Miami University
Strategic Planning Committee
Financial Sustainability Subcommittee
April 1, 2019

Aspirational statement
Miami University will continue to lead the nation as the most efficient university for achieving high-quality student outcomes by ensuring all academic and administrative activity is strategically aligned. Resources will be strategically aligned through agile and responsive processes. Programs and services will be managed efficiently through a continuous improvement process grounded in data and informed by technology that enables ongoing measurement and assessment.

Charge to the Subcommittee
Miami University must continue to design proactive, market-appropriate academic and financial blueprints that empower the university to plan strategically, allocate its resources wisely, invest wisely, comply with increasing government regulations, and mitigate risks. The Financial Sustainability subcommittee should address the following guiding question:

> *How do we enhance our organizational stewardship (processes and structures that manage, allocate and monitor resources) to advance Miami's academic priorities and mission?*

The charge of the subcommittee is to recommend the best financial model for Miami to ensure strength in support of our university mission. As part of this effort, the subcommittee will assess the strengths and weaknesses of the current Responsibility Centered Management model (RCM).

Original Implementation of RCM at Miami University
The original implementation of RCM at Miami decentralized control of university resources in the academic divisions and distributed revenues in excess of expenses to the academic divisions at the end of each fiscal year based on their financial performance. Divisions paid support center costs to central administration, and subvention supported divisions whose expenses exceeded revenue. This resulted in several criticisms of the model – despite the fact that these risks were anticipated, and the community was, in fact, forewarned of these specific outcomes. First, the divisional focus inhibited interdisciplinary collaborations, despite revenues being allocated for majors and credit hours based on the division of the instruction. Second, the model incentivized the opportunistic creation of majors and courses by prioritizing divisional revenues over academic outcomes or strategic growth. This included reported instances of one division inhibiting the creation of new programs in another division due to the perception that the new program would diminish revenues for the division with the existing program. Third, decentralizing all revenues in the academic divisions left no resources for central strategic investments to more broadly benefit the university.

However, before the subcommittee could respond to these criticisms of RCM, the budget model was changed. A new budget model was designed by the president, provost and CFO in response to a resolution from the Board of Trustees. The basic tenets of this new budget model are described below because they provided important context for the work of the committee in responding to the remaining part of our charge.

New Budget Model
In December 2018, the Miami University Board of Trustees adopted the Strategic Direction and Budget Plan Resolution that called for a five-year budget plan to bridge the implementation of the Strategic Planning process and the maturation of Boldly Creative programs. The resolution tasked the president and senior vice president for Finance and Business Services to create a five-year budget plan to:

- improve productivity throughout all operations of the university;
- prioritize scholarships in the comprehensive campaign;
- require all academic programs and degrees to more quickly adapt in response to societal needs and diminished interest in some programs;
- prioritize innovation in teaching and learning outcomes;
- ensure greater integration between the curricular, co-curricular and career experiences
- improve student success beyond graduation.

The December 2018 resolution required a comprehensive university strategy to achieve each of these goals through a combination of budget reductions in administrative units and resource reallocation across academic departments. In February 2019, the president announced changes to the budget process, and the Board of Trustees adopted a Long Term Budget Plan Resolution.

In order to operationalize these budget principles and successfully accomplish the goals specified in the resolutions, the new budget model uses three strategies to increase the central management of available resources, to ensure investments aligned with the objectives of the strategic plan, and to bolster resources already available through Boldly Creative:

1. Each administrative unit must achieve its five-year budget reduction plan. Resources from these reductions are to be used to (a) offset growth in both scholarships and health care costs (b) fund merit increments for faculty and staff, and (c) absorb costs of decreased enrollment.
2. Resources are to be reallocated from academic programs that have diminished student demand to (a) growing programs that may not have sufficient resources and (b) new programs developed to meet societal needs and student demand. To facilitate these reallocations, which may cross department and divisional boundaries, vacant positions and "salary savings" (unobligated salary dollars) have been moved from the academic divisions into the provost's office.
3. Excess revenues will no longer be held annually by the academic divisions. Rather, excess revenues will be retained by the provost's office.

Strengths, weaknesses, opportunities and threats
"The future of higher education depends on our ability to resolve four unforgiving paradoxes:[1]

- Even amid growing awareness that the business model is broken, colleges and states are doubling down on that traditional model.
- The way we are managing our educational model is undermining its relevance and value.
- We need to change quickly, but our institutions are operating at capacity and both our decision making and governance models are not supportive of rapid innovation.
- The research is clear that the value of a degree is increasing, but public skepticism of the value is growing at the same time."

[1] Mrig, A.; Sanaghan, P. "The Future of Higher Education," Academic Impressions, 2019, p. 4.

"We also need transformational change because the world of work – and therefore the learning needs of our students – is on the verge of rapid and dramatic change. There is abundant research documenting how we stand at the precipice of a 'fourth industrial revolution,' defined by a range of new technologies that are fusing the physical, digital, and biological worlds."[2]

The success of Miami University's strategic planning process rests upon four cornerstones:

- **Mission**. Who are we and what are we trying to accomplish? What are we going to change? Retain? This will drive our focus as a group and our decision making.
- **Culture**. We must set aside unit and departmental motives to accomplish the greater good for Miami. This requires us to make the best use of our resources in order to advance our students' success, even if that would mean eliminating programs currently offered at Miami.
- **Timing**. Some initiatives can be quickly implemented. Others will take much longer. Our time comes with opportunity costs. We should retain shared governance, but our leaders should exercise executive judgment as needed. We must envision more efficient processes that can "cut through the red tape" so that the energy and common sense of purpose that can be built by this process are not lost in unfocused discussions and lengthy implementations.
- **Trust and Team**. Difficult decisions will need to be made that will be challenging to execute and deliver. In order to be responsive, demonstrate that we can change and stay ahead of the market and competition, we must trust our colleagues' expertise and support them in the decisions they make and implement. We have to be unified.

With a focus on these four cornerstones, and in the context of the new budget model and changes to RCM here at Miami, the Financial Sustainability Subcommittee conducted a SWOT analysis.

Strengths. Miami's brand and ranking as a top public university in undergraduate education, with a strong liberal arts core, are historical strengths. Undergraduate research and study abroad are signature experiences. The size of the university is large enough to offer plenty of majors and co-curricular experiences but small enough to emphasize direct interaction with faculty. Multiple campuses offer multiple access points to the Miami experience for a diverse spectrum of learners. The campuses and physical plant are exceptional, including the Luxembourg campus. We have a strong financial balance sheet, second only to Ohio State University among public universities in Ohio. Miami University has demonstrated strong financial performance over the last decade due to successful recruiting of domestic and international non-resident students, establishing programming during winter term and effective cost management. Administration, faculty and staff value transparent communication about the financial health of the university.

Weaknesses. Our budget is too dependent on undergraduate tuition. Miami is the most tuition-dependent public university in the United States and among the top 25 most dependent when including private colleges and universities. Our endowment is too small. Miami University's second-largest revenue source is subsidy from the state of Ohio, but it amounts to only 8% of our total revenue. The growth of our discount rate is unsustainable. We do not have agreed-upon goals for the academic profile (quality) and diversity of incoming classes. Our governance structure does not preclude the known risks of an RCM budget model, and we lack mechanisms to hold our leaders accountable for their budgetary decisions. The financial success of the College of Liberal Arts and Applied Science (CLAAS) is complicated in that it consists of multiple campuses and as such has infrastructure and physical plant

[2] Mrig, A.; Sanaghan, P. "The Future of Higher Education," Academic Impressions, 2019, p. 6

considerations beyond those of the other academic divisions. Our instructional delivery takes place predominantly in a rural location. We have a limited online footprint and no long-term strategy to grow or enhance that footprint. Large Miami Plan classes in years 1 & 2 limit our hallmark of close faculty-student contact. Miami is challenged by the traditional nature of many of its graduate degree offerings. Signature programs/outcomes are not obvious (Study abroad? Undergraduate research? FSB? Pre-med/pre-law placement outcomes better than national averages?). The retention rate for honors students has declined nearly 3 percentage points during the last three years. We cannot afford to take the quality of our programs for granted. We must regularly review all high-ability programs (Honors and UASP) to align with newly emerging offerings, e.g., organizational leadership, analytics and public health. Marketing and communication of our brand and our talented staff/faculty/students is limited and too regionally focused. Evidence about ROI and placement of graduates is not easy to locate. Limited alumni engagement and a seeming disconnect with alumni continue, as evidenced in a recent message that we need to increase our applicants' average ACT. We have a limited vision for succession planning/talent development when key faculty and staff leave or retire. We don't plan for change, nor manage it well.

Opportunities. Students pick a college for many reasons, but academic quality is one of the top reasons, and academic training for tomorrow's challenges is evolving rapidly. In a crowded marketplace, financial sustainability depends on and is driven by differentiated nationally-respected programs that are timely, vibrant and high quality. Creation of an Honors College could attract the very best students from Ohio, the country and the world. We must be viewed as one of the best undergraduate institutions in America. We must offer a curriculum across the entire university that is relevant to students and connects with workforce development needs regionally, nationally and internationally. We must update our "liberal education" model to be mindful of these needs. We must continue to integrate career planning in a purposive and intentional manner through the undergraduate experience in response to a call from Miami's Board of Trustees and the Ohio General Assembly. To be successful, we must evolve our curriculum more quickly. This is both an academic AND a financial imperative, as high-demand, high-quality programs are critical to recruiting students from around the country and the world—a key element of our budget reality. The same analysts noting demographic pressures from traditional college age students also note an opportunity created by increasing demand from adult learners with some college credit who are interested in continuing post-baccalaureate education in the form of badges, certificates and applied degree programs. We should seek partnerships to deliver instruction with universities in other countries for targeted programs in demand.

Threats. A number of forces impacting higher education will challenge the university's future financial performance. The demographic challenge is most acute in regions where Miami University traditionally recruits. The market for adult learners is increasingly delivered online, and the State of Ohio has called for micro-credentials. The emergence of "mega universities" makes entrance into the adult learner market challenging. Students, parents and federal/state regulators increasingly expect a return on investment from higher education while demanding that it be offered affordably. College Credit Plus (CCP) and Transfer Assurance Guides (TAGs) in Ohio will continue to constrain our first- and second-year course offerings. Changing demographics will also result in an aging population in Ohio and increasing demand for health and social services funding in the state budget. We expect state funding will remain flat at best and will more likely decline in the future. Consequently, universities will continue to be price constrained either through the marketplace or due to regulation. The expectations around affordability are pressuring universities to increase their financial aid to recruit and retain students. Financial aid is increasingly competitive as universities seek to enroll a declining number of college-age students. The aggressive tuition discounting of our competitors poses a threat to the composition of our entering classes. The combination of price regulation and increasing discount rates for financial aid will limit growth in net tuition revenue. Our U.S. News ranking continues to decline; we are nearing exclusion from the top 100 institutions. We have more than $300M in deferred building maintenance; the capital outlay from the state of Ohio will never address these in totality. The operating and maintenance cost of our physical plant is not incorporated into the financial performance of academic divisions, support centers and auxiliaries. Health care is one of our largest variable costs and subject to high inflationary pressures. We are not solving a static problem; higher education is a moving challenge. We are in an "arms race" with institutions that have significantly larger endowments and more diversified revenue streams. We must conduct market analyses for high-demand programs and act in response to those analyses. We cannot continue to presume that just because we do something and we do it well, that it is valuable to the market. Our historical strengths are not enough.

Subcommittee activities

The subcommittee met, on average, twice weekly from December through March. We held discussions with Chief Financial Officer Dr. David Creamer and the senior vice president for Enrollment Management. Presentations were made by Ruth Groom (assistant provost) and Dawn Fahner (director, Human Resources) to provide data regarding the composition and compensation of our faculty and staff. Bruce Guiot (chief investment officer) and Brent Shock (associate VP for Student Enrollment) provided data regarding our endowment and our financial aid strategies. Dean Cathy Bishop-Clark joined the committee for an extended conversation about the fiscal health of the regional campuses. Jude Killy (deputy director of Athletics) reviewed the last five years' financials for ICA. The committee reviewed a variety of dashboards created to summarize and analyze the cost of resources assigned to academic departments and administrative divisions and measures of their productivity.

Primary strategies for financial sustainability

The committee has identified five strategies (including examples of possible tactics), each of which are discussed in more detail below:

1. Manage resources to enable agile, strategic investment in new, growing and high-demand programs using data to inform assessment and decision-making processes.
2. Develop a strategic enrollment management plan to achieve specific, measurable short-term and long-term **enrollment** targets for the quality and diversity of the incoming class with attention to net tuition revenue.
3. Diversify revenue streams in order to reduce dependence on undergraduate tuition.
4. Strengthen our brand by improving student success and return on investment and by marketing these outcomes more aggressively.
5. Actively manage the academic and administrative labor force to optimize the alignment of resources with strategic initiatives.

Strategy 1. Manage resources to enable agile, strategic investment in new, growing, and high demand programs using data to inform assessment and decision-making processes.

The Long Term Budget Resolution adopted by the Board of Trustees in February 2019 resulted in significant changes in revenue distribution as described above. As a result, all vacant positions and salary savings have been moved from the six academic divisions into the provost's office. Academic divisions may access these resources through their annual hiring plan and the budget process after review of performance data by the provost and the deans. The provost will report reallocated positions to the CFO so that the University Budget Office can incorporate them in the budget.

The guiding principles for future funding decisions should be framed as:

- All activity must be strategically aligned;
- Quality outcomes must guide all programming and services;
- Processes and programs must demonstrate agility and responsiveness to demand and societal needs;
- Productivity and efficiency must be enabled through continuous improvement; and
- Data should inform all assessment and decisions regarding resource allocation.

A. Assess the financial viability of academic programs.

Academic administrators must continually measure and assess demand for majors and courses, program outcomes, and the allocation of faculty load to ensure resource alignment. Miami has invested in technology to develop a suite of dashboards to enable performance management. Benchmarks and best practices are available from EAB[3] to provide a knowledge base for implementation of these processes.

- Develop dashboards with metrics including, but not limited to, measures of market demand, faculty teaching loads and research productivity; credit hours; course completions; the number of majors; and degrees awarded.
- Examine instructional productivity both (1) across lower division, upper division and graduate courses and (2) through the associated costs necessary to deliver the curriculum given the composition of the faculty from instructors to visiting faculty to TCPLs to tenure-track/tenured faculty.
- Develop and clearly communicate a process by which academic deans will have the flexibility to hire visiting faculty to support fall and spring course offerings with the financial support of the provost's office.
- Ensure that summer and winter courses, including workshops, are appropriately sized and financially successful/viable.
- Explore the most advantageous organizational configuration for future academic and financial success.

B. Leverage technology to reduce low enrolled/under-enrolled course sections and to maximize instructional productivity.

Currently, departments offer a menu of courses and number of course sections based on historical demand. This may or may not be viable and represent future demand. Both faculty and students choose class days/times based on a variety of factors (convenience) other than efficiency considerations.

- Explore technology solutions such as uAchieve to structure course schedules and course enrollment based on current and future student demand rather than historical offerings and faculty convenience.
- Explore technologies that maximize enrollment and minimize empty seats by asking students to indicate demand, followed by departments creating a schedule to respond to that demand, and then assigning students to class times.
- Monitor the financial performance of each academic division during FY20 through the transition from the original implementation of RCM to the new budget model. Ask the Budget Committee,

[3] Formerly known as the Education Advisory Board

with advice from the University Senate's Fiscal Priorities, to (1) review this transition, (2) identify mechanisms to proactively preclude the risks of an RCM budget model, and (3) recommend adjustments to the new model that are aligned with the final report emerging from the Strategic Planning Committee.

C. Measure and evaluate the productivity of auxiliary and administrative units, including the quality of their services. Use a benchmarking consortium and technology platform to enable these processes.

- We offer undergraduate education at a premium price, and the quality of faculty and staff interactions with students should be commensurate with that price point. All institutions say they provide quality service, but we should measure ours and strive to improve it accordingly.
- ICA and other auxiliaries will be active participants in the budget reallocation process, focusing on productivity contributions from the staff and operating budgets for select units. The daily health, safety and well-being of student-athletes must not be compromised. ICA should look to strategically enhance revenue opportunities while reducing expenses.

D. **Develop dashboards that demonstrate progress in both academic and administrative performance annually to the Board of Trustees and to the University Senate's Fiscal Priorities Committee.**

Strategy 2. Develop a strategic enrollment management plan to achieve specific, measurable short-term and long-term enrollment targets for the quality and diversity of the incoming class with attention to net tuition revenue.

Each year, we strive to improve the quality (ACT, curricular strength, etc.) and diversity (underrepresented minorities, first-generation students, students from low socio-economic backgrounds) of the incoming class. We examine the size and composition of the incoming class by considering the scholarship spending necessary to generate the class, the nonresident percentage and the resulting net tuition revenue. The interdependence of these elements – quality, diversity, net tuition revenue – presents a significant challenge. The university scholarship budget has increased 59% from FY 15 to FY 19. This rate of growth is unsustainable. Our brand – how well we are known and what we are known for – impacts all three elements. If we have a strong brand, we can move forward by lowering our discount rate on quality and perhaps on diversity because the brand will carry us forward. There are competing aspirations and difficult choices to be made, but it is imperative to set priorities.

A. Prioritize net tuition revenue while we work to diversify revenue (see Strategy 3).

B. Prioritize university targets for quality and diversity over specific enrollment goals for academic divisions/departments/programs.

Manage resources to achieve these priorities, and communicate the priorities to the university community.

Strategy 3. Diversify revenue streams in order to reduce dependence on undergraduate tuition by creating financially viable lifelong learning opportunities, graduate education, cross-campus partnerships and targeted development.
"Our institutions are oriented and constructed to deliver a one-and-done, two-year or four-year, or graduate model of education. We are not designed, staffed, or prepared to support continuous and lifelong learning through varied delivery models."[4]

"They will need education on demand—with access to highly skilled faculty and with curriculums that help them adapt to an ever-changing workforce. Institutions will need to complete the shift from learning that is driven by faculty expertise and faculty research to learning that is tailored to complex and diverse student needs."[5]

"Who will be the students we traditionally do not serve that we attract to our programs?"[6]

We can only modestly grow the current size of the incoming class at Oxford (perhaps 500 students per year). Growing the incoming class beyond that would require more funds for tuition discounting, increasing capacity in some divisions/programs, increasing infrastructure for auxiliary staffing and student services, and reconsidering our sophomore residency requirement. Growing the incoming class at Oxford is not a long-term productive strategy to increase net tuition revenue. There is ample opportunity to grow enrollment in CLAAS.

A. Create professional graduate programs and lifelong learning opportunities that are financially viable given the instructional (faculty) costs to deliver them.

- Conduct a market analysis (regionally, nationally, internationally) to identify professional graduate programs, certificates and micro-credentials for workforce development. Build on the preliminary work in 2018 led by eLearning to issue an RFI from several online program management companies. Identify offerings that are "stackable" to earn a degree in order to attract adult learners with undergraduate credit but no degree completion.
- Expand online offerings of in-demand undergraduate degrees, badges, and certificates through CLAAS.
- Offer alumni continuing education/refresher options both onsite and online. Pricing could involve an annual fee or a la carte, with a higher price for non-alumni.
- Extend the revenue-generating exam prep service for LSAT to MCAT, CFA, CPA, CFP, etc. for current students and post graduates in order to capture this revenue that our students currently pay to other providers.

B. Improve the economic viability of graduate education and better leverage externally funded research.
A number of graduate programs at Miami are not financially sustainable and expend resources that could be directed to undergraduate education. Small, traditional master's programs that offer non-terminal degrees do not contribute to Miami's rankings as a National University.

[4] Mrig, A.; Sanaghan, P. "The Future of Higher Education," Academic Impressions, 2019, p. 7
[5] Mrig, A.; Sanaghan, P. "The Future of Higher Education," Academic Impressions, 2019, p. 8
[6] EAB shrinking pipeline article

- Concentrate university resources (faculty, GA stipends, and GA tuition waivers) in graduate programs that have a critical mass (students, faculty, resources) to strengthen their local impact and improve national rankings.
- Leverage and grow externally funded research budgets to target additional revenue and increase the funding to support graduate students and to support the direct costs of mentoring undergraduate and graduate research students. (For example, externally funded research budgets could be required to contain (as permitted in RFPs) (1) GA stipends and/or tuition waivers, (2) salaries for visiting faculty to defray the costs of course releases for research, and (3) a portion of the PI/co-PI academic year salary.)
- Invest in research infrastructure to support faculty with both pre- and post-award grant management.

C. Explore opportunities to expand the National Pathways Program and new program partnerships between the Oxford and regional campuses.

D. Identify targeted areas to grow the endowment.

- Emphasize the importance of growing the endowment through the capital campaign.
- Prioritize scholarships that can be used to recruit the incoming class as the highest priority Advancement initiative. In order to fully fund the FY19 $80.1M budget for recruitment scholarships, we would need an endowment of approximately $2B. Yet the new campaign target is $1B – only a fraction of which will go toward scholarships – and the existing endowment is $500M. Scholarships provide a direct benefit to our students, reduce our discount rate and lessen the draw on the E&G budget.
- Promote giving opportunities to create named professorships as a high priority item. These gifts can provide salary support (in addition to research stipends), thereby reducing our compensation costs. The current fundraising minimum for named professorships is inadequate to fund faculty salaries. Funding should be prioritized to support existing programs, not just directed to creating new programs.
- Identify benefactors for naming rights.
- Secure funding for future maintenance and operations of capital projects. Currently, capital projects involve fundraising to cover costs of construction only.
- Establish new quasi-endowments (or identify contributions to existing ones) through budget planning that allows for systematic contributions in order to build revenue streams for strategic initiatives and/or create annual discretionary funds.

Strategy 4. Strengthen our brand by improving student success and return on investment and by marketing these outcomes more aggressively.

On the Oxford campus, each 1% increase in retention generates approximately $500,000 in net tuition revenue (per cohort, per year, for a class of 3900 students with 39% nonresidents). Conversely, each 1% decline in retention is accompanied by a $500K loss in net tuition revenue. We aspire to improve our first-year retention rate from 92% to 95%, but retaining 92% will become more challenging each year simply due to changing demographics.

On the Middletown campus, first-year retention rates remained steady at 68.6% for the 2017 cohort, compared with 68.5% the year before. The 6-year graduation rate increased from 25.4% to 27.6% (2012 cohort).

On the Hamilton campus, first-year retention rates increased from 63.6% last year to 72.4% this year for the 2017 cohort. In addition, the 6-year graduate rate increased from 26.4% to 27.0% (2012 cohort).

We must give careful attention to student retention, learning outcomes, and return on investment as important indicators of student success.

A. Increase retention with technology and effective intervention strategies.

- Leverage predictive analytics in order to direct and implement early, targeted interventions based on best practices. The university has invested significantly in acquiring industry-leading, student success tools from Civitas and EAB. Miami has initiated efforts to identify and engage those students identified through these tools as most "at-risk" of not persisting and graduating.
- Create a culture of data-driven intervention and support to engage students with the goal of improving student persistence and satisfaction leading to increased academic success.

B. Increase pedagogical research and adopt technology to improve learning. Prioritize innovation in teaching and learning outcomes in the allocation of faculty time.

A vaunted hallmark of the Miami faculty is the teacher/scholar identity, and the scholarship of teaching and learning has long been an essential element of the faculty learning communities run by the Center for Teaching Excellence.

- Integrate the teacher/scholar model with data analytics to position the Miami brand as the premier institution for conducting pedagogical research regarding how students learn the knowledge, concepts, values, and practices of their specific disciplines. This branding strategy for market preservation will distinguish us from our competitors and could be also featured in a marketing campaign to improve expert opinion in the ranking process.
- Analyze the findings of this research on pedagogy, curriculum and assessment to inform data-driven decisions regarding academic resource allocations that will generate improved learning and retention. The opportunity costs to not gathering data about how to improve student learning are real in a competitive market.
- Coordinate cluster hires in pedagogical research across multiple disciplines to transform the classrooms of Miami into laboratories for investigating student learning.

C. More clearly define and aggressively market our brand as closely coupled with student success and the dedication of talented faculty and staff.

- Emphasize ROI as a key feature of the Miami Brand. There is a place in the higher education market for a strong liberal arts education featuring a 4-year plan for intentional entry into careers.
- Prioritize transparency about student success outcomes through marketing and websites. For example, career placement data for every major should be readily available and consistently located on department websites for prospective students and parents.
- Develop a plan to help faculty and staff refine their messaging about our brand and to be able to articulate it to multiple audiences.
- Develop a plan to market faculty and staff success stories to external audiences.

Strategy 5. Actively manage the academic and administrative labor force to optimize the alignment of resources with strategic initiatives.

"The courageous and difficult conversation higher ed leaders need to have is how to redesign the way they deploy their people, especially faculty."[7]

The composition of our faculty is key to creating and offering new programs, as well as positioning ourselves to respond quickly to changes in the marketplace. To the extent that the percentage of faculty who are tenured/tenure-track increases, (1) our flexibility to reposition our programs and respond to student demand decreases and (2) our compensation costs increase.

A. Align academic hiring plans with strategic corridors (see the Academic Excellence subcommittee report) in order to reallocate resources to targeted areas of expertise.

- Amend policies on faculty composition and workload to reflect unique needs of each academic division. Existing policies create challenges when applied uniformly to each of the six existing academic divisions and even more so at the department level. Programs with need to hire industry professionals on a per course basis should have the opportunity to do so rather than be constrained by the cost and long-term commitment of a tenure-track hire. Some departments/divisions could benefit from marketing that "x% of our faculty have experience as executives in the industry."

B. Elevate the responsibility and authority of department chairs for decisions that impact the financial viability of their programs.

- Department chairs should be assigned the authority to manage the financial viability of their departments and should be provided the budget tools to do so. For example, a department could provide "*x* hours of teaching, *x* of research, *x* of course design and assessment, *x* of etc.); then you will see faculty specialize according to their strengths and interests. Some will teach, some will assess."[8]
- Empower and train Department chairs to act with institutional courage. Changing policies to create a more agile faculty workforce will require department chairs to act on those policies. For example, department heads should recommend that contracts not be renewed for TCPLs, instructors, and adjuncts due to low demand or poor performance. Allocation of resources to increase productivity requires that department heads not only have tools to hold faculty accountable, but use them.
- Consider changing department chairs into department heads with commensurate authority to make financial, workload, and curricular decisions. Clarify the responsibilities and authority of department heads. Proactively identify faculty for succession planning to become department heads. Consider alternatives to election by peers in order to promote a culture of professional managers.

C. Align the performance management structure for Human Resources with university priorities.

- Leverage technology to increase productivity through improved operational support.
- Develop a process to benchmark Miami's employment policies and to ensure that we are competitive with the market while prioritizing alignment with identified strategic priorities.

[7] Mrig, A.; Sanaghan, P. "The Future of Higher Education," Academic Impressions, 2019, p. 6
[8] Mrig, A.; Sanaghan, P. "The Future of Higher Education," Academic Impressions, 2019, p. 10

- Empower and train frontline managers to examine the composition of their staff and its alignment with institutional priorities.

D. Enhance faculty and staff contributions through required, purposeful professional development.

"Developing leadership capacity within our institutions will provide us with the 'strategic wedge' to drive swifter, transformational change."[9]

- Transform professional development plans from brief lists of attendance at conferences and workshops to include how the experience will improve productivity at Miami.
- Replace culture of incentives with culture of intrinsic motivation and intentional engagement.
- Require and financially support professional development for faculty/staff. The path to leadership is rarely premeditated, and yet we have little to no succession planning. We need to intentionally engage in mindful succession planning and leadership development. Faculty and staff don't know what they don't know. Training needs range from financial/budget to online instructional delivery. For example, assess skill gaps and identify resources needed for supervisory training. Set institutional/division/department goals that every year, x% of faculty will participate in training focused on y and z. Leverage synergies across Staff Development, Howe Writing Center, and the Center for Teaching Excellence.

Metrics to assess outcomes

- Specific metrics are embedded with recommendations for each of the strategies above.

Recommendations for specific next steps in the planning process

- Analyze the recommended strategies and tactics of the five other strategic planning subcommittees for their financial implications with particular attention to resources and expenses.

[9] Mrig, A.; Sanaghan, P. "The Future of Higher Education," Academic Impressions, 2019, p. 12

ADDENDUM

<u>Subcommittee Readings</u>

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<u>Data Trends/Benchmarks Examined</u>

- Budget
  - Oxford Campus Unrestricted E&G Budget, FY14–FY19
  - Oxford Budget Forecast Scenarios (optimistic, expected, pessimistic) through FY29
  - CLASS Budget Forecast Scenarios (optimistic, expected, pessimistic) through FY24
- Enrollment
  - 15th day of classes enrollment, fall 2013 – fall 2017, by campus and class
  - Retention of honors vs. nonhonors student, fall 2010 – fall 2017, including by gender
  - Graduate Program headcount, 2014 –2018
  - Credit Hours at Graduation, Oxford vs. CLAAS; Miami, Non-Miami, Cumulative; 2015–2018
  - Total enrollment, fall semesters, public degree granting postsecondary institutions by state, 1970–2016
- Revenue Performance and Diversification
  - Net tuition revenue
    - From Fall incoming students, Oxford campus, FY11 through FY19 budget
    - as % of total revenue, Miami University compared to Top 100 public institutions
    - as % of total revenue, Miami University compared to Top 100 private institutions
  - Research funding
    - Newly awarded NSF grants, FY12 through FY17
      - $ change from prior year, % change from prior year, $ per T/TT faculty member
    - NSF grant supported expenditures for CAS, EHS, CEC, CLAAS, Provost & Grad School, FY13 through FY18
    - R&D spending reported to NSF, FY 11 through FY17
  - Advancement
    - Pooled investment fund spending distributions (endowment + foundation), 2009–2018
    - Programs supported by pooled investment fund, FY 18
    - Size of Miami's endowment per student relative to Ohio publics, MAC, National
    - Endowment growth assumptions (progress toward $1B endowment)
    - Foundation gifts & additions to endowment
    - University gifts & additions to endowment
    - Capital Gifts
    - Quasi-endowments
    - Advancement expenses
    - Ration of Advancement expense to revenue

    - Progress toward a billion $ endowment
- Productivity (past efforts & future needs)
  - Strategic Priorities Task Force
    - recommendations, financial targets, & variance from original goal
    - recommendations for increased research & instructional efficiency
  - fall and spring term courses cancelled or inactivated (all campuses), AY12 through AY19
  - revenue initiative
    - projection summary (net new revenue), 2014 through 2019
    - targets & projections, FY 14 through FY 19
  - faculty and staff changes by division, fall 2008 through spring 2018
    - compared to enrollment changes on Oxford and regional campuses
    - compared to Oxford square footage
  - faculty appointments
    - Oxford, full-time (T/TT vs. TCPL vs. visitors), 2008 – 2018
    - Faculty configuration by rank over time (P/AssocP/AsstP/TCPL), 2004 – 2018
    - student (grad + ugrad) credit hours by faculty rank (T/TT, TCPL, Instructor, VAP, GA/TA, PT/other), Oxford, 2008 – 2018
  - Median Cost Measures for Administrative Services & Student Services (Ohio Peers, All Peers)
  - Benchmarking Analysis in Standard Activity Model for Administrative Areas (national peer institution comparisons)
    - Centralization: top 3 differences more centralized in development, facilities, finance
    - Investment per head count (student + employees): top 3 differences in IT, Finance, Research Administration
    - Administrative salary expenses by division per head count (student + employees)
    - Administrative spending by division as % of peers
    - Administrative salary expenses on Student Services per student
    - Administrative salary expenses on Human Resources per employee
    - Facilities salary expense per GSF
- Athletics budget
  - salaries & benefits, support costs, scholarships, FY15 – FY19
  - general fee budget vs. ICA funding, %ICA share, FY15 – FY19
- Academic Division Performance, FY09 – FY19
  - Undergraduate enrollment (fall term)
  - Undergraduate credit hours (AY)
  - Graduate credit hours (AY)
  - Retention to second year
  - Majors per FT T/TT faculty
  - Net instructional & subsidy revenue per Labor cost
  - RCM Revenue Surplus
- Academic Department Financial Performance (mock dashboard)
  - Majors (ugrad + grad)
  - Majors per FT faculty (ugrad + grad)
  - Faculty lines (+ vacant lines) by rank, including visiting faculty and Gas
    - Labor cost per faculty rank, average labor cost per faculty member
  - Undergraduate instruction by faculty rank
    - Lower level (compared to university averages)
      - # sections, average class size, credit hours, credit hours per faculty

        - labor cost
      - Upper level (compared to university averages)
        - # sections, average class size, credit hours, credit hours per faculty
        - labor cost
      - Net instructional revenue
      - Revenue per faculty member by rank (compared to university average)
    - Graduate instruction by faculty rank (compared to university averages)
      - Course sections, average class size, credit hours, credit hours per faculty
      - Labor cost
      - Net instructional revenue
      - Revenue per faculty member by rank
    - Additional revenue
      - Grants & contract; F&A recovery
      - State subsidy (ugrad + grad)
      - Grants & contracts $ per FT faculty member
      - Grants $ awarded
      - Grants $ awarded per FT faculty member
- Academic Department Financial Overview, sorted by net tuition revenue
    - NTR instruction + NTR Majors
    - Subsidy courses + subsidy degrees
    - Faculty costs
    - Margin (faculty costs as % of net tuition revenue)
- Academic Department Financial Performance Graphs (quadrants)
    - Graduate Program Margin vs. Total Margin
      - Graduate margin ranges from 100% to –450% (12 programs below –100%)
      - Total margin ranges from ~25% to 80% (break even ~60%)
      - 13 programs in weak/weak quadrant (<0% grad margin, <60% total margin)
      - 7 programs in strong/weak quadrant (>0% grad margin, <60% total margin)
      - 10 programs in weak/strong quadrant (<0% grad margin, >60% total margin)
      - 10 programs in strong/strong quadrant (>0% grad margin, >60% total margin)
    - Research Expenses per T/TT faculty member vs. Graduate Program Margin (for academic departments with >$1K in research expenses per faculty member)
      - Research expenses range from $135K to $1K
      - Extremes include
        - >$50K/faculty member with –450% grad program margin
        - >$130K/faculty member with ~–40% grad program margin
        - >$60K/faculty member with ~70% grad program margin
    - Upper Division Margin vs. Total Margin
      - Extremes include
        - –20% upper division margin, 20% total margin
        - 20% upper division margin, >70% total margin
        - 80% upper division margin, 80% total margin
    - Student-to-Faculty Ratio vs. Total Credit Hours per Faculty (T/TT, TCPL)
      - 3 academic departments with student:faculty ratio >40
      - 19 academic departments with student:faculty ratio ≤10
      - Extremes include
        - Student:faculty ratio = 10, ~130 credit hours per faculty

        - Student:faculty ratio ~30, ~580 credit hours per faculty
        - Student:faculty ratio = 60, ~440 credit hours per faculty
- Enrollment Planning
    - Historical Application Data, Fall 2011 vs. Fall 2018
        - Increases in # applications, quality (ACT), domestic diversity, residency
        - Increases in offers of admission, declines in yield (OH, domestic NR, int'l)
    - Enrollment Planning Considerations
        - Competition: need-based (OH), merit (domestic NR, int'l)
        - Demographics: HS graduate pipeline thru 2031 (OH, nat'l)
        - Institutional Scholarship Planning
            - OH household incomes
            - Institutional aid spend for incoming cohorts
            - Institutional aid by Academic division
            - Scholarships vs. yield (OH, nat'l)
    - Competing priorities: NTR vs. diversity (SOC, FG, Low SES) vs. academic profile
    - Need-Base Expansion of Miami Access Initiative, Incremental Cost Scenarios
    - E&G Scholarship Budget, FY15 –FY19
    - Endowed Scholarship distribution, FY 19