Aligning Faculty Effort to Institutional Mission

Southern Regional Education Board & Huron Webinar Series
Wednesday, March 31, 2021
Agenda

This presentation provides an overview of the academic cost structures and key metrics necessary to evaluate how faculty effort at their institution aligns with the institutional mission.

1. Introductions
2. Developing an Academic Cost Tool
3. Using the Tool to Align Faculty Effort
4. Question and Answer Session
Introductions
Experienced Higher Ed Professionals

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Marymount University

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Huron Consulting Group
Poll Question #1

How would you describe the alignment of faculty effort to the mission of the institution?

A. Fully aligned
B. Mostly aligned
C. Somewhat aligned
D. Not aligned
E. Do not know
Determining Academic Cost
Guiding the Path Forward

Building a robust cost-to-educate model calls for a comprehensive approach and benefits from a mutual understanding of key components impacting expenses and revenues associated with the curriculum.

<table>
<thead>
<tr>
<th>Task</th>
<th>Component</th>
<th>Objective</th>
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</table>
| Establish Academic Taxonomy | Curriculum      | I. Confirm understanding of the academic structure  
                          II. Map coursework to the taxonomy to set foundation for cost allocation |
| Measure Credit Hour Production | Coursework  | I. Inventory courses and calculate credit hours produced by department/program  
                          II. Evaluate credit hour growth trends and determine load value |
| Define Instructional Load   | Faculty Effort  | I. Establish college level understanding of faculty effort  
                          II. Discuss load calculation caveats including load requirements, reassigned time and co-curricular activity |
| Map Direct Cost of Instruction | Compensation | I. Review variability between in load and overload pay  
                          II. Confirm methodology for distributing salary across instruction, service, and professional development |
| Allocate Overhead Costs     | Overhead        | I. Confirm understanding and application of functional expense classifications with schools and departments  
                          II. Determine metrics for allocating expenses and revenues |
| Align Offerings to External Need | Positioning | I. Analyze trends in student and enrollment success to determine capacity for academic excellence and scalability  
                          II. Identify state and regional opportunities for differentiation / growth |

These tasks should be undertaken collaboratively with college, school, and divisional leadership to address important questions, consider feedback, and assure model effectiveness.
Determining Academic Cost
Curriculum & Resource Allocation

Generally, higher education has diluted the linkage between curricular and resource allocation decisions resulting in a lack of integrated information to make informed decisions from a disciplinary perspective.

Curriculum
Faculty, in collaboration with academic leadership, generally have the responsibility and authority to make curricular decisions involving courses, programs, and majors.

Overhead Costs
Academic administrative support is typically the purview of academic leaders and includes direct and indirect support of instruction, research, and service.

Coursework
Course offerings at an institution are normally the purview of a department chair or program director who balances instructor availability, student need, and other factors.

Instructor Compensation
Academic Deans, through their budget authority, are typically responsible for compensation. This is especially true when considering the allocation of faculty lines and mix.

Strengthening the connection between curriculum and resource allocation approaches is critical, as decisions at the curricular level impact programming, compensation, & mission alignment.
Academic metric development requires a dedicated effort to collect, store, and restructure operational data so that it may be leveraged effectively for analytic purposes with opportunities to refresh annually.

Developing an academic metric fact-base will fundamentally shift the view of senior leaders as they develop the capacity to assess the impact of resource allocation decisions on institutional mission.
Net Tuition Revenue Trends

Our Understanding

Over the years, universities and colleges have had limited success aligning instructional and academic support expenditures with tuition and other revenue streams such as state appropriations.

- Total expenditures (0.2%) and instructional expenditures (-0.3%) outpaced enrollments (-3.7%) during the seven-years prior to 2017-18

- Since 2017-18, college enrollments have remained relatively stable; however, the institution must continue to adjust expenditures to cover previous enrollment declines, make strategic investments, and COVID related financial losses

<table>
<thead>
<tr>
<th>Measure¹</th>
<th>2010-11</th>
<th>2017-18</th>
<th>7-year CAGR²</th>
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<tbody>
<tr>
<td>Total Expenditures</td>
<td>$82.9M</td>
<td>$83.9M</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total Instructional Expenditures</td>
<td>$32.9M</td>
<td>$32.2M</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Unduplicated HC</td>
<td>2,772</td>
<td>2,129</td>
<td>-3.7%</td>
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</table>

Historically, higher education organizations faced with financial challenges sought to protect the academic core; however, this strategy is unlikely to resolve all such challenges in the future.
To assure faculty effort is aligned to institutional mission, leadership should align academic program resources decisions to strategic priorities through investments, contractions, and consolidations.

**Academic Portfolio**
(AY 2020-21)
Sample Outputs
Leverage Section Capacity

This sample metric provides academic leadership with an opportunity to imagine a more efficient approach to managing faculty effort by limiting the number of sections below a certain headcount (e.g., 14).

If every section enrollment was brought to the current median, the 2018-19 coursework inventory would allow for 5,026 additional enrollments.

Higher education organizations will continue to offer courses with suboptimal enrollments; however, quantifying the financial impact of these decisions is critical to aligning faculty effort to mission.
Course Economics
Academic Unit Production

The following graph identifies 26 formally organized academic departments generating more than half their credit hours through five or fewer courses suggesting an emphasis on supporting other disciplines.

Further, these 26 departments tend to produce fewer degrees and have limited faculty which may result in disproportionate administrative activities and limited teaching and scholarly activity.
Faculty compensation at this institution totaled $68M with $31M of FT faculty effort allocated to traditional instruction activities and $7.0M in supplemental compensation related to overload, admin activities, etc.

Establishing an understanding of how resources are allocated across the various forms of scholarly activity establishes a framework for aligning faculty effort to institutional mission.

Of the five levers explored related to “cost-to-educate,” three apply to faculty deployment decisions:

1. Faculty workload
2. Instructional capacity/faculty mix
3. Supplemental pay
4. Course utilization
5. Overhead
Faculty Effort & Pay
Compensation Above Base

This graph illustrates the amount of compensation earned above base by each full-time professor at the institution; over half of the total compensation above base was earned by just 38 of the ~400 professors.

38 faculty members account for 50% of the total compensation above base.

Average = $7,996

* Excludes Part-time or Other Instructors
Source: Cost-to-Educate Model
Poll Question #2

How often are financial implications considered when making academic programming decisions?

A. All the time  
B. Most of the time  
C. At difficult times (financially)  
D. Not at all  
E. I don’t know
Graduate Education
Total Margin by Program

The chart below demonstrates the majority of programs with a positive margin are undergraduate, with post baccalaureate programs reporting a negative margin with an overall institutional deficit of $8.5M.

Margins are calculated using program costs by student course enrollment and net tuition by student program enrollment (tuition accrued less waivers). Waived tuition dramatically impacted graduate-level revenues.

<table>
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<th>Level</th>
<th>Average Waiver</th>
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<tr>
<td>Doctoral</td>
<td>81.2%</td>
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<tr>
<td>Masters</td>
<td>52.3%</td>
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<tr>
<td>Other Graduate</td>
<td>30.9%</td>
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<tr>
<td>Undergraduate</td>
<td>8.3%</td>
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Graduate-level waivers totaled $10.2M in AY19-20, across ~3,600 students.

While a typical academic portfolio will have net losses and gains, this particular institution’s portfolio weighed more heavily on the loss side, primarily driven by graduate-level programs.
Smaller departments are often less efficient and require a disproportionate number of resources, presenting opportunities to reduce academic overhead by reimagining these administrative structures.

- **Redirect and refocus academic resources** to improve pedagogical practices in alignment with institutional strategies.
- **Renew focus on teaching**, benefiting student experience and institutional reputation.
- **Renew focus on interdisciplinary activity** by clustering disciplines and reducing administrative effort.
- **Reduce the number of departments** to streamline processes, encourage collaboration, and reduce administrative effort.
- **Reduce administrative cost associated** with leadership titles (e.g., chairs and directors).
- **Reduce duplication of academic support staff** by taking advantage of scale and leveraging central resources.

### Observations

<table>
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<th>Low Enrollment Impact on Load</th>
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<td><strong>Reduce By</strong></td>
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<tr>
<td>-----------------</td>
</tr>
<tr>
<td>10%</td>
</tr>
<tr>
<td>15%</td>
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<tr>
<td>20%</td>
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Approximately 24% of faculty had administrative roles (e.g., chairs and directors) within this institution, resulting in added contingent faculty, redundant activities, and poor student service.
The matrix below organizes university programs according to the change in completions and corresponding occupations over a five-year period, with size representing the cost of each program.

- **More Occupations, Fewer Completions**
  - 28 programs
  - 479 completions
  - Average program cost per CHP of $430
  - 16 programs
  - 203 completions
  - Average program cost per CHP of $398

- **Fewer Occupations, Fewer Completions**

- **More Occupations, More Completions**
  - 26 programs
  - 1,166 completions
  - Average program cost per CHP of $450

- **Fewer Occupations, More Completions**
  - 21 programs
  - 434 completions
  - Average program cost per CHP of $407
When faced with resource constraints, institutions have historically focused on immediate and incremental changes, forgoing the risks associated with transforming faculty work to align with institutional mission.

**Financial & Operational Impact**

- **Immediate Changes**
  - Limit low enrollment courses
  - Raise class sizes when possible
  - Merge / close redundant courses and sections

- **Incremental Changes**
  - Reduce pay above base for faculty under load
  - Review mix of instructors deployed for instruction
  - Increase non-traditional course offerings
  - Compare current faculty effort to plan and load

- **Transformational Changes**
  - Rationalize faculty administrative roles
  - Close vacant faculty lines in low-demand programs
  - Program modification, merger, or closure
  - Review financial model, esp. graduate education

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*Image credit to Huron*
## Join Us: Upcoming Sessions

<table>
<thead>
<tr>
<th>Topic</th>
<th>Date</th>
<th>Time</th>
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<tbody>
<tr>
<td>Administrative efficiencies enhance the mission</td>
<td>April 14th</td>
<td>2:00 p.m. EDT</td>
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<tr>
<td>Filling classes: enrollment management and strategy</td>
<td>April 28th</td>
<td>2:00 p.m. EDT</td>
</tr>
<tr>
<td>Ensuring community colleges emerge from the pandemic stronger</td>
<td>May 12th</td>
<td>2:00 p.m. EDT</td>
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Group Discussion

Learn more: www.HuronConsultingGroup.com