Where is Higher Education Now?

A national overview of the fiscal environment for higher education
- Is this the “The Lost Decade” for state finance?
- Current funding outlook

Higher education is rising on the states’ agendas – Why?
- National Governors Association initiative
- Survey of state legislatures
- Some actions of individual states
- Indiana has been a leader on many issues

Some initial and necessary responses from colleges and universities to the crisis
- Preparing for the next wave of cuts
- Are we maxing out on tuition?
- Increasing productivity and better cost management in:
  Administrative operations
  Academic program delivery

What the public might be thinking
- What is the Iron Triangle?
- The link between degree productivity and the common good

What do we need to do?

The U.S. has a college attainment imperative that we cannot reach without significant changes in both the financing and delivery models of its higher education systems and institutions. Making such significant changes requires:

- Commitment from states and institutions to transform higher education’s financing and delivery models, and
- Greater leadership and strategic (as well as fiduciary) involvement from Boards of Trustees and state policy leaders to (a) establish and monitor strategic goals with corresponding quantitative indicators and (b) in partnership with the chancellor or president, create the necessary conditions and accountabilities for successful goal achievement.

Strategic finance: aligning financial decisions—regarding revenues, creating and maintaining institutional assets, and using those assets—with the institution’s mission and strategic plan.

We find that the following conditions are present in institutions that are on track for apparent success in these times:

1. The board is functioning without serious internal or board-CEO issues.
2. The board understands and fulfills its fiduciary roles.
3. The board and CEO understand and accept the specific challenges facing their institution due both to national and local forces.
4. They have analyses showing them how they need to change their financial model and their academic model in order to achieve sustainable trend lines of revenue and expense.

5. The board and university have a shared vision that is consistent with needed changes.

6. They have specific goals through which to achieve that vision, and strategic indicators that will tell them when they have reached their goals.

7. They have organized the structure, agenda, and other elements of board work to support achieving the vision.

**Ohio**: Statewide Chancellor set three goals in 2008-2017 strategic plan: educate more college graduates, keep more graduates in Ohio, and attract more degree holders from out of state. Ohio strategies include diversifying educational options; providing institutional tuition flexibility; offering dual admission to two- and four-year campuses; upgrading and integrating the technology infrastructure; establishing a system for productivity increases; and managing to 20 statewide measures of success. Financial benefits and prevention of financial loss policies encourage participation in achieving the three goals.

The comprehensive **Wisconsin** university system, led by its president, has had a long-term Growth Agenda since 2006 with three goals: to grow people, jobs, and communities. Each goal has strategic indicators and processes to ensure that institutions help achieve the indicators. A multi-faceted financing plan to support the goal of more graduates is under development. Wisconsin is also encouraging innovative solutions, treating them as learning experiences.

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<thead>
<tr>
<th>Role</th>
<th>External Leaders</th>
<th>Higher Education Personnel</th>
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<tbody>
<tr>
<td></td>
<td>Create the conditions for change:</td>
<td>Create the future for people, state, and nation</td>
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<td>State leadership</td>
<td>Create more value for the state</td>
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<td>Results-oriented investment</td>
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<td>Results-driven culture</td>
<td>Top priority goals with indicators</td>
<td>Plan to achieve results/indicators</td>
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<td>Delegate authority and responsibility</td>
<td>Achieve desired results</td>
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<td>Transparency, communication</td>
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<td>Maximize asset utilization</td>
<td>Decentralize with accountability</td>
<td>Decentralize with accountability</td>
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<td>Reward desired results</td>
<td>Achieve desired results</td>
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<td>Support innovation</td>
<td>Innovate</td>
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<td>Optimize revenue</td>
<td>Supportive tuition policy</td>
<td>Enroll, retain, graduate</td>
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<td>Invest in state’s civic and economic vitality</td>
<td>Innovate, partner, create</td>
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<td>Deliver quality and value</td>
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**FINANCIAL CHALLENGES—DISASTERS, LEADERSHIP OPPORTUNITIES . . . OR BOTH?**

**DON’T DO THIS**
- Mandate change without explanation
- Assume people understand the problem
- Huddle behind closed doors
- Neglect to deal with own anxiety
- Delegate the whole thing

**DO THIS**
- Get your mind right Luke
  A crisis but deal with it

Doing nothing not an option
- Understand emotional component—denial, anger, bargaining, depression, acceptance
- Accept cost of moving people beyond comfort zone
- Use mission, vision, values to drive your efforts
  Own the Narrative
  What is your narrative?
- Build and maintain trust—transparency, communications
DO THIS, continued

- Go beyond traditional vehicles—web site, polling, social networking
- Involve others showing adaptive leadership
  Have working group powerful and knowledgeable enough to make it happen
  Think in terms of trade-offs
  Allow others to opine
- Use triage in dealing with employees
  Spend little time with ardent detractors
  Own the narrative
- Give people the tools to change
  Spend on retooling to save over the long term
  Provide growth opportunities for employees
- Walk the talk

With words
With deeds
- Care about people and show it
- Use humane ways to implement decisions
- Explain why
- Nurture survivors
- Roll out the plan
- All bad news at once
- Show vision, time-line, and small steps
- Communicate small achievements
- Persist
- Don't declare victory too soon
- Remain steadfast and standing
- Take care of self
- Evaluate
- Have metrics which evaluate progress
- Adjust as needed

Sausage making—an ugly process but the end product is delicious!

OWN YOUR NARRATIVE
System and institutional actions will send a narrative message to people both within and outside higher education. What is your narrative?

SOMEONE ELSE’S NARRATIVE
This University, like all others, continues to whine about not having enough money. By their rhetoric and actions they demonstrate their belief that there is never enough and positive change can only come through having more. They care little about the thousands in this State suffering far more than they. Just another pig at the trough—and a big one at that. In this crisis, unfortunately, they won’t prove us wrong.

SOMEONE ELSE’S NARRATIVE
All this University cares about is money—not the students suffering with high debt nor its dedicated faculty and staff. There would be no problem if administrative fat were cut.

A POSSIBLE NARRATIVE
We are a University passionately dedicated to provide high quality teaching, research and service, and we care deeply about our employees and students. This state and nation face serious financial challenges, and we want to be a part of the solution. Much of that solution is to use our universities as engines of economic productivity. And we know that we must make sacrifices. In our budget cutting we will be focused, resilient and firm. Let’s solve these problems together!
APPENDIX: INDIANA EFFICIENCY AND PRODUCTIVITY OVERVIEW

Our impression is that Indiana has already taken great strides toward increased efficiency and productivity.

Indiana institutions are already:

- Addressing retirement eligibility
- Reducing growth in health care cost
- Consolidating administrative functions
- Restructuring debt
- Restructuring faculty compensation and rewards
- Increasing distance-based learning programs
- Reducing administrative costs
- Accelerating learning
- Allowing differential tuitions for high cost/demand programs

Indiana institutions could be doing more for retention and completion, such as

- Reducing excess credits for the degree
- Increasing credit by examination, testing out or requirements, and credit for experience
- Reengineering curricula
- Reengineering course delivery
- Minimizing “rework” within degree programs
- Improving rates of course completion
- Reducing time to degree

Some additional areas to consider include:

- Reducing high cost/low demand programs that do not have growth potential
- Reducing spending on non-revenue producing athletics
- Increasing the proportion of students who remain and are employed in state
- Tackling “automatic” cost increases
- Reducing the cost and eventually eliminating (at some institutions) the need for remediation
- Committing to average undergraduate tuition growth at/under CPI with increased student aid
- Experimenting with low-priced options

Steps like these help maximize asset utilization and contribute to the development of a statewide results-driven culture. Two additional areas are vitally important as well: maximizing revenues and engaging in significant innovation in academic, administrative, and financial affairs.