How Higher Ed Can Emerge Stronger Post-Pandemic

Southern Regional Education Board & Huron Webinar Series
Wednesday, March 17, 2021
Agenda

1. Introductions
2. Higher education market trends
3. New challenges posed by COVID-19
4. Case studies
5. Implications for higher ed operating models
6. Q&A / group discussion
Introductions: Today’s Presenters

Dr. Glen D. Johnson
Chancellor, Oklahoma State System of Higher Education

John Curry
Principal, Huron

Jennifer Ramey
Director, Huron
Poll Question #1

What is your role at your institution?

1. Trustees/Regents
2. President
3. Provost
4. Dean
5. CFO/ VP Enrollment Management
6. Legislators
7. Other
Recent Higher Education Market Trends

- Changing student demographics, populations, and needs
- Increasing student and parent price sensitivity
- Decreasing “half-life” of skills and increased demand for them
- Rise of online learning, competency-based education, and alternative education pathways
- Challenges to core Higher Ed business model
- Changes in government funding
- Corporations and private industry driving basic research
# COVID-19 Operational Impacts

<table>
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<tr>
<th>ENROLLMENT¹</th>
<th>STATE FUNDING²</th>
<th>RE-OPENING COSTS³</th>
<th>AUXILIARY REVENUES⁴</th>
<th>TUITION DISCOUNTING⁵</th>
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| Material declines in enrollment across most demographics:  
  - Overall: 2.5%  
  - Public institutions: 4.0%  
  - Freshman: 13.1%  
  - Comm. Colleges: 10.1%  
  - Int’l Students: 16.0%  
  - First-time Int’l’s: 43% | Widespread state funding disbursement freezes and cuts enacted in 2020-21 academic year  
  FY22 projections show varied approach across states (some investing, some cutting) | Significant costs tied to testing and other safety / re-opening protocols  
  - $24 billion in estimated expenses industry-wide  
  - CARES Act funding insufficient for many institutions | Proliferation of housing / dining refunds and other lost auxiliary revenues tied to high fixed costs  
  NCAA distribution of funds to Division I schools down 60%, from $611M to $246M | 2020-21 academic year saw the lowest average 4-year sticker price increase since 1990  
  Tuition discounts of 10-25% at many privates offered in Fall and Spring semesters |

Relevant Case Studies
Public Research University

A mid-sized public research university needed to test a wide range of reopening scenarios to evaluate classroom, scheduling, and social distancing constraints and develop a return-to-campus plan.

CHALLENGE

Fall 2020 Reopening Concerns
- Adherence to health and safety and social distancing guidelines
- Academic instruction capacity
- Custodial support for turnover cleaning
- Uncertain on-campus enrollment

GOAL

Classroom Planning Model
A classroom supply-and-demand planning model allowed leaders to project Fall 2020 course-level enrollments, determine optimal classroom and time block assignments, and plan for the share of on-campus vs. remote instruction based on custodial resources and space capacity

OUTCOME

A data-informed plan for on-campus instruction was foundational for reopening of research, auxiliary, and other administrative facilities
Kansas State University

Enhanced data insights and a new collaborative governance structure helped K-State lay the foundation for a strategic enrollment management plan to reverse enrollment declines and stabilize tuition revenues.

**CHALLENGE**

**Enrollment Pain Points**
- Declines in-state and out-of-state first year, transfer, and international student cohorts
- No single “source of truth” for recruiting and enrollment data
- Disagreement among leaders, faculty, and staff regarding a path forward

**GOAL**

**Data Clarity & Governance**
Improved data stewardship and a clearer understanding of tuition price elasticity laid the foundation for an elimination of institutional siloes, reorganization of the enrollment management function, and a collaborative governance approach aligned more closely with schools and colleges.

**OUTCOME**

Despite Fall 2020 COVID-driven enrollment declines, the data-informed SEM framework enabled a rapid “pivot to the future” and sophisticated insight into the disruption.
Private New England University

A top mid-sized private university in New England needed support in establishing policies and managing operational processes to safely and equitably reopen campus for the fall semester.

**Lack of Management Practices**
- High need for visibility and transparency across the leadership team on metrics and progress of the testing program
- Many departments engaged to support testing of employees and students
- Lack of standard systems and processes to manage testing

**CHALLENGE**

**GOAL**

**OUTCOME**

**Operational Structure for Testing**
Establish a common set of management, communication, and compliance practices for the testing program to ensure accountability and transparency across all relevant campus stakeholder groups including the President’s cabinet and the Board of Trustees.

- Most students and employees are required to test twice per week

<table>
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<th>Challenge</th>
<th>Vendors</th>
<th>Employees</th>
<th>Committees</th>
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<tbody>
<tr>
<td>Many Stakeholder Groups</td>
<td>4</td>
<td>100+</td>
<td>3</td>
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Standardized processes for communication, follow-up, and issue triage. Daily operational reporting on the progress and results of the testing program.
Marymount University

In 2020, Marymount University developed a comprehensive academic cost-to-educate model to inform resource allocation decisions, reduce overhead costs, and increase interdisciplinary activity.

**Challenge**

**Operating Expenditure Alignment**
- Rising overhead costs within the academic affairs unit
- Increased faculty workload necessary to support administrative activities
- Lack of clarity regarding the cost of delivering the university’s curriculum

**Goal**

**Emphasize Teaching and Research**
Establish a comprehensive cost-to-educate model to streamline the academic structure, improve program economics, focus faculty effort, and reduce administrative overhead costs to fund short and long-term strategic planning initiatives related to teaching and research.

**Outcome**

**Academic Alignment**
- Introduced a new organizational structure to enhance interdisciplinary activity
- Reduced overhead costs by more than 50%
- Developed a framework to create a relevant, adaptable, and in-demand curricula

Over time, administrative activity within academic departments contributed to higher overhead costs despite decreased demand.
Change Management Lessons Learned

Effective change management is critical to ensure that college and university initiatives—COVID-related or other—are implemented successfully.

**OVERVIEW**

**Thoughtful Approach to Change**
- Despite successes highlighted on previous slides, institutions saw myriad initiatives fail in recent years
- Careful consideration of all impacted stakeholders is especially critical
- Must strike appropriate balance between planning, analysis and action

**EXAMPLES**

- Attempted sale of Rose Museum assets
- Attempted College of Chemistry dissolution
- Attempted closure
- Attempted elimination of liberal arts majors

**CONCLUSION**

Material change is sometimes necessary to ensure an institution’s long-term success but must be championed and rolled out carefully to build consensus amongst impacted stakeholders.

Huron’s “4 E’s” Framework

- Engagement
- Equity
- Enrollment
- Endowment

Drivers of Sustainable Change

- Top management sponsorship: 30%
- A shared vision: 10%
- Corporate culture that motivates and promotes change: 10%
- Honest and timely communication: 20%
- Ownership of change by middle management: 20%
- Employee involvement: 10%
- Change agents (owners of change): 10%
- Efficient structure and rules within organization: 10%
- Skill set of project teams: 20%
- Efficient learning programs: 10%
- Adjustment of performance measures: 5%
- Monetary and non-monetary incentives: 15%
- Focus on project management tasks: 5%
- Regular status reports to management: 5%

Honest and timely communication is consistently ranked as a critical driver of successful change.

~70% of change programs fail to achieve their goals, typically due to lack of leadership support and staff resistance.
Poll Question #2

Which case study reflects your current challenges and priorities to address?

1. Operational Change
2. Enrollment Strategy
3. Campus Reopening
4. Academic Portfolio
5. Change Management
6. Other
Poll Question #3

Which kinds of change management issues are you wrestling with today?

Submit your answers in the chat.
Longer Term Implications
Longer-term Higher Ed Implications

- Enrollment Shifts
- Academic Overhauls
- Student Debt Burden
- Innovation
- Mergers & Acquisitions
- Alternative Work Arrangements
- Tuition Reliance

1. 2017 TIAA Mergers in Higher Education (Higher Education Mergers Blog; Parthenon-EY Analysis)
Join Us: Upcoming Sessions

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<thead>
<tr>
<th>Topic</th>
<th>Date</th>
<th>Time</th>
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<tr>
<td>Aligning faculty effort to institutional mission</td>
<td>March 31&lt;sup&gt;st&lt;/sup&gt;</td>
<td>2:00 p.m. EDT</td>
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<td>Administrative efficiencies enhance the mission</td>
<td>April 14&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2:00 p.m. EDT</td>
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<td>Filling classes: enrollment management and strategy</td>
<td>April 28&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2:00 p.m. EDT</td>
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<td>Ensuring community colleges emerge from the pandemic stronger</td>
<td>May 12&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2:00 p.m. EDT</td>
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Question & Answer and Group Discussion

Learn more: www.HuronConsultingGroup.com