



# University of Wisconsin Colleges

## Assessment Results

Nov 18<sup>th</sup>, 2013

Today's presentation represents Huron's final deliverable; contained herein is a list of 36 opportunities identified throughout our engagement, with additional detail for opportunities estimated to be greater than \$1M over 5 years.

## **Agenda:**

- Discuss Context
- Review Themes
- Highlight Our Objective and Scope
- Present Opportunities
  - Highest Priority Opportunities
  - Strategic Enablers
- Appendix
  - Additional Opportunities
  - Efficiency Enablers
  - Limited Opportunities

# Industry and Competitive Context

## INTERDEPENDENT CHALLENGES

Declining state budgets and decreasing public support impact funding levels. Limits to tuition increases (imposed by statute or the market) creates fewer opportunities for closing funding gaps.

Increased scrutiny by more active boards and legislatures is creating increased pressure for universities to more clearly communicate their economic and social value across multiple dimensions.



### Funding Environment



### Competition for Enrollment

With limited opportunity to continue to increase tuition, declining public funding support, and fewer college-aged residents, universities are competing more directly to recruit and retain students.

### Political / Social Accountability



### Impact of Technology



Technology is creating challenges and opportunities for universities in terms of allocating scarce resources between short- and long-run initiatives, reaching new markets, exploring new educational and student support models, and utilizing technology to improve operations.

### Complex & Interdependent Challenges

# Industry and Competitive Context

## SHARED CHALLENGES

A sampling of recent higher education headlines indicates that the financial challenges and opportunities facing UW Colleges are clearly being felt across many universities and colleges in North America.

**University Of California Budget Still Rocky After Years Of Drastic Cuts**

**University of Akron cuts jobs and budget due to enrollment decline**

**University Research Discovers Hard Truths Of Budget Crisis**

Facing \$4 million budget shortfall, SJSU colleges forced to curb spending

University of Louisiana-Monroe likely to consolidate in face of budget cuts

**“In 15 Years From Now Half of US Universities May Be in Bankruptcy” - Clayton Christensen (March 20, 2013)**

# Project Scope and Objectives

With the Colleges and the industry context in mind, Huron has spent the last 8 weeks collecting and analyzing data; through this effort we have identified 36 opportunities to increase revenues, reduce costs, and improve efficiency.

**The scope of Huron's work was to identify and quantify opportunities for efficiency across all administrative and operational areas.**

Note: When potential opportunities for efficiency emerged through interviews and data analysis that were outside this scope, these were documented and passed along, without comment, to the Repositioning Committee.

*Over the past eight weeks, Huron team:*

- Conducted interviews and focus groups with 108 members of the UW Colleges across all 13 campuses and UWC Online and visited 2 campuses (UW-Rock County and UW-Marinette)
- Reviewed an additional 75 unique opportunities, based on 152 comments, received from the Repositioning Committee
- Collected and reviewed data from across the institution, including financial, operational, and organizational information, as well as written policies and process documentation
- Considered the administrative structure of the Colleges and how they may be differently organized to serve students, faculty and staff more efficiently
- Analyzed over 55 ideas and identified 15 high-priority opportunities
- Identified additional areas that were not immediately quantifiable but represent significant opportunities for efficiency improvement

# Observations and Reflections

In considering opportunities that will help address the short-run funding challenges and position the Colleges for success in the long-run, we have made several observations that provide context for the final list of opportunities.

## Contextual Observations:

- The response by UW Colleges to repeated budget cuts and an increased reliance on tuition revenue has limited the “low hanging fruit” opportunities that we often see in these types of engagements.
- There are no organizations from which to draw straight-forward comparisons or to evaluate benchmarks.
- The distribution and size of the individual campuses limits the ability, within the current operating context (e.g., dissemination of activities across campuses, budget model), for the Colleges to continue to meet budget reductions without a diminution of service to students, faculty, and staff.

## Potential Opportunities:

- UW Colleges has the opportunity to meet its current operating challenges, and position itself to most successfully address future opportunities through more structural approaches including:
  - evaluating the scope of operations and administration at all levels;
  - making better use of the scale of UW Colleges;
  - standardizing *all* business processes and practices where campus differences do not have a direct impact to serving students, supporting faculty, and conducting outreach activities;
  - simplifying business processes to improve speed and reduce effort; and
  - evaluating policies and processes to balance risk with the need for controls.

# Understanding “Opportunity”

The opportunities identified in this document were built from items received by the Task Force, from interviews conducted across the UW Colleges, and from Huron’s experience doing similar work at other clients.

## Other considerations:

- Quantifications of cost savings and/or revenue enhancement are illustrative; ranges are estimates and may be based, in part, off our previous experience doing similar work:
  - Where possible, we have considered implementation costs, however, additional due diligence may uncover new considerations that could alter the illustrative savings indicated
  - Given Colleges operating model, cost savings and revenue enhancement opportunities identified may not be recognized centrally and/or immediately
  - Investments required to realize savings will be noted but were not quantified
- Assumptions and estimates included in this report are based off the best information that we were able to receive and analyze in this limited timeframe
- Huron understands that the Task Force will consider the opportunities identified within this report and that additional due diligence (e.g., data confirmation, analysis, and implementation planning) will be required prior to implementing any opportunity

# Example of “Menu”

Each of the potential opportunities Huron has reviewed will be presented in the following “menu” format; those opportunities with an estimated financial impact greater than \$1M over 5 years will be presented in more detail.

	Opportunity	5-Year Financial Impact	Risk Exposure	Efficiencies Gained	Implementation Complexity	Timeframe (Months)
#	High-Level Description	Range of Opportunity				
1	2	3	4	5	6	7

1	Opportunity number
2	Description of each opportunity worded as an action to clarify the opportunity <u>not to represent a recommendation</u>
3	Estimation of the cost savings or revenue enhancement over the next 5 years
4	Assessment of the risk assumed if implemented on a scale of low to high
5	Assessment of the indirect or “systemic” effects of the opportunity on other opportunities for efficiency
6	Assessment of the complexity of moving forward with implementation for each opportunity
7	Estimate of the timeframe for realizing efficiency savings (beginning from a decision to implement)

## Opportunity “Menus”

1. **Highest Priority:** Opportunities >\$1M over 5 years
2. **Strategic Enablers:** Opportunities that are critical to the success of UWC’s transition over the next 5 years
3. **Additional Opportunities:** Opportunities less than the \$1M threshold
4. **Efficiency Enablers:** Opportunities that could assist UWC over the next 5 years to be more efficient
5. **Limited Opportunities:** Opportunities that Huron feels would not provide significant revenue, cost savings or efficiencies.



## Highest Priority Opportunities & Strategic Enablers

# Menu of Priority Opportunities & Enablers

Of the total of 36 opportunities identified or considered, 15 were estimated to have cost saving opportunities greater than \$1M over 5-years and are presented with additional detail in the subsequent slides.

	Opportunity	5 Year Financial Impact	Risk Exposure	Efficiencies Gained	Implementation Complexity	Implementation Timeframe
1	Adjust tuition pricing to a per-credit model for full-time students	\$5.9M – \$13.1M	High	Medium	High	24-36 months
2	Reevaluate Centrally Funded Initiatives	\$1.6M – \$4.9M	Medium	High	Medium	1-3 months
3	Regionalize the Campus Deans	\$2.1M - \$4.2M	High	High	High	12 -24 months
4	Centralize Network Administration	\$1.1M - \$3.5M	Low	High	Medium	6-12 months
5	Centralize University Relations and Marketing	\$1.0M - \$3.1M	Low	High	Medium	6-12 months
6	Regionalize Assistant Dean for Administration & Finance	\$1.4M - \$2.9M	Low	Medium	Medium	3-6 months
7	Regionalize Assistant Dean for Student Affairs	\$1.5M - \$2.7M	Medium	High	Medium	3-6 months
8	Centralizing select Student Affairs Processing	\$0.7M - \$3.0M	Medium	High	Medium	3-9 months
9	Centralize Library Directors	\$0.4M - \$1.6M	Low	Medium	Medium	3-6 months
10	Regionalize Continuing Education	\$1.4M - \$2.2M	Medium	Medium	High	3-12 months
11	Regionalize Finance Specialist	\$1.5M - \$2.1M	Low	Medium	Medium	3-6 months
12	Regionalize Facilities Leadership	\$0.9M - \$2.2M	Low	Medium	Low	3-6 months
13	Streamlining of Financial Aid Processing	\$0M - \$1.9M	Low	High	Low	2-3 months
14	Evaluate Human Resources Structure & Processes	Strategic Enabler	Low	High	Medium	3-6 months
15	Conduct a Planning and Position Study to for Colleges Online	Strategic Enabler	Low	High	Medium	2-3 months

## Tuition Pricing in a Per-Credit Model

# Per-Credit Tuition Model for Full-Time Students

## OPPORTUNITY OVERVIEW

Huron has quantified an opportunity that was received through the Task Force for the UW Colleges to transition from a flat-rate tuition model to a per-credit model for full-time enrolled students.

### Fall 2012<sup>1,2,3</sup>

Population	Number Enrolled	Current Revenue (\$'000)	Potential Revenue* (\$'000)	Difference (\$'000s)
Resident – Full Time	7,890	\$18,739	\$21,410	\$2,671
Non-Resident – Full Time	116	\$680	\$804	\$124
<b>Total</b>	<b>8,006</b>	<b>\$19,419</b>	<b>\$22,214</b>	<b>\$2,795</b>

### Spring 2013<sup>1,2,3</sup>

Population	Number Enrolled	Current Revenue (\$'000)	Potential Revenue* (\$'000)	Difference (\$'000s)
Resident – Full Time	6,684	\$15,874	\$18,152	\$2,278
Non-Resident – Full Time	103	\$604	\$726	\$122
<b>Total</b>	<b>6,787</b>	<b>\$16,478</b>	<b>\$18,878</b>	<b>\$2,400</b>

Notes: Analysis excludes online, MSEP, & MI/MN Compact students, \*Reflects 2% decrease in the number of credits  
Sources: <sup>1</sup> UWC Student IR Data FY12-13, <sup>2</sup> UWC Website, <sup>3</sup> UWC Fact book

### Current Rate Structure

- Full-time students are charged a flat rate per semester for tuition (\$2,375/\$5,864 resident/non-resident)<sup>2</sup>
- Full-time students are charged an incremental rate per credit (\$198/\$489) above the 12-18 credit range<sup>2</sup>

### Potential Rate Structure

- Residents are charged a specific rate for every credit hour (currently \$198/credit<sup>2</sup>)
- Non-residents are charged a specific rate for every credit hour (currently \$489/credit<sup>2</sup>)

#### Observations

- UW Colleges' current tuition structure assesses a flat rate to on-campus full-time students taking between 12-18 credits
- Online students already are subject to a per-credit tuition model
- Just over 50% of on-campus resident/non-resident students would be impacted by a tuition change to a per-credit hour rate structure
- Switching to a per-credit rate structure would likely impact enrollment due to student price sensitivity; legislative barriers may limit action in this area

#### Opportunities

- Conduct a tuition pricing assessment to further explore implications of a per-credit hour rate structure and potential barriers
- Consider related opportunities, including an adjustment of the per-credit hour rate and an adjustment of the flat-fee range (i.e. to 15-18 credits)
- \*Note: Tuition change is modeled to take place in year three. Huron assumes a 2-5% decrease in the number of credits during years 3-5 and that under the current model the total number of credits would remain static

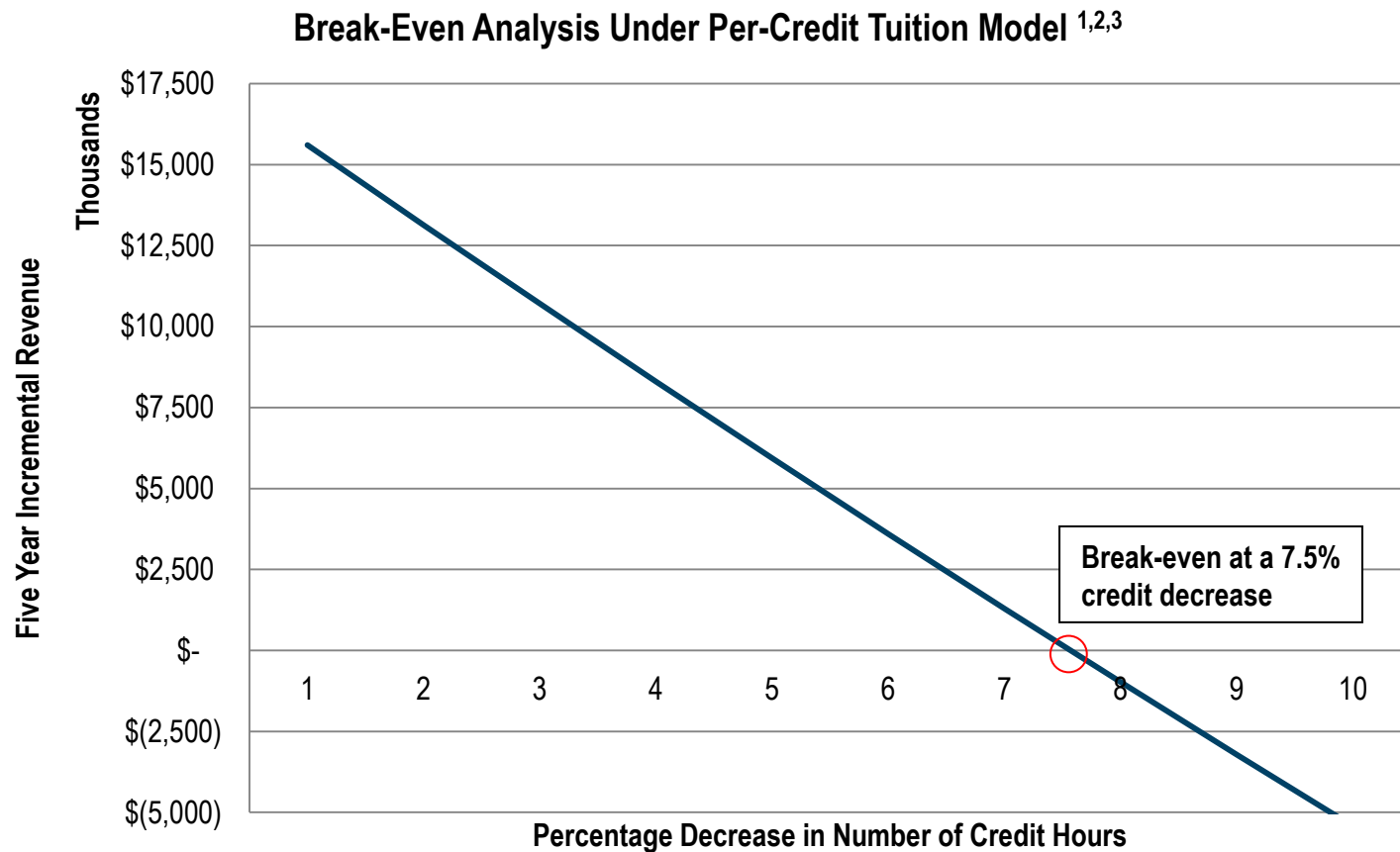
### 5 Year Financial Opportunity

**\$5.9 – \$13.1M\***

# Per-Credit Tuition Model

## BREAK-EVEN ANALYSIS

UW Colleges would earn more revenue under a per credit model in scenarios representing up to 7.5 percent decrease in the total number of credit hours.

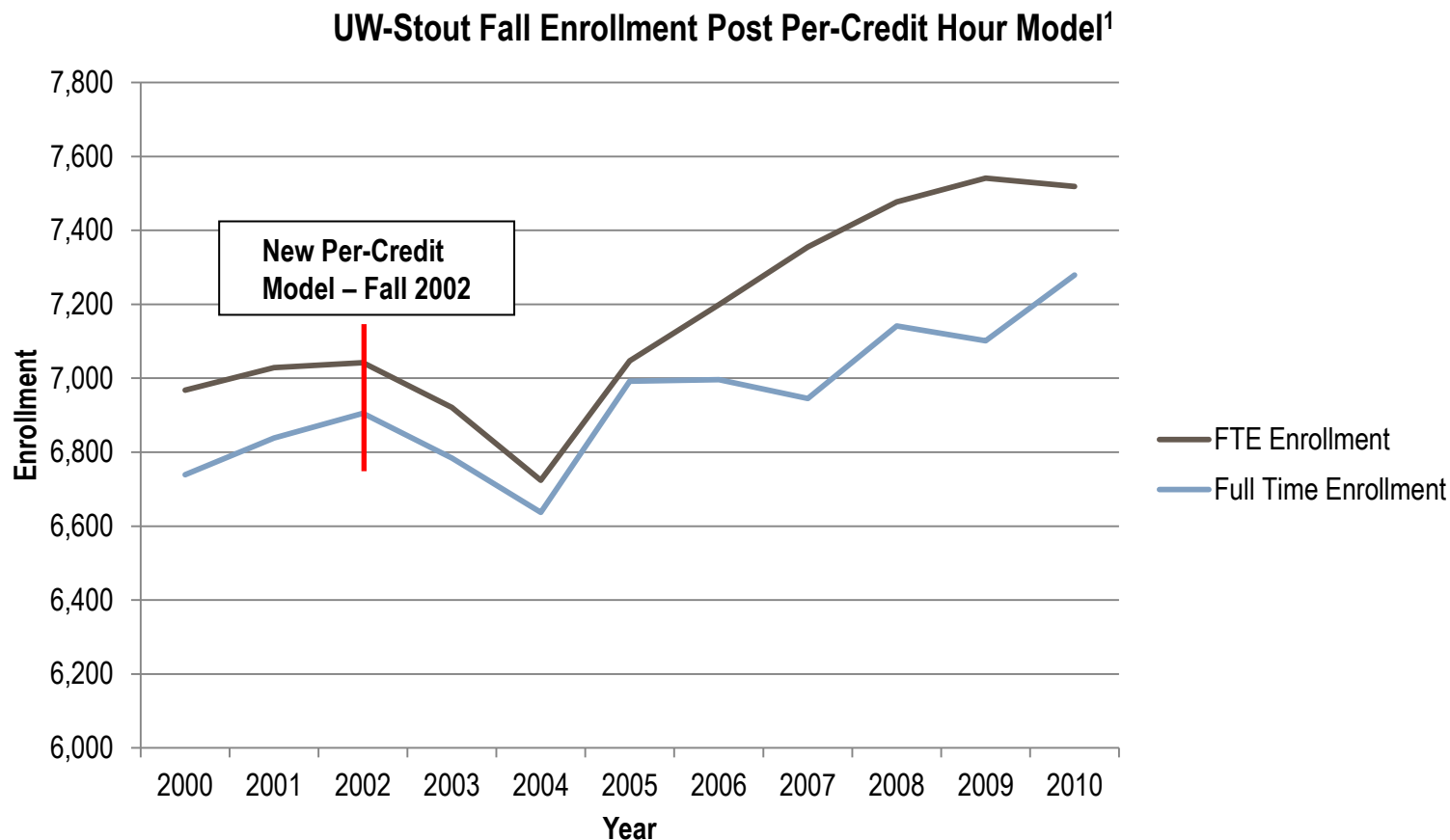


Sources: <sup>1</sup> UWC Student IR Data FY12-13, <sup>2</sup> UWC Website, <sup>3</sup> UWC Fact book

# Benchmarking Per-Credit Hour Models

## IMPACT OF NEW PER-CREDIT HOUR MODEL AT UW-STOUT

UW-Stout implemented a per-credit tuition model for new freshmen in Fall 2002. Following the change, FTE enrollment decreased by 1.7 and 2.8 % in Fall 2003 and Fall 2004 but increased 4.8% in Fall 2005.

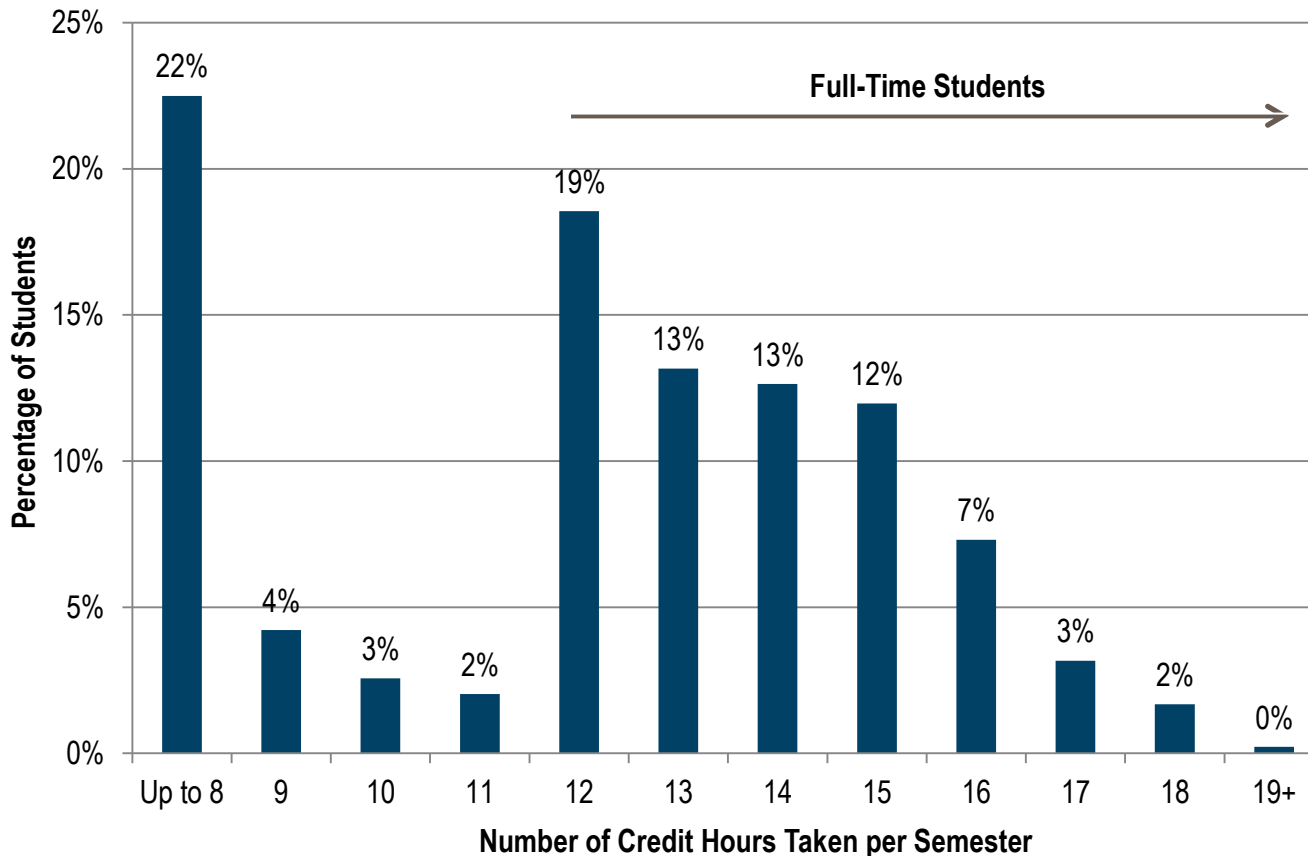


# Current Course Consumption

## DISTRIBUTION OF CREDIT HOUR CONSUMPTION

The highest frequency of course load consumption for full-time UW Colleges students is 12 credits; few students are taking more than 16 credits in a given semester.

**UW Colleges Credit Hour Consumption by Semester <sup>1</sup>**



### Observations:

- Just over 50% of students take 13 or more credits per semester and would experience a price increase with a shift to a per-credit tuition model
- Approximately 70% of students are considered full-time, taking 12 or more credits per semester
- Only 5% of students are maximizing the flat tuition rate at either 17 or 18 credits per semester

# Impact of Per-Credit Hour Model

## VARIATION IN TUITION UNDER POTENTIAL MODEL

While UW Colleges has the opportunity to increase gross tuition revenue by transitioning to a per-credit hour model, this change would impact costs to students to varying degrees.

Full-Time Status	Credits Taken Per Semester						
	12	13	14	15	16	17	18
Resident – Flat Fee	\$2,375	\$2,375	\$2,375	\$2,375	\$2,375	\$2,375	\$2,375
Resident – Per-Credit Model	\$2,375	\$2,574	\$2,772	\$2,970	\$3,168	\$3,366	\$3,564
Non-Resident – Flat Fee	\$5,864	\$5,864	\$5,864	\$5,864	\$5,864	\$5,864	\$5,864
Non-Resident – Per-Credit Model	\$5,864	\$6,357	\$6,846	\$7,335	\$7,824	\$8,313	\$8,802

### Increased Costs to Students

- Under a per-credit hour model, resident students in the 13-18 credit range face an increase of anywhere between \$199 and \$1,189 per semester based on current tuition pricing
- Non-resident students in this range will face an increase of anywhere between \$493 and \$2,938 per semester



## Centrally Funded Initiatives

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# Reevaluate Centrally Funded Initiatives

UW Colleges should reevaluate its level of commitment to a variety of centrally funded programs/initiatives. While certain programs may ultimately be deemed critical, programs should be reviewed for mission-alignment and impact.

	Program/Initiative <sup>1</sup>	Estimated Annual Expenditure (\$'000s)
Chancellor's Office Initiatives	UWC Recruiters	\$375
	International Studies	\$250
	Study Abroad	\$38
Other	Institutional Position Obligation	\$69
	PreCollege Programs	\$330
	ESFY Program	\$250
Total		\$1,313

Initial estimate	\$1,313	\$1,313
Savings range	25%	75%
Projected Annual Expenditure	\$328	\$985
5-year Total	\$1,640	\$4,925

Note: List is not intended to be exhaustive, but contains examples of programs/initiatives identified during a high level review

Source: <sup>1</sup> FY14 Estimated Chancellor's Initiative Support

## Observations

- There are approximately \$1.3M in annual funding commitments for programs that may not be considered mission critical.
- PreCollege and ESFY programs were repeatedly identified in interviews as programs that should be considered for cost /benefit analysis.
- The functionality and services offered through several of these programs may be sourced from other organizations within the UW, e.g., Study Abroad.
- Limited analysis is conducted to determine if a program is meeting its strategic objective and ultimately sunset programs that are not performing.

## Opportunities

- Establish a formal process for the review of centrally funded programs and verify that these programs are meeting specific targets within a set time frame. If these programs fail to meet these targets have a sunset plan in place to reevaluate the program and potential end.
- Identify existing programs and discontinue or reduce funding for non-mission critical activities and/or outsource to the System or other UW campus.
- \*Assumption: Huron assumes a 25-75% rate for 5 year program/initiative savings and recognizes some will be preserved at current or reduced levels.

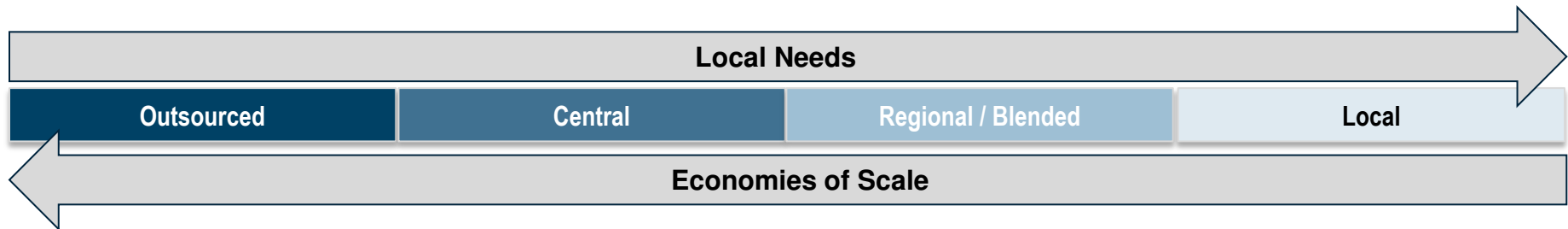
**Financial Opportunity Over 5 Years**

**\$1.6 – \$4.9M\***

# Administration Reorganization

# Administrative Reorganization

Changing technological capabilities and societal and cultural norms presents opportunities to maintain or improve service levels while taking better advantage of the scale of the Colleges as a whole.



## Service provision benefit from scale economies when:

- Service provision is highly regulated or subject to regulation or compliance issues (e.g., Financial Aid, HR Benefits, VA Benefits)
- Actions and transactions are standardized (minimal variation across transactions and across organizations)
- Scale at the “local” level is insufficient to support optimal service levels (e.g., helpdesk hours) and/or do address “peak” service times

## Service provision benefit from local delivery when:

- Services require face to face interaction
- Local customization and control results in improved student outcomes (e.g., student advising)
- Individual transactions vary significantly and are often unpredictable
- Local relationships have a material impact on the ability to meet mission oriented activities (e.g., outreach)

Note: In considering structures and service provision, it is important to consider both the organizational reporting structure and the physical location of the individuals providing service.

# Campus Administration

With this framework in mind, Huron evaluated a range of administrative services and roles to estimate current costs and to project the costs of service provision under alternate models.

## Current Approximate Operational Expense <sup>1</sup>

Administrative Roles / Functions Considered	Approx. Total Annual Expenditure (\$'000s)	Approx. FTE across the UW Colleges	Estimated Average Salary for Position (\$'000s)	Models Considered
Deans	\$1,570	13	\$121	Regionalization
Assistant Dean for Administration & Finance	\$1,041	13	\$78	Regionalization
Assistant Dean for Student Affairs	\$954	13	\$68	Regionalization
Network Administrators	\$924	18	\$53	Regionalization or Centralization
University Relations	\$827	18*	\$46	Regionalization or Centralization
Continuing Education	\$703	16	\$44	Regionalization
Building/Grounds Supervisors	\$700	13	\$54	Regionalization
Director of Libraries	\$694	11	\$63	Regionalization or Centralization
Finance Specialist	\$628	18	\$35	Regionalization
Associate Deans <sup>2</sup>	\$325	7	\$36**	Regionalization

\*Some positions are shared or part time, particular for University Relations

\*\* This is based on the part-time backfill salaries required for the Associate Deans, understanding there is 1 Full Time FTE

## Observations

- Huron's initial analysis indicates there are several administrative services that may be regionalized or centralized based on the services and functions of their role. Identifying specific individuals and the true, fully loaded costs of administrative services across the Colleges requires a campus-by-campus analysis with data that are not available from organizational charts and human resources data.
- Technology may create opportunities for centralization of Network Administration, Library Directors, and University Relations. Opportunities for these functions are evaluated in both regional and central models.

Source: <sup>1</sup> UWC Sept Payroll (Aug pd Sept) – No Names, <sup>2</sup> FY14 Backfills (Course Releases) Stipends

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# Regionalization Approach to Reorganization

In order to evaluate the opportunity, Huron modeled a series of hypothetical structures where regional organizations would have responsibility for some administrative and operational service to a group of campuses.

## **Illustration of a 4-District Regional Model<sup>1, 2, 3</sup>**



## Observations

- Huron preformed internal benchmarking to determine a range of potential regional models from 4 to 8 districts that could each contain between 1 and 4 different campuses. Above is a depiction of one version Huron identified based on the location and size of the different campuses.
- There are limitations on using location and campus size. Despite trying to take into consideration geographical location some campuses are not going to be as physically co-located as other campuses are in their regions.
- There are other criteria that could be used to determine a region, these could include: student demographics, community relations, and dept. structures.

Sources:

<sup>1</sup> UWC Fact Book, <sup>2</sup>UWC Sept Payroll (Aug pd Sept) – No Names, <sup>3</sup>Faculty Headcount by Campus as of 10163013

# Estimated Cost Savings from Regionalization

Modeling 4-region and 8-region scenarios, Huron identified a range of cost savings by function that the UW Colleges could realize if it changed the structures of campus operations and administration.

Data in \$'000s	Network Admins.	Asst. Dean for A&F	Asst. Dean for St. Affairs	Continuing Education	Finance Specialist	Build / Grnd. Supervisors	Director of Libraries	Associate Deans	University Relations
<b>Estimated Costs <sup>1,2</sup></b>									
Estimated Annual Costs	\$ 924	\$ 1,041	\$ 954	\$ 703	\$ 628	\$ 700	\$ 694	\$ 325	\$ 827
Estimated 5-year Costs	4,620	5,205	4,770	3,515	3,140	3,500	3,470	1,625	4,135
<b>Projected 1-year Costs</b>									
4 Regions	320	468	408	264	212	260	380	152	276
8 Regions	512	752	656	424	336	520	608	240	440
<b>Projected 1-year Savings</b>									
4 Regions	604	573	546	439	416	440	314	173	551
8 Regions	412	289	298	279	292	180	86	85	387
<b>Projected 5-year Savings</b>									
4 Regions	3,020	2,865	2,730	2,195	2,080	1,880	1,570	620	2,755
8 Regions	2,060	1,445	1,490	1,395	1,460	900	430	260	1,935
<b>Total Savings*</b>									
Total 5-year Savings - 4 Regions								\$ 20,980	
Total 5-year Savings - 8 Regions								\$ 10,080	

\*Huron estimates an incremental cost of approximately \$702 thousand annually for local support will be needed in this model.  
Source: <sup>1</sup> UWC Sept Payroll (Aug pd Sept) – No Names, <sup>2</sup> FY14 Backfills (Course Releases) Stipends

## Assumptions

- Although more research is required, Huron estimates the increased cost associated with greater scope and imperfect scaling to be approximately 20% more than current salaries in an 8-region model and 50% greater in a 4-region model. Huron utilized this approximation in estimating the costs of regionally organized functions. This approach was utilized to project an order-of-magnitude savings / efficiency number and should be reevaluated in the next phase of work.
- For Network Administration, Continuing Education, Director of Libraries, and University Relations, we believe additional opportunities may exist to move beyond a regional model into a central model.
- Additional positions may be considered for regionalization including Administrative Services Staff and Academic Advising in future phases and with more data.
- With the regionalization of several campus leadership positions, Huron believes there will need to be a dedicated person on each campus to ensure operations are maintained in the absence of the regionalized positions. As a result, we have added a role on each campus which is included in the expected costs of regionalizing.

# Campus Leadership

UW Colleges has the opportunity to save approximately \$2M to \$4M over 5 years by aligning Deans with a regional administrative and leadership model; realizing this opportunity presents significant risk.

## Observations

- Campus Deans have a unique role as campus executive officers, community leaders, and local “ambassadors”
- The current state of each campus having a Dean is expensive relative to alternative structures and inherently limits the impact a single Dean can have to his or her campus
- Changes to the roles of the Deans, driven partly by the new Colleges budget model, partly by the need for greater community engagement may limit the ability to expand individual decanal reach to a single campus / county
- If implementation challenges are solvable, UW Colleges could align Deans with administrative regions and align the budget model / enrollment targets by region rather than by campus and reduce administrative expenditure by between \$2M and \$4M over a 5-year period.

## Regionalization of Deans (\$'000)

Estimated Current Costs <sup>1</sup>	Annual Costs	\$ 1,570
	5-year Costs	7,850
Projected 1-year Costs	4 Regions	728
	8 Regions	1,160
Projected 1-year Savings	4 Regions	842
	8 Regions	410
<b>Projected 5-year Savings</b>	<b>4 Regions</b>	<b>\$ 4,210</b>
	<b>8 Regions</b>	<b>\$ 2,050</b>

## Risks

- Although Deans in a regional model would have greater spans of control and increased resources at their disposal, the unique responsibilities of Deans on campuses and in local communities may be negatively impacted if they are separated from, or spread across, multiple campuses and counties.
- Further analysis of this opportunity should consider the risks and implications of negative reactions from counties / communities.
- Further analysis of this opportunity should estimate the costs of filling the campus leadership / executive roles and community roles of the Deans.

Source: <sup>1</sup> UWC Sept Payroll (Aug pd Sept) – No Names

**Financial Opportunity Over 5 Years**

**\$2.1M - \$4.2M**



# Estimated Cost Savings from Centralization

Some of the services that were identified could also be centralized to help improve services to campuses, better leverage resources and ultimately provide UW Colleges with cost savings.

Centralized Roles	Current Annual Costs (\$'000) <sup>1</sup>	Centralized Annual Costs (\$'000s)		Centralized Savings 1 Year (\$'000s)		Centralized Savings 5 Years (\$'000s)	
		25% Reduction	75% Reduction	25% Reduction	75% Reduction	25% Reduction	75% Reduction
Network Administrators	\$ 924	\$ 696	\$ 232	\$ 228	\$ 692	\$ 1,140	\$ 3,460
Director of Libraries	694	519	173	175	521	875	2,605
University Relations	827	621	207	206	620	1,030	3,100
<b>Total</b>	<b>\$ 1,854</b>	<b>\$ 1,393</b>	<b>\$ 464</b>	<b>\$ 461</b>	<b>\$ 1,390</b>	<b>\$ 3,045</b>	<b>\$ 9,165</b>

Source: <sup>1</sup> UWC Sept Payroll (Aug pd Sept) – No Names

## Opportunities

- **Network Administrators:** With the virtualization of computers, systems and servers; IT support and administration can be provided centrally. Centralizing this service will improve the sourcing and purchasing of software and hardware for the campuses (e.g., LMS and web hosting services), the servicing of campuses' IT needs and customer service.
- **Director of Libraries:** Centralizing the library director role and libraries services could create consistency in service across all of the campuses. With the use of technology (online classes), UWC could centralize Library Directors while still providing campuses with the same level of service, if not better. Regionalization is a viable option for the Director of Libraries role, however additional cost savings could be accomplished through centralization.
- **University Relations:** Centralized University Relations would create opportunities to streamline the services provided on each campus, including web design and content management. It will also help to create one brand for UW Colleges.
  - As a centralized service there may also be an opportunity to leverage external resources and outsource University Relations altogether.

## Assumptions

- The above assessments show a low to high range of 25-75% reduction in costs based on anticipated efficiencies from increased specialization, improved functional reporting, clearer communication, and reduced complexity.
- Since campuses utilize their staff in unique ways based on local needs and capabilities, Huron anticipates that some of the potential savings opportunity may need to be reinvested in providing additional campus services.

# Saving Ranges for Organizational Redesign

Although not quantified, Huron anticipates that the creation of regional operational offices would represent savings and effectiveness opportunities that are greater than the sum of the individual functional opportunities.

Roles	Savings over 1 year (\$'000)	Savings over 5 years (\$'000)	Opportunity Approach
Deans	\$ 410 - \$ 842	\$ 2,050 - \$ 4,210	Regionalize
Network Administrators	228 - 692	1,140 - 3,460	Centralize
University Relations	206 - 620	1,030 - 3,100	Centralize
Assistant Dean for Administration & Finance	289 - 573	1,445 - 2,865	Regionalize
Assistant Dean for Student Affairs	298 - 546	1,490 - 2,730	Regionalize
Director of Libraries	175 - 521	875 - 2,605	Centralize
Building/Grounds Supervisors	180 - 440	900 - 2,200	Regionalize
Continuing Education	279 - 439	1,395 - 2,195	Regionalize
Finance Specialist	292 - 416	1,460 - 2,080	Regionalize
Associate Deans	85 - 173	425 - 865	Regionalize
<b>Total Savings*</b>	<b>\$ 1,740 - \$ 4,560</b>	<b>\$8,700 - \$22,800</b>	

\*Huron estimates an incremental cost of approximately \$702 thousand annually for local support will be needed in this model.

Source: <sup>1</sup> UWC Sept Payroll (Aug pd Sept) – No Names, <sup>2</sup> FY14 Backfills (Course Releases) Stipends

## Risks

- As stated before, community relationships are critical to the operations at each campus for many reasons; regionalizing the campus leadership may disrupt these relationships and have negative impacts on all of the campuses.
- Deeper analysis will need to be conducted to determine the costs associated with centralizing a service. There will be increased expenses that may mitigate the value of the opportunity.
- Regionalizing or centralizing a service will have impacts on the local operations on each campus. These impacts will need to be taken into consideration as other opportunities are evaluated as they may impact the level of savings from that opportunity (i.e., process improvement).

**Financial Opportunity Over 5 Years**

**\$8.7M - \$22.8M**

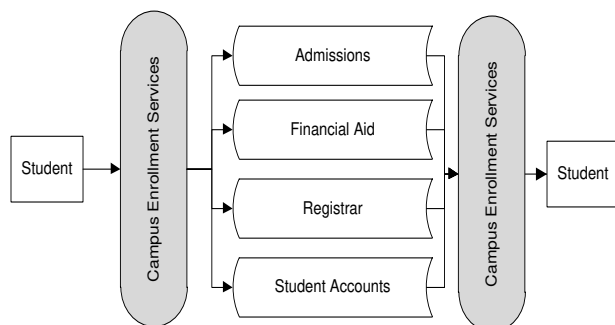
# Student Affairs

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# Student Services Reorganization

Extrapolating data, from campus where it is available, Huron estimates that UW Colleges could reduce Student Services expenditures by up to 15% through centralization and standardization of select processes.

## Clarify Process Flow and the Separation of Roles between Campuses and Central Administration:



*Note: Standardization and centralization of all non-student facing functions and some student facing ones (e.g., VA Benefits, Financial Aid advising) presents the opportunity to improve student service and improve efficiency*

*\*This does not include Colleges Online*

## Observations

- During interviews, several functions were identified having potential for increased efficiency in a centralized organization. These functions include: Financial Aid Advising and Processing, Veterans Affairs Benefits Advising and Processing, Admissions Processing, and Registration Processing.
- We recognize that parts of these functions are already conducted centrally. UW Colleges has the opportunity to standardize campus practices and centralize more of these processes.
- Current enrollment processes are unique to individual campuses with only informal sharing of practices across campuses.
- Campus-based employees with enrolment services related job functions are often generalists. Creating a central capacity may allow for more specialization at all levels (e.g., VA Benefits).
- Recruit and student interactions are not consistently documented in a case tracking (CRM) tool; implementing a system (e.g., Retain) will allow Colleges to present a more integrated “face” to students.

## Assumptions

- Huron estimates that UW Colleges’ campuses spend approximately \$4M\* on Student Services operations <sup>1</sup>.
- An analysis of available data indicate that one campus-based Financial Aid FTE can serve approximately 800 students <sup>2</sup>.
- Ratios of campus-based FA staff to other student services (e.g., registration) were used to estimate resource investment in other student services activities<sup>2</sup>.
- Standardization of campus processes (e.g., billing, tuition due dates) and centralization of other processes (e.g., VA Benefits, Admissions) presents opportunities to improve services and reduce costs.
- Central Administration will need to add additional staffing levels to help manage the new workload.

Source: <sup>1</sup> UWC Sept Payroll (Aug pd Sept) – No Names, <sup>2</sup> UWC Directory

**Financial Opportunity Over 5 Years**

**\$0.7M - \$3.0M**

# Financial Aid Processing as Strategic Enrollment Management

UW Colleges has the opportunity to increase yield, and thus revenue, by improving the processing time for Financial Aid applications.

## Forms for Financial Aid Application

UWC Financial Aid Application Forms	Potential for Integration into "Automated" Workflow *
2013-2014 Request for Adjustment Form	High
Federal Tax Form Request	Medium
Parent Assets 4	High
Student Assets 4	High
Parent Child Support Paid 4	High
Student Child Support Paid 4	High
Dependency Status Appeal 2013-14	High
Dependency Appeal Renewal 2013-14	High
Dependent Care Expenses 2013-14	High
Drug Conviction Information 2013-2014	Low
Dependent Student SNAP Verification 4	High
Independent SNAP Verification 4	High
High School Completion Status 13-14	High
Parent Household 4	High
Student Household 4	High
Identity and Statement of Ed Purpose	Low
Parent Income Earned from Work	High
Student Income Earned from Work	High
Parent Low Income Form 2012	High
Student Low Income Form 2012	High
Parent Pension Rollover 2012	Medium
Student Pension Rollover 2012	Medium
Direct Student Loan Request 2013-14	High

\*Based on Huron's experience at other institutions.

## Observations

- Interviews suggested that cost of attendance and the availability of aid impact student choice for Colleges' recruits / students. Approximately 60% of UW Colleges' students are receiving financial aid. The average package per student is at least ½ of the students calculated cost of attendance (~\$6K).
- Financial Aid information is collected on campus, scanned and sometimes electronically stored locally, then put into inter-office mail to Madison for scanning and loading into PRISM.
- There are approximately 25 different forms for verification students may need to complete to apply for Financial Aid, all of which are not a part of an automated workflow.
- UW Colleges distributes their Aid Packages to Students in April. Anecdotal information indicate that there are at least 2 other schools within the UW Colleges system that release their Financial Aid packages in March.

## Opportunities

- Evaluating the business processes supporting Financial Aid and the attendant policies to balance risk and controls with a view towards reducing the time to issue award letters. streamlining and automation to enable the quicker release of award packages to students. Huron's enrollment management experts estimate that moving up the dates for full packaging may result in increased yield of 1 percent or more. If realized, Colleges would receive an incremental \$1.9M in additional tuition and fee revenue.

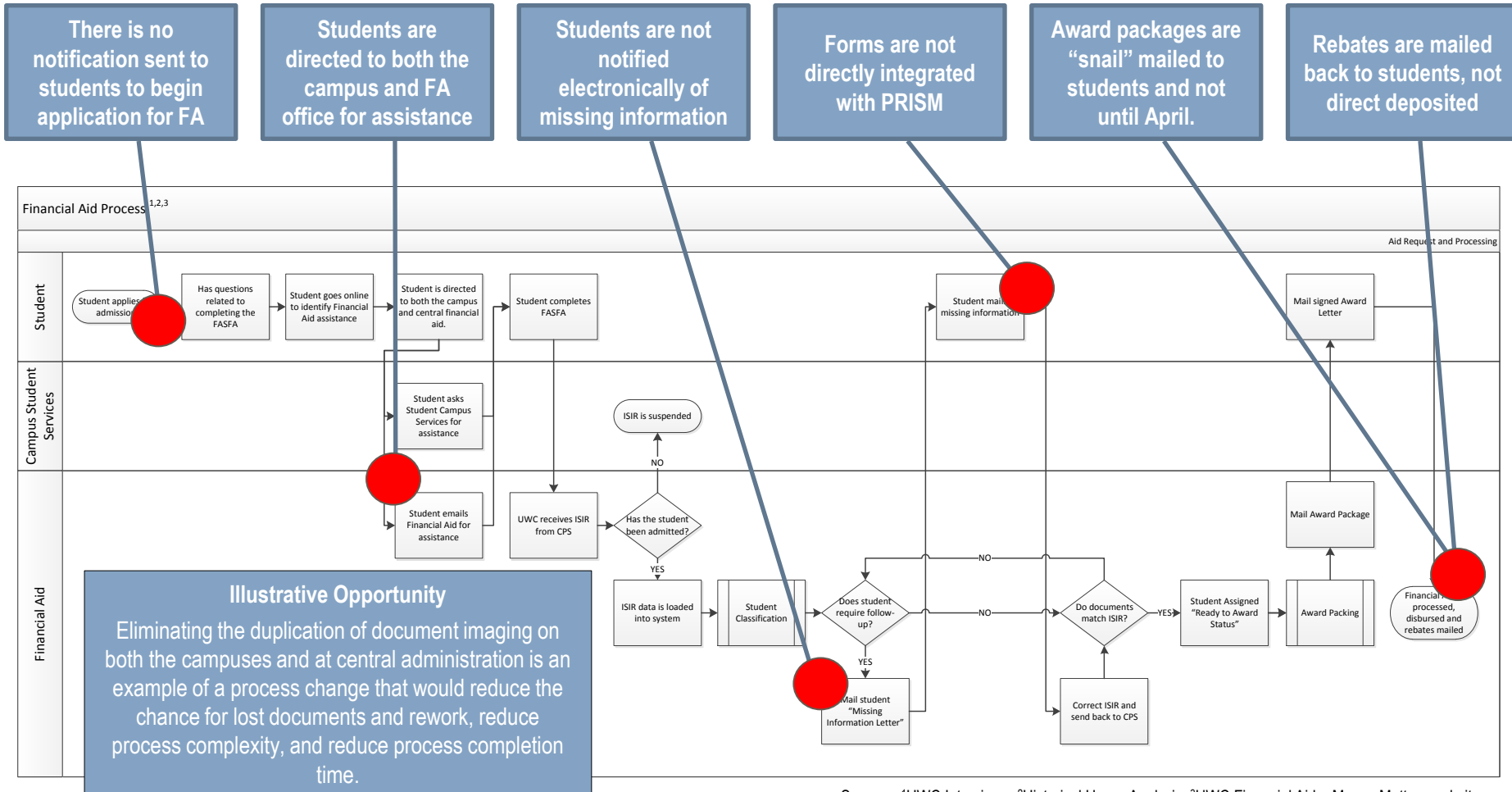
Sources: UWC Interviews, Historical Huron Analysis, UWC Financial Aid – Money Matters website

**Financial Opportunity Over 5 Years**

**\$0M-\$1.9M**

# Current Financial Aid Workflow

There are several opportunities for streamlining and automating UW Colleges' Financial Aid workflow. Simplifying the process through automation and creating a single point of contact will help students and UW Colleges.



Sources: <sup>1</sup>UWC Interviews, <sup>2</sup>Historical Huron Analysis, <sup>3</sup>UWC Financial Aid – Money Matters website

# Strategic Enablers

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During our interviews, Human Resources was regularly described as a “frustrating” part of operations. While some root causes are beyond UW Colleges’ control, improving service may have impacts beyond functional efficiency.

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## Observations

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- **Policies are constrained** by State, UW Board of Regent, and System Administration policies; however, the difference between practice and policy is often unclear.
- **High error rates** have been reported between central and system service centers.
- **Nonstandard approaches** to processes, application of policies, and procedures.
- **Limited automation** of processes before data entry into HRS.
- **Limited use of data** in the tracking of cases and workflow and lack of objective operational data and analytics mean feelings trump facts.
- **High transaction volume** in the central HR office (e.g., processed ~4,000 lump sum payments in FY2012).
- **Real and perceived delays** in completion of HR tasks.
- **High levels of employee dissatisfaction** both within Central HR and on campuses.

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## Opportunities

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- Conduct a comprehensive review of HR processes, policies, and procedures.
  1. Create and prioritize a list of all current processes
  2. Beginning with highest priority, develop process maps for each process
  3. Evaluate alternative models and pilot new approaches that streamline activities and align processes, risk tolerance, and controls
  4. Explore business process automation and workflow to eliminate paper forms and create operational datasets
- Clearly document updated processes, procedures and policies and store them in a central repository.
- Create reporting relationships with Central HR and identify specific point person for campuses to increase standardization and organizational agility.
- Utilize metrics and reports during case and ticket tracking.
- Clearly communicate the HR business process implications for operational decision making and incorporate into training.



# Human Resources (Cont'd)

Central HR is responsible for processing over 24 variations of forms for a variety of services they offer to UW Colleges. These processes are often convoluted and inefficient, involving several unnecessary stakeholders.

## Examples of HR Processes <sup>2</sup>

- Hiring
- Termination
- Rehires
- Appointment Revisions
- Overloads
- Lump Sum
- FMLA

## Observations

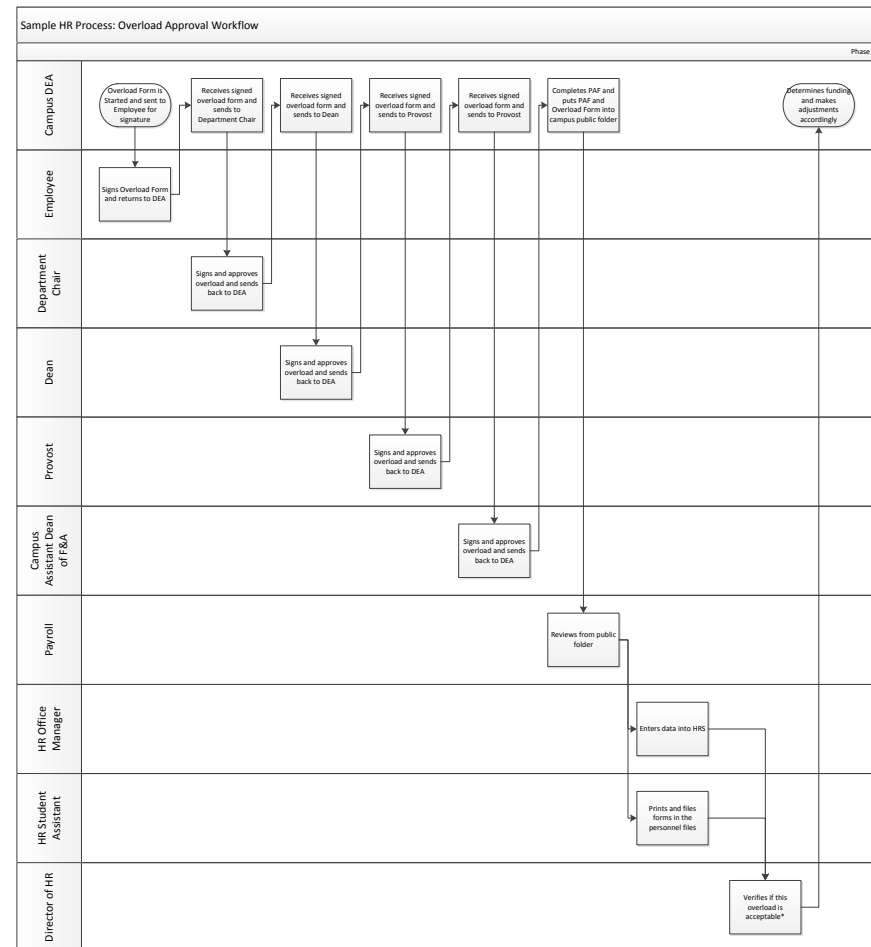
- In the process example outlined, 10 people<sup>1</sup> have a role in approvals for the Overload Workflow and this assumes the forms are completed correctly and under the appropriate circumstances.
- In 2012 there were approximately 500 Overload and Lump Sum Payments processed<sup>3</sup> and over \$2.3M Overload and Lump Sum Payments paid out to the campuses.<sup>3</sup>

Sources:

<sup>1</sup>UWC employee interviews, <sup>2</sup>HR Service Level Agreement, <sup>3</sup>HR Lump Sum and Overload Data Base

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## Overload Approval Workflow<sup>1</sup>



# Human Resources (Cont'd)

Reducing the number of lump sum payments and simplifying the approval process to align controls with risk illustrate the types of efficiency opportunities available by simplifying processes.

## Lump Sum Approval Workflow Current v. Future Costs

	Current State	Future State	Explanation
Number of transactions <sup>3</sup>	~250	50	Awarding of lump appears to be inconsistently applied
Number of reviews/touch-points	8*	4	The benefit of 8 touch points seems out of alignment with the size/scope of attendant risk
Number of reviews/touch-points	2,000	400	
Time per review <sup>2</sup>	20 minutes	20 minutes	Estimate based on feedback from HR
Average cost/per transaction	\$70/transaction	\$40/transaction	Estimate based on “typical” reviewers. Cost reduced based on fewer, higher level reviewers being required
Estimated Administrative cost	\$17,500	\$2,000	Number x rate (rounded)
Estimated annual savings		\$15,500	Current costs – future costs

FY12 lump sum payments: \$1.6M<sup>1</sup>

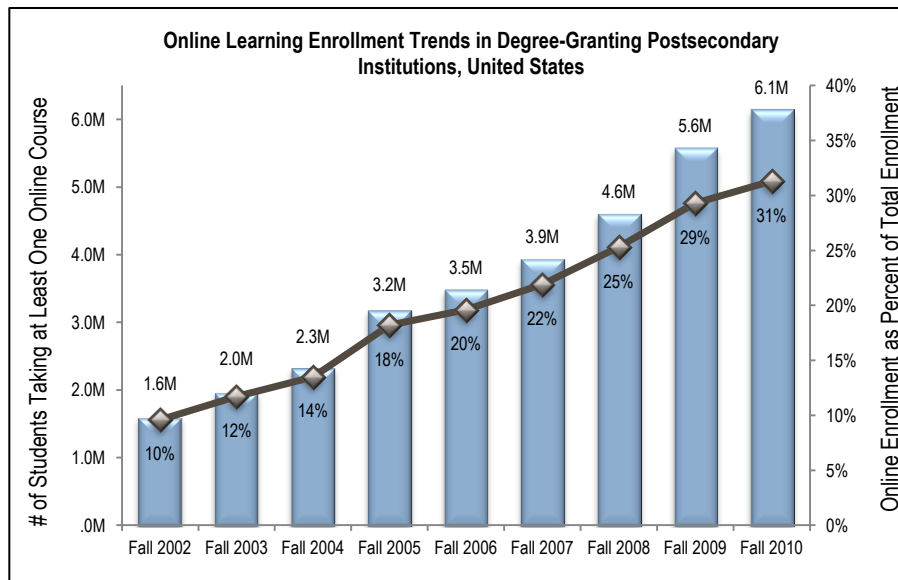
\*Number was determined based on the number of stakeholders involved in overload payment approvals

Sources: <sup>1</sup>Controller Lump Sum and Overload data, <sup>2</sup>Payroll data for FY2013, <sup>3</sup>HR Lump Sum and Overload Data Base

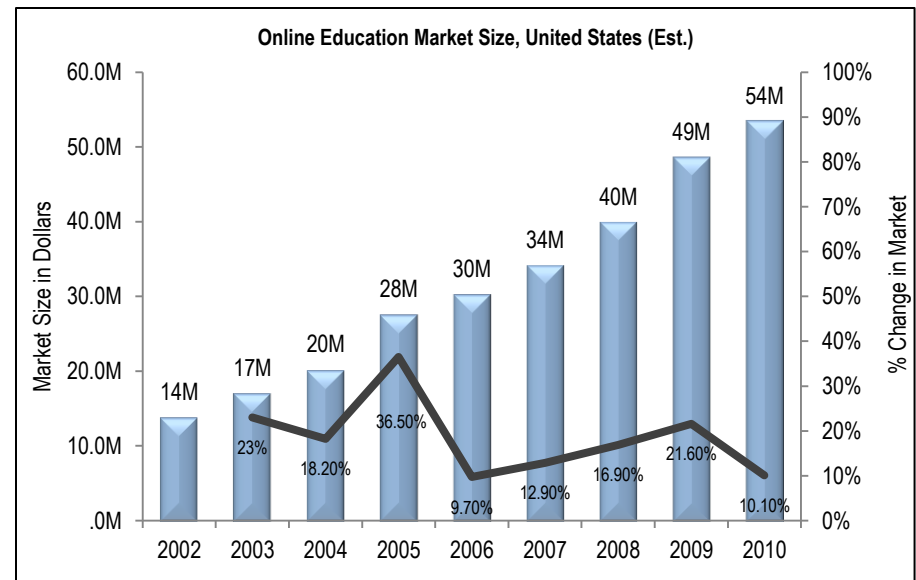
## Observations

- The example above depicts that streamlining one process could save UW Colleges ~\$75,000 in employee time over the next 5 years. Continued evaluation of the services and identification of opportunities to streamline will help to reduce unnecessary workload and improve productivity.

Data indicate strong growth rates for online education indicate continuing market demand, qualitative data from Huron's experiences indicate greater focus on online and greater competition for online enrollments.



Source: "Going the Distance" Sloan Consortium



Source: Babson Survey Research Group, Marketdata Enterprises, Inc. estimates and forecasts

### According to research by the Sloan Consortium and Babson Survey Research Group:

- Over 6.1 million students took at least one online course during the fall 2010 term; an increase of 560,000 students over the previous year
- In 2010 online enrollments grew at ten percent compared to less than one percent growth of the overall higher education student population

Evolving technological capabilities, student perspectives, and competitive pressures, along with the current funding environment make it imperative for UW Colleges Online to carefully align resources with the biggest opportunities.

Examples of Planning Activities	Description	Anticipated outcome
Market Intelligence	Collecting competitive and demand data to support programmatic planning	Revenue Enhancement
Identifying and Recruiting New Students	Identifying, recruiting, and matriculating students who are underserved by UW Colleges	Revenue Enhancement
Expanding Offerings	Utilizing market intelligence and research to identify opportunities for new programs. UW Colleges should determine if there are additional opportunities for growth and/or collaboration with UW Extension related to independent learning, continuing education, and the flexible option	Revenue Enhancement
Rationalizing Offerings	Engaging internal (to the UW) organizations to more clearly define the programs that UW Colleges offers, reduce unintentional duplication, and identify opportunities to expand programs and courses	Revenue Enhancement and Cost Reduction
Defining Organizational Structure, Roles and Responsibilities	More clearly defining the role for UW Colleges Online will allow for the creation of strategies to ensure Online is complementary to on-campus course offerings and competitive in the broader marketplace. UW Colleges Online should also ensure its centralized Madison program office is effectively structured for collaboration with distributed stakeholders. On-campus roles, including instructional technologists should also be reviewed for impact and effectiveness	Revenue Enhancement and Cost Reduction

**UW Colleges has an opportunity to continue to explore several of these practices in order to create the most market-relevant online programs and to serve students that the physical campuses may have difficulty reaching.**

# Questions ?

Please submit questions in advance of our meeting to [mcmunt@huronconsultinggroup.com](mailto:mcmunt@huronconsultinggroup.com).

# Appendix

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# Menu of Additional Opportunities

The following areas for improvement have been identified through our interviews and analysis and will require further exploration.

		5 year Financial Impact	Risk Exposure	Efficiencies Gained	Implementation Complexity	Timeframe (Months)
<b>Auxiliaries</b>						
15	All bookstores should be operating via centrally managed contractual agreements. There are currently eight physical operations managed by individual campuses. Switching to a contract model will help improve general bookstore operations along with the procurement of goods (i.e., hours of operations, staffing, book purchasing, other merchandise purchasing etc.)	\$365,000-640,000	Low	High	Medium	9-12 months
16	Food service procurement should be managed via a central contract for the campuses with self-op and co-op operations. This will provide an opportunity for UW Colleges to leverage economies of scale and reduce expenses at all dining operations.	\$25,000-60,000	Low	Medium	Medium	5-7 months
17	Campus housing should aim to operate on a self sufficient basis at current and future facilities. At some locations operating expenses for housing operations are significantly higher than revenues. Moving forward, UW Colleges should explore opportunities to reduce expenses/appropriately increase revenues at housing operations, including the reconsideration of existing operating agreements.	\$0-235,000	Medium	Medium	High	Ongoing
18	All printing/copying activity should leverage a single contract. As it stands, a variety of vendors are used for printing/copying activity depending on funding source. Where applicable, UW Colleges should enforce existing contracts for all printing/copying activity.	\$70,000-85,000	Low	Medium	Low	3-6 months

# Menu of Additional Opportunities (Cont'd)

The following areas for improvement have been identified through our interviews and analysis and will require further exploration.

		5 year Financial Impact	Risk Exposure	Efficiencies Gained	Implementation Complexity	Timeframe (Months)
<b>Travel</b>						
19	UW Colleges should consider ways in which travel costs could be reduced. Over \$1M per year is spent on travel, a portion of which could likely be reduced by changes in travel policies, and increased use of technology including videoconferencing and teleconferencing tools. A 5-15% reduction in select travel has the potential to yield significant savings.	\$112,000-338,520	Low	High	Low	3-6 months
<b>Space</b>						
20	UW Colleges should consider relocating its central administrative staff from the 780 Regent St. building in Madison. Huron acknowledges certain staff may need to remain in the downtown area due to regular association with the Legislature, Regents, and System Administration. However, for other staff, UW Colleges should consider alternative leases outside of the downtown area to achieve rates similar to the Online Division. Where possible, central administrative staff could also be based at existing campus locations.	\$350,000+	Low	High	High	Unknown due to ramifications of existing 780 Regent St. lease



# Menu of Additional Opportunities (Cont'd)

The following areas for improvement have been identified through our interviews and analysis and will require further exploration.

		5 year Financial Impact	Risk Exposure	Efficiencies Gained	Implementation Complexity	Timeframe (Months)
<b>Alcohol &amp; Other Drug Awareness</b>						
21	UW Colleges should consider partnering with UW System and/or other System entities to deliver Alcohol & Other Drug Awareness programming (AODA). Currently, \$115,000 is spent per year at UW Colleges to administer the program. There may be the potential to leverage existing resources or share resources in order to reduce expenses associated with this program.	A portion of the \$115,000 program expense/year could be reduced	Low	Low	Low	3-12 months
<b>Office of Equity, Diversity and Inclusion</b>						
22	There may be opportunities for UW Colleges to leverage existing UW System resources or well-established programs (e.g. UW-Madison) to managed and deliver services like the Office of Equity, Diversity and Inclusion.	Unknown – requires evaluation of costs of alternatively sourcing services	Low	Low	Low	3-12 months
<b>Purchasing</b>						
23	Centralize purchasing from local purchasers and manage with experts in UW and State contracts to ensure most strategic procurement of supplies. This may require a review of purchasing cards currently in existence on the campus and the ability to use these by faculty and staff.	Unknown – requires additional analysis to determine level of savings beyond the scope of this first phase.	Low	Medium	Medium	12- 15 months

# Efficiency and Opportunity Enablers

Throughout the assessment several opportunities were identified that could provide UW Colleges with efficiencies in operations and support the implementation of additional cost saving and revenue generation opportunities.

		Risk Exposure	Efficiencies Gained	Implementation Complexity	Timeframe (Months)
<b>Academic Structure</b>					
24	Reduce the number of departments and department chairs. A reduction in department chairs could reduce travel and simplify governance.	Low	High	Medium	9-12 months
<b>Auxiliaries</b>					
25	Implement a single point of sale across all of the campuses to help simplify system management, and provide better data and insight into Auxiliary operations.	Low	Medium	Medium	6-9 months
<b>Governance</b>					
26	Clarify the roles, structure and function of governance to improve decision making and appropriately engage faculty and staff in areas of most importance.	Low	High	Medium	2-6 months
<b>Finance</b>					
27	Eliminate cash handling on all campuses. This includes tuition collection. Moving to online payments will help to create efficiencies both centrally and on the campuses with the reduced time spend on processing payments.	Low	High	High	3-12 months
28	Evaluate all finance processes and determine if there are opportunities for simplification and standardization. Document and store processes in a central repository to help ensure access by current and future employees.	Low	High	Medium	3-6 months
29	Cross train central finance administration to help reduce the risk of the siloing of knowledge and the lack of redundancy in the Finance office.	Low	High	Low	2-3 months
30	Train distributed staff on Finance processes to help ensure smooth transition between central administration and campus finance staff.	Low	High	Low	2-3 months

# Limited Opportunities

The following suggestions for improvement were reviewed and identified as low impact, high risk, or difficult to implement.

		5 year Financial Impact	Risk Exposure	Efficiencies Gained	Implementation Complexity	Timeframe (Months)
<b>Fleet</b>						
31	<b>Opportunity:</b> Eliminate the collective campus fleet, and shift utilization to personal vehicles via mileage reimbursement. <b>Rationale:</b> The addressable campus fleet (excluding those on leases or maintenance vehicles) is relatively small – approximately 25 vehicles, limiting resale revenue. Associated expenses are relatively low, and appear favorable compared to the potential expense associated with personal vehicle mileage reimbursement.	None	Low	Low	Low	3-6 months
<b>Telecommunications</b>						
32	<b>Opportunity:</b> Reduce telecom expenditures on various campuses through investment in more efficient systems and contract renegotiation. <b>Rationale:</b> Campuses are generally bound to state contracts for telecommunications services, limiting flexibility for alternate contractual arrangements.	\$45,000-\$75,000+	Low	Low	High	Unknown due to ramifications of existing state contracts
<b>Marketing</b>						
33	<b>Opportunity:</b> Establish multi-year naming rights for each of the campuses and open to bids. <b>Rationale:</b> There is strong potential for negative implications for UW-Colleges brand. As a public institution, flexibility for naming rights is limited and barriers to change would be significant.	Unknown	High	Low	High	N/A

# Limited Opportunities

The following suggestions for improvement were reviewed and identified as low impact, high risk, or difficult to implement.

		5 year Financial Impact	Risk Exposure	Efficiencies Gained	Implementation Complexity	Timeframe (Months)
<b>Advising</b>						
34	<b>Opportunity:</b> Regionalize Student Advising. <b>Rationale:</b> Currently there are limited tools to track relationships with students. Upon completion of the implementation of the CRM system, Retain, UWC may be able to review this opportunity again. Until then it will be very risky to remove this role from the campuses.	None	High	Medium	Medium	9-12 months
<b>Information Technology</b>						
35	<b>Opportunity:</b> Eliminate all student email accounts. <b>Rationale:</b> UWC receives free email, as a result the cost savings opportunities are limited.	None	Low	Low	NA	0 months
<b>Facilities</b>						
36	<b>Opportunity:</b> Custodial Leads should be reclassified to focus more on maintenance and eliminate leadership responsibilities. <b>Rationale:</b> Not all campuses have the role of Custodial Lead, in addition reclassification of this role does not appear to create a significant opportunity for cost savings and last the function of this role appears to be a working custodian who is not just providing supervisory responsibility. This is a limited opportunity as the cost savings would be too small and likely unfeasible.	None	Low	Low	Low	2-3 months