Setting Priorities for Future Direction: Montana University System

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What Are The Three Most Significant Needs of the Montana University System?
Key Issues for Today

1. What is Prioritization?

2. Is this applicable to Montana campuses?

3. What are its benefits/pitfalls?

4. How have campuses in other states tackled Prioritization?
Why Do Institutions Undertake Prioritization?

1. To balance the budget (2–10% over 1–2 years)
2. To inform future budget decisions
3. To improve overall efficiency and effectiveness
4. To respond to accreditation, legislative, state demands
5. To dovetail with strategic planning efforts
Why Do Institutions Undertake Prioritization? (Continued)

- 6. To respond to demands from governing boards/public entities
- 7. To achieve strategic initiatives
- 8. To tackle specific shortfalls (unfunded liabilities, deferred maintenance, other)
- 9. To reinvest in new programs to strengthen the institution for the future
- 10. To create a contingency and reserve fund
- 11. To create a database that can be used as a management tool for the future
Why Do We Need to Set Priorities and Reallocate Resources?

Montana

- External Pressures
- Economic Storms
- Pace of Technological Change
- Demand for Quality
- Increased Competition
- Iron Laws of Demographics
External Pressures

- Multiple National Commissions and Reports Demanding Greater Focus and Accountability (From 2008 on)
- Reauthorization of the Higher Education Act Requiring Increased Scrutiny and Reporting in Areas Heretofore Within Institutional Province (New Areas Now Under Review)
- New Pressures on Accrediting Agencies to Prove Outcomes Commensurate with Investments in Higher Education (ongoing)
- National Goals for Increased Productivity, Including Doubling of College Graduates to Meet International Competition
- Montana Mandates, Imperatives, and Budget Cuts
Moody’s Higher Education Outlook

- Net Tuition Revenues Continue Down
- Weak Economy Affects Families’ Willingness and Ability to Pay for Higher Education
- Federal Budget Pressures on Financial Aid; Research
- Rapid Rise of Open Online Courses
- Pressures to Invest in
  - Capital
  - Information Systems
  - Faculty Compensation
  - Program Renewal
Iron Laws of Demographics

- **College-Going Rates:**
  - U.S. – 62.5%
  - Montana – 60.5%

- **Import-Export Ratio of College-Going:**
  - U.S. – 1.09
  - Montana – 0.97

- **Enrollment of Adult Learners, 25–49:**
  - U.S. – 7.0%
  - Montana – 5.5%
Diminishing State Support

- **State & Local Support Per FTE Student:**
  - U.S. – $6,290
  - Montana – $4,631 (44th)

- **State & Local Support Per $1,000 of Personal Income:**
  - U.S. – $5.82
  - Montana – $4.72 (38th)

- **Higher Education Appropriations as a Priority**
  - U.S. – 6.6%
  - Montana – 5.7% (37th)
Institutions at Systemic Risk

- 10% – Selective Institutions – relatively unscathed

- 10% – Market-funded institutions – growing rapidly

- 80% – Institutions at Risk:
  - Massive, structural budget cuts
  - Legacy personnel issues
  - Deteriorating physical plants
  - Declines in gift income
  - Inadequate endowments
  - Unsustainable discounting

![Bar chart showing the financial situation of different types of institutions.](chart.png)
Demand for Quality

- Three Reports in the Last Two Years:
  - *What Will They Learn? (ACTA)* – Decries the malaise in the core – lack of rigor in General Education requirements. (Montana campuses got Cs and Ds)
  - *Academically Adrift: Limited Learning on College Campuses (Arum and Roksa)* – More than a third of college seniors were no better at writing and reasoning than at their first semester of college.
  - *Degree Qualifications Profile (Lumina)* – Identifies five spheres of learning, based in part on the Bologna Process in Europe.
Students coming to campus with heightened expectations for advanced technology
New, technology-driven delivery systems, academic and non-academic
Technology and relationships, including pervasive use of social networking
Students who learn online tripled in a decade (from 9.6% to 29.3%)
Growth in Distance Learning Programs – Up from 11.6 to 27.8% in most recent year
Summary of External Forces

- Meeting Increased National and State Expectations
- Coping With Economic Pressures
- Confronting Demographic Realities
- Responding to Demands for Demonstrating Quality
- Keeping Up With Technological Changes
- Managing Resources Strategically
Achievement of MUS Success Agenda

1. Institutional Role Differentiation
2. Admissions Standards
3. Transferability
4. Community College Programs
5. Need-Based Financial Aid
6. Program and Service Alignment
7. Performance-Based Funding
8. Data and Information
9. Communication and Advocacy
10. Faculty and Staff Support
Internal Forces

- Current Budget Pressures
- Future Fiscal Sustainability
- Reinvestment to Seize Opportunities
- Achievement of Strategic Directions & Goals
- Meeting Accreditation Requirements for Evidence-Based Outcomes
- Live up to Our Guiding Principles:
  - Systematic, Accountable, Inclusive, Flexible, Campus Connected, Statewide Focus, National Context
How to Reconcile All These Forces?

- Integrate Planning Efforts
- Make Institutional Missions Operational
- Focus Realistically on Resources
- Reallocate Resources from Lower to Higher Priorities
Where Will the Resources Come From?

- More tuition and fees?
- More gifts & grants?
- More auxiliary income?
- More endowment income?
- More appropriations?

  Query: How much was left on the budget cutting-room floor last year?
THE MOST LIKELY SOURCE FOR NEEDED RESOURCES...

- ...IS REALLOCATION
- OF EXISTING RESOURCES
The Case for Prioritization

- Academic Programs are the heart of the institution and drive costs for the entire campus

- Academic Programs have been permitted to grow without regard to their relative worth

- Most campuses are striving to be all things to all people, rather than focusing
The Case for Prioritization (Cont’d)

- Growing incongruence between programs and resources to mount them with quality

- Traditional approaches (like across-the-board cuts) tend to mediocrity for all programs

- Reallocation is necessary and requires responsible prioritization
Unfortunate Reality:

- The price of program bloat for all is impoverishment of each
Most Efforts Have Been To:

- Focus on the non-academic side
- Defer physical plant maintenance
- Ignore academics as too politically volatile
- Make cuts across-the-board
- Make fortuitous cuts
The Inescapable Truth is...

NOT ALL PROGRAMS ARE EQUAL

- Some are more efficient
- Some are more effective
- Some are more central to mission
Focusing on Programs as the Unit of Analysis
What Constitutes a Program?

- Any activity or collection of activities that consumes resources (dollars, people, time, space, equipment)

- If you believe in reincarnation, come back as an academic program and enjoy eternal life
Typical Campus Programs

- Major
- Minor
- General Studies
- Service
- Graduate/Professional
- Certificate
- Institute
- Other
Setting Academic Priorities

- PROGRAMS, not departments
- PRIORITIZATION, not “Review”
  (Reviews assume continuance, are not tied to resource allocation, and are not conducted simultaneously)
Program Prioritization Permits:

- Analysis focused on pre-selected criteria
- Concentration on resource development & resource utilization, independent of structure
- Focus on efficiency, effectiveness & centrality to mission
- Identifying opportunities to increase revenue, decrease expenses, improve quality, strengthen reputation
Michael Porter
Harvard Business School:

- Tough Decision: WHAT TO DO
- Tougher Decision: WHAT NOT TO DO
- Toughest Decision: WHAT TO STOP DOING
Selecting Appropriate Criteria

1. History, Development & Expectations of the Program
2. External Demand
3. Internal Demand
4. Quality of Inputs & Processes
5. Quality of Outcomes
6. Size, Scope & Productivity
7. Revenue and Other Resources Generated
8. Costs and Other Expenses
9. Impact, Justification & Overall Essentiality
10. Opportunity Analysis
Discussion:

- What Are the Most Important Criteria for the Montana University System?
- Would Criteria Differ Among the Institutions?
- What Relative Weights Would You Assign to These Criteria?
- What Sources of Data Will We Use to Support the Analysis?
How to Get Started

- Importance of Process—
  - Preparation
  - Process design and management
  - Communication planning
  - Data collection
  - The rating system
  - Levels of judgment
  - Ranking by categories
  - Decisions
Faculty/Staff/Deans/Directors

- Prepare data submissions for programs
- Review submissions for completeness and quality
- Provide any additional context for program submissions, as requested
- Implement program decisions
Identifying Responsible Leadership

- The Board
- The Presidents
- The Provosts
- The CFOs
Leadership...And Courage

- Where’s leadership going to come from?
- Who will take on the Change Functions?
  - (See Dickeson, page 35)
- What will communicate more effectively?
- Who will be affected?
- How to concentrate on implementation?
- Is the Board on board?
- Will the reform endure?
Reaffirming Institutional Mission

- Operational Mission Statements
- Statements of Program Direction

- Pages 51–52, Dickeson, 2010
Most institutions can no longer afford to be what they’ve become
Seeking Clarity

- Vague Language
- Political Considerations
- Accreditation Issues
- Changing Purposes
Fundamental Tensions

- The power of legacy
- Marketplace realities force differentiation
- Achieving true quest for excellence
- Reconciling Montana’s multiple functions
- Enunciating specific ways to fulfill purposes
Focus:

- The role and mission should permit only those activities that need to be done and that the institution and its people do well
Key Steps:

- Announce in advance the specific criteria to be utilized
- Involve program faculty and staff in designing additional data formats to fit the criteria
- Decide what relative weights should be assigned the criteria
- Provide data to support the criteria
- Note that data do not substitute for sound judgments
Issues That Surface

“Shouldn’t the administration have to prioritize its programs, as well?”
“Let us keep this program – it doesn’t really take any resources”
“This process can’t be done on top of everything else we have to do”
How does this process relate to our governance process?”
“What’s to become of the affected students?”
How deep do we have to cut?
Where are the saved resources going?
The Case for Prioritizing Non-Academic Programs

1. Opportunities for cost savings & cost sharing should be explored.
2. Outsourcing non-mission critical functions may be cost effective.
3. Middle management bulge is unsustainable.
4. Technological improvements may yield savings.
5. Process streamlining can save time and money.
6. Sources of hidden costs should be explored.
7. Restructuring/Collaboration can improve efficiencies.
New Criteria for Non-Academic Programs

1. Key objectives and how they are measured.
2. Services provided and to which customers, internal and external.
4. Unmet needs and demands.
5. Opportunities for collaboration and restructuring.
New Criteria (Cont’d)

- 6. Opportunities to share skill sets and resources.
- 7. Opportunities for cross-training.
- 8. Technological improvements that are cost-effective.
- 10. Outsourcing exploration to improve service and cut costs.
Implementing Program Decisions

- Enrichment or expansion of existing programs
- Addition of new programs
- Reduction of programs
- Consolidation or restructuring of programs
- Elimination of programs
- Legal, policy and accreditation implications
- Maintaining the database for the future
Prioritization Checklist: Seven Phases

1. Preparation and Readiness Phase
2. Organizational Phase
3. Data Collection Phase
4. Analysis and Assessment Phase
5. Decision-Making Phase
6. Implementation Phase
7. Evaluation Phase
Discussion: Special Montana Opportunities?

- General Education cohesive?
- Surplus properties being used at highest value?
- Some programs with low or no enrollments?
- Opportunities to strengthen and improve student learning outcomes?
- Focusing on retention improvement?
- Other opportunities to seize?
Discussion and Next Steps
Conclusion

- Reallocation of Resources is Necessary
- Prioritization of Programs is Possible
- With Courage and Leadership Your Institutions Can be Strengthened
Sources:


