ROI Campus Forum

UCA’s Performance & Prospects with the Productivity Funding Model

March 3, 2020

Campus Forums This Spring

Jan. 30	Making Efficient Use of Department Budgets
Feb. 18	Importance of Enrollment, Retention, & Student Success
Mar. 3	UCA's Performance & Prospects with ADHE Productivity Model
Mar. 12	Drivers of Financial Planning: Taking Care of Our People
Apr. 2	Drivers of Financial Planning: Ensuring Success of Students
Apr. 22	Drivers of Financial Planning: Stewards of the Public Trust

ROI is an ongoing, data-informed, campus-wide effort to optimize our budget in face of unpredictable enrollment trends and limited state funding.

ROI will allow us to align existing resources to support student success, invest in strategic initiatives, build financial reserves, and retain employees at a competitive market salary.

Main Objectives in Annual Budget Process

- Cautious Optimism
- Focus on Student Success
- Maintain Stable Reserves
- Minimize the Financial Impact to Students

Top Leadership Priorities

- Focus on Enrollment & Student Success Initiatives
- Academic Program Improvements & Expansion
- Technology Refresh
- Maximize Scholarship Options & Responsiveness
- Salary Competitiveness & Operational Efficiencies
- Address Rising Facility Costs & Facility Needs
- Fundraising to a New Level

Resource Optimization Initiative (ROI)

2017

Zero Base Budget

Applied the Zero Base Budget methodology to determine the need gap between what departments need (self reported) and the current budget resources.

2018

Modified RCM

Selected the Modified Revenue Center Management (M-RCM).

Accounts for revenues/expenses (direct and indirect) by each of the six colleges

2019

Anaplan

Selected a Budget and Analytical software providing data to be used for ROI and budget.

Analytics help identify the true cost (direct & indirect) of instruction by department and college.

2020

Optimization

Communicate ROI to campus members

Evaluate and implement opportunities to align resources with campus priorities.

2021-2022

Optimization (cont.)

Measure results and continue to evaluate additional investments

- *Budget reserves*
- *Market & Equity/COLA*
- *Key initiatives/positions*

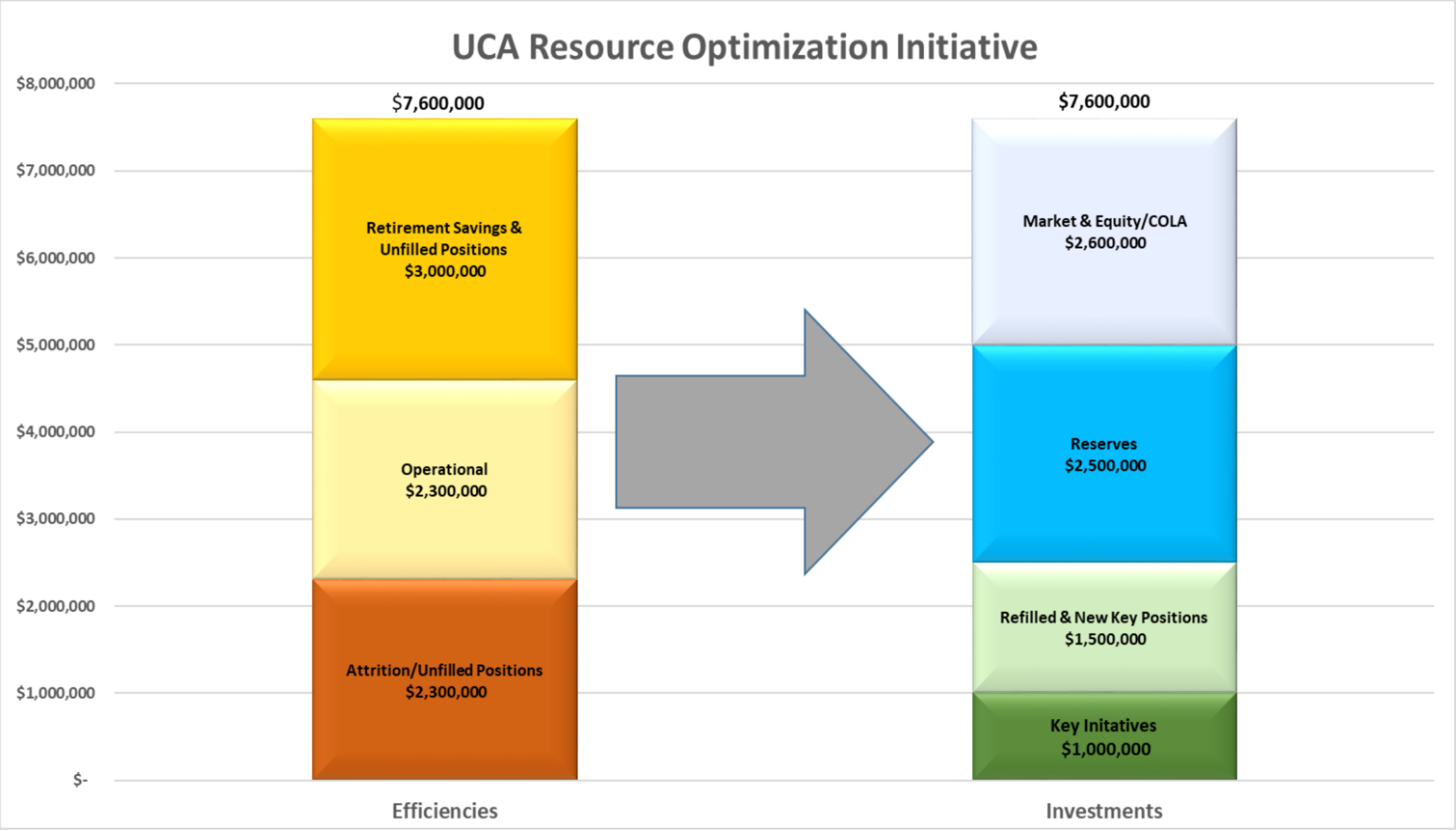
Importance of Optimizing Resources

- Enrollment can be unpredictable and forecasted decline for high school graduates in the coming decade require multi-year planning.
- We cannot expect significant additional resources from the state.
- Take proactive measures in order to ensure we can best serve our students and invest in the strategic objectives and needs of the university.

Importance of Optimizing Resources

ROI is important to ensure that UCA remains a choice university and positioned to fulfill our mission and thrive during an era of uncertainty for public and private universities and colleges.

Resource Optimization Initiative



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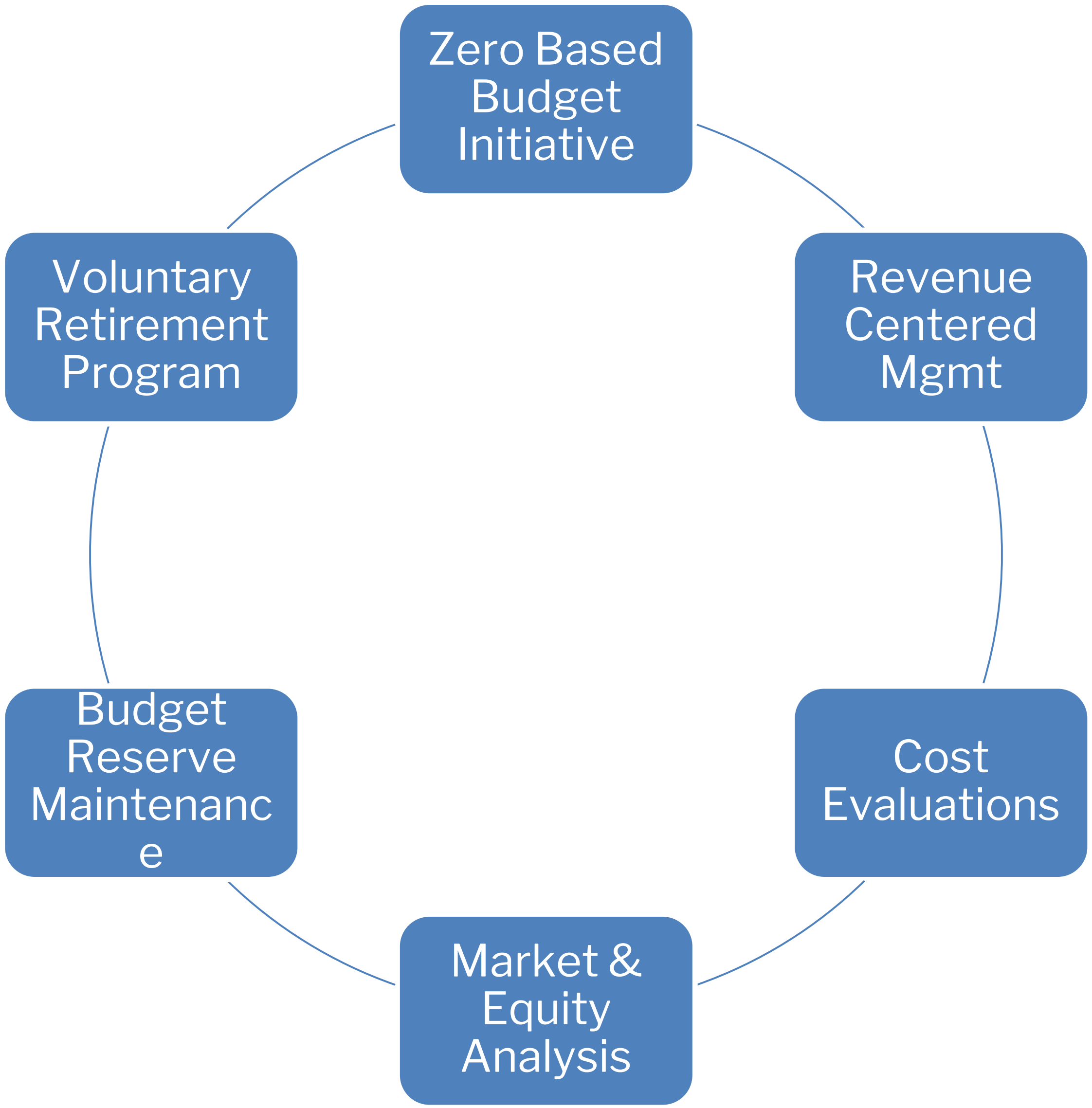
Resource Optimization Initiative



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Resource Optimization Initiative

- Zero Based Budget Initiative
- Revenue Centered Mgmt
- Cost Evaluations
- Market & Equity Analysis
- Budget Reserve Maintenanc e
- Voluntary Retirement Program

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ROI places UCA in a significantly better position than our peers in and out of state.

- Layoffs
- Furloughs
- Cuts in Benefits
- Deferred Maintenanc e
- Depleting Reserves
- Program Cuts

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UCA's Performance & Prospects with the Productivity Funding Model

Why is the Productivity Model important to us in the context of ROI?

- New state money
- Alignment with state and university priorities—student success and responsible stewardship.
- Incentivizes the university to address the state's primary goals for higher education: (1) completion, (2) adult enrollment, (3) closing attainment gaps, and (4) affordability.

Productivity funding model …

- When: Act 148 of 2017, signed by Governor Hutchinson February 8, 2017
- Purpose: to focus on student progress rather than student enrollment
- Funding cycles to date: three, with fourth-year preliminary data currently under review

UCA’s Positive Productivity Change

Year 1 (affected FY19): **2.66%**

Year 2 (affected FY20): **2.60%**

Year 3 (affects FY21): **4.66%**

Year 4 (affects FY22): data under review

Each year, UCA is compared with itself, not with its Arkansas peers.

Calculation: Productivity Change

$$\frac{\text{CURRENT SCORE} - \text{PREVIOUS SCORE}}{\text{PREVIOUS SCORE}} = \text{Productivity \% Change}$$

1	2	3		Previous = BASELINE
	1	2	3	Current = COMPARATIVE

Productivity Measures for 4YR Universities

EFFECTIVENESS
80%

32%
CREDENTIALS
24%
PROGRESSION
12%
TRANSFER
12%
GATEWAY

AFFORDABILITY
20%

10%
CREDITS AT COMPLETION
10%
TIME TO DEGREE

ADJUSTMENTS

RESEARCH

EFFICIENCY
+/-2%

50% each
CORE EXPENSE RATIO and
FACULTY:ADM

Effectiveness: Credentials (32% of total)

Degree Level	4YR
Certificate of Proficiency	0.5
Technical Certificate	1
Advanced Certificate, Post-Baccalaureate Certificate, Post-Master's Certificate, Specialist, or post-first professional certificate	1
Associate Degree	2
Bachelor's Degree	4
Master's Degree	5
Doctoral Degree	6

×

Degree Type	
STEM	3
High Demand	1.5
Other	1

×

Student Characteristics	
All Students	1
Adult	0.29
Underserved Race	0.29
Underserved Academic	0.29
Underserved Income	0.29

Affordability: Time to Degree & Credits at Completion

(20% of total)

Time to Degree Factors

Graduated on Time	1
On time + 25%	0.875
On time + 50%	0.4

Credits at Completion Factors

Graduated on Schedule	1
On Schedule + 10%	0.875
On schedule + 25%	0.4

Efficiency: Core Expense Ratio

1

PER FTE EXPENDITURES
INSTRUCTION + ACADEMIC SUPPORT + STUDENT SERVICES + PUBLIC SERVICE + RESEARCH

PER FTE EXPENDITURES
INSTITUTIONAL SUPPORT

2

COMPARE TO SIMILAR SREB INSTITUTIONS

3

+/- 2%

Deviation from Peer Group	Application to Effectiveness Score
Below -20.01%	-2%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1%
-5.01% to -10%	-0.5%
-5% to 5%	0%
5.01% to 10%	0.5%
10.01% to 15%	1%
15.01% to 20%	1.5%
Above 20.01%	2%

Efficiency: Faculty to Administration Salary Ratio

1 INSTRUCTION SALARIES PER FTE / INSTITUTIONAL SUPPORT SALARIES PER FTE

2 COMPARE TO SIMILAR SREB INSTITUTIONS

3 +/- 2%

Deviation from Peer Group	Application to Effectiveness Score
Below -20.01%	-2%
-15.01% to -20%	-1.5%
-10.01% to -15%	-1%
-5.01% to -10%	-0.5%
-5% to 5%	0%
5.01% to 10%	0.5%
10.01% to 15%	1%
15.01% to 20%	1.5%
Above 20.01%	2%

UCA's Year-3 Distribution

Year 3 (affects FY21):
4.66%

$915,693 (new base funding)
+ 35,677 (reallocated productivity losses)
$951,370

What are we doing about it?

- Infrastructure for student success: policy, support units, data
- Programming for student success (e.g., faculty development, 15-to-Finish, Gateways to Completion(G2C), meta majors and Momentum Year, college-embedded advising, co-curricular transcripts, scholarship optimization, ….)
- Stewardship—including ROI itself

Key Takeaways from Today

- The Arkansas Productivity Funding Model for Higher Education is the mechanism through which UCA maintains its base funding allocation and new state funding flows to public colleges and universities in Arkansas.
- The Model rewards colleges and universities for investing in student success, maintaining the integrity and rigor of our programs, and being responsible stewards of public resources.
- UCA has done well thus far in the Model, with positive productivity change each year for the first three years.
- All of us are responsible in our own domains for outcomes under the Model.

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Questions