

Report of the RHE Study Committee to President Nellis

Since establishing its first of five regional campuses in 1946, Ohio University has been at the forefront of regional higher education. Serving an access mission, our regional campuses have transformed the lives of students and families throughout southeast Ohio for more than seventy years. Today, OHIO has the opportunity once again to lead the way toward a new understanding of the importance and value of place in higher education. We can elect to limit our vision of regional campuses to what they have historically been—small, independent, access-driven liberal arts institutions—or we can take the bold step of reimagining our campuses as vital locations in a dynamic engagement ecosystem that focus the full power and potential of our world class university at a point of need and opportunity. Working in true partnership with the communities surrounding our campuses, and as one university united across this ecosystem, we can pursue innovative curricular models to meet evolving workforce needs and the demand for lifelong learning, discover solutions to intractable problems that challenge our communities, and provide our students greater experiential learning opportunities. Together, we can forge a financially sustainable model for our university system that is maximally efficient, highly responsive and agile as a community partner, providing high quality education across a lifetime of learning needs and discoveries that advance the well-being and economic vitality of our communities.

Achieving this vision requires substantive restructuring of our academic and administrative operation. The changes we recommend, while difficult, are essential for creating a sustainable multi-campus university. We offer the following principles and associated recommendations to better position OHIO for Ohio, addressing each of the areas of our charge: organizational and reporting structures, academic program development and delivery, faculty relationship to Athens, financial sustainability, and student services. We believe our recommendations position us for a more sustainable academic and resource model for the regional campuses in the context of the whole of Ohio University; an ability to engage more nimbly and flexibly new markets for student recruitment pipelines; better interconnectedness and collaboration across all of our campus locations; enhanced opportunities for faculty to work seamlessly across the system; and greater opportunities for students to complete coursework and engage in experiential learning opportunities.

We have organized our recommendations under five principles, each of which includes more specific recommendations that flow from these principles. We offer a concrete set of action steps to take upon acceptance of these recommendations with an associated timeline for implementation. Finally, with respect to financial sustainability, we must be highly efficient and we must generate new revenue. We offer an analysis of the project gap that we need to close, and how implementation of these recommendations might close the gap.

Principles and Recommendations

1. We need renewed focus as a unified university system on serving an educational access and workforce development mission with distinctive quality, affordability, and student success, helping students move along a lifelong learning path.

Recommendations

- a. Academic and administrative leaders on the Athens campus must be given the authority and be held accountable for supporting this mission.
 - Just as colleges have taken ownership of online and lifelong learning, they must see their mission as extending to educational access and workforce development across the

region where opportunities are present. Regional campus leadership should work closely with Athens campus deans and department chairs to define and carry out this mission with sensitivity to locally unique needs and opportunities at each campus location.

- Many colleges already have external engagement and outreach professionals. These staff should coordinate with each other and regional leadership in pursuit of community partnership and discovery of need and opportunity to engage the full mission of the university, from lifelong learning needs to engaged research and economic development.
 - Executive leadership should be visibly engaged in advocating for a unified university operation and hold academic and administrative units accountable to an expansive system-wide engagement that activates our tripartite mission of education, research, and engagement. Particular care and attention to the access mission will be critical, but the regional campuses and their surrounding communities should be engaged more comprehensively.
- b. Faculty across the system should be united by discipline within departments that have system-wide reach and responsibility.
- One of the greatest concerns brought to the attention of the committee, raising issues similar to those involved in corporate mergers, is the pervasive us/them attitude among faculty in many areas of the university. There are some exemplary models of collaboration and mutual respect across the system, including nursing, communication, and social work; but these exemplary models of collaboration have emerged against structure, process, and incentive. A structural change alone will not be enough, but it is a crucial step in the right direction.
 - Uniting as a single department across locations needs to be implemented with care and attention to existing contracts and commitments. Moving forward, there should be one P&T process for all faculty within a department.
 - Expectations should be set by academic leadership of practice, process, and policy at the department level being inclusive. The distributed faculty would be full members of the department. Regular review of the climate in this regard should be the norm.
- c. Existing programs at the regional campuses should be aligned to Athens campus colleges.
- Most, but not all, regional campus programming maps comfortably to departments on the Athens campus. There are a few unique programs that do not map directly into departments, including some associate degrees, the equine studies program, and others. One option to consider here is having some of these programs continue to operate as part of a regional system academic unit. Another option is to incorporate these programs and faculty as a bundle into University College, or place them individually across colleges where the misalignment is minimized. The decision about unique programs and the faculty who deliver them should be made by the Provost in consultation with Athens and regional campus leadership.
- d. Create a regional campus leadership structure that funnels and prioritizes opportunity and need from across the system to academic and administrative leadership.
- Our benchmarking effort reinforces our belief that there needs to be dedicated campus leadership responsible for daily campus operations, understanding campus needs

(student support, administrative, and academic), cultivating community partnerships, and identifying new program and engagement opportunities. These campus leaders would report to a central academic administrative leader, a vice provost for the regional campuses, responsible for synthesizing input from regional campus leaders, prioritizing opportunities, and advocating for resources from college deans and administrative leaders to serve the access mission across the engagement ecosystem and discover broader opportunity to engage the full mission of the university.

- Explore monetization of assets and new investment opportunities (e.g., a Lancaster investment, perhaps with an innovative private partnership, to support expanded residential experience and a test of OHIO's ability to utilize regional campuses as feeders that support expanded enrollment).
- Regional leadership should work with finance to develop clear projections and targets for efficiency and revenue generation at each site as this new model unfolds, ensuring a full accounting of the value of each campus location considering the full academic mission delivered through that campus.
- Regional leadership, in consultation with academic leadership, should explore community driven centers of excellence that inform the focus of programming, research, and engagement efforts at a specific location.
- Expectations for grants linked to learning innovation, creative expression, research discovery, and engagement should be established, and appropriately resourced.

2. We need to embrace innovative new programming structures and curricular approval processes that meet the needs of a workforce increasingly challenged to keep pace with industry and cultural change at unprecedented speed and scale. New standalone and stackable certificates tuned to the demand of the market must be developed alongside of and in many instances as part of our traditional associate, baccalaureate and graduate/professional degrees.

Recommendations

- a. Revise academic and administrative policies and processes to enable and reward pace, responsiveness, and curricular innovation.
 - This is OHIO's urgent challenge. Our internal processes, while important gatekeepers to ensure quality and the ability of administrative support units to deliver (e.g., enrollment staff need time to build materials and strategy for marketing and enrolling new programs), are calibrated to a tradition and pace that throttles risk-taking and innovation. A task force of academic and administrative staff should be charged by the provost with recalibrating course and program approval processes to favor pace and innovation in program structure and content while maintaining quality and risk management, particularly as it relates to certificate programs and microcredentialing.
- b. Ensure departmental and college budget models incentivize academic innovation that results in net new revenue streams delivered through the regional campuses without abandoning traditional programs at those locations that have proven value. These might include expanded noncredit (continuing education unit, or CEU) programming, microcredentialing at the competency or multicourse certificate level, and stackable certificates that lead to traditional degrees.

- c. Invest in technology that enables new program structures, including noncredit registration and credentialing, and modified transcripting, as well as increased functional capacity in key areas (e.g., financial aid and transcript analysis) as necessary to enable curricular innovation. (These are in fact emerging needs independent of the RHE Study Committee effort.)
- d. New business models should be pursued
 - As community needs come into focus (e.g., revitalization and economic development, or resource extraction) opportunities to partner in mutually beneficial ways may emerge that offer new revenue models beyond credit-based tuition. While tuition generating programs and grants are essential sources of revenue, we should explore other sources more aggressively. Subscription models, corporate contracts for employee development, and other ideas are in play in higher education, and we should look for opportunities to experiment in this space.

3. Given our quality and service level standards, we can afford nothing less than the highest degree of efficiency in academic and administrative operations across the system.

Recommendations

- a. Consolidate and streamline administrative processes.
 - Administrative functional leaders (IT, Finance, HR, etc.) should seek and be held accountable for improving system-wide efficiency while maintaining necessary service levels and quality. This should be a collaborative effort with regional campus leadership and could take the form of virtual service delivery, hard line or dotted line reporting structures of locally deployed staff, or other solutions, depending on the function.
- b. Consolidate and streamline academic processes.
 - As our primary recommendation is toward integration of RHE faculty and programs with existing Athens colleges and coordination across the system, regional campus-based academic governance, including decisions about hiring and promotion and tenure, should be reconceived and streamlined within a one university model. Campus-based faculty and leadership should have a substantive role in the process.
 - Rationalize course scheduling to reduce the needless duplication of under-enrolled simultaneously run course sections across the system. The current approach being explored by A&S and RHE is promising and could be used as a model. Annual review of progress should be undertaken by the deans council.
 - Stretch efficiency and academic productivity while maintaining quality through integration of technology and new learning space designs—review course enrollment caps, invest in faculty development programs (using existing money) to incent faculty participation in flipped classroom design and other solutions to scale instructional efficiency. The provost should identify benchmarks and set targets for efficiency and productivity while maintaining quality.
 - Invest in new technologies and expansion of OULN-like functionality to scale multi-point teaching across all campuses.

4. As population, demographics, and workforce needs shift throughout the region, ecosystem investments will need to flex to emerging opportunities and away from unsustainable investments.

Recommendations:

- a. Develop a new financial/budget model for managing investment and understanding value tied to place.
 - Given this new vision of engagement campuses with an expansive mission within a unified university system, how do we understand the cost of maintaining a particular location and the return on investment associated with it?
 - Student swirl among the regional campuses creates a unique set of challenges, only some of which are financial. Particular attention should be paid to developing a clearer understanding of the relationship students bear to a particular campus. IR should develop a recommendation here, but a simple idea would be to capture student home location annually as they enroll.
- b. Develop a set of principles for managing lifecycle of campuses and centers, and for elimination of excess capital assets.
 - Particularly as demographics shift, some locations may simply reach the end of their useful life. Under what circumstances should we close a campus or center? What principles should guide this decision? What steps should be taken to ensure this is done well, with appreciation for the cyclical nature of need and opportunity, and with full community engagement and understanding? Under what circumstances is investment in a new location warranted? Executive leadership should develop these principles.
 - Each of the campuses should review and identify appropriate assets that are no longer critical to the mission. Regional leadership should work with finance to make a recommendation to executive leadership.
- c. Develop governance to prioritize use of place.
 - Particularly where there is a lot of opportunity, there may be a need to manage access and stage investment. The provost should lead development of a governance process to prioritize and regulate access to locations.

5. Implementation of this one-university model should be undertaken with care to ensure reporting and regulatory requirements can still be met.

Recommendations:

- a. Establish a task force led by IR to ensure reporting and accreditation and related requirements are preserved, and that inadvertent negative impact on rankings and other data-driven concerns are avoided.
- b. Our recommendations are akin to a merger. Executive leadership should consider whether a consultant engagement would facilitate implementation at pace with project management of all the changes necessary, with special attention to training and professional development as needed, prioritization of process improvement and efficiencies, and department-level support for ensuring smooth transitions to and broad understanding of the one-university model.

Recommendations Summary

In their totality, our recommendations aim to accomplish three goals: maximize efficiency across the entire OHIO operation, enable generation of new revenue streams through curricular innovation, and unite our community in extending our full university mission across a dynamic engagement ecosystem.

We do not pretend to have fully solved the challenge of sustainability here, but we do believe we have developed the best chance to achieve it. If we are successful, we will see a profusion of new program structures and credentials tied to unique outcomes tuned to community and workforce needs, we will see a new level of community partnership in shared grant-funded discovery to the benefit of our communities, and we will set a national benchmark for operational excellence in a multi-campus university.

Action Steps

Upon approval of these recommendations, the following steps should be undertaken:

Immediate and within one year:

1. Provost will initiate search for Vice Provost for regional engagement (or whatever title we come up with). Once in place, this leader will work with regional deans and Athens leadership to establish a new and highly efficient administrative structure informed by these recommendations.
2. Secure a change management consultant to facilitate implementation of recommendations and positive integration of faculty within departments.
3. OIT will conduct a review of multi-point (OULN) capacity for both instruction and faculty/staff coordination (e.g., departmental meetings), conduct a needs analysis, and implement a plan to expand capacity as necessary based on the analysis. Expansion should begin as early as 2019.
4. Administrative leaders in IT, HR, Communication and Marketing, Enrollment Management, Finance and Budgeting, Facilities, will analyze system wide operations and establish service levels (and modify business process as necessary) to meet needs across the system, confirm and implement our projections regarding efficiency gains by August 2019.
5. Dean of Libraries should review their operations and implement efficiencies across the system.
6. Regional leadership, working with college deans, will identify and pursue immediate opportunities where available—three such programs are detailed in the financial impact section below. In addition to degree programs, it will be important to assess area workforce needs for continued education programming in each of the regions.
7. Associate deans will define and enact course section rationalization to the degree possible given existing policy, technology, and classroom limitations. Savings should be documented. Weekend and evening course offerings should be considered to meet the needs of non-traditional students.

One to three year:

8. The provost will charge a task force including faculty senate and key administrative units to recalibrate the program review and approval process to prioritize pace and innovation with while managing risk and ensuring quality. Until this work is completed, the existing exemption policy should be used to launch innovative new programs with an identified market.
9. Block scheduling policies will need to be revised to enable full course schedule rationalization. Once completed, duplicate course sections should be extremely rare and clearly justified.
10. Exemption process will be used as necessary to launch new programs by fall 2020.
11. Enrollment caps on multi-section course offerings should be reviewed. Within courses, caps should be standardized, and opportunities for innovation identified that would lead to

significant efficiencies with no negative impact on learning outcomes. Academic leadership should review the data behind our projections and annually review instructional efficiency metrics.

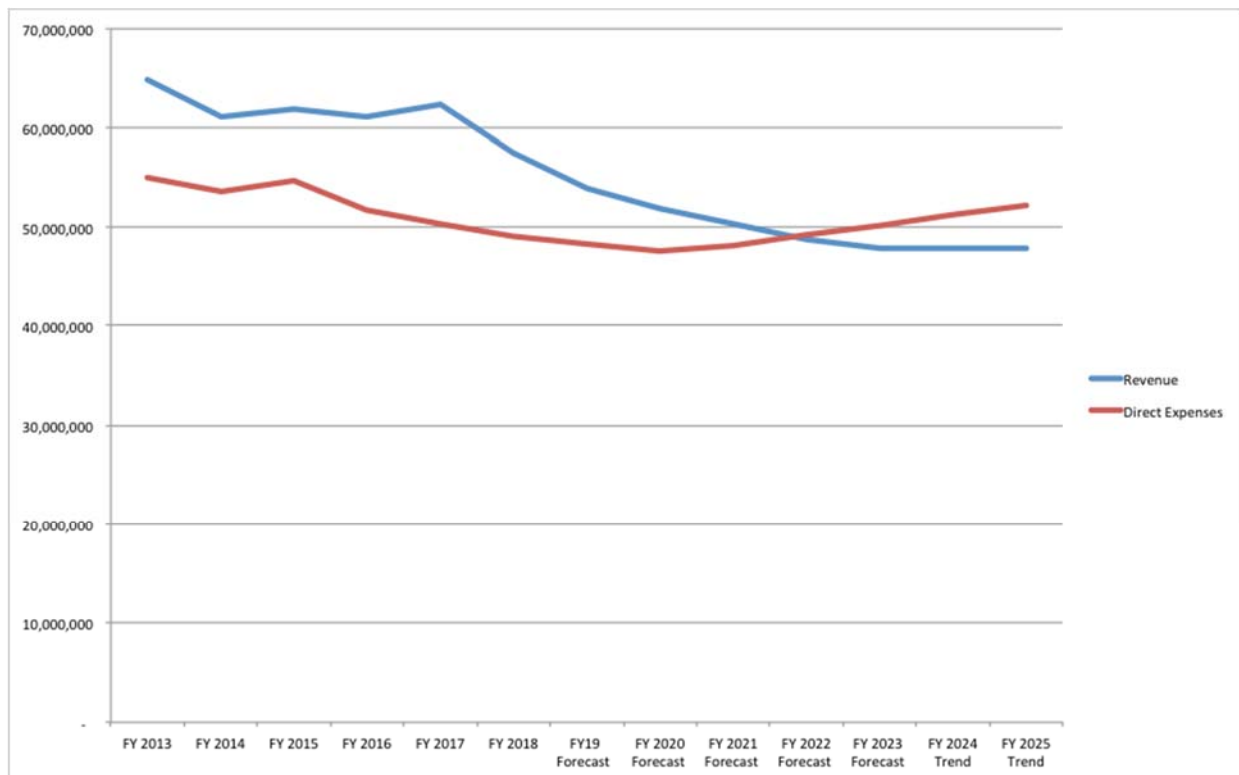
12. IR will work with HR and academic leadership to develop workflow and reporting to enable management of onload and overload instruction.
13. Regional leadership will work with academic leadership to define a prioritization process to manage priorities both across and within campus locations.

Financial impact statement

The primary driver threatening the financial stability of regional campus operations is the multi-year enrollment declines that have led to a revenue reduction. Over the past seven years the regional campuses have responded to this decline with matching expense reductions through staffing and cost reductions. To close the projected gap, OHIO will need to pursue administrative and academic efficiencies as well as new revenue generating programs. Details of these strategies follow.

Revenue / Expense Trends

The graph below illustrates the historical relationship between revenues and expenses on the regional campuses over the past seven years as well as projections for the future. Future revenue projections continue to decline slightly before leveling out and staffing cost inflation have put the system on an unsustainable path with expenses exceeding revenue by FY22. This gap grows at a rate of \$2M per year starting in FY23.



Historically, regional campus revenues have exceeded direct expenses by an average of around \$8M (12-15% of revenue), which is used to support Athens campus operations in the form of an overhead charge.

As can be seen in the graph, the expense line has tracked below the revenue line by this amount up through FY18. As revenues have declined during this period, expenses have been proportionally reduced to maintain this balance but in FY19 operations are not able to support this level of overhead and would create a shortfall of \$3.7M at the historic overhead level.

This same relationship between revenue and expenses is also built into the structure of the budgets for Athens colleges with revenues exceeding expenses by range from 8% to over 50%. Unlike Athens colleges, regional campuses have additional direct expenses that Athens colleges do not have for administrative functions like facilities, IT, and advising so the use of revenues beyond direct expenses is not exactly comparable.

Implementation of the integration model reflected in our recommendations may blur the current separation between RHE and Athens college budgets. For example, if faculty members work across the system, the salary cost might also be distributed. This would change the cost structure of regional campuses and potentially affect any overhead exchange. At higher levels of integration, the entire concept of overhead may no longer apply and the question of financial sustainability would shift to the system level.

Addressing the Revenue-Expense Imbalance

The assumption of flat revenue requires that the current trend of enrollment decline levels out and the assumption of expense inflation of about \$2M per year assumes that staffing does not decline further. If these assumptions hold, then the target for maintaining financial stability would be this \$2M imbalance between revenues and expenses. This is a compounding base imbalance would occur every year unless the revenue and/or expense trend is altered.

A combination of several potential actions will be required to reverse the trend and create a sustainable balance between revenues and expenses including:

Increase enrollment

From the historical trend in enrollment over the last five years the student FTE enrollment decline of around 800 students has reduced revenue by \$2.6M

	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Change
FTE Enrollment	6,259	6,174	5,961	5,699	5,445	814
SSI/Tuition	64,918,855	61,053,955	61,911,340	61,074,964	62,313,012	2,605,843

To balance the cost inflation trend, enrollment would have to increase by around 625 students each year into the future.

Add other revenue streams

Other revenues from new programs such as workforce development net of any costs to operate such programs could be used to offset expense inflation. As with enrollment, these revenue streams would need to add around \$2M each year into the future to balance expense inflation

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Expense Inflation	1,841,126	1,889,267	1,961,756	2,037,027	2,115,185

Examples of potential new programs that could contribute to balanced revenues and expenses include adding the Nursing program at Eastern, Allied Health program at Lancaster and the Physician Assistant program at Southern. Assuming a conservative student cohort of 25 and an investment in faculty resources to offer the program, each of these could grow to a net revenue of over \$700,000 over 5 years for a total of approximately \$2M.

Reduce Expenses

As an alternative to or in combination with changes to the revenue trend, another strategy would be to try to change the expense inflation trend. A large portion of the expense reductions over the last five years have been through staff reductions in response to lower enrollments, staff reductions enabled through scheduling efficiencies and reductions to other costs.

Further staffing efficiencies and reductions could be used to help reset the base compensation expenditures, which would shift the expense line down and reduce the effect of inflation. The integration of instructional staff across the system has the greatest potential for efficiency gains. An analysis was conducted looking at courses offered in multiple sections across Athens and regional campuses in 2017-18. Taking the 15 courses with the highest overall enrollment and looking at going to a system approach to scheduling shows that it is possible to reduce the number of sections by at least 10% if perfect efficiency were possible. If this 10% reduction is applied to all of the courses with multiple sections across the system, this could result in a total reduction of almost 800 sections annually. If the instructional cost of using adjunct faculty is used, this would result in a savings of \$2.8M. If a standard rate is computed based on the average salary and typical course load of a tenure-track faculty member is used, the savings would be almost \$8.5M. Actual savings would thus depend on how efficiently scheduling could be done across the system and the mix of faculty resources that could be saved.

Under a more integrated system, this approach could also be applied to sections offered only on regional and only on Athens campus as faculty resources are able to be more flexibly deployed and could lead to much larger efficiency gains and savings across the entire system. Of note, the impact of College Credit Plus may over time pose a threat to fully realizing these savings.

Focusing on non-faculty staff reductions would not directly impact instructional capacity and help decrease expense inflation but the total administrative salary budget across the system is only around \$6M compared to \$22M for faculty salaries. Nonetheless, pursuit of administrative efficiency is essential, and we estimate that there is the potential for \$575,000 in additional savings by integrating administrative functions across the system.

Other non-personnel expense reductions in areas such as administrative costs could lower the expense line but would have less impact on the expense inflation trend.

Financial Impact Summary

Financial stability across the regional campuses will require a combination of the strategies enumerated here. Enrollments will likely see a boost as the economic cycles continue, but diversification into new revenue streams will be required to help bridge through enrollment downturns and to meet emerging workforce needs. Increasing the efficiency of the deployment of permanent faculty resources across the system will be even more critical as well as looking at the mix between permanent and adjunct teaching capacity. And while reducing administrative costs is important and made possible through system-wide service delivery, it plays a much smaller role in the path to sustainability.

RHE Study Committee Membership

Nicole Pennington	Co-Chair, Dean, Ohio University Southern
Brad Cohen	Co-Chair, Senior Vice Provost for Institutional Innovation
John Day	Associate Provost for Academic Budget and Planning/ Associate Dean (Business)
Jason Pina	Vice President for Student Affairs, Interim Chief Diversity Officer
Randy Leite	Dean, College of Health Sciences and Professions
Deborah Henderson	Director, School of Nursing
Jerry Miller	Associate Director for Undergraduate Studies
Bill Willan	Executive Dean for Regional Higher Education
Laurie Hatch	Associate Dean for Students, Instruction and Curriculum
Todd Myers	Professor; Chair, Engineering Technology & Management
Lisa Harrison	Associate Professor, Middle Childhood Education
Sarah Mahan-Hayes	Associate Professor of Communication, Eastern
Mark Nevin	Associate Professor of History, Lancaster
Jeremy Webster	Dean, Zanesville
Rosanna Howard	Director of Operations and Budget for Regional Campuses
Elizabeth Bennett	Institutional Research