



# APS

## Virtual Summit

# Bending the Academic Cost Curve

Strategies for Managing the Academic Program Portfolio Post-COVID



# Planning for a More Complicated Future

## COVID Exacerbated Existing Forces While Creating New Challenges

### Looming Birth Dearth

14%

Decrease in number of 18-Year-Olds (2026-2029)

### Unprecedented Public Health Expenditures

40%

Of CBOs expect testing, contact tracing, and campus cleaning to be the greatest additional expenditure this year

### Erosion of Public Faith in Higher Education

38%

Of adults think higher ed has a negative impact on the way things are going in the country

### Impact on Institutional Diversity Goals

8.3%

Decrease in Black undergraduate enrollment in summer 2020 term

### Combatting the Coronavirus Cliff

50%

Students may lose more than 50% of the learning gains in math from the last school year by fall 2020

### Impact of Recession on Family Finances

43%

Of U.S. adults report that someone in their household has lost a job or taken a pay cut due to the outbreak

### International Student Downturn

86%

Of new international students unable to enter the United States

### Plummeting State Revenue Projections

25%

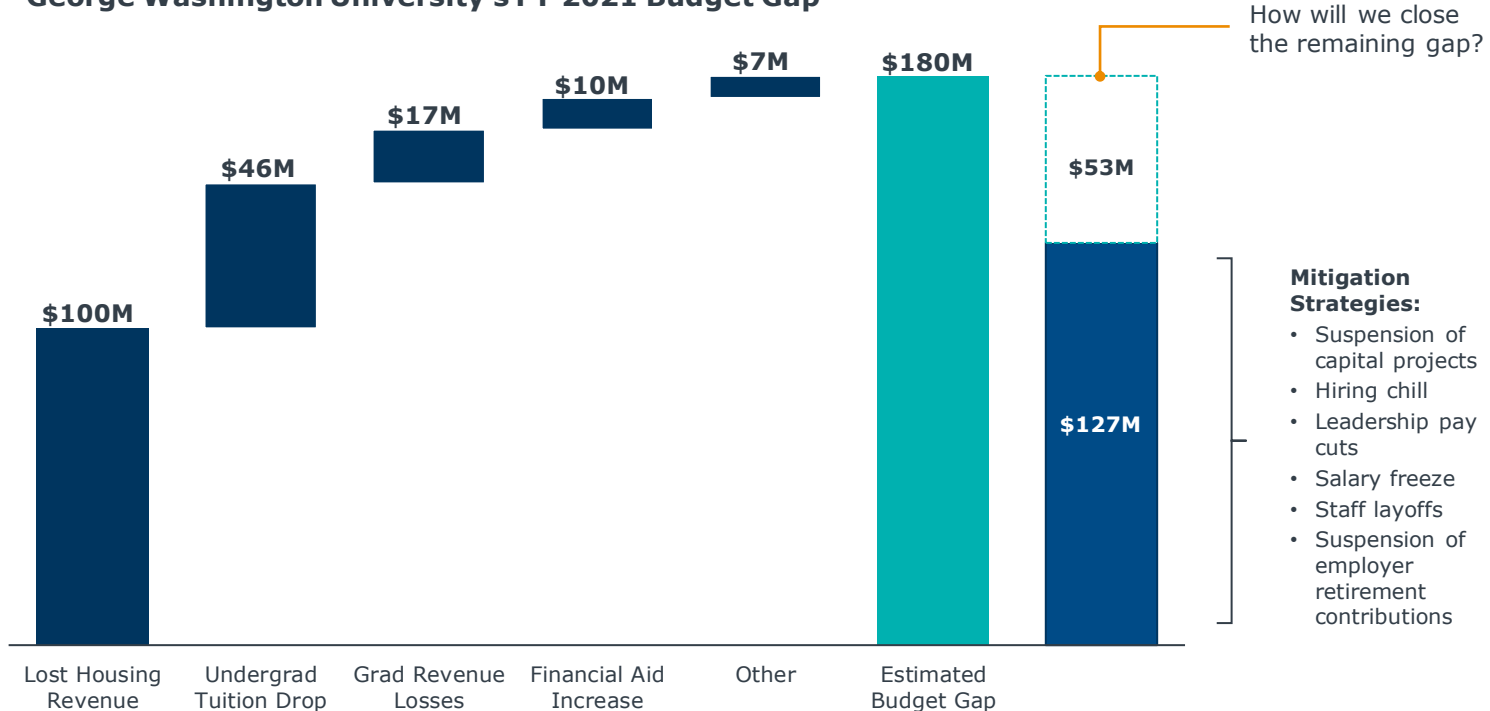
State revenue is projected to drop by 25% in 2021 fiscal year

Sources: Tammy Kolbe and Rick Staisloff, "Moving to Offense: A New Playbook for Confronting Budget Shortfalls", *Inside Higher Education*, August 6, 2020; Kim Parker, Juliana Menasce Horowitz, Anna Brown, "About Half of Lower-Income Americans Report Household Job or Wage Loss Due to COVID-19", *Pew Research Center*, April 21, 2020; Audrey Williams June, "Summer Enrollment Numbers Are In, and the Patterns Are Confounding", *Chronicle of Higher Education*, September 1, 2020; Kim Parker, "The Growing Partisan Divide in Views of Higher Education", *Pew Research Center*, August 19, 2020; Megan Kuhfeld and Beth Tarasawa, "The COVID-19 slide: What summer learning loss can tell us about the potential impact of school closures on student academic achievement", *NWEA Research*, April 2020; Institute of International Education. (2019). *IPEDS Fall Enrollment 2018, EAB 2020 Coronavirus Survey*, March 17, 2020; Gallup and Inside Higher Education, "The 2020 Inside Higher Ed Survey of College and University Business Officers"; Grawe, Nathan D., *Demographics and the Demand for Higher Education*, 2017; EAB Analysis.

# Dealing with Deficits

One Institution's Challenging Fiscal Year Project in the Wake of COVID19

### George Washington University's FY 2021 Budget Gap



Source: Zach Schonfeld, "Undergraduate enrollment falls a quarter as officials finalize 'second phase of cuts'", *The GW Hatchet*, September 13, 2020.



# Confronting Our Own Myopia

## Comprehensive Review of the Academy Challenging but Necessary

### A Decade of EAB Research on Individual Elements of Academic Cost Management

- [Smart Growth](#) (2011)
- [Breaking the Trade-Off Between Cost and Quality](#) (2014)
- [The New Academic Program Review](#) (2015)
- [Working with Academic Leaders to Improve Space Utilization](#) (2016)
- [Making the Academy Market Smart](#) (2016)
- [Enfranchising Faculty in the New Budget Reality](#) (2016)
- [The Instructional Capacity Playbook](#) (2018)
- [New Program Launch Guidebook](#) (2018)
- [Academic Vital Signs](#) (2018)
- [Rightsizing the Program Portfolio](#) (2019)
- [The Multidisciplinary Reorganization Toolkit](#) (2019)

### Current Crisis Creates Need for Comprehensive Academic Cost Containment Framework



**Temporary Strategies  
to Decrease Total  
Compensation Costs**



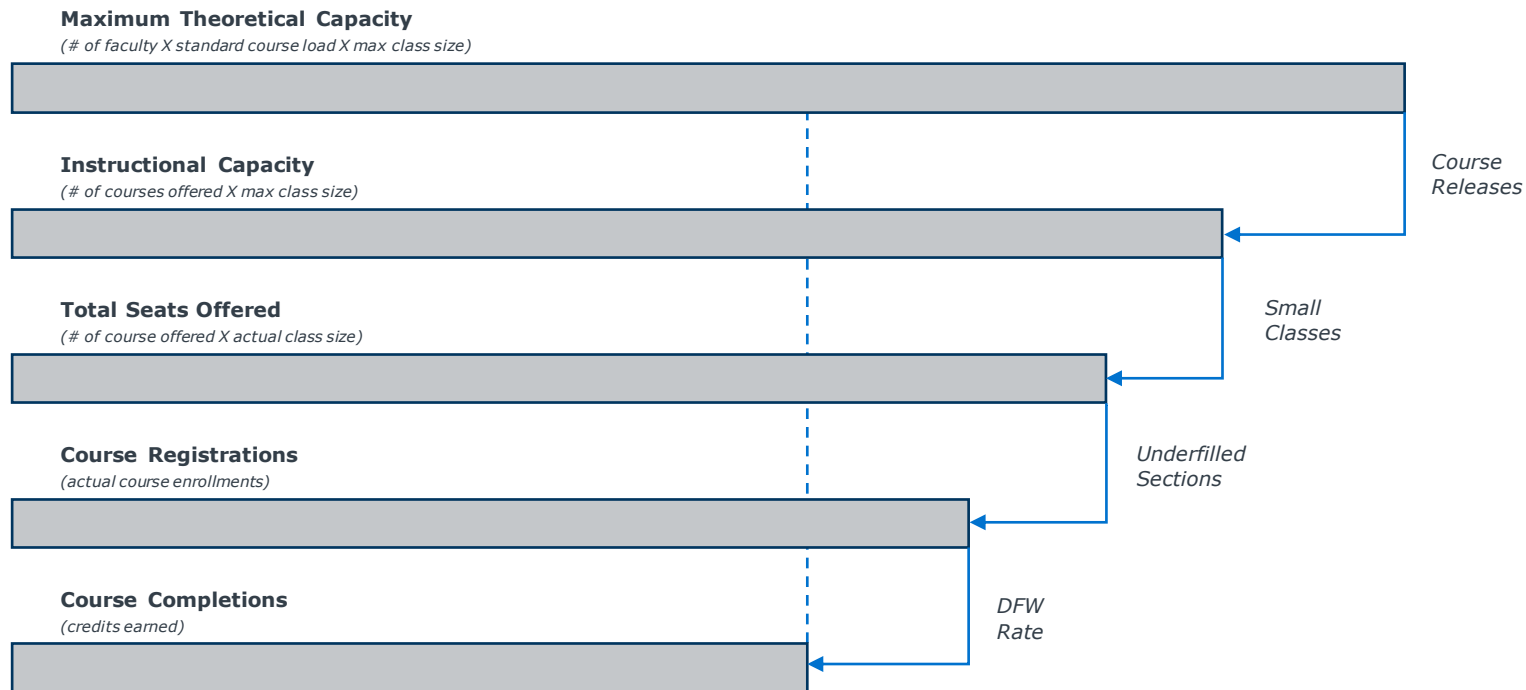
**Recurring Analyses to  
Improve Instructional  
Efficiency & Capacity**



**Permanent Structural  
Changes to Realize  
Portfolio Savings**

# Unused Academic Capacity Wastes Resources

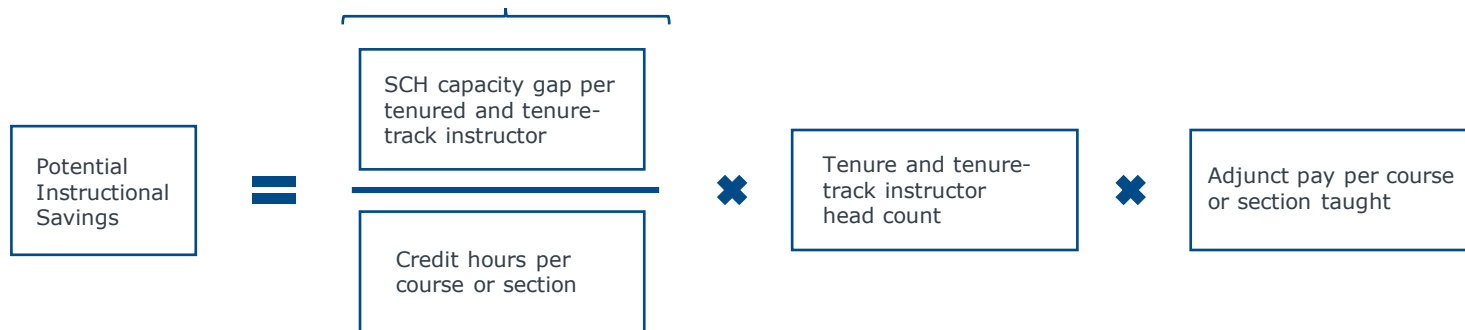
## Identify and Remove Factors that Limit Instructional Capacity



# Cost of Underused Instructional Capacity

## Academic Inefficiencies Create Savings Opportunities

*Sections or courses taught by adjunct per T/TT<sup>1</sup> faculty member*



## Potential Cost Savings By Institution Type<sup>2</sup>

**Small, Private College**

**\$850K**

UG Enrollment: ~2,500

OpEx: ~\$140M

**Regional Comprehensive**

**\$2.6M**

UG Enrollment: ~17,000

OpEx: ~\$370M

**High-Research Comprehensive**

**\$3.3M**

UG Enrollment: ~16,000

OpEx: ~\$450M

**Very Large Research**

**\$5.9M**

UG Enrollment: ~20,000

OpEx: ~\$3B

1) Tenure and Tenure-track

2) Analysis based on exemplary institutions using APS data on median capacity gap, tenure and tenure-track headcount, and average adjunct pay per section

# Hardwiring Academic Efficiency

## Five Strategies for Managing Instructional Capacity and Costs

### Analyze Instructional Capacity Gap



Positive number indicates capacity to add sections or reduce reliance on adjuncts

### Track SCH per Faculty FTE Targets



Department-specific goals help hold faculty accountable for department financial performance

### Reduce Unfunded Course Releases



Course release targets and criteria to assign releases help institutions allocate resources in a principled way

### Offer Small Courses Less Frequently



Low enrollment electives can be offered every year or every other year instead of every term

### Collapse Underfilled Sections



Increasing section sizes by a few students can help eliminate unnecessary under enrolled sections

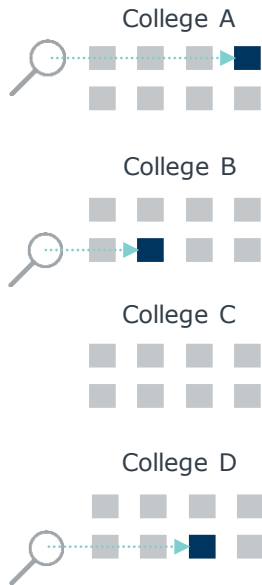
For more information see "[Academic Vital Signs: Aligning Departmental Evaluation with Institutional Priorities](#)" and "[The Instructional Capacity Playbook](#)" on eab.com



# Between Two Extremes

## Traditional Program Review and Prioritization Processes Fall Short of Expectations

### Traditional Academic Program Review



### Periodicity

- ▶ Too Infrequent
  - Typically on a 5-10 year cycle

### Focus

- ▶ Disciplinary
  - Emphasizes unit-driven goals

### Scope

- ▶ One program at a time
  - Prevents comparison or portfolio analysis

### Assessment

- ▶ Informal
  - Subjective self- and external evaluations

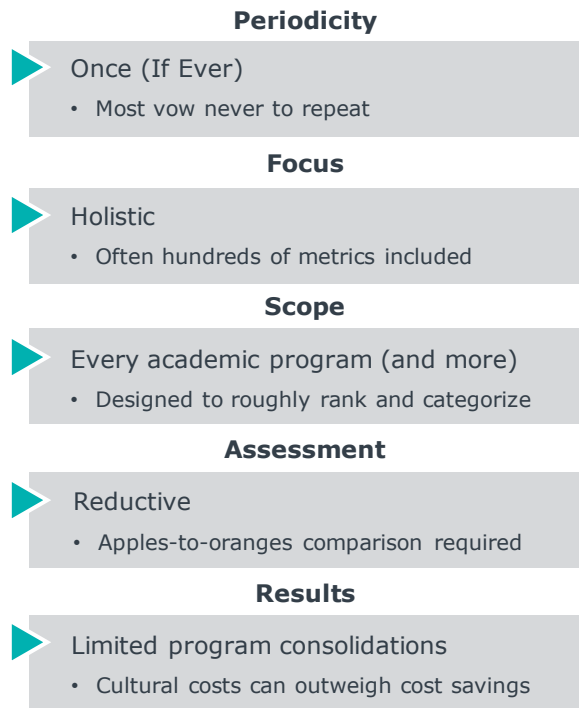
### Results

- ▶ Typically superficial
  - Incentive to request additional support

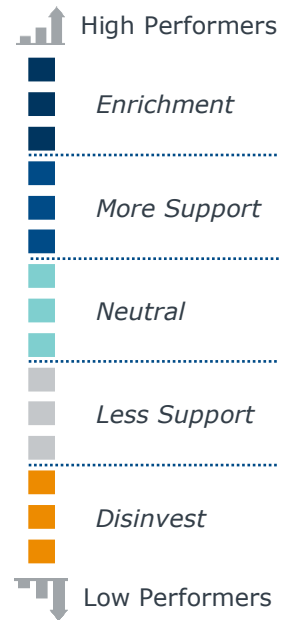


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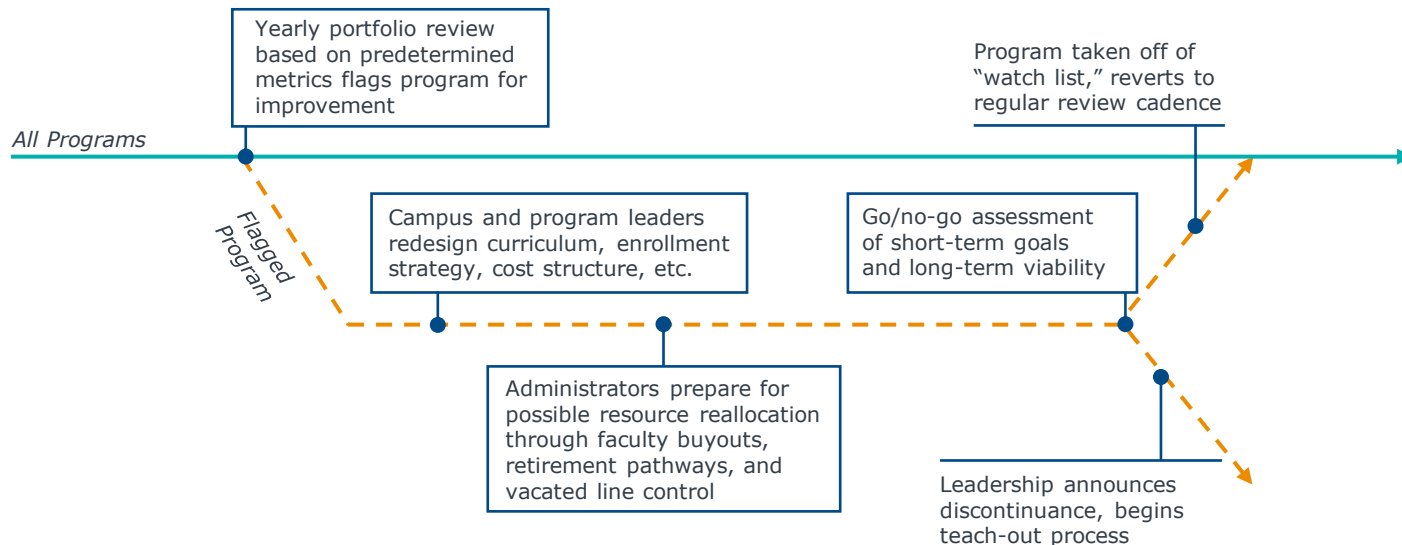


### Comprehensive Program Prioritization



# The Right Tool for the Job

## Annual Program Review Builds a System for Continuous Improvement



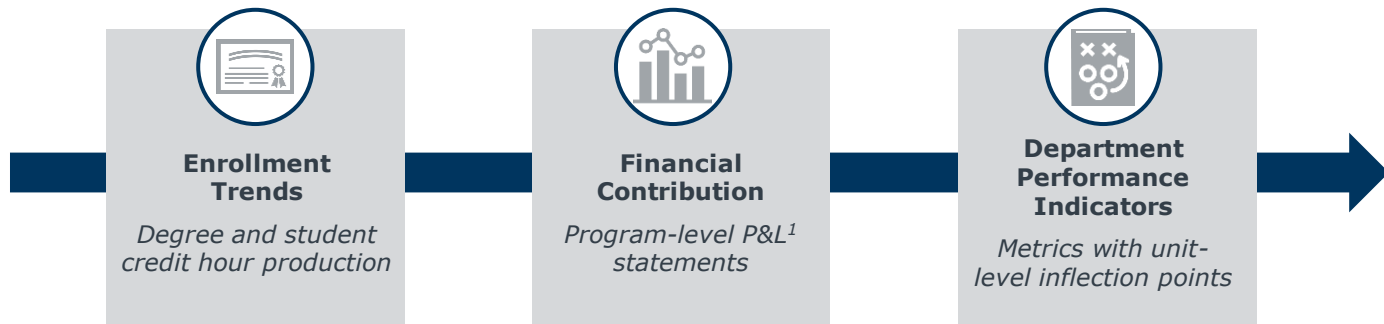
### Four Advantages of Annual Reviews

- 1 Intervene while there's still time
- 2 Improvements might fix the problem
- 3 Socialize the need for change
- 4 Buy time to loosen fixed costs

# The Inputs to Program Assessment

Core Financial and Mission-Oriented Priorities Should Inform Assessment

## Three Approaches for Program-Specific Data



### Other Critical (Less Easily Quantifiable) Program Factors

- Centrality to Mission
- Impact on Student Success Outcomes
- Impact on Diversity, Equity, and Inclusion Goals
- Impact on Research and Scholarship

1) Profit and loss.

# Checking in on ‘Academic Vital Signs’

## Institutional Success Indicators Often Distant from Departmental Control

Institutional Priority	Common Institutional Metric	Department Performance Indicator
Cost Efficiency	Operating Expenditures Average Class Size Student-Faculty Ratio Standard Faculty Workload	<b>Instructional Capacity Gap</b>
		<b>Student Credit Hours per Faculty FTE</b>
		Unfunded Course Release Targets
Enrollment Growth	Total Enrollment Size of Entering Class Native Student Major Enrollment	<b>Major Migration</b>
		<b>Off-Peak Enrollment</b>
		External Demand
Student Outcomes	Graduation Rates First-Year Retention Rate Average Student Debt	<b>D, F, Withdrawal Rates</b>
		<b>Junior Graduation Rate</b>
		Experiential Learning
Scholarship	Research (Grant) Expenditures Number of Publications Doctoral Program Size	Holistic Outputs
		Effort Metrics
		Post-Tenure Promotion
Faculty Diversity and Inclusion	Underrepresented Share of Faculty	Pipeline Stage Conversion Rates
		Retention and Advancement Disparities

# Bringing Our Campus Community Along With Us



## Culture of Mistrust Creates Critical Change Management Roadblocks



“I am fearful of the future of academia, because **I am unsure whether the administrators making ruinous, dangerous decisions can be held fully accountable**...I am afraid university life will become increasingly corporate and **faculty will be seen increasingly as disposable**...”

*Non-Tenure Track Faculty Member  
Public University in the Big Ten*



“It’s a bad sign if your president, your provost, or both create a task force to engage in a thorough curricular review, especially if its members are hand-picked and required to sign nondisclosure agreements. **Don’t assume competence or good faith on the part of the administration or the board.**”

*Tenured Faculty Member  
Regional Private University*

### Ongoing Crisis Reduces Trust in Administrators, Confidence in Shared-Governance

42%

Of faculty said their trust in their administration had decreased during COVID-19

31%

Of faculty are not at all confident that shared-governance mechanisms<sup>1</sup> appropriately represent the faculty perspective

Source: Jeffrey Hockett and Jacob Howland, “How to Resist a Corporate Takeover of Your College” *The Chronicle of Higher Education*, July 17, 2020; Anne Helen Peterson, “Between f\*\*ked and a hard place”, *Culture Study*, August 25, 2020; Emma Pettit, “Will COVID-19 Revive Faculty Power?”, *The Chronicle of Higher Education*, August 26, 2020.

# Laying Our Cards on the Table

Educate and Equip Faculty Leaders to Improve Resource Management

## Tactics to Improve Faculty Trust In and Understanding of Budgeting Processes

### Annual Budget Explanation Report

Contextualize decisions through a faculty-oriented, easy-to-follow review of institution's annual finances



### Budget Scenario Explorer

Illustrate resource allocation trade-offs by simulating budgetary decision-making processes



### Faculty Administration Boot Camp

Expose faculty to larger strategic financial decisions through interactive workshops on institutional administration



### Embedded Faculty Project Manager

Demystify university operations and decision-making by placing faculty members in administrative offices



### Department Chair Mini-MBA Training

Empower department leaders with primers on department-level budget issues and scenario-based training



For more information see "[Enfranchising Faculty in the New Budget Reality](#)" on eab.com



# Why Do Academic Cost Containment Efforts Fail?

## Lessons in Change Management

1. Fear of change among faculty and staff
2. Lack of will to make tough decisions
3. The urge to protect one's own 'turf'
4. The complexity of data-gathering

**CHAT:** What are the biggest challenges you're facing related to academic resource management this fall?