



FACULTY SENATE

March 16, 2021

Colleagues:

On July 15, 2020, in circumstances of great uncertainty, President Caslen charged the Committee of 9 to work with an external consultant (EAB) to explore cost-saving and revenue-generating opportunities. The committee met regularly for several months and delivered its final report to the administrative review team (the Gang of 6) on December 7, 2020. The Gang of 6 presented its recommendations to President Caslen in late February, and on March 12, 2021 the President presented his recommendations to the Board of Trustees, which accepted them without comment.

A slide deck summarizing the President's final recommendations is attached. There are five final recommendations, which align with recommendations of the Committee of 9. Note that while EAB initially presented six recommendations, one of these—recommendation five on the EAB list—was revenue neutral and therefore dropped from the list of recommendations presented to the Board.

I would like to express my gratitude to my fellow members of the Committee of 9 and the Gang of 6 as well as to President Caslen and the Board. Although our campus still has collaborative work to do in implementing the recommendations, we can feel confident that our plan for the medium-term future was developed thoughtfully in accordance with the principles of shared governance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Cooper".

Mark Cooper  
Faculty Senate Chair

# ***Revenue Generation and Cost Savings***

*March 12, 2021*



# Environmental Scan

- Ultimately, our financial success is the ability to balance the following:
  - State Appropriations
  - Tuition/Enrollment
  - Auxiliary, Research and Other Revenue
  - Costs
    - If any of the elements above drastically get out of balance, it challenges our future success.
    - With state appropriations unlikely to increase significantly and auxiliary, research and other revenue often being restricted in nature, focus on tuition/enrollment and costs will be critical.
- We can and should continue to review our operations and find efficiencies.
  - We need to recognize what we've already done.
  - We need to be methodical in how we approach in the future.
  - We need to acknowledge that cuts alone will not allow us to reach excellence.
- Our success in managing through the pandemic and our strong brand provide us time to plot our course.

# Reductions, Efficiencies and Savings

- Prior to considering any of the EAB recommendations, the following cost reductions/ savings that have taken place since Fiscal Year 2018 :

## Reductions Provide:

- Funding the Strategic Plan
- Ability to undertake projects that will be transformational and enhance the reputation of the University
- Increasingly efficient operations
- Opportunity to emerge from the pandemic without depleted reserves.

## Cumulative Reductions Since 2018

Fiscal Year		Budget Reductions	
		Non-Recurring	Recurring
2018	Excellence Initiative	-	\$ 17,000,000
2020	Efficiency Initiative	\$ 2,450,000	27,093,124
2021	COVID19 Reductions	54,296,509	40,866,500
		<u>\$ 56,746,509</u>	<u>\$ 84,959,624</u>

## Cost Savings FY2021 through 2/28/2021

Furloughs	\$ 1,837,535
Faculty merit increase delay	3,640,000
Hiring freeze	4,346,490
Travel freeze	5,808,215
Overtime freeze	765,185
No salary increases, bonuses, supplements and renewals	6,626,793
Cost containment savings	2,831,096
Consulting contracts, parking, other	4,726,812

**\$ 30,582,126**

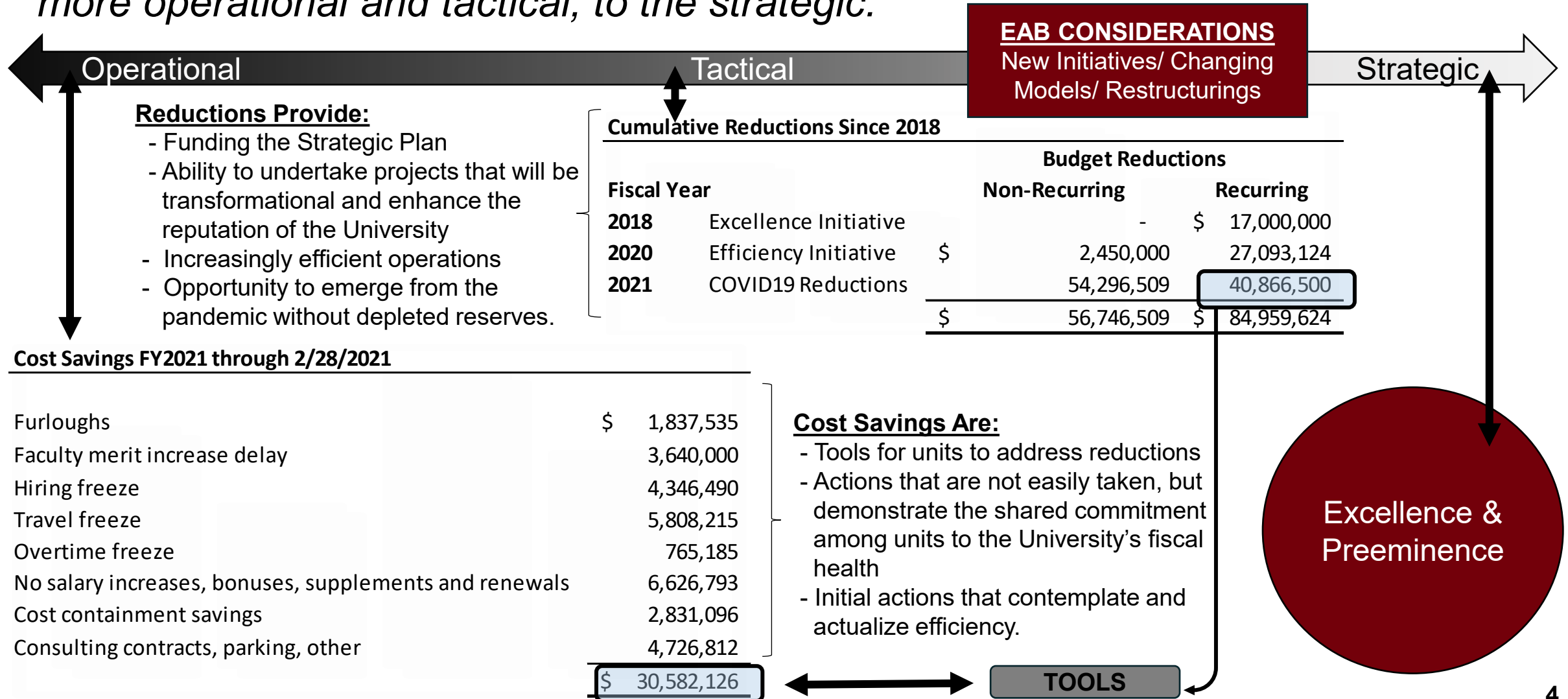
## Cost Savings Are:

- Tools for units to address reductions
- Actions that are not easily taken, but demonstrate the shared commitment among units to the University's fiscal health
- Initial actions that contemplate and actualize efficiency.

**TOOLS**

# Reductions, Efficiencies and Savings

- As we consider EAB suggestions, we are now moving on the paradigm from the more operational and tactical, to the strategic.



# EAB Recommendations - Reminder

<b>1</b>	Reduce instructional costs by defining a process to realign instructional resources with student demand and reduce reliance on adjuncts	<b>\$1-\$1.5M</b>	} Cost Savings
<b>2</b>	Reduce academic administrative overhead by engaging deans and faculty in a process to merge some of the smallest colleges to achieve economies of scale.	<b>\$1.2-\$2.6M</b>	
<b>3</b>	Grow tuition revenue by expanding capacity in high demand programs that are currently turning away highly qualified students	<b>\$0.5M-\$2.5M</b>	} Revenue Generation
<b>4</b>	Grow tuition revenue by improving marketing and program attractiveness for existing masters and professional programs with high employer-demand	<b>\$1M-\$5M</b>	
<b>5</b>	Reduce reliance on residential undergraduate tuition by building the infrastructure to support growth in online education	<b>\$40M-\$50M in gross revenues<sup>1</sup></b>	

## Process Note:

*These items have been reviewed by the Faculty "Committee of Nine" and with the "Gang of Six" (Tate, Walton, Pruitt, Williams, Harding and Cooper) who informed the recommendations to be presented.*

# President's Recommendations

## EAB Cost Savings Recommendations

1

Reduce instructional costs by defining a process to realign instructional resources with student demand and reduce reliance on adjuncts

**\$1-\$1.5M**

### Observations:

- Concerns were raised regarding the details of the EAB data.
- Questions arose about changing the current balance of teaching and research given AAU-eligibility pursuits.
- Academic Affairs regularly reviews and terminates programs as a way to address and realign instructional resources.

### **PRESIDENT'S RECOMMENDATION:**

Under the leadership of the Provost, we will establish a committee to review the current faculty load and determine whether changes need to be made. This study will help the institution right size faculty load with the students within the academic units. Findings of the committee and additional recommendations will be reported back to the Board of Trustees.

# President's Recommendations

## EAB Cost Savings Recommendations

2

Reduce academic administrative overhead by engaging deans and faculty in a process to merge some of the smallest colleges to achieve economies of scale.

**\$1.2-\$2.6M**

### Observations:

- Cost savings appear limited to the reduction of certain administrators, and assumes no additional hires, which appears unlikely.
- Mergers that were preliminarily considered either did not have clear intellectual synergy or had significant accreditation and partnership implications that could adversely impact reputation and research momentum.
- Academic Affairs regularly reviews and terminates programs as a way to address manage college costs.

### **PRESIDENT'S RECOMMENDATION:**

Maintain current academic structures to not disrupt accreditation pursuits and strategic plan progress. Develop a committee within the Provost's area to periodically review academic structures for reconsideration.



# President's Recommendations

## EAB Revenue Growth Recommendations

3

Grow tuition revenue by expanding capacity in high demand programs that are currently turning away highly qualified students

**\$0.5M-\$2.5M**

### Observations:

- Through planful consideration with Deans, we believe we can increase enrollment in Darla Moore School of Business, College of Engineering and Computing and College of Social Work.
- Increase focus on bridge program(s) with Palmetto College to include necessary support services.

### **PRESIDENT'S RECOMMENDATION:**

Working with the Provost and Deans of the Darla Moore School of Business, College of Engineering and Computing and the College of Social Work, implement the plans for new programs to allow for enhanced revenue generation. Work with Palmetto College Campuses to ensure baccalaureate and masters degrees are accessible; tuition remains within the system.

# President's Recommendations

## EAB Revenue Growth Recommendations

4

Grow tuition revenue by improving marketing and program attractiveness for existing masters and professional programs with high employer-demand

**\$1M-\$5M**

### Observations:

- Through planful consideration with Deans, we believe we can increase graduate enrollment in Darla Moore School of Business, College of Engineering and Computing and College of Social Work.
- Measured growth of international and non-resident students can generate additional revenue while also allowing fulfillment of our flagship mission to the state. (est. \$25M over 10 years)

### **PRESIDENT'S RECOMMENDATION:**

Working with the Provost and Deans of the Darla Moore School of Business, College of Engineering and Computing and the College of Social Work, and others, implement the plans for new graduate/professional programs to allow for enhanced revenue generation. Allow for measured growth international and non-resident students to maximize revenue.

# President's Recommendations

## EAB Revenue Growth Recommendations

5

Reduce reliance on residential undergraduate tuition by building the infrastructure to support growth in online education

**\$40M-\$50M in gross revenues<sup>1</sup>**

### Observations:

- There is belief that this is a significant opportunity.
- Revenue sizing may not be as significant as EAB suggests (\$50M would require 5,000 – 6,000 new students at maturity, based on current estimates.)
- Pricing Considerations and policies must be established.
- We are already seeing positive opportunities with MLS and other discussions.

### **PRESIDENT'S RECOMMENDATION:**

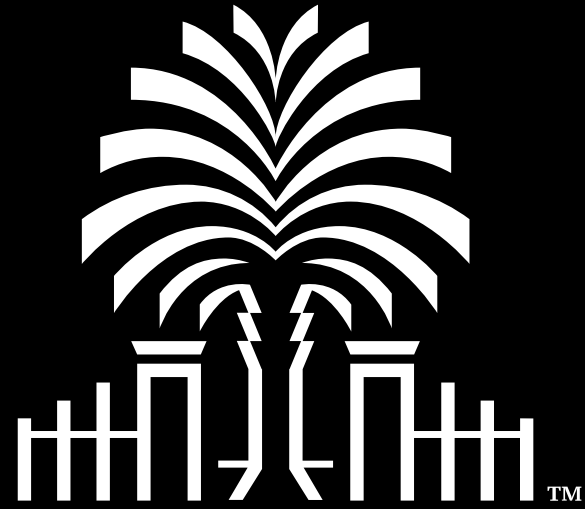
Vigorously continue to pursue the online enterprise focusing on military, students with some college experience and strategic partnerships such as MLS. Support continued work with the Provost's Office and other offices to investigate and establish an "e-rate" and develop related policies for support and other services for online students.

# Summary

- We understand the challenge.
- We have and will continue to review costs.
- We will focus on online and addressing market demands to generate additional revenue.
- We will continue to thoughtfully investigate other areas EAB has suggested to ensure that changes contemplated do not harm the quality of our programs and brand and truly result in savings.
- The EAB recommendations have provided us an opportunity for the University to consider changes and engage in thoughtful introspection. While not every recommendation is currently suggested for implementation, the discussion and process has made us a stronger institution.

# Questions





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