EAB

Who Should Read

Financial Sustainability Collaborative Implementation Leader

Academic Efficiency Workbook

A How-to Guide for Quantifying Available Opportunity from Reorganizing the Academy

Financial Sustainability Collaborative Workbook
2b of 6

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Overview of the Financial Sustainability Collaborative

Additional Context for This Workbook

This workbook is part of a long-term collaboration between EAB and participating institutions of higher education known as the Financial Sustainability Collaborative. This collaboration involves intensive focus on four aspects of academic costs and revenue within higher education: academic inefficiency, academic program assessment, program-level retention, and new program development. This workbook addresses academic inefficiencies related to instructional capacity, underfilled sections, and small courses. As part of participation in the Financial Sustainability Collaborative, EAB provides all participating institutions with a series of workbooks to guide them through identifying the total available opportunity at their institution.

Evaluate Four Key Drivers of Academic Revenues and Costs

These workbooks are not intended to dictate decisions or to make difficult choices about changes to resource allocation for participating institutions. Rather, they are intended to guide a representative from each institution (referred to throughout as the "Implementation Leader") to identify what opportunities exist for their institution and to facilitate conversations about next steps. All final decisions should be made in the context of existing shared governance structures, should include opportunities for stakeholders to provide feedback, and should have the support of institutional leaders. The collaborative and workbooks will guide the Implementation Leader to gather and analyze the data necessary to inform conversations and decisions, but this data analysis is meant to support, not replace, a robust decision-making process.

Institutional Roles in the Collaborative

Actively Participate in the Collaborative

Implementation Leader
Often a Chief of Staff, VP Strategy, or AVP/VP

Executive Sponsor
Often the Provost, CBO, or President

Contribute Insights and Recommendations to Decision-Making Process

Stakeholder Contributions
Incorporate input and seek feedback from campus community

Shared Governance
Final decisions made and implemented by leaders working within shared governance structure

Source: EAB Interviews and Analysis

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Academic Efficiency: Institutional Reorganization

Identifying Available Opportunity from Organizational Simplification

This workbook addresses the available opportunity from reorganizing or reducing administrative costs in schools, colleges, and departments. While instructional expenses account for the majority of academic costs, it is important not to overlook the costs of academic administration or opportunities for greater efficiency. Academic administration includes academic unit leadership (e.g., deans, chairs, center directors, program directors) and non-academic staff housed in academic units such as colleges, schools, departments, and centers. Additionally, institutions should examine the potential for greater efficiency through more centralized shared services, rather than highly decentralized administrative functions across the institution.

Reorganizing or increasing the efficiency of the academic structure can be challenging and complicated, but it can present a significant opportunity. The opportunity analysis that this workbook will focus on involves a straightforward estimate of the current costs of academic administrative overhead and how those costs would change if institutions were to merge some colleges, schools, or departments.

Work with Campus Leaders to Identify Opportunity and Set Goals

Institutional Research

The institutional research office should provide information on supplemental pay, administrative expenses, and course releases for deans and department chairs.

Deans and Department Chairs

Work with leaders of academic units to understand pros and cons of the current organization, possible alternative structures, and where possible, to understand how the current organization came about.

Academic Leadership

The faculty senate and provost's office should be involved in any decisions around changes to the academic structure. They should also provide context on the pros and cons of the current organization.

Sources of Available Opportunity

Reduce Costs in Current Units

Potential Financial Benefits

- Reduce administrative costs in academic units with high costs
- Realize savings without a dramatic overhaul of the institution
- Cut costs without reducing spending on instruction

Consolidate Units

Potential Financial Benefits

- Reduce spending on supplemental compensation for department chairs and salaries for school or college leadership
- Reduce academic administrative support staff
- Increase instructional capacity by reducing the number of course releases for administrative duties

In addition to potential financial benefits, consolidating departments, schools, and colleges can lead to additional academic and student success benefits. Faculty across disciplines may be more empowered to collaborate, and it may be easier to launch new interdisciplinary programs. Students could also benefit from increased ease of switching majors and better advising resulting from advisors' greater understanding of course offerings across disciplines.

Source: EAB Interviews and Analysis

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Data Collection and Verification

Checklist for Obtaining and Verifying Data

	Data Available	Data Verified
Compensation for academic leadership for each college and school	☐	☐
Compensation for administrative staff for each college and school	☐	☐
Supplemental compensation for each department chair	☐	☐
Compensation for administrative staff for each department, if applicable	☐	☐
Number of student credit hours taught in each college or school and department	☐	☐
Number of course releases for each department chair or college/school leadership position	☐	☐
Cost per section to employ a non-full-time instructor	☐	☐

Data Verification and Availability

The Implementation Leader may find that some of these data points are difficult to access on a reasonable time frame, or that they are impossible to compare across different academic units. If the exact data points listed in this table are not available, the Implementation Leader can and should take a creative approach to identifying useful substitutes that are easily available. For example, if the exact compensation for leadership or administrative staff is difficult to access for some academic units (e.g., because of cross-unit cost sharing or high turnover) consider substituting the median or average compensation for comparable staff across the institution. Alternatively, consider using data from a few years ago adjusted to account for any institutional changes in compensation.

Similarly, if the cost per section to employ a non-full-time instructor in each academic unit is difficult to capture, consider using the average or median cost per non-full-time instructor across the institution. Using estimates for data that is difficult to access will still allow the Implementation Leader to get an approximation of the available opportunity, and trying to obtain perfectly precise data may be not only time consuming but futile. An estimated available opportunity can still provide useful context to inform discussions of academic resource allocation.

EAB has provided an Excel template the Implementation Leader can use to conduct the analyses outlined in this workbook: the Institutional Restructuring Example Sheet. Please refer to this template for details on conducing these analyses.

Source: EAB Interviews and Analysis

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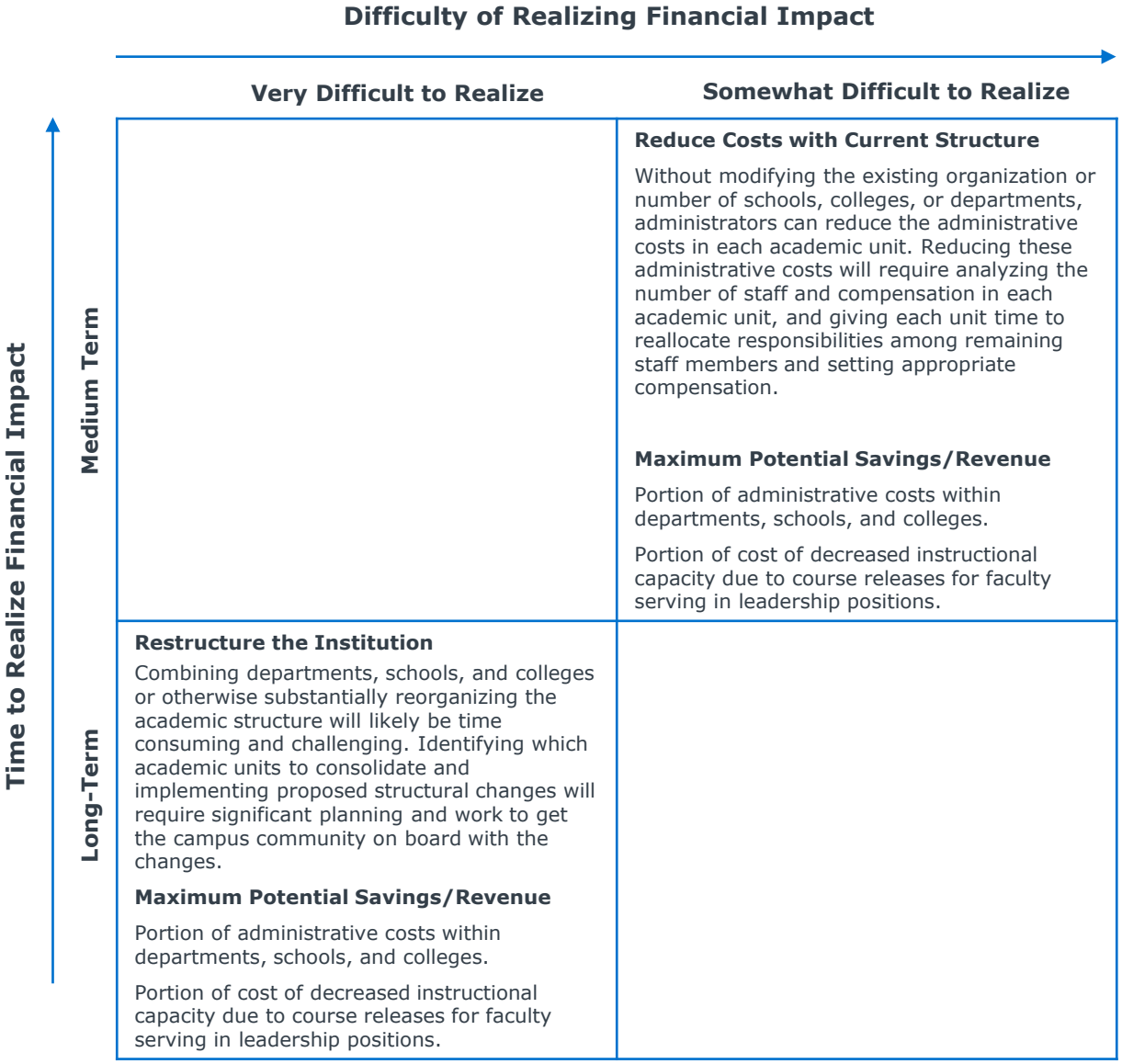
Total Available Opportunity

What is the Total Potential Impact and Likely Level of Difficulty?

The following analysis will guide the Implementation Leader to identify the available opportunity from increased efficiency in existing academic units or from reorganizing existing departments, schools, or colleges. Understanding the administrative costs of each academic unit is valuable in itself in that it can facilitate data-informed discussions about use of institutional resources. Institutions can use this understanding to realize the available opportunity through increasing efficiency in existing academic units or reorganizing academic units. Institutions can likely not realize the total amount of available opportunity identified through the analysis in this workbook. However, understanding the available opportunity from greater efficiency will allow institutional leaders to focus efforts on the areas that will have the greatest financial impact, and align best with institutional goals and values. A comprehensive review of the efficiency of resource allocation should also consider central administrative funds (e.g., provosts office, academic support services). While this assessment is out of scope for the Financial Sustainability Collaborative, EAB can provide resources to support such an assessment.



Source: EAB Interviews and Analysis

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Preparation and Follow-Up

Getting Set Up for Success and Implementation

This workbook walks through how to understand your institution's available opportunity from administrative costs in academic units. Additional work will be required before and after these analyses to work toward realizing available opportunity.

Data Collection and Verification

Identify necessary data points and verify their accuracy.

- Use the provided data collection and verification checklist to compile data needed for each analysis
- Work with institutional research to obtain necessary data points and understand data definitions and integrity

Stakeholder Mapping

Establish goals and thresholds, discuss approach, and promote cooperation from campus leaders

- Since the idea of reorganizing academic units may raise concerns on campus, proactively inform faculty and staff about the analyses underway to build trust and promote transparency
- The Implementation Leader should also consider consulting academic leaders (e.g., provosts, deans) to understand what kinds of reorganization might be possible

Pressure Testing and Analysis

Understand the limitations of goals used in these analyses

- To estimate the available opportunity, the Implementation Leader will need to establish goals for costs and possible reorganization of academic units. These goals should not be set in stone, rather they should be useful approximations to allow the Implementation Leader to estimate the available opportunity
- Review the available opportunity and the goals used to arrive at this estimate to determine whether this estimate is realistic

Implementation Planning

Support efforts at reorganization

- If the institution decides to pursue reorganization of academic units, the Implementation Leader will need to provide the information used in these analyses to those responsible for moving forward with the reorganization
- The goals and estimates the Implementation Leader used during the Financial Sustainability Collaborative should not necessarily serve as the blueprint for future changes. Administrators should reexamine what reorganization is feasible

Source: EAB Interviews and Analysis

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Stakeholder Engagement

Whom to Work With and In What capacity

The Implementation Leader should consider working closely with the following people at the institution to conduct the analysis in this workbook and build support for any changes that result from this analysis. Consistent stakeholder engagement can promote success throughout the collaborative, but the Implementation Leader should consider the situation on campus when deciding whom to consult when conducting these analyses. If the institution has no definite plan to make changes based on the analysis in this workbook, stakeholder engagement may be less essential.

Stakeholder or Group	Role	Timeline
Institutional Research, Finance, Human Resources	• Provide data for analyses • Help implementation leader understand data definitions and issues of integrity and consistency	Collaborate throughout conducting and verifying these analyses
Deans/ Department Chairs	• Verify data accuracy • Help set thresholds and goals for each analysis • Lead some change implementation	Request initial feedback when data gathering is complete. Continue to collaborate throughout analysis
Faculty Senate	• Provide feedback on data and analyses • Where applicable, contribute to setting goals and thresholds and participate in change implementation	Inform at the beginning of analysis. Seek feedback when the analysis is completed and, if changes are planned, the faculty senate should be consulted
Provost	• Approve and finalize goals and thresholds • Collaborate with implementation leader to establish plan of implementation	Inform at the beginning of analysis and keep apprised of progress. Consult to establish goals, particularly if changes are planned as a result of this analysis
Board, President, and Cabinet	• Approve intended changes and plan of implementation	Inform at the beginning of analysis. Seek approval for goals and plans if applicable

Source: EAB Interviews and Analysis

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The Importance of Examining Administrative Costs

How Academic Administration Contributes to Overall Costs

Much has been said in recent years about the growth in administrative costs at institutions of higher education. While "administrative bloat" is often used to refer to central administrative staff, at most institutions the number of academic units and staffing levels in those units have also grown, leading to a corresponding increase in costs. While growth does not necessarily equal bloat, it is worthwhile to assess whether levels of academic administrative overhead are aligned to the institution's current needs.

Few institutions have estimated the full cost of academic overhead which could include a wide variety of costs such as supplemental pay for deans, chairs, and directors; course releases for chairs and directors; salary costs for administrative support staff in academic units; and other support services housed in academic units (e.g., at some institutions each academic unit may have its own IT support or finance staff instead of centrally organized support services). Given the direct impact of academic units' administrative costs on faculty support and academic programs, these costs should be calculated separately and dealt with differently than central administrative overhead.

While there is no universal "optimal" level of academic administrative support that all institutions should strive for, it is important to quantify the size of the investment and consider whether those specific investments are appropriate for an institution's current situation. Administrators should also consider the potential non-financial benefits and negative consequences of consolidating academic units, and whether those possible ramifications would be likely to advance or hinder the institution's mission

Potential Benefits and Risks to Changing the Academic Structure

Potential Benefits

Financial Benefits

- Eliminate stipend and/or course release for department chair
- Eliminate compensation for dean
- Reduce support and dean's office staff
- Reduce duplicate courses across programs

Non-Financial Benefits

- Encourage collaboration and innovation between faculty on curricula, research, and advising
- Better align programs for growth
- Increase strategic focus
- Build a distinctive academic unit that clearly communicates the institution's unique strengths to external stakeholders (e.g., prospective students, donors, community partners)
- A larger unit with more resources can better invest in growth opportunities than a collection of small units

Potential Risks

Non-Financial Risks

- Faculty in consolidated units may not embrace opportunities to collaborate
- Faculty may continue to operate in silos, resentful of their lost departmental or college identity
- Consolidated units may struggle to effectively support diverse faculty needs at a larger scale
- Disciplinary differences may mean that some faculty no longer receive necessary support
- A reorganization may ultimately save little money or even increase costs

Additional Constraints

- Faculty preference for disciplinary-aligned departments
- Complexity of "post-merger" integration
- Strong sense of school identity

Source: EAB Interviews and Analysis

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The Role of Existing Units in Reorganization

Financial and Non-Financial Benefits of Breaking Down Department Silos

For individual disciplines, having a dedicated department, rather than existing as a program within a more general department, can signal prestige and maturity of the field. However, the increased emphasis on interdisciplinary scholarship and teaching is often in tension with the department-based organization. Departmental structures that do not proactively foster interdisciplinary collaboration, research outside the core of the field, or nurture the development of expertise in other fields can stymie creative research endeavors and inhibit the development of interdisciplinary programs even if such programs would benefit students. This is not to suggest that institutions must move away from an organizational structure that relies on departments, but institutional leaders should consider the potential for improvements in scholarship and program offerings that could result from consolidating or reorganizing academic units in addition to the potential financial opportunity.

Administrators should establish goals other than realizing financial savings for any reorganization of academic units. Increasing collaboration, flexibility, and efficiency are just a few of the potential goals institutional leaders may have for an academic reorganization. Particularly in light of the challenges currently facing higher education, the opportunity to realize financial savings should not be overlooked. Perhaps unsurprisingly, multiple institutions undertook academic reorganizations that involved reducing the number of academic units in the wake of the Great Recession, including Northeastern University, Arizona State University (discussed on the following page), and Idaho State University. Additionally, multiple institutions have already begun assessing the financial opportunity available from reducing the number of academic units in response to the challenges facing higher education today (e.g., Marymount University, Eastern Washington University).

Idaho State University's reorganization produced enough savings to allow the institution to weather a sharp decline in state funding without laying off faculty and staff or making across-the-board salary cuts. While academic reorganization may be difficult and time-consuming, it is possible for this reorganization to produce significant cost savings while conferring additional benefits to scholarship and instruction.

Academic Reorganization at Idaho State University

New Unit	Former Units
Division of Health Sciences	College of Pharmacy and College of Health Professions
College of Science and Engineering	College of Engineering and science departments from the College of Arts and Sciences
College of Arts and Letters	Remaining departments from the College of Arts and Sciences

Source: "Intellectual Transformation and Budgetary Savings Through Academic Reorganization," Elizabeth Capaldi. *Change: The Magazine of Higher Learning*, 2009. EAB Interviews and Analysis

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Reorganization at Arizona State University

The Effects of Academic Reorganization

in 2009, Arizona State University pursued an academic reorganization that merged previous academic units and eliminated the department structure. Schools and departments were consolidated into new interdisciplinary units overseen by deans or school directors. These units allow faculty to interact with colleagues in new ways, has led to new degree programs, and facilitates collaboration on research. Additionally, this re-organization led to total savings of $13.4 million. While each institution's available opportunity will be different, leaders should recognize the potential for academic reorganization to substantially reduce academic costs.

Arizona State University Academic Reorganization

New Unit	Former Units
School of Government, Politics and Global Studies	Department of Political Science and School of Global Studies
School of Design Innovation	Departments of Industrial Design, Interior Design, and Visual Communication Design
Herberger Institute for Design and the Arts	College of Design and Herberger College of the Arts
W.P. Carey School of Business	W.P. Carey School of Business, School of Global Management and Leadership, Morrison School of Management and Agribusiness
School of Social Transformation	Departments of Justice and Social Inquiry and Women's Studies, additional programs in African and African-American Studies and Asian-Pacific American Studies
School of Historical and Critical Inquiry	Departments of History, Philosophy, and Religious Studies
School of Sustainable Engineering and the Built Environment	Department of Civil and Engineering and part of the Department of Computer Science and Engineering
School of Biological and Health Systems Engineering	Departments of Bioengineering and Biomedical Informatics
School of Computing, Informatics, and Decision Systems Engineering	Department of Computer Science and Engineering, Department of Industrial, Systems and Operations Engineering
School of Life Sciences	Department of Biology, Plant Biology, Microbiology and some faculty from Departments of Philosophy and History
School of Nursing and Health Innovation	Departments of Nutrition and Exercise Science and School of Nursing
Disestablished College of Human Services	Units in this college went to other colleges
College of Technology and Innovation	Six departments merged into three

Source: "Intellectual Transformation and Budgetary Savings Through Academic Reorganization," Elizabeth Capaldi. *Change: The Magazine of Higher Learning*, 2009. EAB Interviews and Analysis

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Setting Goals and Thresholds

Ways to Approach the Institutional Organization Analysis

To estimate the available opportunity from reducing the number of academic units or reducing costs in existing units, the Implementation Leader will need to set goals for appropriate administrative costs in academic units. Unfortunately, useful and widely applicable benchmarks for administrative costs in academic units (e.g., costs per student or faculty member), or the number of units any institution should have, are not available. Given the variation in institutional structures it is difficult both to collect and to appropriately compare administrative costs in academic units. For example, some institutions have a mostly centralized IT staff, others have IT staff in each college or department, and many use generalists who may spend a fraction of their time on IT-related activities. Each of these systems work well for some institutions, and each institution should pursue the organizational structure that makes sense for them. But the inconsistency between institutions of how costs are allocated makes establishing benchmarks extremely complicated. For the purposes of this estimate, the implementation leader can approximate the available opportunity from each proposed consolidation using a few different scenarios. For example, the implementation leader can assume:

- The unit with the higher overhead rate can achieve the same overhead rate as the unit with the lower rate
- The combined unit would have an overhead rate equal to the average of the merged units
- The combined unit would have an overhead rate equal to the weighted average based on number of student credit hours (SCH) of the merged units

Establishing Goals

Set a Goal: What should the **administrative costs** in academic units be?

- Consider goals for reducing costs in each school, college, or department based on the average or median:
  - Overhead per SCH
  - Leadership or administrative headcount
  - Leadership or administrative total overhead
- Calculate historical overhead costs for different departments, schools, and colleges and set goals based on inflation-adjusted historical performance

Set a Goal: How should schools, colleges, and departments **be reorganized**?

- Examine the structure of similar, competitor institutions to understand how many academic units they maintain
- Ask deans to propose the appropriate number of departments in their schools or colleges. Seek their input on the appropriate number and configuration of schools and colleges
- Set goal for number of schools, colleges, or departments based on needed additional faculty capacity from administrators

Additional Considerations

Consider establishing different goals for different departments, schools, or colleges. Some academic units may necessarily have higher costs than others (e.g., due to accreditation requirements, difficulty in securing staff or high wages in a particular field). Additionally, consider how efforts focused on different academic units will impact total costs. Reducing the overhead per SCH by 10% in a large unit may yield more savings than halving the overhead per SCH in a small unit.

If pursuing a reorganization, consider estimating savings with multiple scenarios to estimate a range of possible cost savings.

Source: EAB Interviews and Analysis

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Shared Services: Promoting Quality and Efficiency

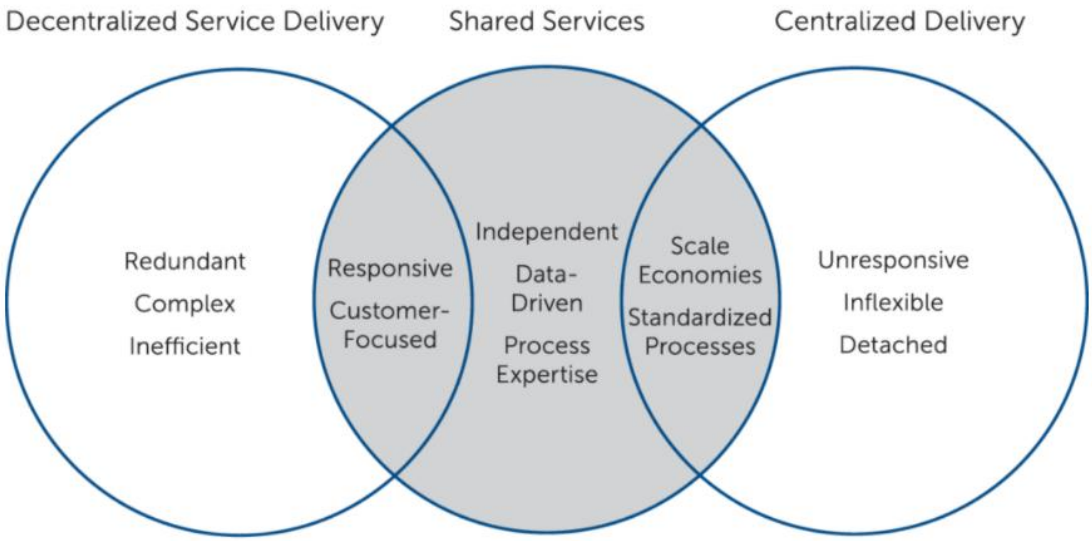
Promoting High-Quality Service Delivery

One of the sources of available opportunity from reorganizing academic units comes from consolidating administrative support staff and services. Moving from a decentralized to shared services model can result in savings in the long-term while also improving quality and efficacy. Moving to a shared services model is unlikely to result in short-term savings since it involves some significant upfront costs (e.g., new technology and/or facilities, staff training) and it is challenging to reduce the number of personnel working in administrative positions in the short-term. In the long-term, redeploying staff to other institutional needs as workflows become more efficient, or declining to fill vacated positions can result in cost savings.

Different institutions may have very different ways of organizing administrative functions related to academic offerings. At some institutions, each academic unit has not only their own administrative support staff, but also dedicated IT, HR, or advising staff. Using a shared services model, institutions can use administrative resources and staffing to more efficiently serve academic and non-academic units.

When administrative services are highly decentralized, academic support generalists who often report to department chairs or deans perform a wide range of tasks (e.g., fill out new employee paperwork, make photocopies, book travel, organize conferences, deal with visas for international students) with little specialized training or accountability to central units. While this decentralized system can be very responsive and flexible in responding to academic units' needs, it hinders coordination and the development of uniform processes across campus. Centralized service delivery is often more efficient, but it can be slower to respond to the unique needs of academic units. A shared services model seeks to blend the best of both approaches.

Incorporating the Benefits of Both Centralized and Decentralized Services



Source: EAB Interviews and Analysis

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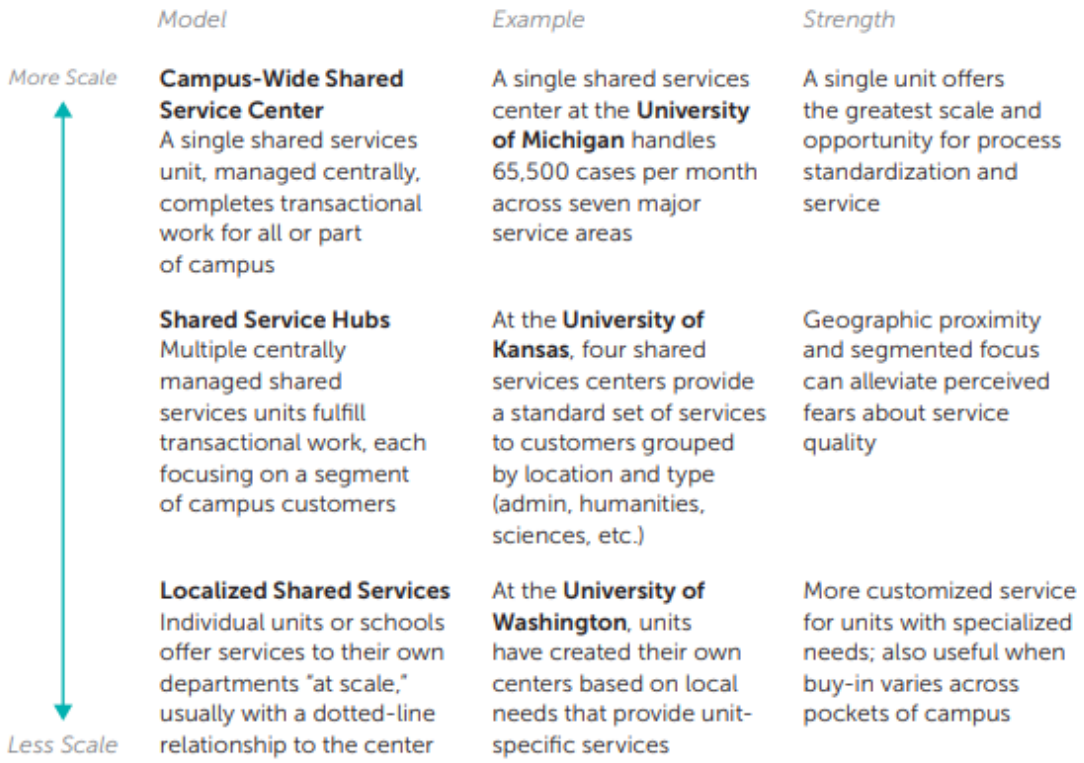
Finding the Right Balance

Identify What Will Work at Each Institution

Depending on the current service delivery model at each institution and the challenges or inefficiencies that model presents, the shared services model may or may not be worth investigating. Each institution that seeks to implement some kind of shared services model will also need to decide what version of a shared services model would be most effective. The graphic below outlines three versions of the shared services model with different mixes of centralized and decentralized services.

If administrators seek to move toward a shared services model, focusing on the potential for improved quality of service, rather than potential cost savings, will likely prove more effective in securing campus support. In addition to improving the quality of services (e.g., through more intentional oversight, more standardized processes, use of automation), a shared services model can protect research time by moving grant-writing and compliance work to centralized specialists. Additionally, a shared services model can equitably serve faculty from large, well-resourced units and small, struggling units. Finally, a shared services model provides opportunities for advancement for administrative staff who have the opportunity to specialize and clearer paths to promotion.

Multiple Versions of Shared Services Models



EAB's research on shared services provides additional guidance to support administrators in determining whether and how to migrate to a shared services model. Moving to a shared services model generally presents a greater opportunity for large research universities than for small institutions. Small institutions may still benefit from some of the principles of a shared services model, but the information on the following pages about merging academic units will likely be more useful for small institutions seeking to use resources more efficiently.

Source: EAB Interviews and Analysis

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Steps for Reorganization Analysis

Identifying Costs of Current Academic Organization

The total available opportunity from reorganizing schools, colleges, and departments will vary greatly for each institution, and will depend in part on what kind of reorganization is feasible for each institution. The following steps will help the implementation leader identify the administrative expenses within academic units. The Implementation Leader should work with other stakeholders on campus to set goals for the amount to be saved from academic reorganization. Any final decisions about reorganizing academic units should take into account feedback from the campus community. Engage faculty in determining a new organizational structure and ensure faculty have a leadership role in implementing any changes. Even without pursuing a reorganization of departments, schools or colleges, this analysis may reveal opportunities to reduce costs in existing units. The human resources department should be able to provide data on the leadership (e.g., deans, assistant deans, directors) and administrative staff (e.g., office administration, finance staff, service occupations) of each college or school. This staffing data used to assess colleges and departments should reflect only the staff who report directly to the college or school, not staff within departments under each college or school.

Data Needed

	☑	Notes
Compensation for academic leadership for each college and school	☐	
Compensation for administrative staff for each college and school	☐	
Supplemental compensation for each department chair	☐	
Compensation for administrative staff for each department, if applicable	☐	
Number of student credit hours taught in each college or school and department	☐	
Number of course releases for each department chair or college/school leadership position	☐	
Cost per section to employ a non-full-time instructor	☐	

Assumptions and Limitations

- This analysis will help identify the administrative cost for each school, college, and department. It does not identify the optimal number of colleges, schools, or departments, or identify good-fit groupings of different disciplines into colleges, schools, and departments
- While this analysis may identify substantial, short-term available savings, administrators should also consider the potential long-term disruption such a reorganization may produce. The disruptions caused by reorganizing academic units often outweigh the short-term cost savings
- Page 21 and the accompanying spreadsheet contain multiple scenarios for calculating the total savings available from merging academic units based on two different assumptions. The Implementation Leader can use these or other assumptions to estimate the available opportunity:
    - The merged departments will have an administrative cost per SCH equal to that of the current department with the lower cost per SCH
    - The merged departments will have an administrative cost per SCH equal to the WEIGHTED AVERAGE of the cost per SCH in the current departments

Source: EAB Interviews and Analysis

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Organizational Costs Analysis

Calculating the Costs Associated with the Current Organization

✓	Identify Costs	Notes
☐	**1. Calculate Leadership Cost for Each College and School** Add the total compensation for all members of academic leadership (e.g., deans, assistant deans, directors) for a college or school. Include a headcount of all the members of the leadership team for the college or school. Complete these calculations separately for each college and school. *Including both the total compensation and headcount for leadership can help in setting nuanced and specific goals.*	
☐	**2. Calculate Administrative Support Cost for Each College and School** Add the total compensation for all administrative staff members of a college or school. Include a headcount of all the members of the administrative staff for the college or school. Complete these calculations separately for each college and school. *Including both the total compensation and headcount for administrative staff can help in setting nuanced and specific goals.*	
☐	**3. Calculate Total Overhead for Each College and School** Add the total cost and add the head count calculated for leadership and administrative staff for each college and school *Calculating the total head count and cost for the college and school and the cost and headcount for leadership and administrative staff can help in understanding cost structure.*	
☐	**4. Calculate Overhead per Student Credit Hour** Divide the total overhead per college or school by the total number of student credit hours (SCH) taught in that college or school *Understanding the cost per SCH can help in setting realistic and equitable goals. Repeat these steps for each college or school.*	
☐	**5. Calculate Overhead at the Department Level** Repeat steps 1-4 for each department. Use compensation and staffing that report directly to an individual department (e.g., department chairs, department administrative staff) to understand the additional administrative costs at the department level. *Since departments will likely have far fewer staff than schools or colleges, consider calculating just the costs, rather than also calculating the headcount.*	
☐	**6. Calculate Lost Faculty Capacity and Costs** For each department chair and member of a school or college's leadership team who would otherwise teach courses, identify how many course releases they each receive. For each person, multiply the number of course releases they receive by the cost per section to employ a non-full-time instructor in that academic unit. *This represents the cost in lost faculty capacity to having faculty serve in these non-instructional roles. The ability of an institution to recoup some of this cost will depend on the extent to which faculty serving in non-instructional roles or receiving course releases can replace contingent faculty.*	

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Example Analysis: Organizational Costs

Raw Data

F26

	A	B	C	D	E	F	G	H	I	J	K
1											
2	College or School	Position	Compensation		College or School	Position	Compensation		Department	Position	Compensation/ Supplementary Compensation
3	College 1	Dean	$150,000		College 1	Assistant to the Dean	$40,000		Department A	Administrataive Ass	$30,000
4	College 1	Assistant Dean	$125,000		College 1	Administrative Assistant	$30,000		Department A	Chair	$5,000
5	College 1	Associate Dean	$125,000		College 1	Administrative Assistant	$30,000		Department B	Administrataive Ass	$32,000
6	College 1	Director	$100,000		College 1	Coordinator	$25,000		Department B	Chair	$5,000
7	College 1	Assistant Director	$80,000		College 2	Assistant to the Dean	$45,000		Department C	Administrataive Ass	$34,000
8	College 2	Dean	$200,000		College 2	Administrative Assistant	$32,000		Department C	Chair	$5,500
9	College 2	Assistant Dean	$160,000		College 2	Administrative Assistant	$30,000		Department D	Administrataive Ass	$28,000
10	College 2	Associate Dean	$150,000		College 2	Coordinator	$23,000		Department D	Chair	$4,500
11	College 2	Director	$125,000		College 3	Assistant to the Dean	$38,000				
12	College 2	Assistant Director	$100,000		College 3	Administrative Assistant	$32,000				
13	College 3	Dean	$175,000		College 3	Administrative Assistant	$32,000				
14	College 3	Assistant Dean	$160,000		College 3	Coordinator	$27,000				
15	College 3	Associate Dean	$145,000								
16	College 3	Director	$110,000								
17	College 3	Assistant Director	$95,000								

Steps 1 & 2

C11

	A	B	C	D	E	F	G	H
1								
2	Leadership					Administration		
3	**Row Labels**	**Sum of Compensation**	**Count of Position**			**Row Labels**	**Sum of Compensation**	**Count of Position**
4	College 1	580000	5			College 1	125000	4
5	College 2	735000	5			College 2	130000	4
6	College 3	685000	5			College 3	129000	4
7	**Grand Total**	**2000000**	**15**			**Grand Total**	**384000**	**12**

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Example Analysis: Organizational Costs

Steps 3 & 4

M19

	K	L	M	N	O	P	Q	R
1								
2								
3	Row Labels	Sum of Compensation (Leadership)	Count of Position (Leadership)	Sum of Compensation (Administration)	Count of Position (Administration)	Total Headcout	Total Administrative Cost	Total Administrative Cost Per SCH
4	College 1	580000	5	125000	4	=SUM(M4,O4)	=SUM(L4,N4)	=Q4/B14
5	College 2	735000	5	130000	4	9	865000	34.6
6	College 3	685000	5	129000	4	9	814000	27.13333333
7								

Steps 5 & 6

J29

	A	B	C	D	E	F	G	H	I	J	K
19											
20											
21	**Row Labels**	**Sum of Compensation/ Supplementary Compensation**	**Sum of Number of Course Releases (If Applicable)**			Row Labels	Sum of Compensation/ Supplementary Compensation	Sum of Number of Course Releases (If Applicable)	Total Administrative Cost per SCH	Cost per Course Release	Total cost of Course Releases
22	Department A	35000	2			Department A	35000	2	=G22/B30	1,200	=H22*J22
23	Department B	37000	2			Department B	37000	2	37	1,200	2400
24	Department C	39500	3			Department C	39500	3	7.9	1,200	3600
25	Department D	32500	2			Department D	32500	2	21.66666667	1,200	2400
26	**Grand Total**	**144000**	**9**								
27											
28											
29	Department	Total SCH									
30	Department A	2000									
31	Department B	1000									
32	Department C	5000									
33	Department D	1500									
34											

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Example Analysis: Organizational Costs

Potential Savings from Merging Departments C and D

L48

	A	B	C	D	E	F	G	H	I
40	This calculation assumes the department with the higher administrative cost per SCH can achieve the same cost per SCH as the department with the lower cost per SCH and that the merged department would need one chair with the same number of course releases a chair recieved prior to merging								
41	Row Labels	Total Administrative Cost per SCH	Current Cost per SCHxNumber of SCH	Current Cost of Chairs' Course Releases	Current Total Cost	Cost per SCHxNumber of SCH After Merging	Cost of Chair's Course Releases After Merging	Total Cost After Merging	**Available Savings**
42	Department C	7.9	39500	3600		39500	3600		
43	Department D	21.67	32500	2400		11850			
44	Totals		72000.00	6000.00	78000.00	51350.00	3600.00	54950.00	**23050.00**

L48

	A	B	C	D	E	F	G	H	I	J	K
48	This calculation assumes the merged departments will have an administrative cost per SCH equal to the WEIGHTED AVERAGE administrative cost per SCH of the merged departments, and that the merged department would need one chair with the same number of course releases a chair recieved prior to merging										
49	Row Labels	Total Administrative Cost per SCH	Current Cost per SCHxNumber of SCH	Current Cost of Chairs' Course Releases	Current Total Cost	Weight of Departments SCH	Weighted Average of Departments' Administrataive Cost per SCH	Cost per SCHxNumber of SCH After Merging	Cost of Chair's Course Releases After Merging	Total Cost After Merging	**Available Savings**
50	Department C	7.9	39500	3600		0.77		55384.62	3600		
51	Department D	21.67	32500	2400		0.23		16615.38			
52	Totals		72000.00	6000.00	78000.00		11.08	72000.00	3600.00	75600.00	**2400.00**
53											

The above screenshots depict two possible ways the Implementation Leader could calculate available savings from merging academic units. The available savings vary widely. The Implementation Leader should experiment with a few different possible combinations of academic units and calculate the available savings based on multiple assumptions (these or others) to estimate a range of the available opportunity. If an institution chooses to proceed with merging academic units, the units that are ultimately merged may not match those the Implementation Leader merges when estimating the available opportunity. The purpose of the exercises in this workbook is to produce an approximation of the available opportunity, not to commit the institution to merging specific academic units or achieving a predetermined cost per SCH in any given unit.

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Additional Considerations: Academic Reorganization

Navigating Potential Sources of Pushback

Reorganizing departments, schools, and colleges can be controversial and complicated. Members of the campus community may fear a reorganization would negatively impact academic quality or have questions about how the new organization will be determined and changes implemented. Any decisions about combining or reorganizing academic units must involve deans and department chairs who understand the needs of their departments, schools, and colleges and can identify constructive (and potentially harmful) disciplinary groupings. If pursuing administrative cost reduction within the existing structure, institutional leaders should expect questions about process and the administrative workload that falls on faculty.

Framing discussions about reorganization and academic efficiency as a way to save money without eliminating programs or faculty positions may mitigate opposition to a proposed reorganization.

Academic Quality: Potential Questions and Approaches

- There are significant differences between the disciplines in different in departments and maintaining them is important to academic quality. How will the institution ensure these differences are preserved?
- If multiple departments or colleges and schools are combined, the chairs and deans will be making decisions about disciplines they know little about. How will the institution ensure academic quality is not adversely affected?
- How will the institution ensure smaller disciplines don't get sidelined?
- Faculty need access to administrative support staff to support teaching, how will the institution ensure faculty can still get the help they need?

▶ Decisions around which disciplines can be grouped together should involve deans and department chairs, who will be in the best position to understand their disciplines and what their school, college, or department needs to be successful. Decisions related to reduced administrative staff should consider the instructional impact resulting from changes in administrative support for faculty.

Organization and Process: Potential Questions and Approaches

- How will reorganizing colleges, schools, and departments affect the institution's reputation?
- A drastic reorganization will be time consuming, disruptive, and labor intensive. Are the potential savings worth that level of disruption to institutional operations?
- Who will decide how departments and schools or colleges are reorganized? How will they determine what disciplines can be combined appropriately?
- How will new schools, colleges, and departments be organized? How will that organization ensure each discipline is adequately represented in the new structure?
- How will the institution ensure departments, schools, and colleges have enough administrative support after reducing the number of support staff?
- Faculty already take on a great deal of administrative work, how will the institution safeguard faculty time while reducing administrative capacity?

▶ Discuss any proposed changes to the academic organization with the faculty senate, deans, and department chairs. Work with faculty and academic leaders to develop plans that do not add to the administrative responsibilities of faculty. A successful reorganization process will require the cooperation of stakeholders across campus, so facilitating stakeholder support is essential.

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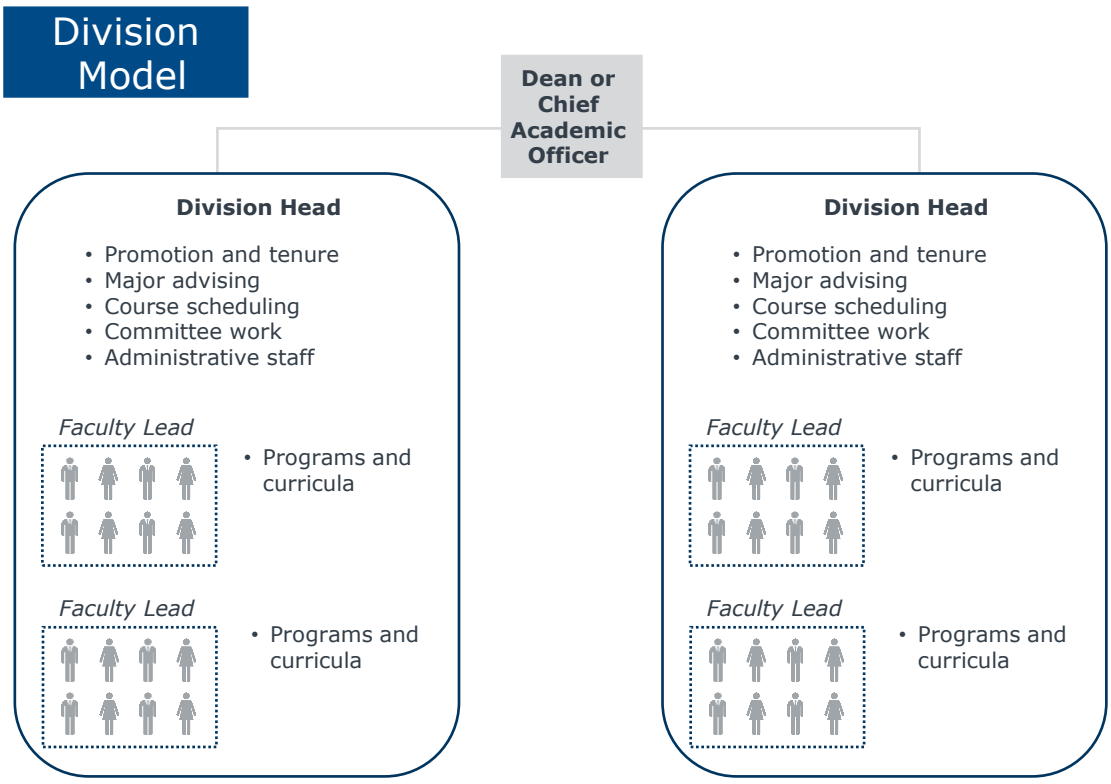
A Possible Alternative: Divisional Models

An Emerging Organization Principal Provides an Alternative to Departments

A recent EAB report reviewed multiple small, mid-sized and a few large institutions that moved to a divisional organizational model in which academic departments are merged into multidisciplinary academic units or divisions. Instead of the traditional model that requires department chairs to align administration and budgets with institutional needs and represent their disciplines in academic governance, the divisional model splits these duties into two positions. This reorganization shifts some of the traditional, administrative responsibilities of the department chair up to the divisional level, to a professionalized role with elevated scope.

These division heads (typically tenured faculty members) are hired and trained for administrative, budgetary, and strategic oversight over multidisciplinary academic units. The divisional model also relies on discipline-specific faculty leads to represent their discipline, set standards for curriculum, and advise on faculty hiring and evaluation. This first-among-equals faculty leadership role has reduced responsibilities compared to traditional chairs. Faculty leads are elected to coordinate curricula and serve as shared governance representatives for flexible groupings of faculty in one or more divisions. In addition to reducing the strain on department chairs, the divisional model can permit institutions to truly differentiate from competitors by promoting interdisciplinary collaboration and unconventional programs or research.

Division Model Organizational Structure



Source: EAB Interviews and Analysis

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Administrative Efficiency in a Division

Divisions Use Administrative Resources Effectively

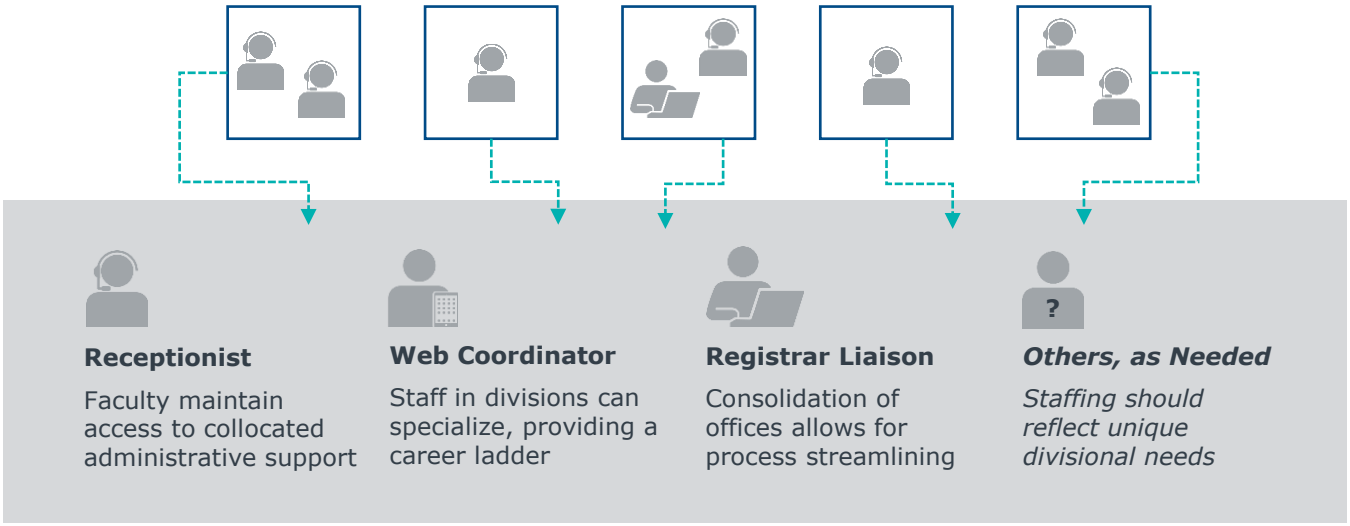
The divisional model is often more financially sustainable than the traditional organizational model. New programs can be launched without creating new, and costly, academic units. Division heads can also coordinate curricula across multiple programs, allowing programs to operate with fewer dedicated faculty.

The divisional model promotes efficient use of administrative resources within academic units by consolidating academic support staff into smaller, more professionalized administrative offices. Since administrative staff operate at the division level, administrative costs are shared across more programs and faculty.

The divisional model also permits flexibility in dealing with open faculty lines since faculty lines are allocated by division. This facilitates joint hiring that ensures faculty are hired in needed areas and doesn't impact the sustainability of individual programs. Disciplinary leads work with provosts and deans to identify opportunities to fill open faculty lines strategically to promote institutional goals (e.g., prioritize growth opportunities, meet cross-teaching needs).

Administrative Savings from Divisional Administrative Model

1-2 administrative generalists per academic department



The **University of Alaska-Anchorage** reorganized administration in one college into four divisional hubs, allowing them to hire three new specialized staff for student success and reinvest **$300K** toward university priorities

For institutions interested in transitioning to a divisional model, EAB's Multidisciplinary Reorganization Toolkit provides resources to support the move to a divisional model such as a sample timeline for reorganization, indicators of a successful reorganization, and concrete guidance on how to start the reorganization process.

Source: EAB Interviews and Analysis

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