

Introduction

Darrell Glenn started the meeting by stating its purpose. We are responding to CHEE recommendations that the Regents produce a report on efficiency and productivity in public higher education. This report will provide advice for the budget negotiations. Darrell discussed the agenda and the August 31 letter from Chancellor Chu to the presidents announcing the survey. We have need for the survey in January 2005, but the same kind of data will be useful in the long run.

Rich Petrick provided some introductory comments. This survey is a direct recommendation of CHEE and the Regents believe that it is very important. We hear that legislators do not believe that higher education is productive. This observation came across clearly in the CHEE meetings along with the anecdotes of inefficiency.

Rich referred to the Managing the Future report from the early 90s, which included examples of efficiency initiatives on the campuses. The report continued to be updated until 1997. That was a time of growth and the focus was on growth rather than efficiency. The Managing for the Future report was shared in the CHEE meetings and was seen favorably by the participating legislators.

Additionally, the Board would like to have the report in January 2005 as a means of getting beyond the “non-productivity of higher education” issue with the legislature.

Opening remarks from the participants

Darrell asked for opinions on the survey.

There was a question about what to do about three cases:

1. Where should increased economic productivity issues be reported,
2. Where should increased quality of programs issues be reported,
3. Where should loss of quality due to decreased state support be reported?

There was some agreement as to the importance of the Managing for the Future report, others questioned its value. The current survey does not discuss cost avoidances, down-sizing, right-sizing, program adjusting; the focus is just on cutting. There were other comments that Managing for the Future resulted in more requests for service from the business community. This required reallocation of funds

There was a suggestion that the campuses need benchmarks. If efficiency is the goal, we should set targets. Inefficiencies should be targeted for correction. Anecdotes lead to generalities.

We heard a report that a legislator said that 70% to 80% of the legislators do not know what the CHEE report is. Rich reported that the interest from the legislature goes beyond CHEE. He identified that a legislator said that higher education is inefficient and he could save \$100M in expenditures. We all agreed that the budget negotiations are important.

There was agreement that we need to identify efficient and inefficient programs. To some degree we need to see the results of the survey, before making judgments about the form of a summary report for January. Perhaps a smaller group should suggest the structure of the report.

Deborah Gavlik suggested that a simple data report will not be well received by the legislature. We need a narrative from a few campuses of what they did due to reduced funding in the past few years.

Routine annual recovered funds and reallocations are not captured in the reports. Resource Analysis data shows the reduction in spending. This contradicts the inefficiency anecdotes.

Rich said that campuses can submit more data and issues than are called for in the survey. He related an issue from the CHEE negotiations. It was an example of a large reduction of costs and increase in learning from Carolyn Twig of the Center for Academic Transformation. It involved the use of technology networks to teach large classes. This example was well received by the CHEE commission.

Like it or not we need to address the General Assembly's desire for evidence about efficiency and productivity. Higher education needs to find the inefficiencies and deal with them. We referred to the US News and World Report ratings. Perhaps we need such ratings for Ohio by an independent agent. There was a suggestion that LOEO (Legislative Office of Education Oversight) is such an office.

We identified that learning efficiency is a parallel issue with productivity and cost efficiency.

We need to describe how higher education benefits the tax payer. Identify such entities as Ohio Link, the Library Depository, co-enrolled credits, and transfer of credits.

Darrell related the difficulties of summarizing the textual responses of this survey. One CHEE participant said that if the report is longer than one page he will not read it.

Rich said that building relationships with the legislature is one purpose of this report. He cited the Capacity report; it says the campuses are full and legislators do not believe it.

No amount of data seems to make the legislators believe. Consider possible outcomes of this report:

1. The report will solve the problem and higher education productivity will be off the table as part of the current budget negotiations.

2. The data in the report will be used against higher education.

We wondered if there are examples from other agencies that have had success with legislature.

Darrell identified that we have a survey but not a good idea of what the summary report will be. He will appreciate help in the near term formulating the report. He visualized a report that gives a broad outline with statistics and then lists examples of savings. There was a suggestion to use graphics to compare the data with benchmarks.

Rich thought that reducing inflation-adjusted unit costs by 2 – 3% annually is what is in the mind of legislators as a benchmark.

The Governor has said we are cutting into the bone but the legislature did not agree. We need examples of cutting into the bone.

Higher education has taken the cuts without external signs of crisis. We have “watered the soup”, reallocated and put off the crisis. The legislature wonders, what is the problem? There was a suggestion that we need to out-source, perhaps off-shore.

There was a suggestion to turn the report positive, report such things as energy savings and cost reallocations. Colleges get requests for new and expanded programs such as nursing and work force training; report how costs are reallocated to support these requests. Report the objectives of reallocation such as services for slow learners.

The survey doesn't measure reduction in quality of education.

We should seek outside participants from the CHEE participants, such as the CHEE chairman. This will give the report credibility.

Rich indicated that OBR is responding to all 9 recommendations of CHEE, not just efficiency.

We discussed the Rebuild America initiative in the facilities area.

We need examples of cost avoidance and identified co-generations of electricity and making employees pay for benefits.

The Survey form

Darrell suggested that it be filled out at the institution level, not for each campus separately. Universities with regional campuses will complete a single report.

We discussed showing the savings of co-located campuses such as shared library, book store, and cafeteria. In addition to the formal co-located campuses there are informal opportunities for campuses that are proximate to each other.

We passed out IUC response to survey. There was a comment that the survey doesn't accommodate differing missions.

Item 1 of the survey (FTE, Expenditures and Revenue per FTE)

Darrell shared an example with statewide data filled in and suggested that OBR can complete item 1 from HEI data.

There was a suggestion to expand the expense categories to include financial aid, external research and public service. Financial aid expense grows to offset tuition increases.

Should the historic expenditures be price adjusted? Darrell said we will show them both ways, as it is useful to have both the current dollar figures and price-adjusted figures. We always debate what price index to use, the CPI doesn't reflect what colleges do. SHEEO uses the Higher Education Cost Adjustment. If the goal is to convince legislature, would they more likely believe the CPI? The Higher Education Cost Adjustment is a combination of external indexes. There was a request to make the SHEEO index available to campuses.

We were cautioned about inconsistent statistics. If we can get FY 2004 data in it would show higher expenditures. Colleges can supply this data early if needed. FY 2003 doesn't reflect the problems of the current biennium. We discussed the difficulties of getting HEI data early from campuses. Perhaps we can capture the concept in the comments.

Lay people do not understand the expense categories. Rich discussed the difficulty of identifying administrative costs as opposed to direct cost. We should add definitions of the expense categories and give examples.

Item 2 (Tuition and Grants)

We discussed the possibility of using the results from the tuition revenue and financial aid grant survey to supply information on gross tuition, net tuition revenue received by the institution, and average net tuition paid by the student. Darrell distributed some sample results from the financial aid survey that is currently being conducted.

There was a consensus that it would make sense to use the financial aid survey results to supply the data in this section.

There is some perception that new financial aid is merit based instead of need based, but our preliminary results indicate that most grants are need-based, and the overwhelming majority of grant dollars go to needy students.

We discussed the current pilot study for unit record financial aid data as a replacement for the financial aid survey.

This new financial aid data may show that some schools have net tuition holding the line, very little increase.

There was a suggestion that the financial aid survey data be reported on the WWW similar to the Basic Data Series. Increased expenditures, in part, pay for increased financial aid.

Item 3 (Academic Program Initiatives)

We use the terms centers of excellence and priority academic programs, but we do not have good definitions. This may be a beneficial opportunity to allow flexibility in the responses.

We noted the difference between centers of excellence and programs of priority. Market pressures change priorities.

Campuses can say why each program is on the list, e.g. quality, market demand.

Because missions vary, we don't need an operational definition of what to include.

There was a suggestion that we need more space for narrative.

Many campuses already have extensive program reviews. Some responses may include WWW addresses where programs are described.

We wondered about including enrollment in the program.

What is the purpose of this table? Is it to count number of program or to provide stories of excellence? How many programs should be included? There was a suggestion to limit the list to core initiatives, the top 10, or recognize the breath of the mission

We should include work force development in this item. The suggestion was to change the title to Academic and Work Force Program Initiatives.

Degree Level should be replaced by program completion. Program attributes should be flexible.

Items 4 & 5 (Underproductive and Eliminated Programs)

There was a suggestion to combine these sections.

Faculty will object to their program being on the list in item 4.

Programs have rigorous review every 5 years. This routinely culls unproductive programs. It was suggested that we include a question of what procedures are in place for regular review of programs.

There was a suggestion that we provide definitions.

Some programs with the same name have different emphasis.

Universities do not have regions.

Duplicate programs in core subjects are desirable.

We discussed the number of programs to include. Including no programs will attract attention. This is a reason for combining items 4 and 5.

There was a suggestion to include down-sized and right-sized programs in the list.

We wondered about programs that are duplicative with private institutions. Rich suggested public only. There was a suggestion that if a program is down-sized because it is duplicative with a program in a private school, it should be included.

The costs reported should be expenditures.

Underproductive is based on enrollments compared to expectations.

The column headings on items 4 and 5 should be the same and allow for flexibility in the response.

We wondered about including administrative programs in items 4 and 5. Darrell indicated these are for instructional programs only.

The group's recommendation was that sections 4 and 5 be combined.

Items 6 & 7 (Academic and Administrative Cost Savings)

We identified the case where distance learning avoids building classrooms; outsourcing is another example.

There was a consensus to use support unit rather than administrative. This suggests that all units support instruction.

Item 8 (Reallocation)

We discussed reallocation as a means of savings, reallocation due to reduced state support and reallocation to institutional financial aid.

We should report productivity outcomes, not just savings.

Remainder of the survey

The rest of the survey is for collecting information on institutional positions on a variety of policy options and initiatives.

K-12 doesn't pay prevailing wage. In northeastern Ohio schools pretty much have to pay prevailing wage.

There was a suggestion we quantify these opinions either with dollar amounts or percentages. There was also a suggestion that the savings might be a trade off for quality.

Are the K-12 folks tracking their savings? The suggestion is that the savings are very large.

We wondered if these opinions will be reported at the campus level? Darrell said we will try to combine them but this survey is public record.

Some institutions thought that questions on prevailing wage and multiple prime contractors should be worded to allow a non-response. Schools in heavily union locations have political pressures to deal with in this area.

Next Steps

We will circulate notes of this meeting. Darrell asked for help on the form of the executive summary.

We discussed timing and decided that we need the surveys returned by January 7.

In the meantime, Darrell will assemble a smaller group to help formulate the report.

We need a story that is supported by the reports and can be understood in the course of an elevator ride.

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