 1st Year Departures
- 2nd Year or Later Departures
- Graduates

The Murky Middle (GPA 2.0-3.0)
- 85% retention rate
- 56% graduation rate

Number of Students

First-Year GPA

©2017 EAB • All Rights Reserved • eab.com
The Evolving Role of Advising

Moving Beyond Registration to Put Student Success at the Core

Traditional Advising
The advisor is an academic guide with the goal of getting the student on a good plan

Student Success
- Early alert response
- Case management

Academic Planning
- Course selection
- Major guidance

Specializations
- First-year seminars
- Personal counseling
- Financial advising
- Career advising

“Success Advising”
The advisor is an account manager with the goal of bringing the student back

Student Success

Academic Planning

Financial Well-Being

Career Preparation

Academic Performance
Steering Choice Architecture in Our Favor

Behavioral Economics Comes to Higher Ed

Minor Changes in Policy and Framing Affect All Aspects of Life

**Framing**
“Medium” most popular coffee size, even when actual size manipulated

**The Default Option**
Retirement plan enrollment climbs after “opt in” changed to “opt out”

**Convenience**
Consumers more likely to purchase food within easy reach, at eye level

**Burdening Bad Choice**
Motorcyclists must pass extra test and prove insurance to forgo helmet

But Too Often, Students are “Nudged” in the Wrong Direction

- Students take “full load” of 12 credits, assume they’re on track for timely graduation
- Students only register one term at a time, and many stick to minimum course requirements
- Students pick courses from huge catalog based on flawed criteria, delay graduation requirements
- Students able to withdraw from courses, drop out, or deviate from plans with easy transaction

Source: EAB Interviews and Analysis
Online Enrollment Landscape

Online Courses Increasingly Popular

Online Enrollment Growth Outpaces Face-to-Face Enrollment Growth

Enrollment in Online and Hybrid Courses and Programs Continues to Grow

Percentage change in student enrollment at four-year, degree-granting institutions, 2012-2016

Due to the associated flexibility and pedagogical benefits of hybrid courses, students are more interested in blended learning opportunities.

Source: EAB analysis of IPEDS data.
## From “Whether” to “How” We Will Go Online

Rising Above Misconceptions and Semantic Debates

<table>
<thead>
<tr>
<th>Modality Debate Misses Important Distinctions</th>
<th>Key Lessons in Starting a Productive Conversation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online is <strong>not a market</strong></td>
<td>Different populations require different programmatic strategies</td>
</tr>
<tr>
<td>Online is <strong>neither more nor less effective</strong></td>
<td>Wrap-around services and design standards critical to student success</td>
</tr>
<tr>
<td>Online is <strong>neither more nor less profitable</strong></td>
<td>Costs and revenues driven primarily by instructional model and class size</td>
</tr>
<tr>
<td>Online <strong>will not replace your campus</strong></td>
<td>Instruction and services will be delivered in multiple modalities</td>
</tr>
<tr>
<td>Online is <strong>not a strategy</strong></td>
<td>Institutional priorities and goals should drive decisions about technology</td>
</tr>
</tbody>
</table>
Modality Debate Misses Market Distinctions

Three Unique Student Segments Comprise Online Opportunity

**Multimodal Undergraduates**
*Opting for Convenience and Enrichment*
- On-Time Graduation
- Curricular Exploration

**Professional Graduate Students**
*Investing in Career Advancement*
- Promotion
- Career Change

**Adult Degree Completers**
*Looking for Fast, Flexible Degrees*
- “Search and Shop”
- Reputation in Industry
- Location
- Reputation
- Cost
- On-Time Graduation
- Curricular Exploration
- “Search and Shop”
- Cost
- Convenience
Online Enrollment Landscape

Segment Overview: Research Universities

Graduate Enrollment Contributing to Major Online Growth

Exclusively Online Enrollment Growth Driven by Graduate Students

Percentage change in student enrollment at four-year, degree-granting institutions, 2012-2016

As in the case of the national market, exclusively online enrollment is coming from graduate enrollment. Mirroring national trends, growth in blended learning is driven by undergraduate students.

Overall

Exclusively Online

Some Online

Exclusively Face-to-Face

Undergraduate

Graduate

5.6% 4.5%

42.7% 58.7%

62.2% 49%

-3.6% -2.8%
Online Ed Not the Out-of-State Solve

Online Students Still Local

Online Student Distance from Institution, 2017

- 54% 0-50 Miles
- 18% 51-100 Miles
- 20% 101+ Miles

Access to In-Person Services Valued

75% Proportion of Students Who Visited Campus or a Campus Center at Least Once During Program

Sudden Generational Shift Unlikely

83% Percentage of Gen Z preferring face-to-face connection—despite sending 100 texts per day.

1) Eight percent of respondents indicated that they were not sure how far they lived from the closest campus/service center of the college/university in which they enrolled.

Online Leader Pivots Marketing Spend Back Home

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-State</td>
<td>30%</td>
<td>80%</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>70%</td>
<td>20%</td>
</tr>
</tbody>
</table>

## Institutional Snapshot: Research Universities

### Top Ten Institutions by Exclusively Online Enrollment

<table>
<thead>
<tr>
<th>Institution Name</th>
<th>State</th>
<th>Control</th>
<th>Total Exclusively Online Enrollments 2016</th>
<th>Total Some Online Enrollments 2016</th>
<th>Number of Programs Offered Online 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Texas at Arlington</td>
<td>TX</td>
<td>Public</td>
<td>15,510</td>
<td>5,820</td>
<td>21</td>
</tr>
<tr>
<td>University of Central Florida</td>
<td>FL</td>
<td>Public</td>
<td>10,035</td>
<td>26,072</td>
<td>43</td>
</tr>
<tr>
<td>Florida International University</td>
<td>FL</td>
<td>Public</td>
<td>8,495</td>
<td>21,631</td>
<td>33</td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>MD</td>
<td>Private</td>
<td>6,658</td>
<td>2,224</td>
<td>69</td>
</tr>
<tr>
<td>University of Florida</td>
<td>FL</td>
<td>Public</td>
<td>6,309</td>
<td>24,411</td>
<td>61</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>OR</td>
<td>Public</td>
<td>5,682</td>
<td>5,569</td>
<td>48</td>
</tr>
<tr>
<td>University of Southern California</td>
<td>CA</td>
<td>Private</td>
<td>5,435</td>
<td>1,587</td>
<td>11</td>
</tr>
<tr>
<td>University of Cincinnati-Main Campus</td>
<td>OH</td>
<td>Public</td>
<td>5,295</td>
<td>9,196</td>
<td>57</td>
</tr>
<tr>
<td>University of South Florida</td>
<td>FL</td>
<td>Public</td>
<td>4,995</td>
<td>16,666</td>
<td>24</td>
</tr>
<tr>
<td>Georgia Institute of Technology</td>
<td>GA</td>
<td>Public</td>
<td>4,877</td>
<td>0</td>
<td>9</td>
</tr>
</tbody>
</table>

1) Based on analysis of the number of programs in which there are completions in 2016.

Master’s Gold Rush No More

Conferrals Now Flat
Number of Master's Degrees Conferred by Year

Increasingly Expensive to Recruit

226%
Increased cost per click for graduate programs from 2009-2014, as high as $88 for “RN to BSN Online” and $69 for “Online MBA”

Competition Even in “New” Fields

Fast Growth in New Data Science and Analytics Degrees...

- MS - Analytics
- MS - Business Analytics
- MS - Data Science

...And More on The Way

Increase in COE market research requests on data analytics opportunities, 2015-2016

126% vs. 57%
Growth in post-bacc certificates awarded from 2001 to 2015, compared to master’s degrees (conservative estimate)

Favorable Climate for New Entrants

Support for Alternative Short Format Providers

Masters Driven More by Professional Goals

Math and Computer Science, Engineering and Health Lead Master’s Growth

First Time Enrollment in MASTER’S Degree Programs by Broad Field (2015) and Percentage Change 2010-2015

Source: Council of Graduate Schools, Graduate Enrollment and Degrees: 2005 to 2015 (Sep 2016).

1) Masters enrollment numbers also include graduate level certificate and education specialist programs
### Examples of Niche Programs

<table>
<thead>
<tr>
<th>Category</th>
<th>Example Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Communications</td>
<td>Design Thinking</td>
</tr>
<tr>
<td>Aging Services and Gerontology</td>
<td>Digital Fabrication</td>
</tr>
<tr>
<td>Actuarial Science</td>
<td>Emerging Media</td>
</tr>
<tr>
<td>Biodefense</td>
<td>Geodesign</td>
</tr>
<tr>
<td>Bioinformatics</td>
<td>Geographical Information Science</td>
</tr>
<tr>
<td>Computational Linguistics</td>
<td>Geospatial Intelligence</td>
</tr>
<tr>
<td>Construction Management</td>
<td>Health Care Analytics</td>
</tr>
<tr>
<td>Cyber-Physical Systems Engineering</td>
<td>Health Informatics</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>Human-Computer Interaction</td>
</tr>
<tr>
<td>Data Analytics</td>
<td>Intelligence Analysis</td>
</tr>
<tr>
<td></td>
<td>Mechatronic Engineering</td>
</tr>
<tr>
<td></td>
<td>Nursing Informatics</td>
</tr>
<tr>
<td></td>
<td>Online Education</td>
</tr>
<tr>
<td></td>
<td>Quality Engineering</td>
</tr>
<tr>
<td></td>
<td>Regulatory Affairs</td>
</tr>
<tr>
<td></td>
<td>Renewable Energy Engineering</td>
</tr>
<tr>
<td></td>
<td>Social Media Management</td>
</tr>
<tr>
<td></td>
<td>Sustainability Management</td>
</tr>
<tr>
<td></td>
<td>Technical Writing</td>
</tr>
</tbody>
</table>

"All Other Fields"
## What Millennials Want

### Institutions Capitalizing on Changing Credential and Delivery Preferences

<table>
<thead>
<tr>
<th>Emerging Preference</th>
<th>Stackable Certificates</th>
<th>2nd Bachelor’s Degrees</th>
<th>Bootcamps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>General and specialized certificates that can be combined into full master’s degrees</td>
<td>Accelerated undergraduate programs for bachelor’s degree holders. Students complete only major, not foundational, coursework</td>
<td>Intensive, face-to-face, non-credit programs that teach specific skills</td>
</tr>
</tbody>
</table>
| **Millennial Demand Drivers** | • Employers limiting tuition reimbursement to programs directly applicable to short-term job functions  
• Young professionals seeking specialized credentials for long-term career enhancement | • High number of under- and unemployed recent graduates  
• Greater salary premium for STEM-focused bachelor’s compared to liberal arts master’s | • Student preference shifting towards intensive, face-to-face learning experiences  
• For-profit start-ups targeting millennials in bootcamp marketing |
| **Example** | Core landscape design and specialized sustainable landscape certificates can be combined into a MPS\(^1\) in Landscape Design | Post-baccalaureate BS in Computer Science requires no prior technical training; offered online in full- and part-time formats | Coding bootcamp prepares students for web developer careers in 12 (full-time program) or 24 (part-time program) weeks |

---

1) Master of Professional Studies.

Source: Surden E, "Rutgers Coding Bootcamp, Graduating another Class," *NJ Tech Weekly*, Jul. 26, 2016; The George Washington University, Washington, DC; Oregon State University, Corvallis, OR; Rutgers University, New Brunswick, NJ; EAB interviews and analysis.
Getting Beyond “Working Professionals”

Complex Motivations and Inflection Points Across Career Lifecycles

<table>
<thead>
<tr>
<th>Audience</th>
<th>Upskilling in Place</th>
<th>Seeking Promotion</th>
<th>Facing Replacement</th>
<th>Returning to Workforce</th>
<th>Preparing for a Switch</th>
<th>Pursuing a Passion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Added by Education</td>
<td>“I need new skills to keep up with job expectations.”</td>
<td>“I need to build new skills for my next step.”</td>
<td>“My career doesn’t exist anymore.”</td>
<td>“I haven’t worked in a long time.”</td>
<td>“I want a better job.”</td>
<td>“I’m looking for a career with meaning.”</td>
</tr>
<tr>
<td>Goal</td>
<td>Keep up</td>
<td>Advance</td>
<td>Secure a new job</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Value is typically from skills learned quickly (not credential’s authority).

Skills often outweigh credential, except in industries with prescribed career ladders.

New skills offer greatest benefit, but may require credential to change industry.

Credential communicates readiness for today’s job, and updated skills ensure performance.

Credential signals preparation, but fields (e.g., tech) may seek primarily skill growth.

Skills learned for new role matter most, if entry level degree requirements are met.

Infineer intervention to recognize educational need.

Inform about job options.

Explain how to refresh skills.

Articulate pathways to better jobs.

Introduce meaningful alternatives.

Source: EAB interviews and analysis.
# New Capabilities for Success

## Faster, Please

### Speed to Launch Critical in Fast-Moving Online Professional Market

Most Institutions Take 1-2 Years to Approve New COE Programs

<table>
<thead>
<tr>
<th>Approval Process Length</th>
<th>Public (n = 67)</th>
<th>Private (n = 36)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 months</td>
<td>3.5%</td>
<td>24.4%</td>
</tr>
<tr>
<td>6-11 months</td>
<td>31%</td>
<td>27.3%</td>
</tr>
<tr>
<td>1-2 years</td>
<td>58.6%</td>
<td>45.5%</td>
</tr>
<tr>
<td>3-5 years</td>
<td>6.8%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Privates disproportionately represented in fastest-to-market group

### Activities Correlated with Faster Program Launch

- Allow approval committees to meet as needed, rather than waiting for monthly or quarterly scheduled meetings
- Conduct governance body voting by email or electronic survey
- Use a dedicated governance body

Source: COE Organizational Alignment Survey; EAB interviews and analysis
Ensuring Sufficient Demand Before Program Launch

Require Data-Driven Market Analysis Before Launch

**Internal Data**
- Application and inquiry trends in comparable F2F programs
- Yield and conversion rates

**External Data**
- Graduate figures, by field and by competitor (IPEDS)
- Employment trends (BLS)

Harness faculty expertise to validate analysis

1. **Informed Go or No-Go Decision**
   - Central seed funding based on initial needs and growth potential

2. **3-Year Viability Audit: Are Targets Being Met?**
   - Opportunity to reassess target market or curricular offerings

Next-Generation Employer Data

**Highlighting Hot Markets**

**Mining for Emerging Job Titles and Skills**
State of the Union for Higher Education

Unpacking the Narrative Around Higher Education

Shifting Demographic and Economic Realities: Implications for Finance

Trends in Enrollment and Academic Programs

Shifting Conceptions of Value: “ROI” Thinking Across the University
The End of Information Asymmetry

When an Experience Becomes A Commodity – Or a Transaction

Buying a Car: Then and Now

1989
Salespeople Have Exclusive Access to Product Details

Consumer
- Financials: Sticker Price, Personal Budget
- Priorities: Safety, Towing and Storage Space, Reliability, Color: Red

Salesperson
- Financials: Invoice Cost, Financing Options
- Safety: Rating, New Airbags
- Towing and Storage: Competitor Specs
- Reliability: Repair frequency, Cost to repair
- Color: Availability of other colors

2018
Readily Available Information Shifts Power to the Consumer

TRUECar
- Invoice price
- Rebates
- Shows distribution of prices paid

carwoo!
- Dealers bid for sale
- Buyer selects most favorable deal

Consumer Reports
- Reliability data
- Safety ratings

cars.com
- Aggregated car availability
- Specs for all models

Source:
http://www.usatoday.com/story/money/cars/2012/12/06/car-shopping-prices-roundtable/1749101/
A New Kind of Ranking

Proliferation of Rankings and Search Tools Based on Career Outcomes

New Resources to Measure ROI Emerge Post-Recession

2010
PayScale
College salary and ROI reports

BUSINESS INSIDER
Survey asks which schools best prepare for postgrad success

2012
College Measures
State-level salary data for VA, AR; later expanded to CO, FL, TN, TX

2013
Forbes
Alumni giving as indicator of outcomes, ROI

THE DAILY BEAST
20% of ranking based on earnings

2014
LinkedIn
Placement rate at top companies in hot industries

Money
One-third of rankings by career outcomes

2015
BROOKINGS
Value added vs. predicted salary

The Economist
Colleges’ value added based on Scorecard data

NIche
Increased weight for outcomes in rankings formula

College Scorecard
Median earnings 10 years out; Percent students earning >$25K

Source: http://www.collegemeasures.org/4-year_colleges/college-performance-rank/
## Majors Matter

### ROI Varies Significantly by Discipline

**Median Annual Wages of College-Educated Workers Age 25-59 by Major Supergroup**

<table>
<thead>
<tr>
<th>Major Supergroup</th>
<th>Median Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEM</td>
<td>$76,000</td>
</tr>
<tr>
<td>Health</td>
<td>$65,000</td>
</tr>
<tr>
<td>Business</td>
<td>$65,000</td>
</tr>
<tr>
<td>All majors</td>
<td>$61,000</td>
</tr>
<tr>
<td>Social sciences</td>
<td>$60,000</td>
</tr>
<tr>
<td>Career-focused</td>
<td>$54,000</td>
</tr>
<tr>
<td>Arts, liberal arts, and humanities</td>
<td>$51,000</td>
</tr>
<tr>
<td>Teaching and serving</td>
<td>$46,000</td>
</tr>
<tr>
<td>High school graduate</td>
<td>$36,000</td>
</tr>
</tbody>
</table>

### An Information Experiment

Sample of students asked to predict their earnings at age 30

Students then exposed to data showing their major’s expected earnings

Percentage of students who decided to change major in response to earnings data: **12%**

---

## Data ≠ Transparency

### Severe Limitations for Salary Data

<table>
<thead>
<tr>
<th>Methodology Limitations</th>
<th>Which Universities Benefit?</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Warning" /> Not adjusted for program mix</td>
<td>Those with more engineering and health professions majors</td>
</tr>
<tr>
<td><img src="image" alt="Warning" /> Not adjusted for subsequent masters or professional degrees</td>
<td>Those where more students who get professional degrees</td>
</tr>
<tr>
<td><img src="image" alt="Warning" /> Focus on early career salary (Scorecard: 10 yrs, PayScale 20 yrs)</td>
<td>Those who send students to high paying entry-level jobs</td>
</tr>
<tr>
<td><img src="image" alt="Warning" /> Limited Sample (Scorecard: federal aid recipients, PayScale: self reported)</td>
<td>Those with more highly paid students who self report</td>
</tr>
</tbody>
</table>
The Difficulty of Chasing “Hot Jobs”

The Case of Petroleum Engineers in the U.S.

- **2008**
  - Supply of Petroleum Engineering Graduates:
    - Hydraulic Fracturing (Fracking) Unexpectedly Revitalizes Oil Industry
  - Job Demand:
    - Responding to Industry Need, Universities Begin Multi-Year New Program Launch Process

- **2015**
  - Supply > Demand within 7 years
  - Declining Oil Prices Lead to 6,800 Fewer Jobs in H1 2015
  - Students Enroll with Expectation of Six Figure Salaries
  - Graduating Students Receive Withdrawals on Job Offers

---

“The economy bounces all over the place in terms of jobs that we hear are ‘hot’ all the time, like tech jobs. The reason that they’re hot is precisely because you can’t predict them.”

*Peter Cappelli, Professor, Wharton School of Management*

The New Learning Economy

Knowledge Economy

Economic value from knowledge of a topic, skill, or process not held by others

Learning Economy

Economic value from gathering, adapting, and applying knowledge from diverse sources

- Constant skill and information acquisition needed
- Traditional siloes of knowledge less relevant
- Networks even more important— for individuals and organizations

Students Pursuing Workforce Oriented Degrees

Students Move to Health & Engineering, Away from Education & Humanities

Change in Number of BA Degree Completions by Major Group, 2007-2015, All Institutions

- Health
  - Biology and life sciences: 33,014
  - Architecture and engineering: 30,344
  - Law and public policy: 25,249
  - Psychology and social work: 24,746
  - Industrial arts, consumer services, and recreation: 23,631
  - Computers, statistics, and mathematics: 18,031
  - Communications and journalism: 14,568
  - Agriculture and natural resources: 12,294
  - Business: 8,940
  - Physical sciences: 8,369
  - Social sciences: 7,434
  - Arts: 6,528
  - Humanities and liberal arts: -11,337
  - Education: -19,388

80% of the growth has come from criminal justice and social work.
Political science declining while economics surging.

Source: EAB analysis of IPEDS data.
A New Low in Perception of Liberal Arts Value

The Political Challenge

“Find entire parts of your campus … that don’t need to be there… [that are] not helping to produce that 21st-century educated work force… If you’re studying interpretive dance, God bless you, but there’s not a lot of jobs right now in America looking for people with that as a skill set.”

Kentucky Governor Matt Bevin
BA East Asian Studies, Washington and Lee University

The Branding Challenge

The term "liberal arts" no longer works as an effective means of communicating one of higher education's most precious assets… Putting the words liberal and arts together is a branding disaster, and the most effective way to save or defend the liberal arts may be to change what we call them.

Brandon Busteed
Executive Director of Education and Workforce Development, Gallup

The Fox and the Hedgehog

Two Worrisome Trajectories Facing Underprepared Graduates

Graduates with High-Demand Technical Skills

Graduates with Liberal Arts Degrees

There are really only two choices for graduates who want a lot of employment options – to be a technically savvy liberal arts graduate or a liberally educated technical graduate.”

- Phil Gardner

Executives1 say “soft” skills as important or more important than technical skills

89% Struggle to find candidates with appropriate soft skills

Among graduates with a baccalaureate degree only, those with humanities and social sciences degrees consistently earn less than anyone else, peaking at about $58,000 a year.”


Innovations in Liberal Arts Majors

Orienting Liberal Arts Majors Towards 21st Century Careers

Susquehanna University

Reframe or add tracks to struggling liberal arts majors oriented around today’s industries

English → Publishing and Editing

• Prepare students for marketing, public relations, media production, journalism
• Industry-specific practicum taught by professional-in-residence
• Students required to complete relevant internship
• New program-specific capstone
• A few new major-specific courses were added to the curriculum

95%
School of Arts and Sciences graduates employed or continuing education

80%
Growth in enrollment in English in two years

Pairing Liberal Arts with Professionally-Oriented Tracks

Mount Holyoke

Nexus program focuses on emerging fields:
- Data science
- Engineering
- Global business
- Non-profit leadership

• Prepare students for internships, research projects, careers

Pre-Experience Programming
3 Academic Courses
Practical Experience
Curriculum to Career Course
Presentation on Experience

5% Students declaring track in 2015

Pre-selected course options tailored to track
Related internship, research project, or summer job

Source: “Nexus: Curriculum to Career,” Mount Holyoke College, mtholyoke.edu/acad/nexus; “Graduate Results Class of 2014,” Career Development Office, Susquehanna University; “Course Catalog: English – Publishing & Editing”, Susquehanna University; EAB interviews and analysis.
Preparing Students to Put Skills to Work

Intersession Professional Skills Boot Camp

- 4-week summer or winter session business bootcamp
- Team projects simulate the work environment
- Basic business, professional, and entrepreneurship skills
- Psychology major feels prepared to apply for job in HR; English major for job in marketing

Giving Students a “Professional Edge”

Serious students, who can handle extra work
- 3.65 GPA; juniors and seniors
- CAS pays SPS tuition

Ensuring maturity to sit aside working professionals
- Application, advisor conversation required
- B grade required but won’t count on transcript

Employer Partnerships

Finding the Next Managerial Cohort

Long-Term Partnerships Help Employers Hire and Retain Future Leaders

“Test-Driving” Potential Talent

**Contract-to-Full Time Student Pipelines**

- Aeronautics firms pay WSU students for contract projects ($25/hour, $15K/year)
- WSU sources and trains students; retains 25% of contract revenue
- One faculty advisor assigned to 20-30 students; 200-300 participants at any time

**Keeping Talented Students Local**

- 83% Students accepting jobs in Wichita after completion
- 35% Contract students hired as full-time staff

**Building a Management Pipeline**

**Apprentice School Partnerships**

- Students concurrently enroll in ODU bachelor’s and Newport News Shipbuilding Apprenticeship
- Apprentices paid $16/hour plus free tuition in ODU; shipbuilders receive pipeline of management-ready apprentices

**Elite Group Primed for Success**

- 10 Students selected for ODU program annually
- $55K Starting salary of apprentices with bachelor’s degree

©2017 EAB • All Rights Reserved • eab.com
Public (Dis)Engagement
While Data Vary, It’s Clear There is More Work to Do

Unengaged in Science...

- 81% Of public cannot name a living scientist
- 66% Of public cannot name where science is done
- 60% Of public do not report having confidence in science

...And Signs That Opinions Are Slipping

<table>
<thead>
<tr>
<th>Public Opinions About Value of Science</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Science has mostly positive effect on people’s lives</td>
<td>83.0%</td>
<td>79.0%</td>
</tr>
<tr>
<td>The U.S. has the best scientific achievements in world</td>
<td>65.0%</td>
<td>54.0%</td>
</tr>
<tr>
<td>Government investments in Basic/Engineering and Tech pay off in the long run</td>
<td>73.5%</td>
<td>71.5%</td>
</tr>
</tbody>
</table>

## Could Newton Get Funded Today?

**Changing Expectations for the Impact of Scientific Research**

### Project Title

**Mathematical Principles of Natural Philosophy**

### Abstract

This project will describe the mathematical laws that govern the motions of all bodies and will propose a law of universal gravitation from which can be derived the motions of the planets.

### Principal Investigator

**Isaac Newton**  
Lucasian Professor  
Trinity College  
Cambridge University

### Email Address

Isaac.Newton@trinity.cam.ac.uk

### Proposed Budget

$500,000 over 3 years

---

**Reviewers’ Comments**

- What kind of societal impact might this project have?
- Have you lined up any corporate partners?
- Do you have institutional matching funds?
- Do you have collaborators from other disciplines (esp. engineering, bioscience)?
- Are there potential military applications?
- What types of outreach will be involved (beyond an academic publication in Latin)?
The Grand Challenge Model

Redefining the Aims and Approaches of the Scientific Enterprise

Indiana University ($300M)
Grand Challenges Program
“This is the most significant investment in IU’s research infrastructure in the university’s history.”

UCLA ($300M)
Grand Challenges Program
“The two Grand Challenges [Sustainable LA, Depression] are the biggest, most collaborative, and potentially most transformative efforts UCLA has undertaken to date. “

University of Michigan ($255M)
Data Science Initiative ($100M)
Biosciences Initiative ($150M)
Michigan Humanities Collaboratory ($5M)

What is a Grand Challenge?
• Large-scale
• Multi-disciplinary
• Multi-institutional
• Multi-sector
• Globally collaborative
• Use-inspired
• Translational
• Educational
• Socially impactful
• Engaged with the local community

## Growing Pains

Tensions Arise as Universities Try to Manage Both Models Simultaneously

<table>
<thead>
<tr>
<th></th>
<th>Individual Investigator Model</th>
<th>Grand Challenge Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hiring</strong></td>
<td>Department-led</td>
<td>Joint hires, Cluster hires</td>
</tr>
<tr>
<td><strong>Performance Metrics</strong></td>
<td>Publications, Citations, Grants</td>
<td>Collaboration</td>
</tr>
<tr>
<td><strong>Indirect Cost Revenue Returns</strong></td>
<td>Department, PI</td>
<td>Centers, Institutes</td>
</tr>
<tr>
<td><strong>Pre-Award Support</strong></td>
<td>Limited local support</td>
<td>Centralized support for large proposals</td>
</tr>
<tr>
<td><strong>Institutional Investment</strong></td>
<td>Departmental facilities, faculty lines, funding</td>
<td>Institutional seed funds, Multidisciplinary facilities</td>
</tr>
<tr>
<td><strong>Corporate Partnerships</strong></td>
<td>One-off contracts, small donations</td>
<td>Large-scale, long-term collaborations</td>
</tr>
</tbody>
</table>

Source: EAB research and analysis
The Promise and Perils of Strategic Planning: Lessons Learned From Successful Institutions

Pitfalls to Avoid, Case Studies to Emulate, and Practical Advice Moving Forward to Achieve Rigor and Granularity

Discussion Moving Forward
The Promise and Perils of Strategic Planning
Lessons Learned From Successful Institutions: Pitfalls to Avoid, Case Studies to Emulate, and Practical Advice Moving Forward to Achieve Rigor and Granularity

Prepared for the University of South Dakota
Strategic planning is the continuous process of making present entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of their futurity; organizing systematically the efforts needed to carry out these decisions; and measuring the results of these decisions against the expectations through organized, systematic feedback.”

“\n
There's a fundamental distinction between strategy and operational effectiveness...Strategy is about making choices, trade-offs; it's about deliberately choosing to be different...The essence of strategy is choosing what not to do.”

Peter Drucker, “Management Tasks and Responsibilities”, 1973

Underfunding “R&D”\(^1\)

Higher Ed Reinvests Relatively Little into Innovation of Operations or Offerings

R&D Spending as Percentage of Revenue by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>9.53%</td>
</tr>
<tr>
<td>Computing/Electronics</td>
<td>8.89%</td>
</tr>
<tr>
<td>North America Cross-Industry Average</td>
<td>5.18%</td>
</tr>
<tr>
<td>Automotive</td>
<td>3.72%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>2.26%</td>
</tr>
</tbody>
</table>

Breakdown of Higher Ed Institutions by Percentage of Revenue Dedicated to Strategic Initiatives

- <1%: 9%
- 1-3%: 24%
- 3-5%: 24%
- 5-10%: 43%

Median is 1.39%


1) Research and development.
Strategic Plans Too Often A Declaration of Values, Not a Roadmap Toward Differentiation

Percentage of Strategic Plans That Include Indicated Strategic Goal

- Academic Excellence: 94%
- Student Success: 94%
- Secure Finances: 88%
- Student Satisfaction: 78%
- Community Ties: 59%
- Increase Research: 56%
- Organizational Processes: 94%

All = 97%

(n=32 strategic plans; ACC=9; Ohio=11; SLA=12)*

1) *Audit participants include a selection of schools from the Atlantic Coast Conference, the University System of Ohio, and several small liberal arts conferences.

Source: Education Advisory Board interviews and analysis
“Our Most Important Stakeholders are Students, Faculty, Staff, Alumni, and the Community”

Priority Creep and Initiative Proliferation Turns Strategic Plan Into a Wishlist that Disperses, not Concentrates, Resources

Experts recommend that plans identify no more than seven strategic initiatives per planning cycle.

**Number of Total Initiatives (Per Plan)**

- <10: 13%
- 10 to 19: 34%
- 20 to 29: 25%
- >40: 28%

**Number of Individual initiatives (Per Plan by Category)**

- Academic Programs: 2.6
- Faculty Development: 2.4
- Infrastructure Upgrades: 2.2
- Student Learning Outcomes: 1.8
- Community Engagement: 1.6
- Institutional Reputation: 1.4
- Research: 1.4
- Administrative Processes: 1.3
- Financial Management: 1.1
- Diversity: 1.0

Source: Education Advisory Board interviews and analysis
Strategic Plans Are Useful...But Not For Strategy

While An Opportunity to Assess Stakeholder Needs, Strategic Plans Not Designed To Enable A Differentiated Strategy

Strategic Plans Serve Multiple Constituencies ...

Accreditors: Plans need to comply with accreditation requirements

State Legislatures: Many states require funding requests to be in line with the strategic plan

Fundraisers: Broadly written plans allow for flexibility in matching donor interests to goals

Incoming Presidents: Many new presidents use the planning process to conduct stakeholder analyses

...And Have Many Productive Uses

Maximize Fundraising Dollars: A broadly written strategic plan allows for flexibility in matching donor interests with goals.

Promote Inclusivity: The consensus-based nature of higher education strategic planning enables multiple stakeholders to voice their opinion on the direction of the university.

Inspire Big Thinking and Innovation: Strategic plans encourage faculty to think expansively about the school’s value proposition

Boost Morale: In a time of seemingly unending cuts, aspirational plans help energize the community

Source: Education Advisory Board interviews and analysis
All Ends and No Means: A “Last Mile” Problem

Consensus-Based Planning Consumes Most Planning Resources

The Strategic Planning Process at a Midsize Research University

Inclusive to a Fault

Little Focus on Achievability

<table>
<thead>
<tr>
<th>Faculty Steering Committee</th>
<th>Concept Papers</th>
<th>Strategic Plan Drafting Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Month 1</strong></td>
<td><strong>Month 9</strong></td>
<td><strong>Month 18</strong></td>
</tr>
<tr>
<td>Stakeholder In-Depth Interviews</td>
<td>Vision Conference</td>
<td>Plan Goes to Board</td>
</tr>
</tbody>
</table>

Total Time Committed to Plan Development: 3,200 Hours

1) As outlined in Patrick Sanaghan's *Collaborative Strategic Planning in Higher Education.*

Source: Education Advisory Board interviews and analysis
Lesson #1: Determine the Guiding Axioms and End-Stage Goals To Guide Exploration

Lesson #2: Consider Plan Financing and the Balance of Costs and Revenue

Lesson #3: Aspire to the "Actionable" over the "Aspirational" in Crafting Plan Language

Lesson #4: Hardwire Accountability in Implementation and Follow-Through
Predetermined and Prescribed Strategic Planning

• Overly identified needs stifles creativity and limits potential of process to socialize ideas and gain buy-in

• Campus entities who don’t see themselves reflected in plan disengage

Open-Ended Strategic Planning

• “Blue ocean, blank canvass brainstorming” sounds desirable but is rarely what campus needs

• “Leadership by buzzword” fails to direct energy towards actual needs

Leadership should provide initial direction based on their diagnosis of challenges, opportunities, and resource constraints, especially those where campus stakeholders lack visibility or expertise into administrative realities (e.g., demographics, financial needs, capital planning, accreditation, applicable legislation)

A small cohort should conduct an “environmental scan” to identify initial direction before initiating a campuswide process

Channel campus energies into tangible categories of goals, focus areas, areas for initial exploration, while also cording off areas not for investment

Set timeframe (3-7 years)

Sweet Spot – Exploration Within Goals and Guardrails

✓ Leadership should provide initial direction based on their diagnosis of challenges, opportunities, and resource constraints, especially those where campus stakeholders lack visibility or expertise into administrative realities (e.g., demographics, financial needs, capital planning, accreditation, applicable legislation)

✓ A small cohort should conduct an “environmental scan” to identify initial direction before initiating a campuswide process

✓ Channel campus energies into tangible categories of goals, focus areas, areas for initial exploration, while also cording off areas not for investment

✓ Set timeframe (3-7 years)
### Guardrails and Goals

Leadership Should Infuse Planning Process with Initial Sense of Direction

#### Optimal Specificity of Direction

<table>
<thead>
<tr>
<th>Likely Too Broad</th>
<th>Examples of Ideal Level of Focus</th>
<th>Likely Too Narrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>“We’re in year three of budget deficit and in trouble with our accreditor, but we came up with some nice-to-have-but-not-need-to-have ideas regarding athletics facilities and library programming!”</td>
<td>“We need to diversify our undergraduate student body to include groups like transfer, international, and adult learners and to develop academic programs that will help us grow graduate enrollment by at least 25% in next 5 years”</td>
<td>“Our entire strategic plan is about online allied health programs...umm, how will I sell that to donors?”</td>
</tr>
<tr>
<td>“Our big goals are: innovation and inclusivity, excellence in teaching, local economic development, student retention, and superior community impact”</td>
<td>“We need to move beyond competing on net price to have a more distinctive value proposition”</td>
<td>“Our big goals are deferred maintenance, fundraising, and outsourcing dining...I teach Spanish, so I guess I don’t matter?”</td>
</tr>
<tr>
<td>“Narrowing the gap between first-year retention and six-year graduation through integration of student affairs with the curriculum is key”</td>
<td>“This new plan can’t include new buildings”</td>
<td>“Why did you even ask me my opinion?”</td>
</tr>
</tbody>
</table>
### What Will Excite Stakeholders?

**Source:** University of California, Davis, CA; Advancement Forum interviews and analysis.

### Ensuring Success By Clarifying What is Expected

<table>
<thead>
<tr>
<th>A Big Idea Should:</th>
<th>A Big Idea Should Not:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transform the University and the world</td>
<td>Be defined <em>solely</em> by a capital project</td>
</tr>
<tr>
<td>Make the University unique in the marketplace</td>
<td>Bundle together smaller ideas</td>
</tr>
<tr>
<td>Focus on where the University is good but could become better</td>
<td>Lead to slow, incremental improvement</td>
</tr>
<tr>
<td>Include areas where the University is emerging as a leader</td>
<td></td>
</tr>
</tbody>
</table>
Embedding Transparency in the Decision Process

Creating a Principled Scoring Process

**Big Ideas Criteria**

- ✔ Aligned with the strategic plan
- ✔ High degree of distinction related to preeminence in select disciplines
- ✔ Required philanthropy to achieve excellence

80 Proposals met criteria and continued to scoring process

**Big Ideas Scoring System**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformative impact on campus</td>
<td>10</td>
</tr>
<tr>
<td>Meets an immediate need</td>
<td>8</td>
</tr>
<tr>
<td>Increases national acclaim</td>
<td>6</td>
</tr>
<tr>
<td>Creates pan-campus collaboration</td>
<td>4</td>
</tr>
</tbody>
</table>

Maximum score possible: 28

Source: College of Charleston, Charleston, SC; Advancement Forum interviews and analysis.
Lesson #1: Determine the Guiding Axioms and End-Stage Goals To Guide Exploration

Lesson #2: Consider Plan Financing and the Balance of Costs and Revenue

Lesson #3: Aspire to the “Actionable” over the “Aspirational” in Crafting Plan Language

Lesson #4: Hardwire Accountability in Implementation and Follow-Through
Attention Must Shift to Implementation and Execution

Optimal Higher Education Strategic Planning Cycle

1. Define Strategy
2. Operationalize Strategy
3. Allocate Resources Transparently
4. Measure Performance

Most Institutions
Most planning efforts stop at the definition stage, leaving units to complete remaining steps.

Progressive Institutions
Increased demands and bigger bets push leading institutions to focus additional energies on the execution stages of the planning cycle.

Source: Education Advisory Board interviews and analysis
Both Top-Down and Bottom-Up

Two Ways to Fund Strategic Priorities

**Annual Budgeting Process**
- Strategic priorities identified
- Funded through budget
- Institution funds strategic priorities directly through annual budgeting process

**Strategic Investment Fund**
- Strategic dollars set aside
- Strategic investment fund
- Strategic priorities identified and funded
- Institution funnels portion of revenue into formal strategic investment fund, used to directly support institutional priorities

**Breakdown of Institutions Using Each Approach:**
- 46%
- 54%

Source: Business Affairs Forum interviews and analysis.
Two Types of Strategic Investments

**Top Down**

- University executives identify cross-campus strategic priorities
- 70-80% of strategic funding dedicated to top-down investments

**Imperative:** Prioritize Executive-Driven Investments by Developing Total Cost Forecast

**Bottom Up**

- Faculty and staff propose initiatives that advance university’s mission
- 20-30% of strategic funding dedicated to bottom-up investments

**Imperative:** Structure Seed Funding to Minimize Financial Risk and Make Fund Self-Sustaining

Source: Business Affairs Forum interviews and analysis.
Thinking Like a Venture Capitalist

You Win Some, You Lose Some: Not Every Bottom-Up Investment Pays Off in the Long-Term

**Deploying Seed Funds to Maximize ROI**

<table>
<thead>
<tr>
<th>Common Challenges with Seed Funding Investments</th>
<th>Key Characteristics of Successful Seed Funding Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>X Lax Screening Processes</strong></td>
<td><strong>✓ Rigorous Vetting Process</strong></td>
</tr>
<tr>
<td>Institutions fund low-priority or unproductive initiatives due to informal or unclear evaluation criteria</td>
<td>Institutions establish clear seed fund criteria and require faculty and staff to build strong business case for initiatives</td>
</tr>
<tr>
<td><strong>X Sunk Cost for the Institution</strong></td>
<td><strong>✓ Compelling Revenue-Sharing Agreements</strong></td>
</tr>
<tr>
<td>Institutions do not require initiative sponsor to repay seed funds, forcing leaders to constantly reload the fund with limited central resources</td>
<td>Institutions establish revenue-sharing agreements that ensure approved initiatives keep reloading the fund</td>
</tr>
<tr>
<td><strong>X Funding Provided in Perpetuity</strong></td>
<td><strong>✓ Sunsetting Mechanism for Unsuccessful Initiatives</strong></td>
</tr>
<tr>
<td>Institutions lack a formal mechanism to sunset unsuccessful initiatives, forcing them to continue funding unproductive investments in perpetuity</td>
<td>Institutions ensure seed fund policies empower leaders to sunset funding if initiatives do not hit proposed targets</td>
</tr>
</tbody>
</table>

Source: Business Affairs Forum interviews and analysis.
Encouraging Applicants to Self-Screen Proposals

**Establish Clear, Quantitative Seed Funding Criteria**

Institutions announce concrete seed fund criteria that all initiative proposals must meet.

- Initiative must either help CSU reach its strategic goals or save $100K
- Units may request between $100K and $500K
- One request per unit
- Increases rigor and transparency so faculty understand the rules guiding seed funding allocation process

**Ensure Applicants Have "Skin in the Game"**

Institutions require faculty and staff to match funding requests or demonstrate a commitment to funding initiatives with their own dollars.

- Deans must commit to funding initiative regardless of whether they win additional support, and must submit two proposals for initiatives
- First proposal describes how they will support the initiative with their own funds
- Second indicates what they could accomplish with additional central funds
- Forces deans to propose only those initiatives that they are truly committed to supporting and limits the number of weak or unsustainable proposals

**Seed Fund Criteria**

- Initiative must either help CSU reach its strategic goals or save $100K
- Units may request between $100K and $500K
- One request per unit
- Increases rigor and transparency so faculty understand the rules guiding seed funding allocation process

**Process for Obtaining Seed Funding**

- Deans must commit to funding initiative regardless of whether they win additional support, and must submit two proposals for initiatives
- First proposal describes how they will support the initiative with their own funds
- Second indicates what they could accomplish with additional central funds
- Forces deans to propose only those initiatives that they are truly committed to supporting and limits the number of weak or unsustainable proposals

Source: Cleveland State University, Cleveland, OH; The Ohio State University, Columbus, OH; Business Affairs Forum interviews and analysis.
## Critical Elements of Business Case Template

*Grouped by Level of Difficulty from Faculty Perspective*

<table>
<thead>
<tr>
<th>Difficulty</th>
<th>Business Case Criteria</th>
<th>Guidelines for Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Horizontal Impact</td>
<td>How do initiatives affect other academic, administrative, and support units (e.g., IT requirements, space needs)?</td>
</tr>
<tr>
<td></td>
<td>Key Performance Indicators</td>
<td>How will administrators measure the success of each initiative?</td>
</tr>
<tr>
<td></td>
<td>Cash Flow Analysis</td>
<td>What are the financial requirements to implement and sustain unit-level initiatives?</td>
</tr>
<tr>
<td>Medium</td>
<td>Risk Assessment</td>
<td>What are the risks associated with unit-level initiatives (e.g., budget cuts, staff departures, regulatory changes)?</td>
</tr>
<tr>
<td></td>
<td>Options to Accomplish Initiative</td>
<td>Are there multiple pathways to accomplish the initiative?</td>
</tr>
<tr>
<td>Low</td>
<td>Required Actions and Timeframe</td>
<td>What are the timeframe and action items for the initiative?</td>
</tr>
<tr>
<td></td>
<td>Strategic Partners</td>
<td>Do unit-level initiatives involve partnerships with outside entities?</td>
</tr>
<tr>
<td></td>
<td>Alignment with Institutional Strategic Priorities</td>
<td>How do initiatives support institution-wide goals?</td>
</tr>
<tr>
<td></td>
<td>Business Need</td>
<td>What is the problem or opportunity the business case seeks to address?</td>
</tr>
</tbody>
</table>

Source: Business Affairs Forum interviews and analysis.
Collecting Details From Idea Sponsors

Key Information to Objectively Review Ideas

Ensuring RFP Provides Necessary Information

Faculty required to explain:

- Alignment with mission and academic plan goals
- Building on existing academic strengths
- Fostering interdisciplinary collaboration
- Links to fundamental societal challenges or opportunities
- Viable funding model, including philanthropy and institutional funding
- Sustainability beyond three to five years

Questions to Create an Institution-Specific RFP

Institutional Niche

- How does this take advantage of our existing strengths?
- How does this make us unique, or differentiate us in the marketplace?
- How will this make a difference on campus in the long-term?
- Which regional or global problems does this initiative solve?

Implementation Thresholds

- How much is this idea worth?
- Could this idea be funded through philanthropy or other outside sources?
- How will funding be sustained over time?
- How will the project use both existing and new resources on campus?
Building Mutually Beneficial Incentives

UW Oshkosh Successfully Launched Many Programs with 60/40 Revenue Split

University of Wisconsin Oshkosh Revenue-Sharing Agreement for New Programs Launched Through Campus Initiative Fund

Central’s Portion of Revenue from Accelerated Nursing Program

<table>
<thead>
<tr>
<th>Year</th>
<th>Central’s Portion of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$138K</td>
</tr>
<tr>
<td>2013</td>
<td>$137K</td>
</tr>
<tr>
<td>2014</td>
<td>$138K</td>
</tr>
</tbody>
</table>

Source: University of Wisconsin-Oshkosh, Oshkosh, WI; Business Affairs Forum interviews and analysis.
Making Sunsetting the Default Option

UAB Starts All Research Centers as Pilots Under Probationary Approval Period

University of Alabama at Birmingham’s Evaluation and Promotion Process

During the triennial review, pilot centers are evaluated to determine if they should be promoted or sunset based on performance.

Promoted to Full Center
A full center must demonstrate a history of substantive involvement of faculty from more than two schools.

Sunset or Rechartered
Sunsetting is the default outcome if at least two deans decide not to support the center during the review.

Pilot Projects Chartered in 10 Years

Every three years, Dean’s Council reviews and ranks proposals for new research centers; all approved centers receive pilot status.

Source: University of Alabama at Birmingham, Birmingham, AL; Business Affairs Forum interviews and analysis.
Lesson #1: Determine the Guiding Axioms and End-Stage Goals To Guide Exploration

Lesson #2: Consider Plan Financing and the Balance of Costs and Revenue

Lesson #3: Aspire to the “Actionable” over the “Aspirational” in Crafting Plan Language

Lesson #4: Hardwire Accountability in Implementation and Follow-Through
Assess True “Strategic” Imperatives

Cull All the Good Ideas to Select Goals, Objectives, and Action Steps that Are Ultimately Worth Pursuing

Resources Required and Ease of Implementation
Leadership capacity, political will, and initial start-up and long-term maintenance costs in staff time (salary), operating expenses, space and technology needs

Contribution to Mission and/or Revenue Generation Potential
Impact on constituents' ability to teach, learn, research, outreach, and succeed or magnitude and likelihood of increased financial resources in next 10 years

Alignment with Strategic Goals and Market Differentiators
Will help the institution broaden or deepen its offerings and its value proposition to stakeholders relative to market/society
Be Ambitious, but Please Be Specific

Translate “World Peace” Action Steps Into Programmatic, Policy, and Practice-Level Recommendations, with Costs and Key Performance Indicators That Can Be Tracked Over Time

Common Challenges with Strategic Plan Objectives

Nobody can oppose this – because nobody knows what it means or would entail

“Realign all procedures and practices to provide better service to our mission without adding costs”

Defers the bulk of the work until later

“Create a taskforce to design and implement a sustainable plan to invest in high-quality academic programs”

Aspirational goal with no substantive recommendation guarantees it will never be pursued

“Identify and combat every systemic barrier to gender and ethnic inequality”

So cross-disciplinary or multi-functional that it’s difficult to know where to start

“Ensure that the university employs best practices to promote health, wellness, and work-life balance for faculty, staff, and graduate assistants”

Proposes a “fool’s errand” research task instead of a plausible pilot program

“Undertake thorough study of the learning environments that enable intellectual risk-taking”
What Kind of ROI Should You Expect?

Impossible to Evaluate Every Initiative on Cost and Revenue

Clarity of Revenue Impact from Strategic Initiatives

Low
- Community Outreach/Service
- Student Support/Service
- Research Centers

High
- Traditional Undergraduate Programs
- Continuing and Professional Programs
- Auxiliary Initiatives

Potential Evaluation Procedures

- Non-Financial KPIs
- Formalized Evaluation and Sunsetting Procedure

- Cost and Revenue Targets
- Requirement to Eventually Self-Fund

Source: Business Affairs Forum interviews and analysis.
Please Be Specific

Example #1

**High-level goal**
FIU will improve the first-to-second-year retention rate among its undergraduate students from 76 percent to 90 percent.

**Action steps**
Require all first-year students to purchase a personal computer/laptop to ensure they have the appropriate tools for academic success: percent to 90 percent.

**Tactics**
- Provide financial aid to those who qualify.
- Provide grant opportunities for those who do not qualify for aid.
- Explore bulk purchases at the university level to maximize supplier discounts.
- Educate faculty in the use of technology to engage students with the concepts of the discipline.
Where Do We Start?

Inclusive Nature of Strategic Planning Often Results in Broad Goals

...Often Leads to Goals That Lack Specificity

Example goals from University of North Carolina at Greensboro strategic plan:

1. Make UNCG the first choice of more students
2. Improve health, wellness, and quality of life for children, adults, families, and communities
3. Offer transformational undergraduate and graduate education
4. Support faculty as they work collaboratively with diverse communities
5. Integrate international and intercultural experiences

Source: Education Advisory Board interviews and analysis
A Focusing Process

Implementation Teams Bring Definition to Broadly-Stated Strategic Plans

**SP Committee**

Strategic Plan Approved by Board 29 Goals

---

**Chancellor and Strategic Plan Implementation Teams**

Chancellor Assigns Teams **29 Goals**

Chancellor Activates **19 Goals**

Chancellor Funds **7 Goals**

---

**Step 1:** Action Item Reports

(Action items, KPIs, and benchmarks)

**Step 2:** Resource Reports

(Financial, data, and space needs)

**Step 3:** Implementation Begins

1) The Dean’s Council recommends to the Chancellor which goals should be activated.

Source: Education Advisory Board interviews and analysis
Defining Action Items and KPIs Helps Chancellor Decide What to Activate

**Strategic Plan Goal**
*SP Committee*

**Action Items Established**
*Implementation Team*

**KPI Targets Determined**
*Implementation Team*

---

**Strategic Plan Goal**

Make UNCG the First Choice of More Students

**Action Items Established**

- Increase Honors College profile
- Improve recruitment materials
- Student-designed major

**KPI Targets Determined**

- % of students applying to honors college
- % of high achieving students enrolled
- GPA/SAT of students inquiring
- Program retention %

---

**Strategic Plan Goal**

Offer Online Degree Courses

**Action Items Established**

- Launch online M.S. in IT Management
- Develop guidelines for how oversight accomplished

**KPI Targets Determined**

- # of degree programs online each year
- # of online courses in inventory
- Not yet established

---

Source: Education Advisory Board interviews and analysis
Defining the Requirements

Financial, Space, Faculty, and IT Requirement Specificity Enables Accurate Planning

Key Areas of Resource Requirement Definition at UNCG

**Financial Needs**
- **3-Year Projections:** Define annual and total costs as well as revenue or cost-savings potential
- **Funding Sources:** Determine most appropriate source—state recurring, state one-time, or discretionary—for each action item

**Space and Faculty Needs**
- **Space and Seats:** Identify support space (i.e. conference room, analytical core lab), seat-use frequency, and specialized equipment
- **Collaboration Potential:** Establish if space:
  - Needs to be near existing
  - Can be shared
  - Can be off-campus
  - Will impact classroom scheduling
- **Position Specificity:** Specify positions (i.e. adjunct, web designer) and spatial need (private office, bullpen)

**IT and Data Needs**
- **Services Required:** Establish IT support provider (i.e. central, contracted)
- **Data Focus:** Define if and where metrics and reporting exist (i.e. Banner, IR)
- **Back-up Plan:** If services, data, or reporting do not exist, develop cost estimates

Source: Education Advisory Board interviews and analysis
# Not Everything All At Once

Phase-Stage Goals by Year, Prioritizing Revenue-Generating Objectives and Action Steps and Incorporating Quick-Wins that Build Momentum

## Illustrative Gantt Chart

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand alumni relations and development staff</td>
<td></td>
<td></td>
<td></td>
<td>Add 3 FTE to increase annual dollars raised by 75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch bioinformatics master’s program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reach 30 enrollments, results in $300,000 annual revenue annually</td>
</tr>
<tr>
<td>Commission economic impact report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$50,000 cost</td>
</tr>
<tr>
<td>Invest in power grid maintenance to reduce long-term costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Save $150,000 annually</td>
</tr>
<tr>
<td>Add new interdisciplinary faculty lines</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Inclusive of fringe benefits, 4 new FTE will cost $390,000</td>
</tr>
<tr>
<td>Grow faculty research seed funding program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20 $10,000 awards budgeted annually</td>
<td></td>
</tr>
</tbody>
</table>
Lesson #1: Determine the Guiding Axioms and End-Stage Goals To Guide Exploration

Lesson #2: Consider Plan Financing and the Balance of Costs and Revenue

Lesson #3: Aspire to the “Actionable” over the “Aspirational” in Crafting Plan Language

Lesson #4: Hardwire Accountability in Implementation and Follow-Through
The Buck Stops Here, at Elon

Hardwire Accountability for Initiative Execution with Regular Monitoring, Clear Assignments, and Follow-Up

Elon University’s Strategic Goal Owner Assignments
Assign One Person to Manage Each Goal

<table>
<thead>
<tr>
<th>Goal</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare Students for Global Society</td>
<td>Provost</td>
</tr>
<tr>
<td>Remain Best-Value University</td>
<td>CBO</td>
</tr>
</tbody>
</table>

“On our culture is one of performance and transparency and so, you don’t ever see a strategic goal owner showing up at retreat and saying not much happened [with my initiative] this last year.

Gerald Whittington
SVP, Business, Finance and Technology
Elon University

Source: Education Advisory Board interviews and analysis
Executive Oversight

Making Goal Success Part of Annual Review Ensures Strategy Stays Top of Mind

Presidential Reviews

• **Assessing Progress:** President leads end-of-year evaluation with senior leadership to discuss annual performance with a specific focus on the development of strategic initiatives

• **Art and Science:** Evaluations are based on progress against quantitative metrics (i.e. benchmarks and budget management) and a qualitative review of key accomplishments and challenges

Cabinet Retreats

• **Presenting to Peers:** Strategic goal owners will present twice a year to senior leadership about progress and expectations for initiative advancement in the coming year

• **Part of the Culture:** Additionally, strategic initiatives are routinely discussed in weekly senior staff meetings

Source: Education Advisory Board interviews and analysis
## Elon Strategic Plan Progress Scorecard

### Strategic Goals Owners Responsible for Reporting Progress to Community

<table>
<thead>
<tr>
<th>Goal</th>
<th>Status</th>
<th>Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish Advisory Council on Diversity</td>
<td>🟢amarillo</td>
<td>Council and five sub-committees formed to address issues in faculty/staff recruiting and retention, diversity, campus climate, student recruitment and retention, and assessment.</td>
</tr>
<tr>
<td>Double Need-Based Financial Aid</td>
<td>🟠amarillo</td>
<td>First $8 million dollars set aside in endowment, in combination with annual budget dollars, to award significant scholarships in 2011-2012.</td>
</tr>
<tr>
<td>Provide 100 Percent Study Abroad Access</td>
<td>🟥amarillo</td>
<td>Completed focus groups with students graduating in 2011 who have not studied abroad.</td>
</tr>
</tbody>
</table>

**It’s come a long way:** [http://www.elon.edu/e-web/administration/president/strategicplan2020/progress.xhtml](http://www.elon.edu/e-web/administration/president/strategicplan2020/progress.xhtml)

Source: Education Advisory Board interviews and analysis
### Johnson University Strategic Plan

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Status</th>
<th>Initiatives</th>
<th>Initiative Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Become Employer of Choice</td>
<td>Improve experience of staff during first year employment</td>
<td>Turnover rate among new staff with less than one year of experience</td>
<td>22%</td>
<td></td>
<td>• Launch new hire support group</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Design mentorship program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee satisfaction score among staff with less than one year of experience</td>
<td>&gt;75%</td>
<td></td>
<td>• Semi-annual staff-manager new-hire lunch</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Develop staff appreciation award</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>New-hire rating of unit-specific orientation</td>
<td>3.7</td>
<td></td>
<td>• Redesign orientation program to focus less on HR processes and benefits and more on culture and innovation</td>
<td></td>
</tr>
</tbody>
</table>

Source: Education Advisory Board interviews and analysis
“Vision Without Execution Is Hallucination”

Resource Allocation and Incentive Alignment Processes Will Ultimately Determine Success or Failure

Source: Education Advisory Board interviews and analysis
One Size Doesn’t Fit All

Overly Top-Down, Uniform Approach to Metrics Alienates Departments

The Traditional Unit “Accountability” Narrative

Central Admin.

“Those are our strategic goals – figure out how to get there.”

Dean

“I’m evaluating our progress using these metrics.”

Department

“Huh? These don’t describe what we do at all!”

The Predictable Consequences

1. Unit Culture Poisoned Against Future “Efficiency” Initiatives
2. Deans (and Central) Miss Genuinely Valuable Faculty Input
3. Missed Opportunity to Segment Departmental Missions

Source: Bret Danilowicz, “Bottom-up Strategic Planning,” Presentation to the Council of Colleges of Arts & Sciences Committee on Research, November 7, 2013; EAB interviews and analysis
Customizing Metrics to Departmental Mission

Dept. Planning Provides Flexibility within Strategic Priorities Set by Dean

Department-led Strategic Planning Process

College of Arts & Sciences

Dean Provides Departments with 9 Strategic Goals...

... Departments Choose Key Indicators from the Data...

... And Complete Strategic Plans Emphasizing Their Metrics

Research

Departments evaluate against dean’s data, avoiding departmental “shadow systems”

Music

- # of performance
- # of book reviews
- # of master classes
- # of compositions

Microbiology

- $ of external funding
- # of PhD students
- Share of papers in top-tier journals

Source: Oklahoma State University College of Arts & Sciences, “A&S Departmental Report Guidelines,” April 2014; EAB interviews and analysis

©2017 EAB • All Rights Reserved • eab.com
Integrating Data into the Culture

Departmental Customization Builds Buy-in

Three Key Value Propositions for Departmental Planning

**Acculturation**
Integrates metrics into culture, acquaints faculty with their own data

**Accountability**
Provides a single version of the truth to justify future resource reallocation, policy changes

**Assessment**
Suggests foundation for potential “department taxonomy,” recognizing differential contributions to mission

“We expect increased autonomy will improve buy-in and effort towards goals, moving departments more quickly towards academic distinction.”

*Bret Danilowicz*
*Dean, College of Arts & Sciences, Oklahoma State University*

Source: Bret S. Danilowicz, “Bottom-up Strategic Planning,” Presentation to the CCAS Committee on Research, November 7, 2013; EAB interviews and analysis
Creating Departmental Accountability

Mission-Adjusted Performance Bonuses Push Units to Improve

**Strategic Accountability Matrix**

<table>
<thead>
<tr>
<th>Department</th>
<th>Student Success Metric</th>
<th>Weight</th>
<th>Expected</th>
<th>Actual</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biology</td>
<td>Example: <strong>Student Credit Hours lost to DFW</strong></td>
<td>2.0</td>
<td>381</td>
<td>518</td>
<td>0.74</td>
</tr>
<tr>
<td>Anthropology</td>
<td>1.0</td>
<td>201</td>
<td>173</td>
<td></td>
<td>1.16</td>
</tr>
</tbody>
</table>

Student success metrics include both outcomes and unit programs / investments

Ratio of actual to expected performance determines share of annual bonus funds ($400,000 pool)

Metric weight adjusted according to unit characteristics (Philosophy judged less on internship placements)

Negotiated by chair, dean, and provost to avoid unjustified alterations to formula

Department performance evaluated across 18 strategic priorities, including:

**High-Impact Practices**
1. Internships
2. Intercultural immersion
3. Freshmen degree plans
4. Advisee satisfaction

**Student Progression**
1. Credit hours lost to DFW
2. Midterm grade reports
3. 30 credits first year
4. 60 credits first two years

Source: EAB interviews and analysis.
# Measurement Spurs Grassroots Innovation

## Departments Quick to React to Now-Visible Performance Gaps

### 1 Local Curricular Reforms

<table>
<thead>
<tr>
<th>Aligning pre-requisites with local community colleges:</th>
<th>Revitalizing first-year instruction:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biology department adjusted introductory curriculum to better suit transfer students</td>
<td>Low-enrollment science programs shifted from “weeding freshmen out” to more engaged pedagogy</td>
</tr>
</tbody>
</table>

### 2 Greater Investment in Student Support

<table>
<thead>
<tr>
<th>Increasing instructional support for at-risk groups:</th>
<th>Requiring four-year degree plans:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychology department added supplemental instruction to address noticeable achievement gap</td>
<td>Share of all first-year students with complete degree plans grew 45% in first two years of assessment</td>
</tr>
</tbody>
</table>

### 3 Lasting Cultural Change

<table>
<thead>
<tr>
<th>Clarifying each unit’s role in contributing to institutional performance goals:</th>
<th>Preempting performance-based funding:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unprecedented awareness of how the actions of each department add up to ultimate success or failure</td>
<td>Faculty, staff, and unit leaders acclimated to culture of evaluation and focused on continuous improvement, without top-down system dictate</td>
</tr>
</tbody>
</table>
The Promise and Perils of Strategic Planning: Lessons Learned From Successful Institutions

Pitfalls to Avoid, Case Studies to Emulate, and Practical Advice Moving Forward to Achieve Rigor and Granularity

Discussion Moving Forward