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OHIO TASK FORCE ON AFFORDABILITY AND EFFICIENCY

REPORT TO THE CHANCELLOR OF THE OHIO DEPARTMENT OF HIGHER EDUCATION

JULY, 2016

Cleveland State University

Office of the Chairman

July 25, 2016

John Carey
Chancellor
Ohio Department of Higher Education
25 South Front Street
Columbus, OH 43215

Dear Chancellor Carey:

On behalf of the Cleveland State University Board of Trustees, I am writing to submit the report of our Efficiency Review in response to the recommendations of the October 1, 2015 Ohio Task Force on Affordability and Efficiency. Enclosed is a copy of the Board Resolution (7-14-16) approving our Efficiency Review.

Our university community endorses the Task Force's recommendations and views them as an excellent fit with our ongoing work to achieve operational efficiencies and develop pathways for students to be successful in completing courses and earning a degree.

More specifically, our report is composed of two separate documents that are attached. The first is an **Executive Summary,** and the second is a more lengthy **Full Report** broken down into **four chapters**. To provide a preview of the content of that material, the main messages of both documents are as follows.

I.   **The Historical Context: Five Years of Reinforcing Improvements in Both Student Success and Efficiency.**

As an urban university with a student profile of first generation freshmen, transfer students, and working students, Cleveland State is keenly aware of the challenges they face in the quest for a degree. Beginning in 2010, CSU began a concentrated effort to improve student retention through more effective approaches to student advising, course selection and registration, financial aid awards, and financial incentives to keep students on track to a degree. These approaches have been implemented to shorten the time to a degree, thereby lowering the student's out-of-pocket cost and increasing 6 Year Graduation Rates from 30 percent in 2011 to 39 percent in 2015 – an overall improvement of nearly one third.

Underscored by CSU's response to cuts in State funding in 2011, the University has also been committed to a prudent use of resources. This commitment has resulted in a record of significantly improved operational efficiency during academic years 2011-2015 – with balanced budgets throughout. The first chapter of our report sets out several measures of this improvement and then describes five main initiatives that have contributed substantially to greater productivity. Since 2011 this includes a 17.1 percent increase in the key indicator of Undergraduate Degrees Awarded/Educational & General Expenditures – an average annual productivity gain of 4.3 percent.

II.   **Accelerated Progress from CSU's Path to 2020 Program.** In recognition of the broad array of challenges facing public universities nationally – and in response to legislative and policy actions underway in Ohio – CSU's Board of Trustees and senior leadership team together decided in summer 2015 to undertake a comprehensive review of virtually every aspect of the University's operations. The overall goal of the initiative – termed The Path to 2020 – is to develop a comprehensive, energizing, and widely supported action plan to guide the next five years of Cleveland State's development.

As its design unfolded, the 2020 Program came to include the 17 individual projects described in Chapter II. While all of these projects call for a wise and efficient use of resources, two are particularly focused on operational efficiencies. The first is the Administrative/Support Cost Management Project that has so far resulted in savings of 1.4 percent of operating costs that have been incorporated into our Fiscal Year 2017 Budget - with additional expense reductions to follow. The second is the Fiscal Year 2017 College Budgeting Project, which began activity-based budgeting in all of CSU's eight operational colleges. Taken together, the 2020 Projects address 11 recommendations in Strategic Procurement, Assets and Operations, and Administrative Cost Reforms set out in the Task Force report.

III. **Comprehensive Response to House Bill 64 and the Task Force Report.** House Bill 64 contains 16 major requirements that Cleveland State must meet, and the majority of these – including the mandates in the "5% challenge" - were in place before the legislation was passed. The Task Force on Efficiency and Affordability adds 19 specific recommendations within CSU's control and three that involve collaboration with other institutions. Chapter III describes how the University has fully complied with all of the House Bill 64 requirements, and has either launched projects or completed implementation of every Task Force recommendation. Taken together, 100 percent of the requirements within CSU's direct control are included in the University's overall efficiency improvement program.

IV.   **Demanding Five Year Program.** This final chapter synthesizes each element of CSU's Efficiency Review into a plan through Fiscal Year 2021, and sets out our commitment to progress to where efficient operations are a "way of life" throughout the University. Put another way, we will continue to position our University as an institution that places a priority on providing an education of value at an affordable cost and that prepares students for a professional and personal life of success and fulfillment.

In addition, as required by Master Recommendation #2 in the Task Force report, our plan sets a goal of $11.5 million in re-deployable resources for Fiscal Years 2017-2021, along with a framework for investing those dollars in student affordability and academic quality.

* * *

In conclusion, the Board of Trustees submits this Efficiency Report in the belief that - when fully implemented – its actions will ensure that Cleveland State University is a leader both in Ohio and among US universities in the productive use of resources for the benefit of students. We look forward to working with the Chancellor's Office and its companion universities and state colleges to build a more productive Ohio higher education system with an affordable academic experience for all.

Respectfully submitted,

Bernardo (Bernie) F. Moreno
Chairman, Board of Trustees

CLEVELAND STATE UNIVERSITY
BOARD OF TRUSTEES
EXECUTIVE COMMITTEE
July 14, 2016

RESOLUTION

WHEREAS, Ohio Governor, John R. Kasich, on February 10, 2015, issued Executive Order 2015-01K establishing the Ohio Task Force on Affordability and Efficiency in Higher Education (Task Force) to review and recommend actions for state colleges and universities to become more efficient by offering instructional programs of equal or higher quality while decreasing operating costs; and

WHEREAS, Amended Substitute House Bill 64 requires all boards of trustees of Ohio's state institutions of higher education to complete an efficiency review based on the report and recommendations of the Task Force by July 1, 2016, and to make a report to the Chancellor of Higher Education within 30 days of the completion of the efficiency review, detailing how each institution will implement the recommendations and cost saving measures; and

WHEREAS, the report of the Task Force includes two "master recommendations" requiring that the savings and new dollars from efficiency actions be employed to reduce the cost of instruction for students or provide tangible benefits for the enhancement of the quality of students' education, and a five year goal to be established for savings and new resources to be achieved by fiscal year 2021; and

WHEREAS, Cleveland State University established a five year goal of $11.5 million in efficiency savings to be met by FY 2021 and has completed, or has in progress, actions consistent with the efficiency review as outlined in the Task Force report; and

WHEREAS, Cleveland State University envisions these actions as relevant steps to continuous improvement beyond the five-year period prescribed by the Task Force, and will continue the review and monitoring of operating costs and program priorities through its Office of Performance Management beyond FY21; and

WHEREAS, at its meeting on May 25, 2016, the Board of Trustees of Cleveland State University deferred final review and approval of the University's efficiency review and recommendations in compliance with the Task Force report to the Board's Executive Committee;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of Cleveland State University, by and through its Executive Committee, accepts and approves the efficiency review and recommendations that accompany this resolution, including the five year goal to achieve operating efficiencies of $11.5 million over the period FY17-FY21; and

BE IT FURTHER RESOLVED that the Board of Trustees, by and through its Executive Committee, directs the University's Office of Performance Management to submit the accompanying report and the related recommendations to the Chancellor of Higher Education by the legislated deadline.

Cleveland State University

Efficiency Report to the Chancellor of the Ohio Department of Higher Education

Executive Summary

Prior to Fiscal Year 2012, the finances of public universities in Ohio were relatively stable. For Cleveland State, increases in tuition covered steadily rising costs, and the State Share of Instruction (SSI) remained at roughly 38 percent of revenues. In that year, state funding for higher education in Ohio dropped by 11.2%, the seventh largest reduction in the country. For CSU, the cut in SSI was over $9 million to 29 percent of revenues and from then on has remained under 30 percent. Ohio has also instituted the most rigorous performance-based-funding approach in the nation – sharply increasing the focus on Student Success. The State's Biennium Budget passed in 2015 froze in-state tuition for Undergraduates, while at CSU previously negotiated bargaining unit increases for faculty and certain staff employees resulted in a cost burden of approximately $10 million to overcome in 2 years.

These and other State of Ohio policy actions – including the establishment of the Ohio Task Force on Affordability and Efficiency – reflect escalating public concern over the rising costs of higher education and the increasing burden of debt for a large proportion of college students. In these circumstances, becoming more efficient has been an imperative for Cleveland State University.

This document summarizes CSU's response to this efficiency imperative and in particular the 22 recommendations of the Ohio Task Force on Affordability and Efficiency. Our Executive Summary is guided by the framework of an **Efficiency Journey** that is proceeding in four main phases and is supported by the **main outcomes** of our work, which are:

- **Five Years of Substantial Success.** Assisted by five main initiatives, since 2011 CSU has improved its overall productivity by close to 18 percent in Undergraduate degrees awarded, and Six Year Graduation Rates have increased by 30 percent.

- **Accelerated Progress from CSU's Path to 2020 Program.** This recent initiative of 17 separate projects was launched before the Ohio Task Force was staffed, and embodies improvements in each of the cost, quality, and timeliness components of efficiency.

- **A comprehensive response to Task Force Recommendations.** Due to past projects, the 2020 Program, and new initiatives in calendar 2016, CSU has launched or completed actions on 100 percent of the requirements of House Bill 64 and the Task Force's recommendations.

- **Demanding Five Year Program.** We have developed a clear plan to progress to Stage IV in the Efficiency Journey, and have established a five year goal to generate re-deployable resources of $11.5 million to benefit students. This amount is roughly 1 percent of our projected Educational and General Expenditures over Fiscal Years 2017 – 2021.

The Efficiency Journey and each main outcome is described in the separate sections that follow.

CSU's Efficiency Journey: Four Distinct Stages

In building enterprise-wide capabilities to deal with changing external forces, both commercial and nonprofit organizations move forward only with learning experiences over time. These efforts – when successful – proceed in stages of accomplishment, typically requiring at least five years to achieve excellence.
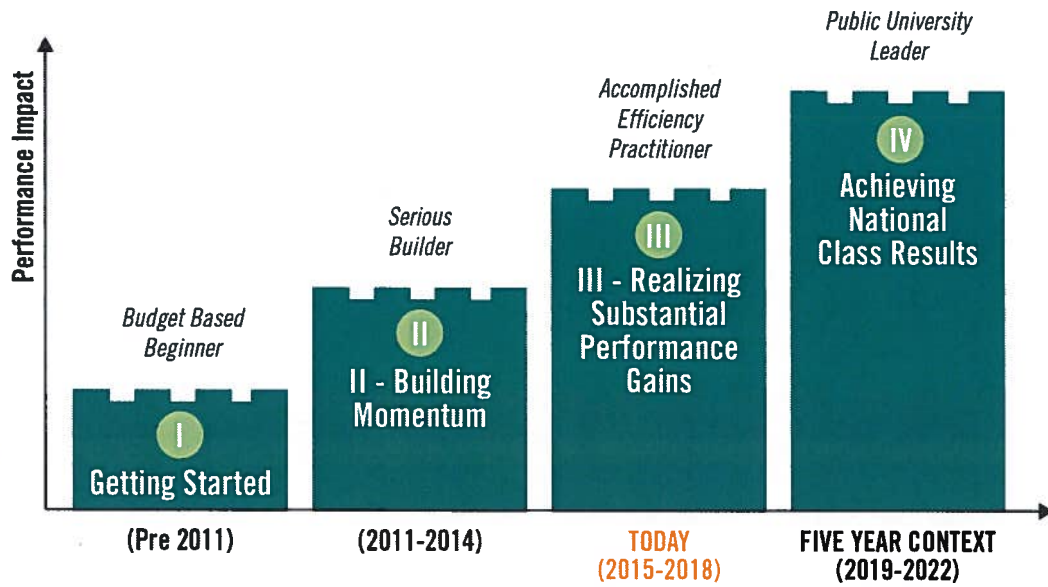
In reflecting on Cleveland State's accomplishments in becoming more productive over the last five years, we have found it helpful to outline an Efficiency Journey with four distinct stages. We believe that **CSU has progressed to the early days of Stage III and that – with the impetus of our Path to 2020 Program and the Task Force's October 1 report – we will complete that stage and reach Stage IV over the next several years** – being fully there by 2021.

Our depiction of that Efficiency Journey and its characteristics is shown on the facing page, and - as we have progressed from Stage II to Stage III - the definition of Efficiency has been expanded and enriched. Today **we think of efficiency as having three major dimensions.**

- **Cost Reduction** Reducing the **total cost** of a major outside purchase or an internal support activity, or lowering the **unit expense** of achieving a key result – principally the enrollment, retention, and graduation of each student.

- **Quality Enhancement** Demonstrably improving the focus, execution, and results of key activities required for Student Success and for excellent University operations.

- **Accelerated Timeliness** Speeding the achievement of key performance objectives – or, in other words, cutting out unnecessary time currently required to accomplish important results. Reduced time to graduation is the single most important example.

We subscribe to experience in both the commercial and nonprofit worlds that these three dimensions are often self-reinforcing and can be achieved concurrently in the same project or performance improvement effort. Indeed, our accomplishments in the last several years have proved to us that these "simultaneous improvements" are possible.
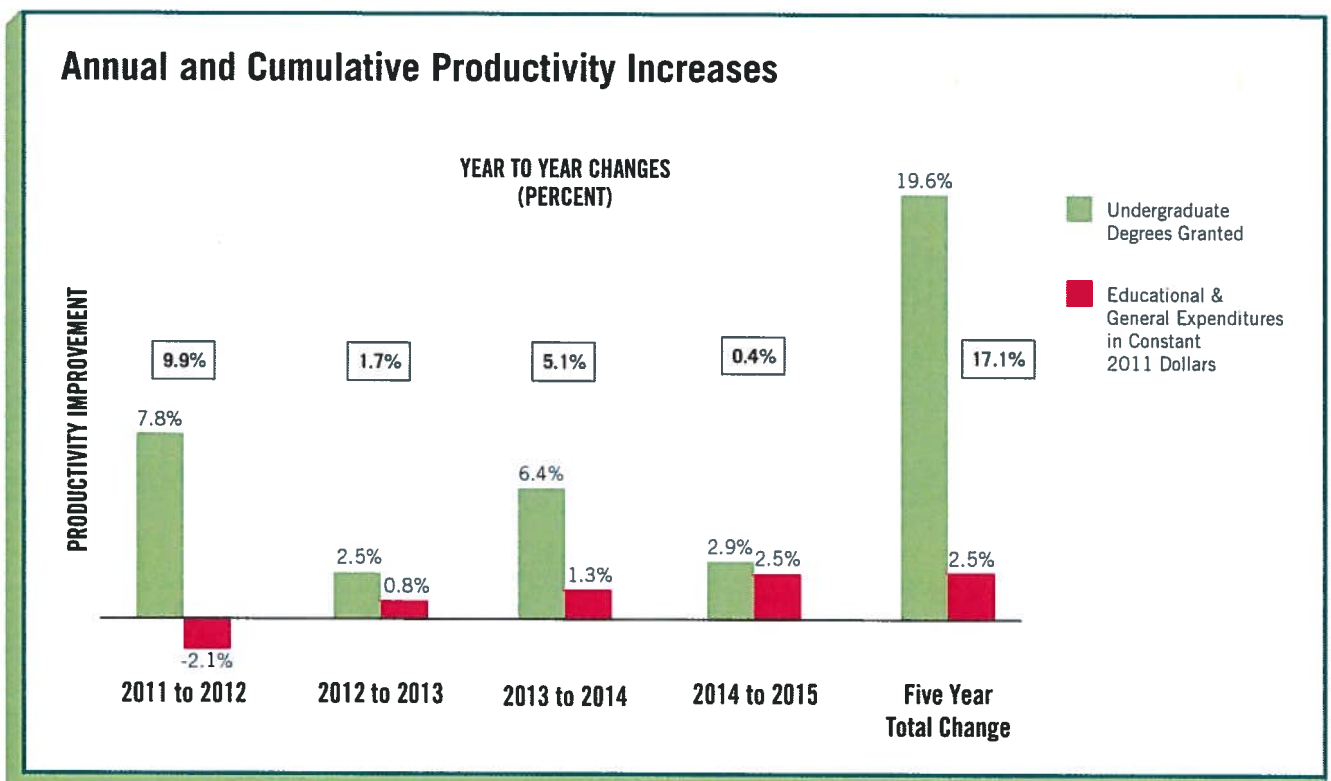
Stages of CSU's Efficiency Journey

Performance Impact (y-axis)

Budget Based Beginner
I — Getting Started
(Pre 2011)

Serious Builder
II — Building Momentum
(2011-2014)

Accomplished Efficiency Practitioner
III — Realizing Substantial Performance Gains
TODAY (2015-2018)

Public University Leader
IV — Achieving National Class Results
FIVE YEAR CONTEXT (2019-2022)

CHARACTERISTICS	CSU'S PROGRESS			
	I	**II**	**III**	**IV**
Leadership	Budget Office	Budget Office / Administrative Leaders	Office of Performance Management/Executive Committee	Expanded Office of Performance Management / Executive Committee / Faculty Leadership
Overall Focus	Budget Balancing	Selected cost reductions / budget balancing + Student Success	Activity based budgeting / enrollment management (recruiting + retention)	All measures of CSU productivity / efficiency
Performance Results	Balanced Budgets	Substantial operating cost reductions: administrative + faculty lines	Balanced budgets / increased enrollment / rising Student Success	Steady improvements on wide range of performance indicators
Faculty Participation	Budget Advisory Committee Budget Task Force	2010-2011 Task Force membership/ Budget Advisory Committee	Participation on every 2020 project + Advisory Committee	Shared leadership for CSU efficiency performance + widespread faculty buy in and participation
Organization Culture	"Necessary Annoyance"	"Cut costs to survive" "Expand scope of efficiency efforts" "Primacy of Student Success"	"Primacy of Student Success" "Efficiency is an ongoing imperative" "Faculty as partners in efficiency efforts"	"Proud to be a leader" "All encompassing" "A top 3 CSU priority"

Five Years of Substantial Improvements

In the last 5 years CSU's total Educational & General Expenditures have grown by 11.3 percent in current dollar terms, but by only 2.5 percent in constant 2011 dollars. In the same time period, **Undergraduate degrees granted are up by 21 percent, nearly 8.4 times the rate of constant dollar growth.**

In turn, the graph below shows that Undergraduate Degrees Granted growth rates since 2011 have exceeded Constant Dollar Educational and General Expenditures growth rates by 17.1 percentage points for **an average of 4.3 percent annually.** In short, **CSU has significantly improved the University's performance in producing undergraduates over the last five years, and we believe that this is the single most important measure of our efficient use of resources.**

Annual and Cumulative Productivity Increases

YEAR TO YEAR CHANGES (PERCENT)

PRODUCTIVITY IMPROVEMENT

9.9%	1.7%	5.1%	0.4%	17.1%

- 2011 to 2012: 7.8% (Undergraduate Degrees Granted), -2.1% (Educational & General Expenditures)
- 2012 to 2013: 2.5%, 0.8%
- 2013 to 2014: 6.4%, 1.3%
- 2014 to 2015: 2.9%, 2.5%
- Five Year Total Change: 19.6%, 2.5%

Legend:
- Undergraduate Degrees Granted
- Educational & General Expenditures in Constant 2011 Dollars

Major contributions to this productivity improvement have come from initiatives to make better use of resources and to benefit students that the University has successfully implemented over the last several years. Here are capsule summaries of five examples which we describe in detail in Chapter I of our Full Report.

1. Retention and Student Success. To drive retention and accompanying Six Year Graduation rates from 30 percent in 2011 to a medium term goal of 50 percent, the CSU leadership team developed a comprehensive **2014-2016 College Completion Plan** which was required by the State of Ohio and approved by CSU's Board of Trustees in April 2014. The Plan included a number of actions that have already been implemented and others that are well along. These address the **Time to Degree** recommendation category in the Task Force Report and add a number of new initiatives to our updated **2016-2018 Completion Plan** submitted to the Chancellor several weeks ago. These initiatives to improve retention and graduation rates were recently recognized by the American Association of State Colleges and Universities (AASCU). Specifically, in 2015 CSU was awarded the prestigious (only two in the country) Excellence and Innovation Award for Student Success and College Completion.

2. Comprehensive Program Prioritization Process. In 2014 and 2015, academic leadership from the Provost's Office in close collaboration with the Colleges' leaders and faculty undertook a comprehensive review of CSU's some 150 academic programs. The objectives of this review were to assess current program commitments, identify areas of high demand by both students and regional employers, and foster areas of excellence consistent with the University's strategic priorities. The resulting three program categorizations of Invest, Maintain, or Suspend have been implemented by reallocating resources internally and directing them to high priority areas. In other words, Program Prioritization has **heightened the efficiency of CSU's academic expenditures and program funding.**

3. Strategic Enrollment Management Task Force. Recognizing that improving the productivity of CSU's fixed cost base is highly dependent on growth in enrollment, in August, 2014 President Ronald Berkman chartered a Strategic Enrollment Management Task Force, comprised of administrative and faculty leaders from across the campus, to develop Cleveland State University's first strategic enrollment management plan. As the result of a 9 month effort, the Task Force proposed an **enrollment goal of at least 18,000 by 2020** – a considerable challenge in the face of a declining high school population in Northeast Ohio and aggressive competition from other universities. To reach this goal, the Task Force proposed **three broad enrollment strategies.**

- Establish a comprehensive set of University-wide enrollment management goals covering both recruitment and retention

- Drive recruitment and retention through six student segments: first time in college undergraduates, transfer students, graduate students, summer students, international students, and veterans

- Enhance Cleveland State's value and affordability through strengthened academic programs and increased financial aid.

Underlying these broad measures were **52 specific recommendations, all of which are currently being implemented.**

4. Administrative Efficiency Projects. In 2014 and 2015 the University also undertook a number of individual projects to improve expense management and achieve efficiencies in major categories of administrative activity. For example, we:

- Retained an outside firm to help **manage approximately $1 million in annual airfare and hotel costs**

- Engaged an outside firm (SciQuest) to design and begin implementation of a fully **automated purchasing system**

- **Conducted in-depth benchmarking and best practice analysis** to achieve efficiencies and target service levels in facilities management and operations
- **Completed a Business Process Improvement project for hiring processes** that substantially streamlined 6 hiring categories

- **Achieved $4 million in health benefits savings** through a sense of design changes in our several plans for medical and prescription coverage

5. Sustainability and Energy Cost Management. Ohio House Bill 251/Advanced Energy Law was passed by the General Assembly on December 16, 2004 and subsequently signed by Governor Taft. In the years since then – a period when CSU's square footage grew by some 1.1 million square feet, or 27 percent – the University has aggressively pursued the intent of that legislation through a number of action steps. Results have been substantial and gratifying. Our **normalized energy consumption has declined by a total of some 32 percent,** exceeding HB 251's standard of 20 percent over a ten year period. A 2016 study by an experienced Executive MBA Team demonstrated that the Program has saved approximately **$3 million annually** in the last several years and over **$11.5 million in total.**

Accelerated Progress from the Path to 2020 Initiative

In Summer 2015 the Trustees and senior leaders of the University decided to undertake a comprehensive program with the **overall aim to develop the priorities and actions required for CSU's success in the challenging environment for public higher education, both in Ohio and nationally.** This effort was named the Path to 2020, and its **five supporting objectives** are shown graphically on the following page. Efficient use of resources is integral to each objective, especially "Maintain Economic Stability."

Meeting these objectives has required a rigorously designed and executed program on a number of dimensions. Chief among them is a **comprehensive scope** with interrelated projects that cover nearly all of CSU's major activities and functions driving our Academic Offering, Student Support, Enrollment, Financial Management, and University identity and culture. Specifically, the design that evolved currently has seventeen such projects as shown below
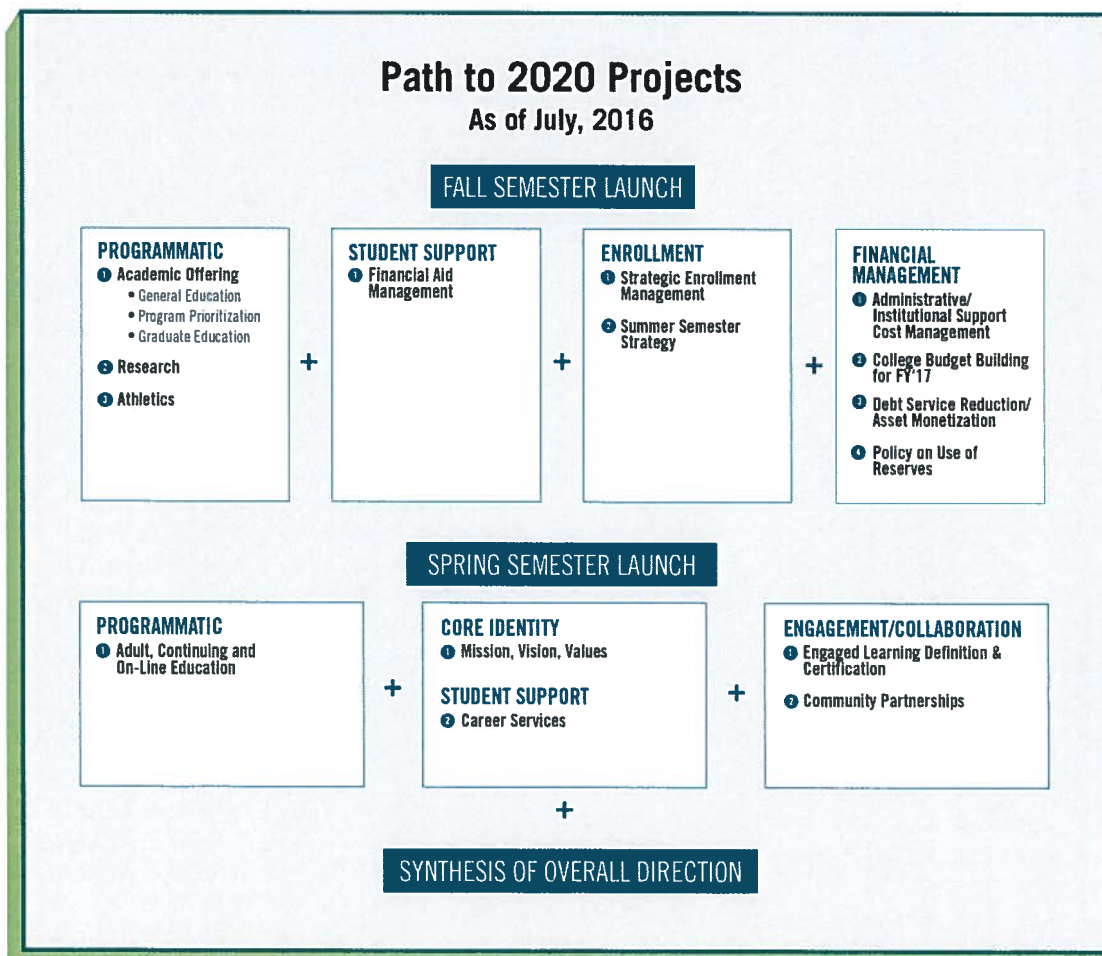
Chapter II of our Full Report describes each of the 17 projects, grouped within the thematic areas just noted. The chapter summarizes major conclusions and recommendations – particularly those that affect the three main elements of "Efficiency Improvement" set out earlier and then shown graphically below.

Path to 2020 Overview

	CONTRIBUTION TO EFFICIENCY IMPROVEMENT			IMPLEMENTATION STATUS		
	Cost Reduction	Quality Enhancement	Accelerated Timeliness	Early Stages	Strongly Underway	Completed
PROGRAMMATIC						
❶ General Education (Academic Offering)	25%	50%	25%		✓	
❷ Program Prioritization Follow On (Academic Offering)	50%	50%	0%			✓
❸ Graduate Educatio (Academic Offering)n	0%	100%	0%		✓	
❹ Adult, Continuing and On-Line Education (Academic Offering)	0%	75%	25%	✓		
❺ Research	0%	75%	25%			✓
❻ Athletics	25%	75%	0%			✓
STUDENT SUPPORT						
❼ Financial Aid Management	0%	50%	50%			✓
❽ Career Services	0%	50%	50%	✓		
ENROLLMENT						
❾ Strategic Enrollment Management	0%	50%	50%			✓
❿ Summer Semester Strategy	0%	50%	50%		✓	
FINANCIAL MANAGEMENT						
⓫ Administrative/Institutional Support Cost Management	75%	25%	25%		✓	
⓬ College Budget Building for FY'17	0%	75%	25%			✓
⓭ Debt Service Reduction/ Asset Monetization	75%	25%	0%		✓	
⓮ Policy on Use of Reserves	50%	25%	25%			✓
ENGAGEMENT/COLLABORATION						
⓯ Engaged Learning Definition & Certification	0%	50%	50%	✓		
⓰ Community Partnerships	0%	75%	25%	✓		
CORE IDENTITY						
⓱ Mission, Vision, Values	25%	75%	25%		✓	
				4	6	7

Proportion of Project Effort Focused on Contribution to Efficiency Improvement

◯ = 0%   ◔ = 25%   ◑ = 50%   ◕ = 75%   ⬤ = 100%

A Comprehensive Response to House Bill 64 and the Task Force Report

As Cleveland State understands **House Bill 64,** the legislation's provisions contain 16 requirements of individual universities. With submission of this Efficiency Report to the Chancellor, **CSU is in compliance with all sixteen** of those requirements, and **our actions on five of them lead to major improvements in efficiency and affordability,** as is described in Chapter III of our Full Report.

Chapter III also spells out our response to the recommendations of the Ohio Task Force on Affordability and Efficiency, for each of the 19 that are within CSU's control and the 3 that require collaboration with other institutions including the Inter-University Council. The chart below shows the status of implementation of each recommendation, and highlights our progress and results achieved. We believe that **CSU has focused and productive actions underway on 100 percent of the Task Force's 22 recommendations, with implementation "Completed" on nine and another nine "Strongly Underway.**

Cleveland State's Implementation Progress

WITHIN CSU'S CONTROL			Early Stages	Strongly Underway	Completed
Master	1	Student must benefit ◄		✓	
Master	2	Five Year Goals ◄			✓
Strategic Procurement	3A	Campus Contracts			✓
Assets/Operations	4A	Asset Review ◄		✓	
	4B	Operations Review ◄		✓	
	4C	Affinity Partnerships	✓		
Administrative Costs	5A	Cost Diagnostic ◄			✓
	5C	Organizational Structure ◄		✓	
	5E	Data Centers		✓	
	5F	Space Utilization	✓		
Textbook Affordability	6A	Negotiate Cost		✓	
	6B	Standardize Materials		✓	
Time to Degree	7A	Education Campaign			✓
	7B	Graduation Incentive			✓
	7C	Standardize Credits			✓
	7D	Data Driven Advertising			✓
	7E	Summer Programs ◄			✓
	7F	Pathway Agreements		✓	
	7G	Competency-Based Education	✓		
TOTAL 19			3	8	8

COLLABORATION WITH OTHER INSTITUTIONS			Early Stages	Strongly Underway	Completed
Strategic Procurement	3B	Collaborative Contracts			✓
Textbook Affordability	6C	Digital Capabilities		✓	
Duplicative Programs	8	Program Review	✓		
TOTAL 3			1	1	1

PATH TO **2020** CLEVELAND STATE UNIVERSITY

Path to 2020 Project indicated in **green** ◄

Demanding Five Year Program

Chapter IV of our Full Report addresses the Task Force's **Master Recommendation #2** to establish a five year goal for generating re-deployable resources and for using them to improve affordability and educational quality for students. To provide context for these commitments, the chapter first spells out our plans to progress to Stage IV in CSU's Efficiency Journey.

Overall, **Cleveland State commits to continually develop the leadership, capabilities, and culture needed to progress from early Stage III to solidly in Stage IV of the Efficiency Journey by 2021**, achieving National Class Efficiency Performance. As a gauge of our progress to Stage IV, we will continue to improve the productivity of our expenditure base in generating Undergraduate degrees. Specifically **CSU's overall goal is to increase productivity by 3 percent annually – or 15 percent from 2015 to 2021.** To achieve this improvement, we also commit to **increase our Graduation Rate of six year freshman cohorts from 40 to 50 percent by 2021** and to **grow Undergraduate enrollment from 12,615 in Fall 2015 to 13,500 in Fall 2021,** bringing total CSU enrollment to at least 18,000.

The Foreword to the Full Report illustrates the principal elements of the multi-year Journey, so Chapter IV focuses on **five essential near term actions** to maintain the momentum and progress of the last several years.

1. **Staff the Office of Performance Management as a permanent organization reporting to the President.**

2. **Bring our Administrative/Institutional Support Cost Management Project to a successful conclusion in the next six months.**

3. **Use Fiscal Year 2018 Budget development as an opportunity for the next step in Activity Based Budgeting across the University.**

4. **Hold periodic Efficiency Reviews with the Board of Trustees.**

5. **Design and gain support for an inclusive effort to recommend a long term path for reducing the complexity and costs of CSU's academic offerings and organization structure.**

Turning now to the **Task Force's requirements**, we first quote the language of **Master Recommendation #2:** "Each institution must set a goal for efficiency savings and new resources to be generated through FY 2021, along with a framework for investing these dollars into student affordability while maintaining or improving academic quality."

CSU's response to both requirements begins with **Fiscal Year 2017**, which started on July 1, 2016. As reflected in our 2017 Budget, we will realize $3.5 million in cost savings efficiencies that are being re-deployed to reduce student expenses and to enhance student success as shown on the following page.

Cleveland State University
Fiscal Year 2017 Operating Budget – Administrative Cost Savings

Source of Re-Deployable Funds
Administrative Cost Savings Through the Path to 2020 Project $ 3,500,000

Use of Re-deployable Funds

Additional Undergraduate Scholarship Funding	$1,900,000
Civitas Student Advising Support (Degree Maps & Predictive Analytics)	$114,000
Graduation Incentive Plan (Student Financial Incentives)	$900,000
Additional Part-time Instruction Funding	$586,000
	$ 3,500,000

To establish a **re-deployable resource goal through 2021**, Cleveland State has analyzed its projected revenue and expenditures based on a range of assumptions concerning changes in enrollment and tuition revenue, State Share of Instruction funding, other revenue sources, and operating expenditures. From these analyses and extensive discussions, we commit to:

1. **Generate re-deployable operating efficiencies of $11.5 million for Fiscal Years 2017-2021.** Given our $3.5 million savings in 2017 and the range of efficiency efforts underway, we have set a goal of averaging $2 million annually for the next four years, for a total of $11.5 million – approximately 1 percent of CSU's total Educational & General Expenses over the period. Our first priority, however, must be to balance the University's budget, and that - in the current environment of a tuition freeze and limited increases in SSI - will likely require several million dollars in savings each year, **before** the generation of re-deployable funds.

2. **Balance the allocation of re-deployable dollars evenly between direct student savings and improvements in educational quality.** As was done for Fiscal Year 2017, CSU will annually determine how these resources will be distributed. While the allocation will vary for 2017-2021 we anticipate roughly half going directly to reduce costs for students through a combination of increased scholarships, achievement incentives, reduced textbook expenses, and a faster path to graduation. The remaining half will be earmarked for reducing the proportion of courses taught by Adjuncts and significant academic enhancements (such as a strengthened General Education curriculum), recommended by the several Path to 2020 Academic Projects.

*   *   *

To conclude this Executive Summary of Cleveland State University's Efficiency Report to the Chancellor, we believe that CSU has a strong record of bringing both significant savings and a better education to our students. We are enthusiastic about continuing this performance and delivering against the specific promises made in our documents.

Cleveland State University

Efficiency Report to the Chancellor of the Ohio Department of Higher Education

Full Report

This document is the Full Report of Cleveland State University's Efficiency Review, as required by House Bill 64 signed into law in June 2015, and by the Ohio Task Force on Affordability and Efficiency in its report dated October 1, 2015.

The document contains a Foreword and four Chapters as follows:

Foreword: Stages of the Efficiency Journey at CSU

Prior to the 2011-2012 fiscal year, the finances of public universities in Ohio were relatively stable. For Cleveland State, increases in tuition covered steadily rising costs, and the State Share of Instruction (SSI) remained at roughly 38 percent of revenues. In that year, SSI in Ohio dropped by 11.2%, the seventh largest reduction in the country. For CSU, the cut in SSI was over $9 million to 29 percent of revenues and from then on has remained under 30 percent. Ohio has also instituted the most rigorous performance-based-funding approach in the nation – sharply increasing the focus on Student Success. The State's Biennium Budget passed in 2015 froze in-state tuition for Undergraduates, while at CSU previously negotiated bargaining unit increases for faculty and certain staff employees resulted in a cost burden of approximately $10 million to overcome in 2 years.

These and other State of Ohio policy actions – including the establishment of the Ohio Task Force on Affordability and Efficiency – reflect escalating public concern over the rising costs of higher education and the increasing burden of debt on a large proportion of college students. In these circumstances, becoming more efficient has been an imperative for Cleveland State University.

In reflecting on Cleveland State's accomplishments in becoming more productive over the last five years, we have found it helpful to outline an Efficiency Journey with four distinct stages. We believe that CSU has progressed to the early days of Stage III and that – with the impetus of our Path to 2020 Program and the Task Force's October 1 report – we will complete that stage and reach Stage IV over the next several years – being fully there by 2021.

This Foreword to our Report to the Chancellor first expands on our Efficiency Journey framework, and then describes how CSU defines "Efficiency" consistent with that journey – and as the term "Efficiency" and supporting examples are used in this document.
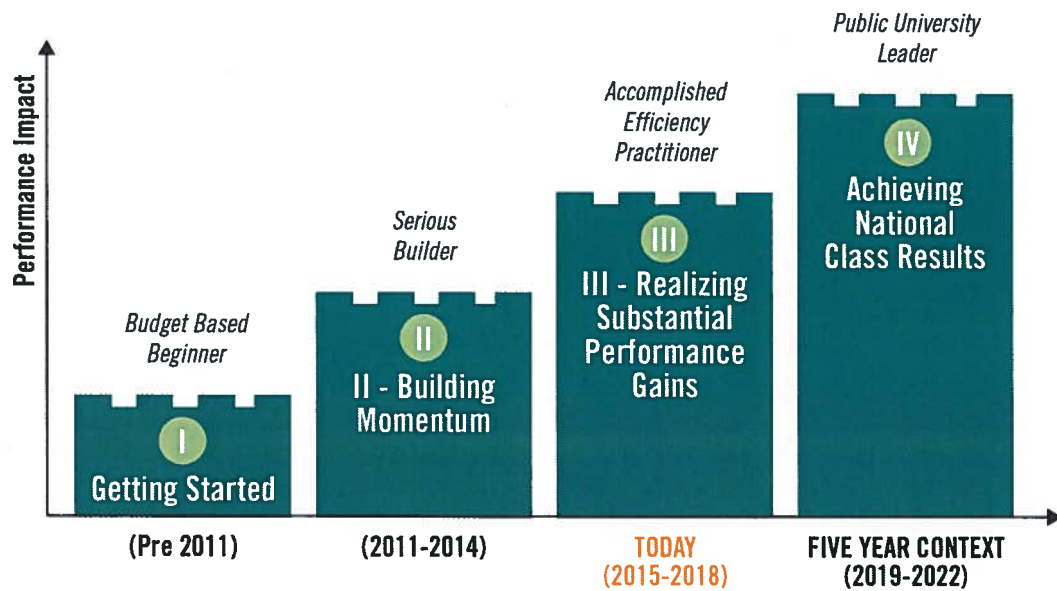
Efficiency Journey: Four Distinct Stages

In building enterprise-wide capabilities to deal with changing external forces, both commercial and nonprofit organizations move forward only with learning experiences over time. These efforts – when successful – proceed in stages of accomplishment, typically requiring at least five years to achieve excellence.

Such phased journeys in the for profit world, for example, have involved "strategic" management", "continuous improvement", "integrated logistics", and "human capital management". Our work to synthesize a framework for Cleveland State is depicted on the facing page with two points worth emphasizing:

- Moving from Stage II to III has been a major jump, with impetus from the State of Ohio's policy initiatives in 2015 and CSU's own Path to 2020 Program.

- Progressing through III and on to IV will require sustained leadership attention, purposeful skill building, and a cultural change where staff, faculty, and students all assume responsibility for efficient use of resources.

Stages of CSU's Efficiency Journey

Performance Impact →

- **Budget Based Beginner**
  - I — Getting Started
  - (Pre 2011)
- **Serious Builder**
  - II — Building Momentum
  - (2011-2014)
- **Accomplished Efficiency Practitioner**
  - III — Realizing Substantial Performance Gains
  - TODAY (2015-2018)
- **Public University Leader**
  - IV — Achieving National Class Results
  - FIVE YEAR CONTEXT (2019-2022)

CHARACTERISTICS	CSU'S PROGRESS			
	I	II	III	IV
Leadership	Budget Office	Budget Office / Administrative Leaders	Office of Performance Management/Executive Committee	Expanded Office of Performance Management / Executive Committee / Faculty Leadership
Overall Focus	Budget Balancing	Selected cost reductions / budget balancing + Student Success	Activity based budgeting / enrollment management (recruiting + retention)	All measures of CSU productivity / efficiency
Performance Results	Balanced Budgets	Substantial operating cost reductions: administrative + faculty lines	Balanced budgets / increased enrollment / rising Student Success	Steady improvements on wide range of performance indicators
Faculty Participation	Budget Advisory Committee Budget Task Force	2010-2011 Task Force membership/ Budget Advisory Committee	Participation on every 2020 project + Advisory Committee	Shared leadership for CSU efficiency performance + widespread faculty buy in and participation
Organization Culture	"Necessary Annoyance"	"Cut costs to survive" "Expand scope of efficiency efforts" "Primacy of Student Success"	"Primacy of Student Success" "Efficiency is an ongoing imperative" "Faculty as partners in efficiency efforts"	"Proud to be a leader" "All encompassing" "A top 3 CSU priority"

2

CSU's Elements of Efficiency

As Cleveland State has progressed from Stage II to Stage III on our Efficiency Journey, the definition of "Efficiency" has been expanded and enriched. Today we think of it as having three major dimensions.

- **Cost Reduction** Reducing the **total cost** of a major outside purchase or an internal support activity, or lowering the **unit expense** of achieving a key result – principally the cost incurred for the recruitment, retention, and graduation of each student.

- **Quality Enhancement** Demonstrably improving the focus, execution, and results of key activities required for Student Success and for excellent University operations.

- **Accelerated Timeliness** Speeding the achievement of key performance objectives – or, in other words, cutting out unnecessary time currently required to accomplish important results. Reduced time to graduation is the single most important example.

Experience in both the commercial and nonprofit worlds demonstrates that these three dimensions are often self-reinforcing and can be achieved concurrently in the same project or performance improvement effort. Indeed, Cleveland State's efficiency efforts in the last several years have proved to us that these "simultaneous improvements" are possible, and we have set them out as important performance criteria in this Report to the Chancellor and as essential accomplishments on our progress to Stage IV.

I. Five Years of Substantial Improvements

Spurred by a $9 million reduction in State Share of Instruction from 2011 to 2012, Cleveland State University began a focus on efficiency which has steadily intensified over the last five years. To set the context for the University's current Efficiency Review, this chapter first outlines key measures of efficiency and then highlights the five principal programs that were implemented through 2015. **Taking together, they have enabled our progress from Stage I to early Stage III in CSU's journey to exemplary efficiency.**

CSU's Efficiency and Productivity by the Numbers

As the table below shows, in the last 5 years CSU's total Educational & General expenditures have grown by 11.4 percent in current dollar terms, but by only 2.5 percent in constant 2011 dollars. In the same time period, **Undergraduate degrees granted are up by some 21 percent, nearly 8.4 times the rate of constant dollar growth.**

Education and General Operating Expenditures
(\$ Millions, Actual)

Fiscal Year	2011	2012	2013	2014	2015	2015 vs. 2011
Current Dollars	\$237	\$240	\$246	\$253	\$264	+11.3%
2011 Dollars	\$237	\$232	\$234	\$237	\$243	+2.5%

Undergraduate Degrees
(Total Number)

	1,917	2,066	2,117	2,252	2,317	20.9%

Turning the table's numbers into annual percentage changes, Exhibit 1 on the following page shows that CSU has achieved a productivity gain of 17.1 percentage points – for an average of **4.3 percent annually.** Put another way, **CSU has significantly improved the University's efficiency in producing undergraduates since 2011.** We believe that this is the single most important measure of our University's progress in using resources more efficiently, and that a productivity increase of this magnitude would be highly valued in almost any mature enterprise.
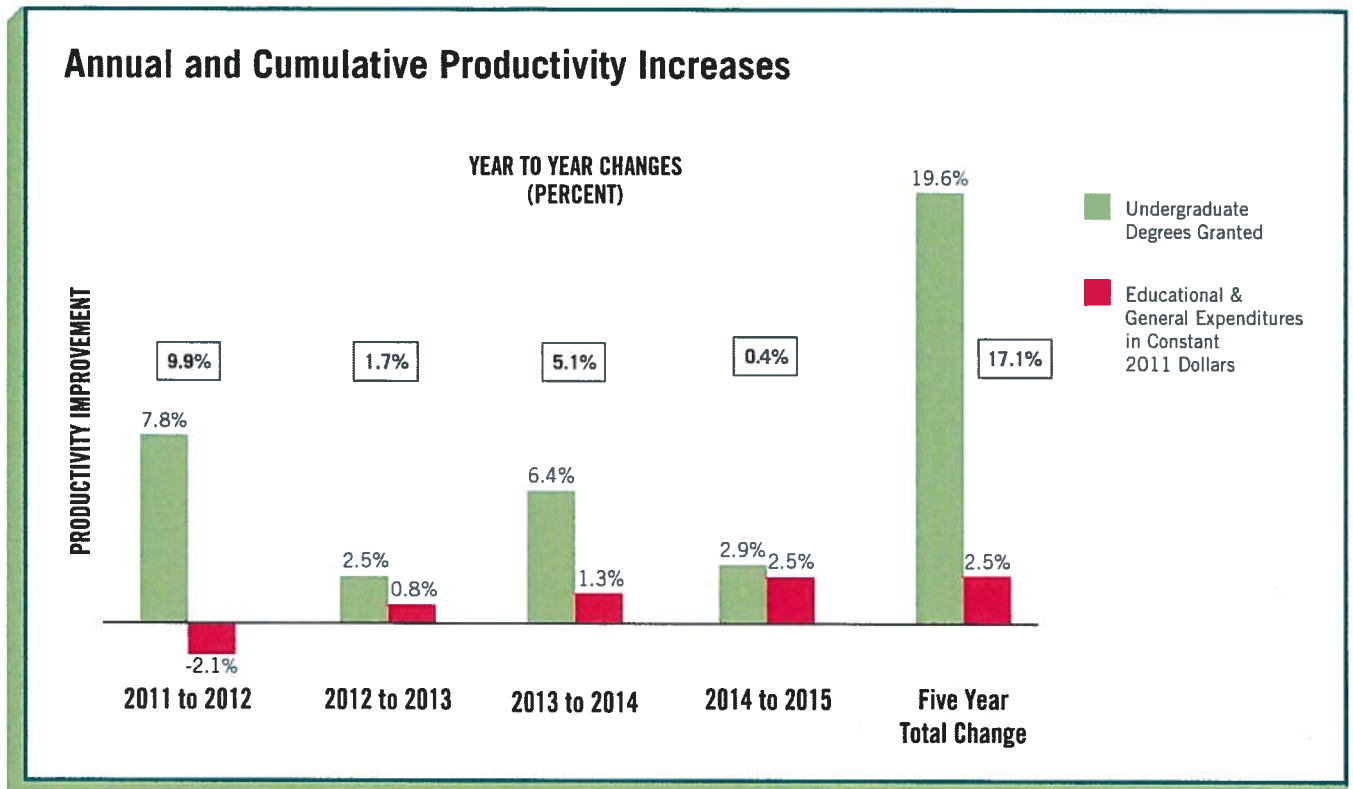
Annual and Cumulative Productivity Increases

YEAR TO YEAR CHANGES
(PERCENT)

Undergraduate Degrees Granted

Educational & General Expenditures in Constant 2011 Dollars

PRODUCTIVITY IMPROVEMENT

9.9%	1.7%	5.1%	0.4%	17.1%

7.8%
2.5%
6.4%
2.9% 2.5%
19.6%
2.5%
0.8%
1.3%
-2.1%

2011 to 2012 | 2012 to 2013 | 2013 to 2014 | 2014 to 2015 | Five Year Total Change

Exhibit 1

A key driver of this improved efficiency is shown on Exhibit 2: **a 30 percent graduation rate increase in the Freshmen Cohorts from Fall 2004 – 2009** measured from the 2010 through the 2015 graduating classes. As the Exhibit shows, we expect a 40+ percent rate in the 2016 graduation class, and – as will be noted later – we project at least a 45 percent graduation rate in 2018 and 50 percent in 2021. (Notwithstanding the State of Ohio's emphasis on Freshmen Cohorts as defined by IPEDS, for CSU the graduation rate of Transfer Students is of comparable importance because roughly 60 percent of the University's annual graduates entered as transfers with a variety of background and educational challenges. The graduation rate for these students improved from 49 percent in Spring 2008 to 59 percent in Spring 2015. In that last year, CSU's weighted graduation rate was 48.7 percent.)

Boding well for continued increases in Undergraduate degrees awarded is the growth of the number of students on a degree path driven by the sharp increase in the **size of the freshman class** as shown on Exhibit 3 and steady improvements in **freshman retention rates** as shown on Exhibit 4. Coupled with improvements in graduation rates for both Freshman and Transfer Students resulting from CSU's Student Success initiatives, **we project significant continuing increases in the University's overall productivity.** (Supporting these improvements are the steadily heightened college readiness of entering freshmen as measured by Ability Bands that are a combination of ACT scores and Grade Point Average. Since 2007, the proportion of entering students in the top four of six such bands has increased sevenfold.)

5

CSU 6-Year Graduation Rates for Freshmen Cohorts Fall 2004 to 2009 by Year of Graduation
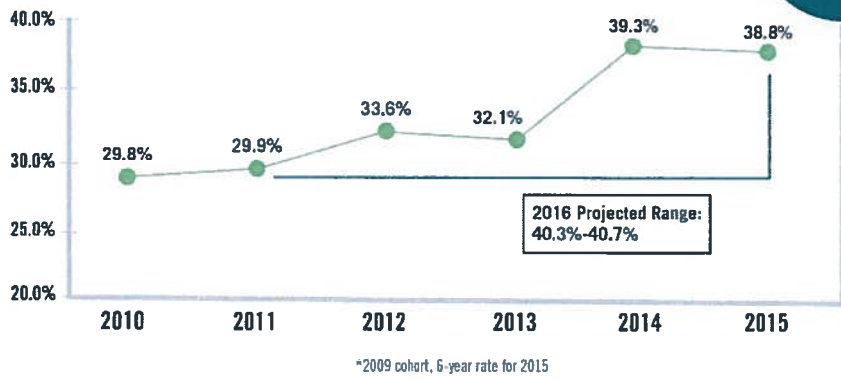
+30% GRADUATION RATE INCREASE

Graduation rates by year:
- 2010: 29.8%
- 2011: 29.9%
- 2012: 33.6%
- 2013: 32.1%
- 2014: 39.3%
- 2015: 38.8%

2016 Projected Range: 40.3%-40.7%

*2009 cohort, 6-year rate for 2015

Exhibit 2

Freshmen Cohort Class Size 2009-2015

+64% CLASS SIZE INCREASE

Class size by year:
- 2010: 1,127
- 2010: 1,148
- 2011: 1,328
- 2012: 1,531
- 2013: 1,729
- 2014: 1,562
- 2015: 1,847
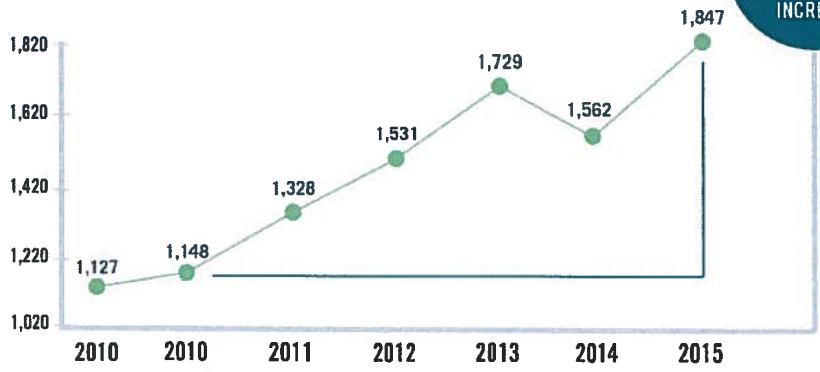
Exhibit 3

Freshmen Entering Class Retention: Fall to Fall 2009-2014

Percentage Retention (Fall to Fall):
- 2009-2010: 64.0%
- 2010-2011: 66.0%
- 2011-2012: 65.0%
- 2012-2013: 67.0%
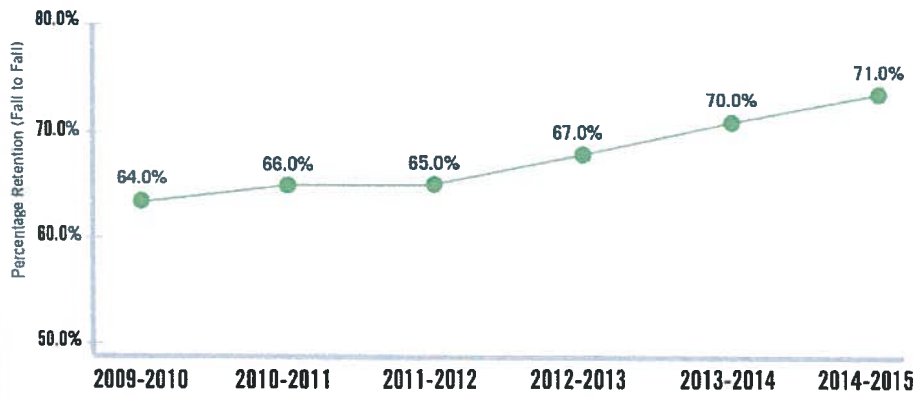- 2013-2014: 70.0%
- 2014-2015: 71.0%

Exhibit 4

6

Turning to an **undergraduate student's view of affordability,** Cleveland State's tuition and general fee increases have been in line with State policy and have totaled 13.2 percent from Fiscal Year 2012 through Fiscal Year 2016 – an average increase of 1.9 percent annually. More importantly, in the last two years, **CSU has implemented a series of steps to reduce the total cost of attendance for an individual undergraduate by 13.1 percent**, as reported to the Chancellor in response to the "5% Challenge" set out in House Bill 64 and described in more detail in Chapter III.

Five Main Initiatives to Better Use Resources and Benefit Students

This first chapter now turns to the substance of a number of these steps, as the paragraphs below describe five major initiatives to better use resources and benefit students that the University has successfully implemented since 2014.

1. Retention and Student Success. Cleveland State's initiatives to improve retention have recently been recognized by the American Association of State Colleges and Universities (AASCU). Specifically, in 2015 we were awarded the prestigious (only two in the country) Excellence and Innovation Award for Student Success and College Completion. To drive that retention and accompanying graduation rates, the CSU leadership team developed a comprehensive **2014-2016 College Completion Plan -** which was required by the State of Ohio and approved by CSU's Board of Trustees in April 2014. The Plan included a number of specific actions that have already been implemented and others that are well along, as was recently reported in our **2016-2018 College Completion Plan,** which commits to at least a **45 percent graduation rate by 2018.** The new plan specifically addresses the **Time to Degree** recommendation category in the Task Force Report, and adds a number of new initiatives.

- **Grad Express Degree Audit.** The University has thoroughly reviewed and updated its degree audit program, and renamed it Grad Express to reflect a focus on outcomes. Grad Express makes it easier for students to monitor their academic progress and to work with their academic advisors in planning their schedules, registering for classes, and mapping their degree requirements for graduation.

- **Freshman Foundations.** For the past three academic years, freshman advising has followed advising protocols that direct students to classes that are needed for their intended major (or if they do not have a declared major, to classes that will apply to any major they are actively considering). The goal is to reduce "unnecessary" credits and to keep students on track to complete their programs without taking more than 120 credit hours.

- **Course Waitlist.** The University has created a wait list system that provides students the opportunity to add their names to an online waiting list when courses are full. If a seat opens up in the course, students promptly receive an email notifying them of the opportunity to enroll. The sooner a student signs up on a waitlist the better the chances for getting into the course. This new software allows for better planning on the academic side.

When a course is full, that information is shared with academic stakeholders who may respond by opening a new section of the fully subscribed course or raising the cap on the class to allow for additional student enrollment.

- **Multi-Term Registration.** CSU is the first university in Ohio and one of few universities nationwide to offer three-term registration. This new process allows students to pre-plan their academic schedule for three terms at once.

- **Graduation Incentive Plan.** The University has adopted a graduation incentive plan that provides a rebate of tuition increases (plus $100 per semester in book expenses) to undergraduate students who complete their full academic year in good standing. Students must maintain at least a 2.0 grade point average and complete 30 credit hours within the academic year, which can include a combination of Fall, Spring, and Summer terms. **(Task Force Recommendation 7B/Graduate Incentive)**

- **4-to-3 Conversion.** To facilitate students' completion of Gen Ed courses and with the goal of reducing the number of unnecessary credit hours they are required to complete in order to graduate, the University adjusted its credits per course from 4 to 3 beginning with the Fall 2014 semester. **(Task Force Recommendation 7C/Standardize Credits for Degree)**

- **120 Credit Hour Standard.** To save time and money for students, the University capped baccalaureate degrees at 120 credit hours, except for those programs in which accreditation standards require the curriculum to exceed the threshold. The 120 credit hour requirement corresponds with the University's conversion to a dominant 3 credit hour curriculum. This change took effect beginning in the Fall 2014 semester. **(Task Force Recommendation 7C/Standardize Credits for Degree)**

- **Math Emporium.** The Math Emporium is a state-of-the-art learning center where students can interact with adaptive MyMathLab Plus software and a highly skilled instructional team. Students learn through an innovative, engaging, and easy-to-use program designed to help them become comfortable and proficient in basic mathematics involving self-paced instruction that has led to improved outcomes in the developmental and basic mathematics courses that have traditionally been among the most important obstacles to student progress.

- **Academic Probation.** The University has introduced a modified academic probation program that aligns CSU's academic standing rules with federal financial aid regulations and that gives students the time and opportunity to address academic problems and potentially avoid dismissal.

- **Starfish Advising System.** The Starfish early alert/scheduling system allows for easy communication among faculty, students, advisors, and support staff, and enables advisors to monitor student progress on a daily basis. Students can schedule appointments with advisors on line, making it more likely that they will maintain regular contact. Faculty can flag students who are not attending or are in academic difficulty. Advisors see these flags and can intervene with the student before the problem grows worse. Students can be referred, through the system, to tutoring, counseling, and other support services and "to-dos" can be set up in the system, prompting students to complete needed tasks (go to tutoring, meet with faculty advisor, etc.). **(Task Force Recommendation 7D/Data-Driven Advising)**

- **Intrusive Academic Advising for Freshmen.** This new approach to academic advising requires that advisors closely monitor the progress of first-year students. For example, advisors closely monitor student attendance to look for signs of academic distress (poor attendance, faculty concerns expressed through Starfish, poor midterm grades), and to intervene with struggling students by recommending appropriate support services (tutoring, success coaching, counseling, etc.). **(Task Force Recommendation 7D/Data-Driven Advising)**

- **Co-requisite education.** Many students find that their progress towards a degree is delayed by having to take non-credit-bearing remedial courses in areas such as English and Math. CSU has offered co-requisite English instruction for the past five years, so that many students who place into remedial English can complete remediation while earning college credit. A pilot program offering the same opportunity to students placing into developmental Math will be initiated in Fall 2016.

- **Enhanced student support programs.** The University has invested in the expansion of academic tutoring on campus. Students now can receive tutoring in a range of subjects in TASC (Tutoring and Student Success Center), the Math Learning Center, and the Writing Center. Many of these offices are linked to Starfish, enabling students to make on-line appointments. In addition, advisors can refer struggling students to "success coaches" recruited and trained by TASC. Low success rate courses have been identified and provided with Supplementary Instruction (optional) and Structured Learning Assistance (mandatory) led by student leaders who have regularly scheduled meetings outside of regular class time to supplement the instruction students obtain from the professor. Outcomes assessment indicates that students who make regular use of these services succeed at higher rates than those who do not.

- **"Early Start" summer program for entering freshman students.** CSU has rolled out an enhanced program known as STEP. This provides incoming freshmen with the opportunity either to complete developmental coursework, or, if they are eligible, to complete up to seven credit hours of college-level work in the summer prior to their first Fall term, thereby accelerating their progress towards a degree. Substantial scholarship support is available for participants, making this a very low cost way to get an early start on a college degree.

2. Comprehensive Program Prioritization Process. In 2014 and 2015, academic leadership from the Provost's Office in close collaboration with the Colleges' leaders and faculty undertook a comprehensive review of all CSU's over 150 academic programs. The overall objective of this review was to position the University for long-term sustainability and growth by assessing all current program commitments, identifying areas of high demand by both students and employers, and fostering areas of excellence that are consistent with the University's strategic priorities. In turn, it was well recognized that – absent substantial additional resources – the way to implement the end result of this prioritization was to reallocate resources internally and direct them to high priority areas that emerged from the process. In other words, the overall goal of Program Prioritization was and is to **heighten the efficiency of CSU's academic expenditures and program funding.**

Each graduate and undergraduate program in the University was evaluated on the basis of a broad range of performance and quality factors. From this work, programs were classified into three tiers:

- **Tier I - Invest**: Devote additional resources to programs with significant potential for growth based on student demand, labor market potential, and alignment with CSU or College priorities. This first tier included 24 programs.

- **Tier II – Maintain**: Support programs with stable enrollment, or potential for growth, or for meeting student and community needs. There were 127 programs in this second tier of importance.

- **Tier III – Suspend**: Wind down programs no longer viable due to declines in enrollment and market demands, or to faculty attrition that is difficult to reverse. Of the 21 programs so classified, all have been suspended as of July, 2016. (These programs will support current students in completing their programs to their degree, but will not take new enrollments)

Tier I **undergraduate** programs included mechanical engineering and nursing, while Tier II are some of the largest programs in the University such as film & digital media, criminology, environmental sciences, and psychology. **Graduate** programs in Tier I include electrical engineering, mechanical engineering, doctor of physical therapy, and nursing.
Since completing the program prioritization process, 60 tenure track faculty and 18 lecturer positions have been allocated according to the Tiers and individual program assessments. These faculty resources have the potential to increase enrollments and contribute to student success in multiple, interconnected ways. New teaching resources have allowed programs that have reached capacity to meet additional student demand in their own departments; in other cases, new faculty resources in areas such as nursing and occupational therapy have enabled programs to maintain accreditation standards and clinical oversight. Still other hires provide teaching resources for lab sciences, including physics and biology, which are needed by some of CSU's high priority programs in engineering and nursing. With teaching resources allocated to these programs, CSU has the potential to enroll as many as an additional 250 undergraduate and 75 graduate students over the next two to three years.

3. Strategic Enrollment Management Task Force. Recognizing that improving the productivity of CSU's fixed cost base is highly dependent on growth in enrollment, in August 2014 President Ronald Berkman chartered a Strategic Enrollment Management Task Force, comprised of administrative and faculty leaders from across the campus, to develop Cleveland State University's first strategic enrollment management plan. The Task Force's work was also prompted by demographic trends projecting a continuing decline in the number of high school graduates across the six-county area from which most CSU students are drawn. Indeed, from 2010 through 2014, the Northeast Ohio high school population declined by about 2,000 students. Thanks to many initiatives, CSU outperformed the competitive marketplace by increasing average annual Undergraduate enrollment from 10,260 in 2006 - 2010 to 12,190 in 2010 – 2016, a growth of students and tuition revenue of nearly 19 percent. Nonetheless, an unexpected enrollment decline of about 2 percent in the 2014-2015 academic year highlighted the University's continuing demographic challenges and the need to develop a clear, long-term strategy for enrollment management.

Over a period of about eleven months, the sixteen members of the Task Force gathered and analyzed hundreds of pages of data, convened dozens of meetings with key stakeholders from across the University, studied enrollment management best practices, and participated in national enrollment management symposia. The Task Force concluded that CSU should work aggressively to reverse its one-year enrollment decline and grow both enrollment and student credit hours in line with specific targets through 2020. This would fulfill the University's mission to provide a high quality, accessible education for the largest possible number of Northeast Ohio residents; to be financially viable in the face of restricted tuition growth and largely inevitable expense increases; to bring the University to scale in key academic programs; and to utilize CSU's physical capacity to accommodate roughly 19,000 students. The Task Force proposed to **reach total enrollment of at least 18,000 by 2020 through three broad strategic actions.**

- **Establishing a comprehensive set of University-wide enrollment management goals** covering both recruitment and retention.

- **Driving recruitment and retention through six student segments:** first time in college undergraduates, transfer students, graduate students, summer students, international students and veterans

- **Enhancing Cleveland State's value and affordability** through strengthened academic programs and increased financial aid

Underlying these broad measures were **52 specific recommendations**, all of which are currently being implemented – as will be described later in Chapter III.

4. Administrative Efficiency Projects. In 2014 and 2015 the University also undertook a number of individual projects to address and improve expense management and achieve efficiencies in the some 35 percent of the University's expenses shown in Exhibit 6 as Institutional Support and Plant Operations and Maintenance.

Context: CSU's Cost Profile
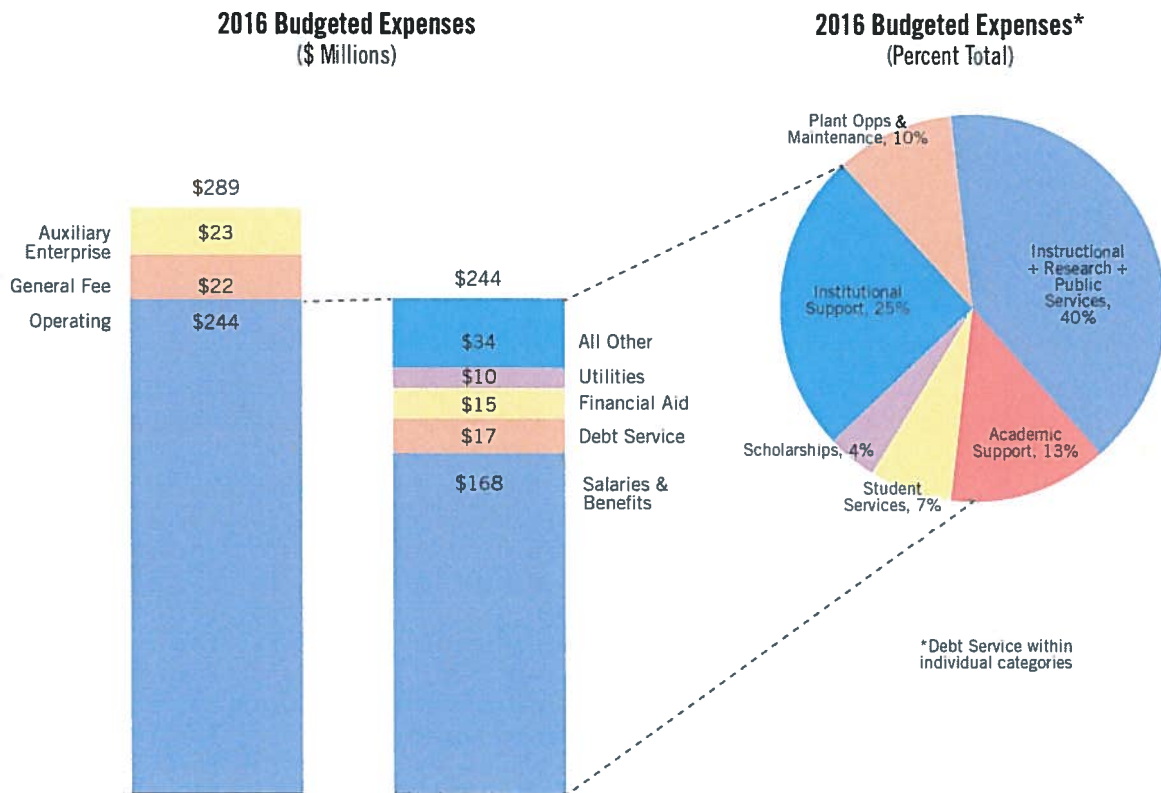
2016 Budgeted Expenses
($ Millions)

Exhibit 5

In particular, as a result of these efforts the senior management team:

- Through competitive bidding, retained Professional Travel to help **manage approximately $1 million in annual airfare and hotel costs**

- Moved aggressively ahead with a firm named SciQuest to design and begin implementation of a fully **automated purchasing system** (The new Magnus Mart system was brought live in January 2016). Once the inevitable snags in implementation are resolved, a number of efficiency benefits are expected. They include:

  - Channeling spend to contracted suppliers
  - Allowing better leverage on prices of current contracts
  - Identifying spending trends and opportunities for new contracts

- Conducted in-depth benchmarking and best practice analysis to achieve efficiencies and target service levels in **facilities management and operations**

12

- Completed a **Business Process Improvement** project for **hiring processes** that substantially streamlined 6 hiring categories

- Achieved $4 million in **health benefits savings** through insurance company negotiations and a number of design changes in medical and prescription drug plans

In addition, in March 2014 senior management conducted a customized **IPEDS peer analysis** including seven expense categories. The peer group and main conclusions are shown on Exhibit 6 below. The chart on Exhibit 7 sets out an important comparison of personnel costs: **for every major expense category, Cleveland State's salaries, wages, and benefits costs as a percent of total expenses are substantially below the median of the nine comparable institutions.**
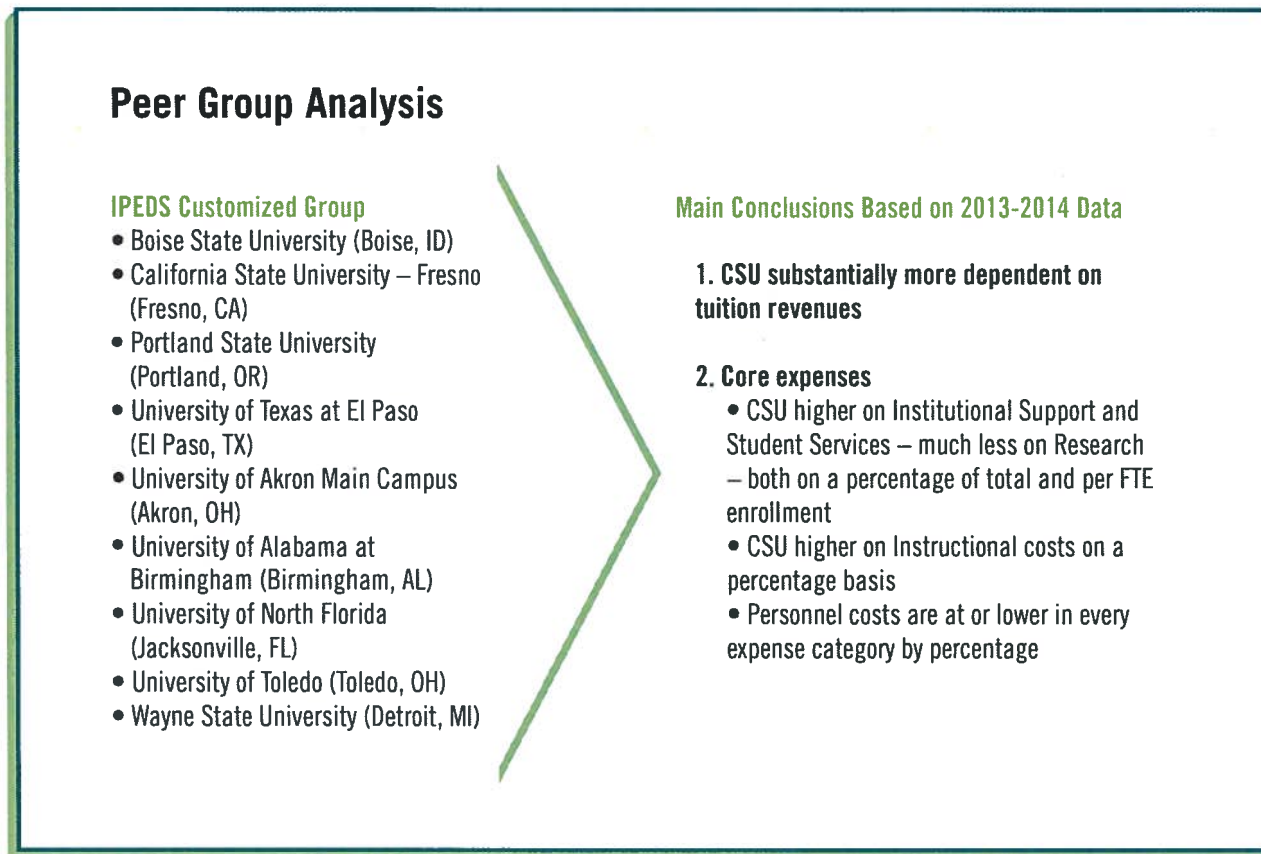
Peer Group Analysis

IPEDS Customized Group
- Boise State University (Boise, ID)
- California State University – Fresno (Fresno, CA)
- Portland State University (Portland, OR)
- University of Texas at El Paso (El Paso, TX)
- University of Akron Main Campus (Akron, OH)
- University of Alabama at Birmingham (Birmingham, AL)
- University of North Florida (Jacksonville, FL)
- University of Toledo (Toledo, OH)
- Wayne State University (Detroit, MI)

Main Conclusions Based on 2013-2014 Data

1. **CSU substantially more dependent on tuition revenues**

2. **Core expenses**
   - CSU higher on Institutional Support and Student Services – much less on Research – both on a percentage of total and per FTE enrollment
   - CSU higher on Instructional costs on a percentage basis
   - Personnel costs are at or lower in every expense category by percentage

Exhibit 6

13

Expenses for salaries, wages, and benefits as a percent of total expenses, by function: Fiscal year 2013

EXPENSE FUNCTION

Expense Function	Your Institution	Comparison Group Median (N=9)
Total Core Expenses	58	62
Instruction	70	74
Research	44	54
Public Service	53	56
Academic Support	59	63
Institutional Support	63	63
Student Services	55	61
Other Core Expenses	0	0

PERCENT OF TOTAL EXPENSES

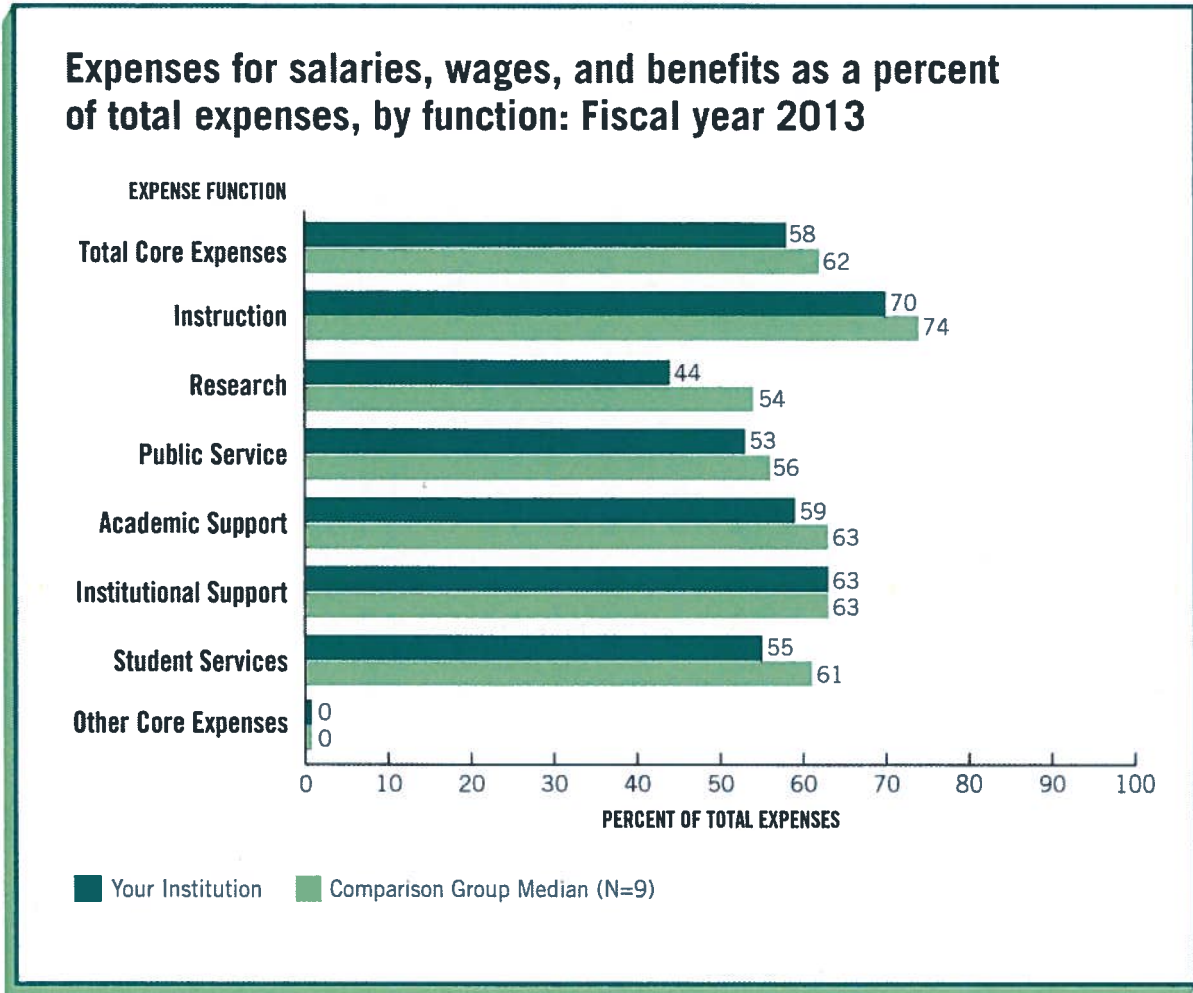■ Your Institution   ■ Comparison Group Median (N=9)

Exhibit 7

5. Sustainability and Energy Cost Management

Ohio House Bill 251/Advanced Energy Law was passed by the General Assembly on December 16, 2014 and subsequently signed by Governor Robert Taft. In the years since then – a period when CSU's square footage grew by some 1.1 million square feet, or an increase of 27 percent – the University has aggressively pursued the intent of that legislation through a number of energy conservation actions. Results have been substantial and gratifying. As Exhibit 8 shows, our **normalized consumption has declined by a total of some 32 percent,** exceeding HB 251's standard of 20 percent over a ten year period. A 2016 study by an experienced Executive MBA Team demonstrated that the Program has saved approximately **$3 million annually and over $11.5 million in total.**

To yield these savings, conservation systems installed through project-based work are performing as designed. CSU has also decided that all newly constructed buildings are to be at a minimum of LEED Silver rating, to comply with HB 251 and potentially achieve greater efficiency of systems in conjunction with building envelopes. As of early 2016, all projects that involve major construction are required to perform a life cycle cost analysis by the design Architect and Engineer to determine the best solution for the particular design and installation.
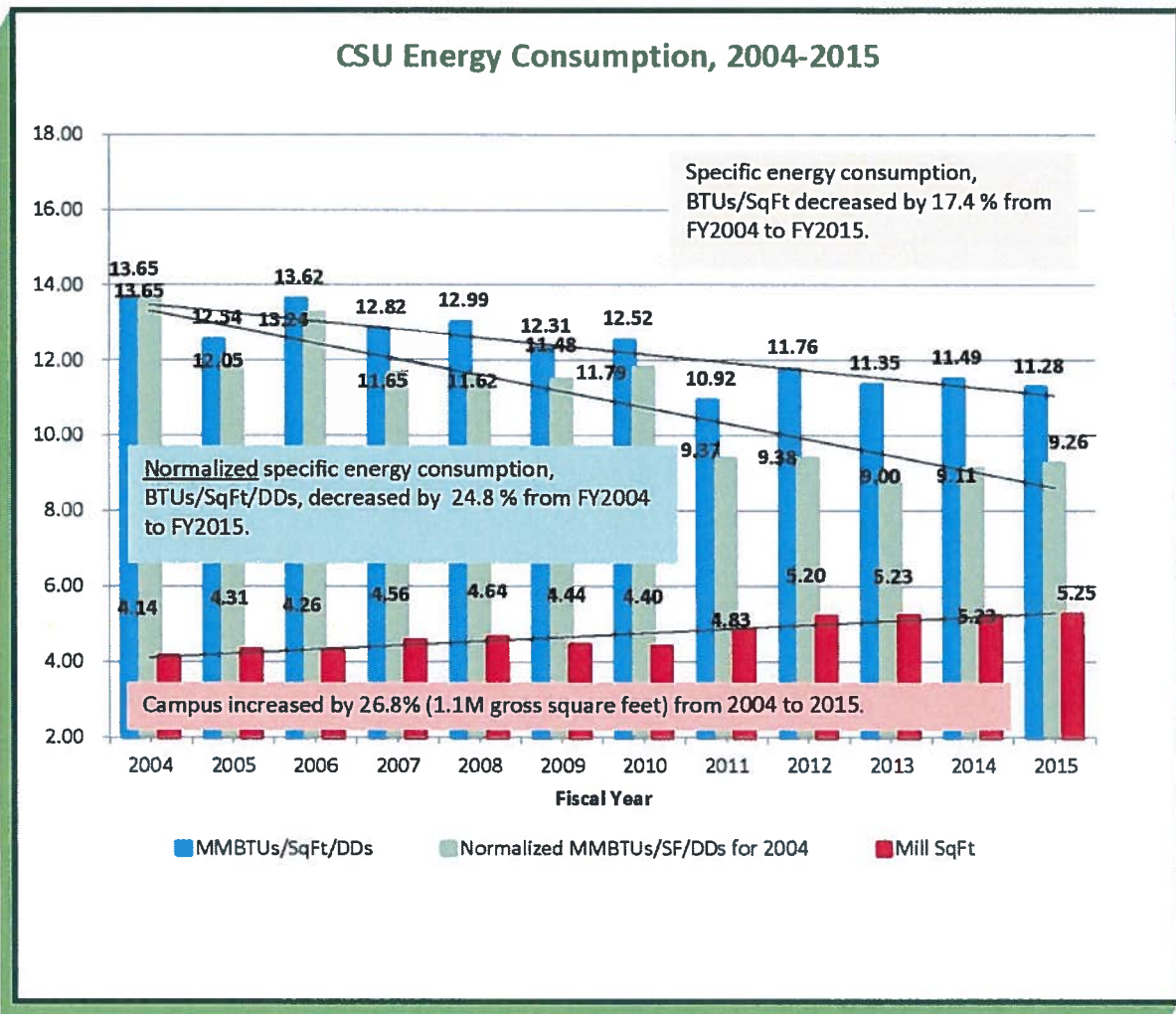
14

CSU Energy Consumption, 2004-2015

Specific energy consumption, BTUs/SqFt decreased by 17.4 % from FY2004 to FY2015.

Normalized specific energy consumption, BTUs/SqFt/DDs, decreased by 24.8 % from FY2004 to FY2015.

Campus increased by 26.8% (1.1M gross square feet) from 2004 to 2015.

	MMBTUs/SqFt/DDs	Normalized MMBTUs/SF/DDs for 2004	Mill SqFt
2004	13.65	13.65	4.14
2005	12.54	12.05	4.31
2006	13.62	13.24	4.26
2007	12.82	11.65	4.56
2008	12.99	11.62	4.64
2009	12.31	11.79	4.44
2010	12.52	11.48	4.40
2011	10.92	9.37	4.83
2012	11.76	9.38	5.20
2013	11.35	9.00	5.23
2014	11.49	9.11	5.23
2015	11.28	9.26	5.25

Fiscal Year

Exhibit 8

* * *

In summary of this first chapter, Cleveland State University has made substantial efficiency and productivity gains over the last five years – and particularly in 2014 and 2015 – as demonstrated both "by the numbers" and the actions, results to date, and expected future benefits of the five main initiatives that have been successfully undertaken.

II. Accelerated Progress from Path to 2020 Program

In June 2015, President Ronald Berkman announced the establishment of an **Office of Performance Management,** headed by the Associate Vice President for Finance and Budget, Tim Long, and the Director of Budget and Financial Analysis, Bonnie Kalnasy, and reporting directly to Dr. Berkman. This virtual organization – charged with making and helping implement recommendations to ensure both the near and long term health of the University – soon came to the view that the time was right for a comprehensive review of all of CSU's operations. From this the Path to 2020 Program was born.

To lead the effort, Mr. Long and Ms. Kalnasy were joined by Professor and Former Provost Deirdre Mageean and Chief of Staff Jim Bennett to form the 2020 Program Office and the 2020 Program Team. Dr. Nigamanth Sridhar, (President of the Faculty Senate) soon joined the Team as faculty representative and a fully participating member. (Over the past year, these five individuals have each spent substantial portions of their time on the 2020 Program, adding to the equivalent of roughly three senior full-time team members.)

Against this background the second chapter of our report to the Chancellor first describes the main features of the Path to 2020 Program and then highlights all of its 17 component projects – with emphasis on how each contributes to CSU's efficient use of resources.

Main Features

From its inception, the **overall aim** of the 2020 Program has been to develop the priorities and actions required for CSU's success in the challenging environment for public higher education, both in Ohio and nationally. Its **five supporting objectives** are shown graphically on Exhibit 9 below. An efficient use of resources is integral to all of them, especially "Maintain Economic Stability".

Exhibit 9

16

Meeting these objectives in turn has required a rigorously designed and executed program on a number of dimensions.

- **Comprehensive Scope** with interrelated projects that cover nearly all of CSU's major activities and functions driving our Academic Offering, Student Support, Enrollment, Financial Management, and University identity and culture. For example, the design that evolved currently has seventeen such projects as shown in Exhibit 10 below.
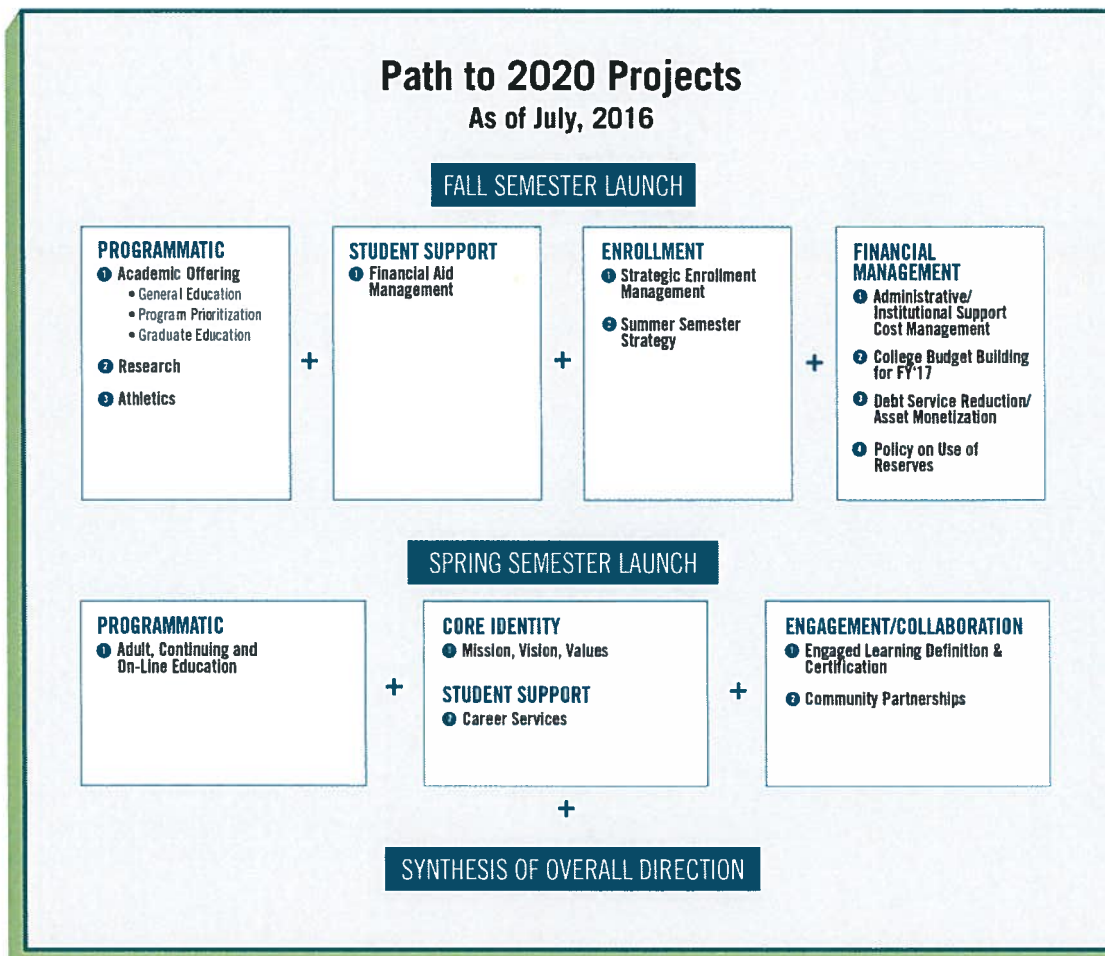
Path to 2020 Projects
As of July, 2016

FALL SEMESTER LAUNCH

PROGRAMMATIC
- ❶ Academic Offering
  - General Education
  - Program Prioritization
  - Graduate Education
- ❷ Research
- ❸ Athletics

+

STUDENT SUPPORT
- ❶ Financial Aid Management

+

ENROLLMENT
- ❶ Strategic Enrollment Management
- ❷ Summer Semester Strategy

+

FINANCIAL MANAGEMENT
- ❶ Administrative/ Institutional Support Cost Management
- ❷ College Budget Building for FY'17
- ❸ Debt Service Reduction/ Asset Monetization
- ❹ Policy on Use of Reserves

SPRING SEMESTER LAUNCH

PROGRAMMATIC
- ❶ Adult, Continuing and On-Line Education

+

CORE IDENTITY
- ❶ Mission, Vision, Values

STUDENT SUPPORT
- ❷ Career Services

+

ENGAGEMENT/COLLABORATION
- ❶ Engaged Learning Definition & Certification
- ❷ Community Partnerships

+

SYNTHESIS OF OVERALL DIRECTION

Exhibit 10

- **A consistent approach to each project** achieved by working with its Executive Sponsors to develop a **"Charter"** with clear objectives, specific end products, a rigorous methodology, principal steps and timetable, and staffing of the project team.

- **Monitoring of the progress of every project** in fulfilling its charter, and providing extra resources where expert help is needed.

- **Extensive involvement** in the work by Faculty, Staff, Students and Volunteers, supported by ongoing communications to the University community – in other words, an inclusive and transparent Path to 2020 effort.

- **Regular reporting** to the President and senior leadership team, and in turn the Trustees. Specifically the Board has participated in seven review sessions since the 2020 Program began.

- **Formal documents** that for each project include a final report in text format and supporting materials such as special outside studies, core data and analyses, primary and secondary research papers, and interim progress reviews. For example, the Strategic Enrollment Task Force compendium includes 9 such documents.

Project Slate Highlights

In the context of the 2020 Program's main features just noted, the following pages describe each of the 17 projects, grouped within the thematic areas shown earlier. For those projects that are completed or well along, we summarize major conclusions and recommendations – particularly those that bear on the three main elements of "Efficiency Improvement" set out in the Foreword, repeated below, and then shown graphically in Exhibit 11 on the following page.

- **Cost Reduction** Reducing the **total cost** of a major outside purchase or an internal support activity, or lowering the **unit expense** of achieving a key result – principally the enrollment, retention, and graduation of each student.

- **Quality Enhancement** Demonstrably improving both the execution and results of key activities required for student success and for excellent University operations.

- **Accelerated Timeliness** Speeding the achievement of key performance objectives – or, in other words, cutting out unnecessary time currently required to accomplish important results.

Path to 2020 Overview

	CONTRIBUTION TO EFFICIENCY IMPROVEMENT			IMPLEMENTATION STATUS		
	Cost Reduction	Quality Enhancement	Accelerated Timeliness	Early Stages	Strongly Underway	Completed
PROGRAMMATIC						
❶ General Education (Academic Offering)	25%	50%	25%		✓	
❷ Program Prioritization Follow On (Academic Offering)	50%	50%	0%			✓
❸ Graduate Educatio (Academic Offering)n	0%	100%	0%		✓	
❹ Adult, Continuing and On-Line Education (Academic Offering)	0%	75%	25%	✓		
❺ Research	0%	75%	25%			✓
❻ Athletics	25%	75%	0%			✓
STUDENT SUPPORT						
❼ Financial Aid Management	0%	50%	50%			✓
❽ Career Services	0%	50%	50%	✓		
ENROLLMENT						
❾ Strategic Enrollment Management	0%	50%	50%			✓
❿ Summer Semester Strategy	0%	50%	50%		✓	
FINANCIAL MANAGEMENT						
⓫ Administrative/Institutional Support Cost Management	75%	25%	25%		✓	
⓬ College Budget Building for FY'17	0%	75%	25%			✓
⓭ Debt Service Reduction/ Asset Monetization	75%	25%	0%		✓	
⓮ Policy on Use of Reserves	50%	25%	25%			✓
ENGAGEMENT/COLLABORATION						
⓯ Engaged Learning Definition & Certification	0%	50%	50%	✓		
⓰ Community Partnerships	0%	75%	25%	✓		
CORE IDENTITY						
⓱ Mission, Vision, Values	25%	75%	25%		✓	
				4	6	7

Proportion of Project Effort Focused on Contribution to Efficiency Improvement

○ = 0%   ◔ = 25%   ◑ = 50%   ◕ = 75%   ● = 100%

Exhibit 11

19

Programmatic

1. **General Education (Academic Offering) – Implementation Status: "Strongly Underway"**

In 2007 and 2008, the General Education Task Force created by CSU's Faculty Senate proposed what became GenEd08, which has remained Cleveland State's system of requirements until now. Given the many changes in the GenEd field over the last eight years, a new ad hoc Committee of the Faculty Senate on General Education was created as part of the Path to 2020 effort to undertake a thorough assessment of this critical component of the University's academic offering.

In particular, the Committee's project charter has four aims.

1. Use a disciplined assessment process to determine the extent to which the General Education objectives outlined in the 2007 Report of the Taskforce on General Education have been met

2. Ensure that efficient pathways for the completion of General Education requirements are in place

3. Implement an ongoing systematic assessment process

4. Explore improvements in the means of delivering General Education content

The Committee began its work in Fall 2015, under the leadership of a newly appointed Director of General Education. In addition, a faculty and administrative team established as part of the 2020 project is providing general guidance. The project team organized a summit on Undergraduate Education in the 21st Century, held on April 20th with outside experts and internal expertise in the area of general education. Summit attendees responded to directed questions and provided numerous suggestions and recommendations that the Faculty Senate Committee will review and act upon in the Fall of 2016. These changes when implemented will have a significant impact on the University's efficiency as well as contributing to student success.

- **Cost Reduction** The University has already conducted a review of low enrollment courses which has resulted in modest savings. In addition, an improved General Education experience for students will help CSU's efforts to improve retention and also enhance revenue. As we move through the General Education assessment and review process, additional savings may be identified; however, cost reduction is a secondary objective of the General Education project and some changes that enhance quality and reduce time to degree may result in modest increased cost or lost revenue. ◑

- **Quality Enhancement** As part of the review of General Education, and the implementation of ongoing assessment, we forsee an improvement in student mastery of a variety of skill areas. These include critical thinking, quantitative literacy, information literacy, group work, oral communication and writing skills critical for both educational and employment success. ◑

- **Accelerated Timeliness** A major focus of the project is ensuring that efficient pathways for completion of General Education requirements are in place, resulting in more timely graduation for some students. Further, moving toward a meta-major approach will help students identify groups of related majors and occupations. Making General Education choices that satisfy any discipline within a meta-major will speed time to graduation for those students who are still evaluating major and career options when they begin their academic career. ◑

2. **Program Prioritization Follow On (Academic Offerings) – Implementation Status: "Completed"**

The goal of the program prioritization process, begun in 2013/14, was to systematically identify and classify the some 150 of the University's academic programs into 3 Tiers: Invest, Maintain, and Suspend. A fourth category – Further Review – was created for those programs for which additional data and evaluation were necessary. Savings accrued from the suspension and/or elimination of programs was earmarked for investment in Tier 1 programs. Phase 1 completed that task, at which point there were 24 programs in the "Suspend" category and 31 programs classified as "Further Review". At present, the status of all programs has been resolved.

In addition, in January 2016 Academic Affairs concluded its review of low enrollment courses. The report summarized the process for identifying such courses and for removing them from the schedule as it becomes apparent that they will not meet the threshold needed for delivery.

- **Cost Reduction** The premise on which the Program Prioritization Process is based at CSU, as in other universities, is to *reallocate* resources within the academic enterprise rather than yielding an amount of dollar *savings* per se. The suspension or eradication of programs as well as the merging of departments can liberate adjunct and administrative positions as well as making for more efficient workloads for faculty. These efficiencies may be small and incremental but, at a time of scarce resources, allow for the allocation of faculty lines, graduate student assistantships, and fiscal resources in the most effective and strategic manner. ◐

- **Quality Enhancement** Reallocating resources from weak or low enrollment programs to strong and high demand courses helps to ensure that strong programs that are responsive to student and workforce needs are adequately resourced. The program-prioritization process will be on-going. Continued monitoring of enrollment trends and workforce demands will help ensure appropriate adjustments to the University's program offerings and reallocation of resources on a continuing basis. ◐

- **Accelerated Timeliness** By investing in strong and high demand majors and programs, the University will be better able to accommodate the numbers of students desirous of pursuing and graduating from those programs and to remove bottlenecks in certain tracks that are impeding timely graduation. ◐

3. **Graduate Education (Academic Offering) – Implementation Status: "Strongly Underway"**

Graduate students represent roughly 30 percent of CSU's overall student population. However, in recent years graduate enrollment has decreased significantly even as applications have grown. In common with other universities, CSU experienced a down turn in graduate enrollment during and immediately after the Great Recession. However, unlike many universities, our enrollment has not recovered. Given the unfavorable regional demographics for traditional undergraduates, the graduate population numbers assume a greater role than ever in maintaining and enhancing CSU's total enrollment. With the aid of reports from external consultants from the Council of Graduate Schools and a preliminary report from Noel-Levitz, the charge to the Graduate Education project team is to formulate a set of comprehensive strategies to improve enrollment and retention and to strengthen the role and effectiveness of the Graduate School, with specific objectives to:

1. Develop a comprehensive approach to increasing Graduate Student recruitment and retention through strengthened marketing strategies

2. Promote Tier 1 prioritized programs and certificates

3. Examine graduate assistantship funding allocations

As described below, Quality Enhancement is the Project's primary contribution to improved efficiency.

- **Cost Reduction** Given the relative under-investment in graduate education at CSU, cost reduction is not an objective of the team. However, a very important goal is to significantly improve the effectiveness of the largest part of the budget, namely graduate assistantships. The current stipend is very low compared to other universities. Rather than seeking funding to increase the stipend the focus will be on better employing the monies in key areas where support is necessary, resulting in better and more efficient management of costs. ○

- **Quality Enhancement** In order to both strengthen and improve the quality of graduate programs, four initial efforts are underway, namely a) a College SWOT analysis b) an evaluation of what measures can be taken to enhance the role and function of the Graduate School (the current model has limited authority support and regulate graduate education) c) a holistic review of the role, support and distribution of graduate assistantships (the current system relies heavily on legacy effects and is not optimally designed to support areas of strength and growth) and, d) improved marketing of programs where there is potential for enrollment growth and greater market share. ●

- **Accelerated Timeliness** Co-ordinated implementation of the measures outlined above should improve the retention and timeliness to degree completion among graduate students. Overhauling the processing of applications and the timing and distribution of assistantships is an important first step in helping students gain admission and progress smoothly towards their degree. ◖

4. **Adult/Continuing and On-Line Education (Academic Offering) – Implementation Status: "Early Stages"**

The project's overall aim is to recommend a strategy for a comprehensive and coordinated system of continuing and adult education which is responsive to workforce, vocational and educational needs (both for degree seeking students and those seeking CE credits) - and which responds to the Ohio Department of Higher Education's (Prior Learning Initiative PLA) request. A team of faculty, staff and administrators was assembled in Spring 2016 to develop strategies for a) building and expanding on current continuing education initiatives as CSU's adult learning centerpiece; b) supporting CE academic units' efforts to build relationships with local employers, and to market customized, high-quality, research-based non-degree programs and professional certificates for adult learners.

To date the team has produced a white paper on Competency-based Education CBE) and Prior Learning Assessment and has carefully examined best practices and business models from the Council on Adult and Extended Learning.

- **Cost Reduction** Before making final recommendations the team will examine potential savings through co-ordination and centralization of effort. However, it may well be that some investments will be needed in the form of a Director/Coordinator for a newly established unit as well as for marketing and expansion of CSU's web presence – with a commitment to realize a return on investment in the form of tuition and fees. With enrollment challenges among traditional student populations, CSU has an opportunity to capture other markets that will choose the University for skill enhancement, re-training, and education. ○

- **Quality Enhancement** A preliminary objective of the team is to consider a more coherent and autonomous center for Continuing Education that would serve the best interests of adult learners, who currently encounter a fragmented CE presence that is difficult to navigate. The establishment of a center would help ensure quality control of offerings as well as provide greater visibility for our CE programs, in contrast to individual programs buried in various Colleges and Departments as is largely the case today. ●

- **Accelerated Timeliness** A further objective is to inventory current continuing education and PLA offerings and to identify unmet needs – both for students and employers – with the goal of expanding and developing offerings that will allow students to obtain credits, degrees and other credentials in a more timely and efficient manner. ◐

5. Research – Implementation Status: "Completed"

The research project has three main objectives, building on CSU's substantial growth in research expenditures over the last seven years.

1. Develop an overall research strategy for CSU including areas of distinction, funding objectives, and organizational support

2. Expand and enhance research and creative scholarship, while utilizing strategic research themes to advance disciplinary and interdisciplinary research

3. Continue the process of cultural change to further enhance the research profile of CSU – one which nourishes a culture in which research and scholarship are uniformly expected, discussed, produced, valued, and rewarded

To these ends, the project team has developed a comprehensive strategic plan for the Office of Research which provides the administrative infrastructure for the University's growing research enterprise. The report identifies five strategic priorities which represent target areas for enhancing the University's capacity for broad-based cross-disciplinary research across all Colleges, for engaging students, and for providing comprehensive research support. Further, it makes specific recommendations on a) capitalizing on the existing research strengths at CSU; b) growing the research portfolio and external funding; c) increasing international research collaborations; c) investing in scholarship and creative activity in the arts, humanities and social sciences; d) enhancing the Office of Research Administration and, e) enhancing the University's research reputation and communication.

- **Cost Reduction** The report recommends some additional investments in the research enterprise with the goal of improving and increasing the "return on investment" through increased grants, contracts and licensing revenue. A secondary and related goal is to enhance economic development for the region based on University's research activities. One such investment has already been implemented by increasing the percentage of Indirect Costs that the Research Office retains from 30 to 40 per cent. ○

- **Quality Enhancement** A continuing goal is to build on CSU's research successes, promoting a culture of quality research and creative scholarship that will further enhance the research profile of the University and help establish it as a top urban research institution in Ohio, and to enhance its national ranking. ◑

- **Accelerated Timeliness** The report focuses on providing a collaborative research environment through the highest level of service, more efficient organizational structure, focused administrative processes, and seamless and user-friendly information technology tools. ◑

6.   Athletics – Implementation Status: "Completed"

In a preliminary report presented to the Board of Trustees in July 2015, CSU Athletics outlined a number of challenges, including NCAA and Horizon League sport sponsorship requirements, Federal Title IX requirements, CSU Athletics' heavy dependence on student fees for funding, aging of certain athletic facilities, and the uncertainty created by changes in NCAA governance. In response to these challenges, CSU Athletics committed to developing a strategic plan to establish guidelines for future decision-making about student success, funding, and sport sponsorship – and the planning process subsequently became a Path to 2020 project.

To provide independent analysis and expertise – and an outsider's perspective on CSU Athletics – the University retained the consulting firm of Alden and Associates. The consultants met in person or by phone with a wide variety of constituent groups and individuals who provided insight regarding a series of strategic questions. The full Alden report was completed and submitted in January 2016 and many of its observations and recommendations have been incorporated into the strategic priorities and action plans outlined in Athletics' report on their 2020 Project. The elements most relevant to the efficiency improvement are as follows:

- **Cost Reduction** Athletics' facilities are currently split between the Woodling Gym and the Wolstein Center. The Project identified a potentially significant cost saving opportunity from combining facilities into the latter, with unified management and maintenance of Strength & Conditioning, primary athletic training, rehab, and Academic Counseling. ◕

- **Quality Enhancement** The report firmly endorsed Student Athlete Success as the first priority of the Athletics Program, with Horizon League competitivess as an essential but secondary goal. For focused resource allocation among all sports, the report recommended the primacy of Men's Basketball. It placed responsibility squarely on Athletics – rather than the University – to generate the funds for continued vitality and expansion of the overall program. Opportunities for revenue generation were established as Fundraising, Sponsorships, and Ticket Sales – in that order. ◕

- **Accelerated Timeliness** Given the imperatives of a Division I Athletic Program with eight men's and ten women's teams, Athletics at CSU is pushed to the limit in meeting a complicated set of logistical and schedule requirements already. ○

Student Support

7. Financial Aid Management – Implementation Status: "Completed"

Historically, CSU's financial aid activities have been fragmented across the CSU Foundation, Enrollment Services, and the individual Colleges. To address this problem, the project team focused on financial aid mechanics, the development of standard terminology, and the processes of awarding financial aid to students.

The group completed its work early in 2016 and made four main recommendations.

1. **Create a single electronic/digital scholarship application.** Develop a standard application that will meet each College's and Department's needs. Every College/Department would be able to log in and extract all of their student scholarship applications.

2. **Establish the same deadline date across the University for students to submit applications for individual scholarships.**

   - October 1 – Application portal open for students to apply
   - February 1 – Student application deadline
   - March 1 – Colleges & Departments decision deadline and recipients soon notified of their aid package

   This will allow for comprehensive awards to be sent end of March. Students will receive complete financial aid award letters and this will reduce financial aid revisions based on later awards being added.

3. **Make the Scholarship Award Request (SAR) an electronic/digital submission process.** Once the recipients are selected, the College/Department will submit the SAR via a newly developed submission portal to the financial aid office for awarding of the funds.

4. **Automate the "Thank You Note" encouragement process.** The scholarship submission portal will also allow for scholarship recipients to submit Thank You notes/letters to donors whose contributions funded their scholarships. The portal will automatically trigger an alert to the student that a "thank you" is needed and provide prompts and templates for the writer.

The recommendations are currently in the implementation stages, and when completed should have the following impact on the efficiency of the financial aid process at CSU.

- **Cost Reduction** While financial aid will be more unified and smooth running, no immediate hard dollar savings in CSU's total awards are apparent. However, we anticipate reduction of instances of "over awarding", so that the total aid pool will cover more students. ◯

- **Quality Enhancement** Financial aid overall will be better managed at CSU. The financial aid "data dictionary" for the University will enable personnel to utilize consistent terminology when navigating financial aid issues and responding to inquiries from University Departments and students. Our strategic approach to awarding University scholarship aid such as Radiance, our guidelines for coordinating scholarship aid to students, and our communications to students regarding their aid packages will all be strengthened. Finally, there is now an inventory of all endowed scholarships, gifts, and institutional scholarships to document the total aid that CSU can offer. ◑

- **Accelerated Timeliness** Perhaps most important, students' awards can be finalized and communicated by the end of March, a substantial improvement over the current situation where many decisions are in process over the summer. ◑

8. Career Services – Implementation Status: "Early Stages"

Given the high CSU priority of finding co-op, intern, and permanent positions for our students, Career Services has received substantial attention from both the Board of Trustees and the University's senior leadership.

From the outset of the Path to 2020 Program, a Career Services Project has been on the agenda - but waiting for a new Director of Career Services to be appointed. This individual has now been named, and we expect the Project to be underway by the Fall Semester - with this impact on the elements of efficiency when completed.

- **Cost Reduction** While CSU's organization and process are likely to be streamlined, no hard dollar expense savings are likely. ○

- **Quality Enhancement** There are clearly major gains to be made in strengthening services to employers and students alike. ◐

- **Accelerated Timeliness** By better focusing the responsibilities and processes of Career Services at the University level, and supplementing them with decentralized activities at the Colleges, we anticipate faster responses to both employers and students, and a shortened cycle time from inquiries to filled positions. ◐

Enrollment

9. Strategic Enrollment Management – Implementation Status: "Completed"

As outlined in Chapter I of this report, the Strategic Enrollment Management Task Force completed its work in July, 2015. One of its 52 recommendations was to create a Strategic Enrollment Working Group chaired by the Vice President – Enrollment Services and meeting at least monthly. The new Group was to include those with senior operating responsibilities for Academic Planning, Academic Programs, Admissions, Budgeting, Financial Aid, Marketing, International, Registration, and Student Affairs.

The Path to 2020 Project was a follow on with the objectives of getting that Working Group up and running, and to develop and start executing a comprehensive implementation plan for the recruitment and retention of each of the six primary student segments identified in the original Task Force report – all aimed at achieving total CSU enrollment of at least 18,000 by 2020. The Working Group was established, set to work, and completed those plans by late January, 2016 – finalizing its planning effort with a comprehensive written document.

The Group (now known as the SEWG) continues regular meetings that focus on achieving current enrollment targets. Its ongoing operational and strategic work will likely have the following impact on CSU's overall efficiency.

- **Cost Reduction** To execute CSU's new student segment strategies, the Group has recommended 17 individual expense investments totaling roughly $800,000 annually. The payback from those is rapid and substantial, reflected in the tuition generated by more enrolled students. ○

- **Quality Enhancement** The implementation plans include a variety of steps to improve the focus and impact of CSU's countless recruitment and retention efforts in each student segment, under the umbrella of effective cross-functional coordination for the first time in CSU's history. If the targets for each segment are met, the University's enrollment efforts will generate substantially more students in a tough competitive environment, but with only modest additional expenses – i.e. the quality enhancement will significantly increase productivity. ◓

- **Accelerated Timeliness** Taken together, the actions proposed by the SEWG advance CSU's recruitment efforts on the calendar, and lead to earlier and faster decisions for students who apply. ◔

10. Summer Semester Strategy – Implementation Status: "Strongly Underway"

The Path to 2020's Summer Semester Project was an implementation follow on to the strategy work undertaken in Spring 2015 – and specifically aligned with Recommendation 7E of the Task Force on Efficiency and Affordability. In particular, the SEWG was charged with two main objectives.

1. Decide on and implement the highest impact changes to make **Summer '16** a success

2. Recommend the best **strategic approaches** for the Summer Semester generally, supported by responsibilities and processes for ongoing management.

The Group completed its first charge in Fall 2016, and immediately began work on the second by turning its attention to Summer '17.   CSU was successful this summer in stopping the long term decline in credit hours, and has a number of actions designed to achieve modest future growth. Nonetheless, the question remains of whether the revenue from the Summer Semester can be substantially increased.

The potential efficiency gains from this 2020 Project depend on the answer to that question.

- **Cost Reduction** If anything, the Summer Semester strategy will require an increase in annual expenses, investments that will bolster course offerings and step up marketing. ○

- **Quality Enhancement** A number of steps have been and will be taken to increase the appeal of the summer offering to potential students. These include course additions and modifications, an increase in online offerings, and changes in schedule for greater "student friendliness" in schedule and travel (as most students will have a summer job). These enhancements at the individual course and College levels are all intended to increase enrollment and hence the productivity of the Summer Semester. ●

28

- **Accelerated Timeliness** The overall action plan calls for earlier communications to students regarding summer offerings, and earlier engagement of Advisors to help their advisees plan the full calendar year on their path to graduation. CSU's multi-term registration capability is an essential foundation for these forward looking efforts. ◔

Financial Management

11. **Administrative/Institutional Support Cost Management – Implementation Status: "Strongly Underway"**

In Fiscal Year 2016, CSU budgeted some $181 million for administrative operations and academic support, exclusive of costs associated with each academic college and its faculty. Of this amount roughly two thirds was identified for cost savings, which established for this project a **Baseline Cost Budget of approximately $114 million.** (Exhibit 12 below)

Proposed Baseline Budget for Project #1: About $114 Million

	FISCAL YEAR	2016 BUDGET ($ THOUSANDS)	
Operating Budget	**Total**	**Included**	**Excluded**
Academic Support (Faculty Affairs, Academic Programs, Academic Planning, Provost's Office, Graduate Studies, Sponsored Programs, VP Research)	$36,434	$17,010	$ 19,424 (PSEOP, Tech Fee, Provost Faculty Fund, Grad Stipends)
University Support			
• President's Office	$ 3,674	$ 3,674	---
• Business Affairs & Finance	$63,871	$37,801	$ 26,070 (Debt Service, Purchased Utilities, Technology Fee)
• Enrollment	$16,768	$ 9,634	$ 7,134 (Scholarships)
• Student Affairs	$ 4,706	$ 4,706	---
• Engagement	$ 1,516	$ 1,516	---
• Advancement	$ 4,254	$ 4,254	---
• General University	$ 9,416	$ 2,649	$ 6,761 (Contingencies)
Total Operating Budget	$140,639	$ 81,244	$ 59,389
General Fee Budget (Athletics, Student Activities, Student Center, Recreation Ctr., etc.)	$ 20,074	$ 14,963	$ 5,111 (Debt Service)
Auxiliary Services Budget	$ 20,523	$ 17,817	$ 1,801 (Debt Service)
	$181,236	$114,025	$ 66,301

Exhibit 12

The Project for achieving efficiencies in this $114 million had two main objectives:

1.   **Develop an activity based budgeting process** that results in continuous improvements in the cost effectiveness of CSU's administrative/institutional support expense base.

2.   From the Baseline Budget of approximately $114 million, **generate cost reduction recommendations to be implemented if required** to balance the budget in either FY'17 or FY'18.

The project launched in October, 2015 with a pilot in Student Affairs to build a CSU-tailored methodology drawing from extensive private sector experience in similar cost reduction projects. There were 6 "Units" in the pilot (equivalent to the department organization structure) and each went through a disciplined process of building a "Mission and Activities" Baseline Budget, generating cost reduction and revenue enhancement ideas through an inclusive group process, analyzing such ideas for action, (Go, No Go, and Further Study), and making recommendations for decision to the Student Affairs' senior management team. An example Baseline Budget is shown in Exhibit 13, and the results of the Pilot are summarized in Exhibit 14, which shows that 69 ideas were presented, with Cost Reduction Go ideas representing 10.5 percent of the total $9.8 million Baseline Budget reviewed in the Pilot.

Parking Baseline Budget

College Missions/Primary Tasks	Supporting Activities	Mission Cost Breakdown - Resources used					
		FTE	Salary	Benefits	Operating	SubTotal	Total
Provide parking services to the campus population	Permit Program: Sell, Distribute, Manage	1.34	$56,739	$19,859	$420,100	$496,698	$601,641
	Operate Short and Long Term Parking	0.64	$22,180	$7,763	$75,000	$104,943	

College Missions/Primary Tasks	Supporting Activities	Mission Cost Breakdown - Resources used					
		FTE	Salary	Benefits	Operating	SubTotal	Total
Provide parking services to visitors & guests	Offer Parking Reservations	0.65	$38,906	$13,617	$29,578	$82,102	$237,922
	Operate Short and Long Term Parking	0.38	$13,011	$4,554	$84,543	$102,109	
	Administrative Functions - Internal Events	0.58	$27,267	$9,543	$16,901	$53,711	

College Missions/Primary Tasks	Supporting Activities	Mission Cost Breakdown - Resources used					
		FTE	Salary	Benefits	Operating	SubTotal	Total
Generate Revenue from External Sources	Special Event Parking	0.69	$29,193	$9,868	$90,823	$128,884	$189,687
	Hourly Parking	0.34	$11,622	$4,068	$45,113	$60,803	

College Missions/Primary Tasks	Supporting Activities	Mission Cost Breakdown - Resources used					
		FTE	Salary	Benefits	Operating	SubTotal	Total
Maintain Safe Parking Facilities & Service Vehicles	Facility Maintenance & Signage	0.37	$14,540	$5,089	$220,910	$240,539	$866,202
	Safety	2.28	$72,858	$25,500	$315,912	$414,270	
	Structural	0.11	$5,512	$1,929	$149,872	$157,313	
	Fleet Management	0.23	$8,584	$3,004	$42,491	$54,080	

College Missions/Primary Tasks	Supporting Activities	Mission Cost Breakdown - Resources used					
		FTE	Salary	Benefits	Operating	SubTotal	Total
Provide Customer Service & Information	Website / Social Media / CampusHom	0.28	$12,616	$4,416	$24,151	$41,183	$243,202
	eCommerce Site	0.26	$12,270	$4,295	$29,898	$46,463	
	Campus Events / Orientations / Handouts	0.42	$18,252	$6,388	$21,224	$45,865	
	Parking Office - Teller Window	0.39	$15,804	$5,531	$88,355	$109,690	

College Missions/Primary Tasks	Supporting Activities	Mission Cost Breakdown - Resources used					
		FTE	Salary	Benefits	Operating	SubTotal	Total
Administrative Tasks / Financial Obligations	Debt Service / Fiscal Management	0.27	$18,587	$6,506	$2,069,908	$2,095,003	$2,318,758
	Policy Development & Implementation	0.64	$37,469	$13,114	$34,465	$85,050	
	Administrative Oversight/Strategic Planning	0.33	$26,661	$9,331	$102,714	$138,707	

College Missions/Primary Tasks	Supporting Activities	Mission Cost Breakdown - Resources used					
		FTE	Salary	Benefits	Operating	SubTotal	Total
Maximization of Parking Inventory	Enforcement Program	0.87	$32,075	$11,226	$143,228	$186,530	$587,457
	PARCs	0.62	$25,128	$8,795	$76,261	$110,184	
	Inventory Management	0.13	$7,589	$2,656	$260,498	$270,743	

TOTAL					
FTE	Salary	Benefits	Operating	Total	GL
12.00	$505,562	$177,052	$4,341,945	$5,024,870	$5,024,870

Exhibit 13

Summary of December 18 Results for Student Affairs

IDEAS PRESENTED				DECISIONS MADE			
Type	Number	Value ($000)	Percent Baseline Budget	Type	Number	Value ($000)	Percent Baseline Budget
Cost Reduction	57	$2,064	21.0%	• Go • Further Study • No Go • Carry Forward	26 17 8 6	$1,031 $ 643 $ 262 $ 128	10.5% 6.5% 2.7% 1.3%
						$2,064	21.0%
Performance Improvement /Compliance Enhancement	8	$ 242	2.4%	• Go • Further Study	4 4	$ 62 $ 180	0.6% 1.8%
						$ 242	2.4%
Efficiency Improvement	4	Unquantified		• Further Study	4		
TOTAL	69	$2,306		TOTAL	69	$2,306	NA

Exhibit 14

Based on experience in the Pilot, a number of changes were made for the next round of Units (termed Phase I), which numbered 18 in total and involved Baseline Budgets summing to $45 million. For example, a 15% Stretch Target was established for the combination of Go, No Go, and Further Study ideas generated, evaluated, and presented for decision in the February - April period. We also incorporated more rigor into the process, with six structured meetings for each Unit over an approximately ten week period - followed by a review and decision making session with the leadership team in each Division (Enrollment Services and Business Affairs & Finance) where the Units resided organizationally. To cite a third example, we refined the spreadsheets and calculation methodology for synchronizing each Unit's Baseline Budget with its General Ledger budget for Fiscal Year 16.

The results of Phase I were instrumental in generating approximately $3.5 million of savings that enabled a balanced budget for CSU in Fiscal Year 2017. Building on this momentum, the Unit process was further refined and extended to the rest of the organization, starting in May with the Provost's Office (with a Baseline Budget of $17 million) and the remaining Units in Student Affairs. By September, Phase II and a following Phase III will be completed, so that the entire Administrative and Institutional Support Cost base at Cleveland State University will have been examined, and several important milestones recorded, including:

- **Cost Reduction** — The project has **created a substantial base of ideas to balance the budget in Fiscal Year 2017 and possibly 2018.** Through Phase II, the Units generated over 600 ideas for analysis, and that is likely to grow to over 1,000 such ideas by September. Each idea is recorded and tracked at the University level by the Office of Performance Management, but with responsibility for implementation of Go and Further Study ideas placed clearly with Unit and Division Leaders. ◗

- **Quality Enhancement** — The project has also **developed an efficiency methodology tailored to CSU.** While similar bottom-up efficiency processes have been long proven effective in the commercial world, they are comparatively rare in higher education, and rarer still in being applied simultaneously to a university's total Administrative and Institutional Support Cost base. Through the Pilot and Phases I, II, and III of this Path to 2020 Project, CSU has an initial version of its own methodology for building a performance improvement plan at the departmental level, and then synthesizing individual plans to University-wide impact.

  Equally important, CSU now has **built solid beginnings for implementing Activity-Based Budgeting.** Through the Missions, Activities, and End Product templates used in the project, the key elements of this new (to CSU, at least) view of annual operating and personnel expenses has started to germinate. For example, the Baseline Budget recast all Fiscal Year 2016 permanent expenditures in this format, and a number of Units carried out considerable analysis of how their people are currently dividing their time among Missions and Activities - thereby enabling productive discussions on the current allocation of their resources and opportunities for efficiency improvements. ◓ 1/4

- **Accelerated Timeliness** — With cost reductions generated by the project, the cycle time for CSU's normal budgeting process from inception through Board approval was shortened by about a month. ◓ 1/4

12. College Budgeting for Fiscal Year 2017 – Implementation Status: "Completed"

Early in the Path to 2020 Program, CSU's senior administrative and academic leadership agreed that the process for planning the revenue and expenditure budgets for each of the University's eight Colleges required an overhaul. Historically, the Colleges' budgets have been developed on an incremental basis, with adjustments made for increases in contractual costs (for example, wages and salaries) and, where enrollment increases permitted, selected increases in program expenditures. College budgets were seldom explicitly tied to an academic program strategy and the attendant capacity to generate tuition revenue. Nor were they segregated by the main activities of a College - such as undergraduate instruction, graduate instruction, research, and campus and community service - making it difficult to allocate resources across these activities within each College entity, let alone across Colleges. To address these issues, **the College Budgeting project's major objectives** were threefold:

1. Develop a recommended budget planning methodology through a pilot program with the Washkewicz College of Engineering

2. Implement the methodology in each of the remaining seven Colleges in developing the Fiscal Year 2017 budget

3. Employ the results of this methodology for reviewing the proposed Fiscal Year 2017 College budgets with the Provost's Office and the dean of each College

The project team had a broad range of participants, including the following groups and individuals:

- **Project Sponsors**
  Jiangping Zhu, Provost and Anette Karlsson, Dean-Washkewicz College of Engineering

- **Project Participants**
  College of Engineering Faculty: Professors George Chatzimavroudis, Stephen Duffy, Paul Lin, and Nigamanth Sridhar. College of Graduate Studies: Donna Schultheiss, Interim Dean College of Graduate Studies, and David Easler, Director, Graduate Recruitment. University Research Office: Jerzy Sawicki, Vice President, Research

- **Performance Management Office**
  Tim Long, Director; Deirdre Mageean, Co-Director; Bonnie Kalnasy and Tim Martin, Project Managers

The **specific goals of the Engineering Pilot** which began in September 2015 reinforced the three objectives for the College Budgeting Project overall, and were highly end product oriented:

- Using the College of Engineering as a pilot, develop a methodology for the FY17 College budget planning exercise
- Produce a draft Fiscal Year 2017 Budget for the College of Engineering
- Document the methodology for roll-out to each of the University's Colleges
- Develop instructions, templates and other helpful materials for implementing the methodology in other Colleges
- Establish a process for budget review based on University priorities and realistic levels of funding
- Develop a process for identifying the cost and the revenue generated by each program.
- Outline a College performance report based on actual fiscal year results with an attribution of credit hours to "home" Colleges whose program majors take courses in other colleges

In turn **the Engineering Pilot produced a number of important results:**

- A budget planning method that enabled each College to request resources that support its strategic/business plan, presented in an activity-based format

- A working version of a methodology based on activities and designed to improve understanding of "how" resources are employed, clarify the cost of programs and services, improve the allocation of limited resources, and establish a link between strategic goals and operational realities

- Standardized templates for translating traditional "line-item" budgets into activity-based budgets for each College

Following the roll out of the Pilot's results to the remaining 7 Colleges, the project team helped design a formalized budget review process involving the Provost and each College Dean in one-on-one meetings and to organize a College Budget Summit consisting of the Provost and all Deans. The former were held during the period March 9 – 16, 2016 with the Budget Summit convened on March 21. At the Budget Summit, the Provost and Deans reviewed each College's business plans and proposed Fiscal Year 2017 budget and helped develop priorities and recommendations for the University's Executive Committee. These were presented to the Executive Committee by the Provost in early April.

Stepping back, the efficiency benefits of the College Budgeting Project were concentrated in enhancement of the quality of this key process.

- **Cost Reduction** Expense cuts were not an objective of the project, but a number of comparative analyses and measures were developed that will help slim College administrative and overhead costs from Fiscal Year 2018 onward ○

- **Quality Enhancement** Overall, the College Budgeting Project for Fiscal Year 2017 helped provide the basis for more coherent financial planning for the University's academic units. The activity-based process, exploring the linkages between a College's mission and its resource needs, is ongoing and will be utilized in developing budgets for Fiscal Year 2018 and beyond. ◑

- **Accelerated Timeliness** The roll out to all Colleges was completed quickly and for Fiscal Year 2018 the overall budgeting cycle will be compressed. ◕

13. Debt Service Reduction/Asset Monetization – Implementation Status: "Strongly Underway"

An initial analysis in the project determined that CSU's annual debt service (currently about $17 million) would not change materially to 2020. While a significant obligation will be retired, a commitment to purchase a currently rented building will require approximately the same debt obligation. Notwithstanding that long term view of little fundamental change, we are constantly seeking opportunities to capitalize on market conditions to reduce interest rates on existing debt. Such an opportunity arose late in 2015, and CSU was able to refinance bonds with a par value of $32 million, for debt services savings of $3.9 million.

Concurrently, the Project Team began work on a much more ambitious project that addresses Task Force Recommendation 4A. To summarize, the Project's objectives are to: (1) determine funding strategies for $500 million of projects identified in the University's 2014 Master Plan, and (2) develop a road map showing how the University can initiate a multi-purpose P3 relationship with developers that integrates with facility monetization opportunities.

Since January 2016, we have been in the process of an in depth asset review, working with Jones, Lang, LaSalle selected to be the consultant to the Asset Monetization Project Team through a competitive bidding process. JLL is assisting the Team on issues relating to monetizing assets, enhancing revenue from leveraging of assets and Public Private Partnerships (P3), identifying non-essential assets, and analyzing alternative financing methods to reduce operating costs for assets, primarily buildings and facilities. The Project has most recently focused on Student Housing and Parking monetization. Requests for Qualifications are in process for three sites for the former, and an RFQ was launched in early June for the Parking monetization.

When fully completed, we anticipate that the Asset Monetization effort will have substantial long term cost reduction benefits for CSU.

- **Cost Reduction** A principal aim is to create discretionary positive cash flows from assets more effectively managed – and perhaps better owned – by outside entities. ●

- **Quality Enhancement** We anticipate that monetization transactions will be with entities that have a clear record of delivering a high quality product (such as student housing) or service (such as parking) – so that there will be enhancements to what the University can achieve through internal management. ◑

- **Accelerated Timeliness** Monetization opportunities take time to implement effectively. Any gains in the timeliness of service will come after implementation is completed. ○

14.   Policy on Use of Reserves – Implementation Status: "Completed"

During the President's Retreat held in August 2015, the University's senior officers and academic deans were presented with the approved budget for Fiscal Year 2016 and a financial forecast for Fiscal Year 2017 based on assumptions regarding enrollment levels, revenue, and expenditures. Since the 2016 Approved Budget relied upon a potential $3.1 million of University Reserves to balance it, a discussion ensued as to the appropriate level of reserves to maintain and the types of expenditures that would qualify for the use of those funds.

As a result of this discussion, a project charge was developed within the Path to 2020 initiative to:

1. Develop and implement procedural guidelines for utilizing University Reserves

2. Identify the appropriate reserve balance necessary for maintaining State of Ohio (SB6) and Higher Learning Commission (HLC) financial ratio benchmarks within healthy tolerances

3. Identify the types of expenditures and underlying conditions that may qualify for reserves funding

Developing procedural guidelines for the management of University Reserves will help ensure that the University's administration is aware of the financial impact of drawing down funds from reserves and that the procedure and authority for employing reserve funds are clear to all individuals involved in this process.

The Project was completed in March 2016, and documented in an extensive report with the analyses underlying its conclusions and recommendations. As the Policy is used going forward, we envision benefits on all three dimensions of efficiency.

- **Cost Reduction** CSU frequently encounters cost reduction opportunities with significant and compelling payback, but at initial investment levels that cannot be absorbed in the annual budget. The new Policy enables such investments to come from reserves. ◑

- **Quality Enhancement** Similarly, the University sees many projects that can enhance the quality of classroom teaching and engagement experiences for students – which can be implemented with judicious use of reserves. ◐

- **Accelerated Timeliness** Equally, under the guidelines in the Policy, the University will be able to move forward with initiatives that will make a demonstrable impact on reducing time to graduation. ◐

Engagement/Collaboration

15.   Engaged Learning Definition & Certification – Implementation Status: "Strongly Underway"

For some seven years, Cleveland State University has been committed to both the spirit and substance of an engaged learning experience for our students. (As but one external validation, we have been formally recognized by the Carnegie Foundation as an Engaged University nationally). This 2020 Project is to take that commitment to a next level of excellence by:

1. Clarifying and gaining agreement across the University on CSU's definition of Engaged Learning

2. Develop a certification and accountability system that quantifies and recognizes students' engagement achievements – and thereby affirm the significance of Engaged Learning to them individually and to CSU

The Project Team was assembled in March 2016 and began its work to inventory engagement experiences that qualify for certification, review several models at other universities, and examine "electronic badges" and other tools to determine the most appropriate and relevant certification methods. We envision both Quality Enhancement and Accelerated Timeliness benefits form this work.

- **Cost Reduction** Some level of additional investment will likely be required so that we do not anticipate a cost savings. ○

- **Quality Enhancement** The Project will substantially enhance the rigor, quality of opportunity for students, and overall "student friendliness" of Engaged Learning at CSU – from a point of solid accomplishment today to the next level of excellence several years from now. ◑

- **Accelerated Timeliness** The Project is committed to an approach that makes clearer, easier, and faster student access to civic-engaged courses, University-sponsored engagement projects, student level engagement projects, undergraduate research, and study abroad. ◑

16.   Community Partnerships – Implementation Status: "Early Stages"

We believe that Cleveland State University has a special obligation to the City of Cleveland and Northeast Ohio to be an "anchor institution" that benefits the region economically, socially, and culturally by generating a diverse abundance of knowledgeable, skilled and civically responsible graduates – and by working with the community through a number of **high impact partnerships**.

This 2020 project is chartered to take a searching look at these partnerships. It will inventory CSU capabilities to make a distinctive contribution to the community, and concurrently determine the extent to which Northeast Ohio truly needs or values what the University can provide. The project's scope includes an assessment of the effectiveness of our current partnerships as seen through both the partners' and CSU's eyes.

We expect that the recommended action will benefit our efficiency initiatives in several ways.

- **Cost Reduction** There may be focused opportunities to save money through sharper focus and better management of partnership activities. ◑

- **Quality Enhancement** We believe that the examination will yield a number of opportunities for higher impact from our current partnerships and ways to benefit the community from new ones. ◑

- **Accelerated Timeliness** Sharper focus and better execution should result in a University that is faster and responding to outside needs, initiatives, and inquiries.◷

Core Identity

17.   Mission, Vision, Values – Implementation Status: "Strongly Underway"

Cleveland State's Mission has not had a searching look since 2010 and – by definition – the University needs an updated Vision for what we seek to accomplish by 2020 and beyond. Moreover, there is no formal values statement for the University overall, although a substantial number of Colleges have developed their own.

Given the critical role that a clear Mission, Vision, and Values represent to any institution's well-being, a 2020 project was formed with two principal objectives.

1. Develop updated Mission, Vision, and Values statements with content that energizes the University and is engaging to the broader community

2. Through an inclusive process of developing that content, create closer bonds with CSU among all those who are involved

The project has completed the essential groundwork of assembling and assessing the strengths and shortcomings of various CSU statements, and has gathered relevant content from broadly comparable institutions to determine its usefulness to Cleveland State. Over this summer, the interactive process will be designed in detail, to be executed in the Fall Semester and completed by December. We are excited about the potential to both energize the University and to provide "tailwind" for the Efficiency Journey to Stage IV.

- **Cost Reduction** Given the strategic level of the effort, cost savings are unlikely. ○

- **Quality Enhancement** By contrast, we believe strongly in the power of compelling Mission, Vision, and Values statements to raise CSU's quality aspirations and a widespread commitment to achieve them – notwithstanding the resource constraints of a difficult external environment for higher education in Northeast Ohio. ◑

- **Accelerated Timeliness** We anticipate that the project's inclusive process will heighten our sense of urgency for positive change and an accompanying commitment to foster execution than in the past. ◔

*   *   *

This second chapter of CSU's Efficiency Report to the Chancellor has intended to draw the strong connections between the University's comprehensive Path to 2020 Program and the overall spirit and many of the specific recommendations in the Ohio Task Force's report. We hope that the observations on Cost Reduction, Quality Enhancement, and Accelerated Timeliness have demonstrated that linkage.

III-Actions to Address House Bill 64 and the Task Force Report

Cleveland State has long sought to be highly responsive to both the overall intent and specific direction of the State of Ohio's initiatives to make higher education more affordable. Over the last year, those have been focused by the passage of House Bill 64 in June 2015, and the October 1, 2015 recommendations of the Ohio Task Force on Affordability and Efficiency in Higher Education.

This third chapter of our report to the Chancellor summarizes Cleveland State's compliance with the legislation, and then highlights where the University stands on each of the Task Force's recommendations.

Compliance with House Bill 64

As Cleveland State interprets House Bill 64, 16 of the legislation's provisions set out requirements for individual universities. With submission of this Efficiency Report to the Chancellor, **CSU is in compliance with all 16** of those requirements, and **our actions on five of them lead to major improvements in efficiency and affordability**, in the broad sense of that term as defined in Chapter I.

1. **Course and Program Evaluation.** In the Fall Semester of 2015, the Provost's Office conducted an in depth study of low enrollment courses. This examination recommended definitions of low enrollment by four levels of attendance, and identified 25 courses that required corrective action. This analysis – together with a set of action steps – was reviewed and approved by the Board of Trustees, and submitted to the Chancellor on January 8, 2016.

2. **Tuition Restrictions.** In addition to the required zero increase in tuition for Undergraduate Residents of Ohio, in Fiscal Year 2016 we held tuition for out of state residents and all graduate students – domestic and international - to no increases. In this respect, CSU systematically capped the rising costs of instruction for our entire student community of over 17,000.

3. **Faculty Instruction.** CSU is in full compliance with the requirement that Trustees ensure that faculty members devote a proper and judicious part of their work week to actual instruction. This focus on teaching is explicitly addressed in the current agreement with the American Association of University Professors (AAUP).

4. **Efficiency Advisory Committee.** CSU has named Senior Vice President of Business Affairs and Finance, Stephanie Y. McHenry, as our University Efficiency Officer. Ms. McHenry is a member of CSU's six person Executive Committee and both participates in - and reports our progress to - the Department of Higher Education's Efficiency Council.

5. **Reduction of Degree Cost by 5%** Our report submitted to the Chancellor on October 11, 2015 spelled out five CSU initiatives that enable an undergraduate to realize savings of $3,353. On the base cost of attendance of $25,654, this represents a savings of 13.1%, exceeding the benchmark of 5%. We also noted that CSU offers developmental coursework for credit-bearing courses, particularly developmental English for first-year students. This coursework, if successfully completed, would allow a student to forgo two credit hours of instruction for an additional savings of $803 or 3.1% - bringing the University's total to 16.2%.

Response to the Task Force Report

Exhibit 15 organizes the Task Force's recommendations by responsibility, and lists the 19 that are within CSU's control and the 3 that require collaboration with other institutions including the Inter-University Council. The chart also summarizes the implementation status of each recommendation, and subsequent paragraphs highlight our progress and results achieved. In summary, we believe that **CSU has focused and productive action underway on 100 percent of the Task Force's 19 requirements** for our University and that **CSU is well along on the 3 recommendations for collaboration.**

Master Recommendations

Master recommendation 1 | Students must benefit: *Savings and/or new dollars generated from these recommendations must be employed to reduce the cost of college for students. Any other uses must have tangible benefits for the quality of students' education.*

Master recommendation 2 | Five-year goals: *Each institution must set a goal for efficiency savings and new resources to be generated through fiscal 2021, along with a framework for investing those dollars in student affordability while maintaining or improving academic quality.*

Chapter IV of this report contains CSU's response to the two Master Recommendations. It first sets out our goal of progressing from Phase III to Phase IV of the Efficiency Journey by 2021, and defines 5 essential near term actions we will implement. The chapter then outlines specific performance commitments for an overall productivity gain as measured by degrees granted - supported by improvement goals for undergraduate enrollment, and graduation rates. We then commit resource re-deployment of $11.5 million for Fiscal Years 2017-2021.

The chapter then specifies how $3.5 million was re-deployed for Fiscal Year 2017 for the benefit of students – and specifically for increased scholarships, graduation initiative payments, part time instructors and strengthened advising. The chapter concludes with our framework for re-deployment from Fiscal Year 2018 onward.

Cleveland State's Implementation Progress

WITHIN CSU'S CONTROL			IMPLEMENTATION STATUS		
			Early Stages	Strongly Underway	Completed
Master	1	Student must benefit ◄		✓	
Master	2	Five Year Goals ◄			✓
Strategic Procurement	3A	Campus Contracts			✓
Assets/Operations	4A	Asset Review ◄		✓	
	4B	Operations Review ◄		✓	
	4C	Affinity Partnerships	✓		
Administrative Costs	5A	Cost Diagnostic ◄			✓
	5C	Organizational Structure ◄		✓	
	5E	Data Centers		✓	
	5F	Space Utilization	✓		
Textbook Affordability	6A	Negotiate Cost		✓	
	6B	Standardize Materials		✓	
Time to Degree	7A	Education Campaign			✓
	7B	Graduation Incentive			✓
	7C	Standardize Credits			✓
	7D	Data Driven Advertising			✓
	7E	Summer Programs ◄			✓
	7F	Pathway Agreements		✓	
	7G	Competency-Based Education	✓		
TOTAL 19			**3**	**8**	**8**

COLLABORATION WITH OTHER INSTITUTIONS			IMPLEMENTATION STATUS		
			Early Stages	Strongly Underway	Completed
Strategic Procurement	3B	Collaborative Contracts			✓
Textbook Affordability	6C	Digital Capabilities		✓	
Duplicative Programs	8	Program Review	✓		
TOTAL 3			**1**	**1**	**1**

PATH TO 2020 CLEVELAND STATE UNIVERSITY

Path to 2020 Project indicated in green ◄

Exhibit 15

Strategic Procurement

Recommendation 3A | Campus contracts: *Each institution must require that its employees use existing contracts for purchasing goods and services.*

Cleveland State has for many years been burdened with an inefficient paper-based procurement system. To address this deficiency, an e-procurement system was purchased from SciQuest and implemented in December 2015. This system – operationalized as "Magnus Mart" - requires users to use State, IUC and E&I contracts. The Purchasing Department will be analyzing the data to determine similar spend across campus and departments to establish additional contracts and further negotiate established contracts to realize cost savings. Purchasing policy is being updated to give the Purchasing Department authority to redirect spend to existing contracts.

After the new E-Procurement system overcomes its inevitable "growing pains", we expect the following benefits, as noted briefly in Chapter I.

- **Cost Reduction** – Costs will be reduced by leveraging volume, having structured supplier relationships and by using system improvements to reduce external spend while improving quality and supplier performance. E-procurement will eliminate paperwork, rework and errors.

- **Visibility of Spend** – Centralized tracking of transactions will enable full reporting of requisitions, items purchased, order processes and payments made. E-Procurement advantages will extend to ensuring compliance with existing and established contracts.

- **Productivity** – Campus buyers can obtain the items they want from a catalogue of approved items through an on-line requisition and ordering system. Purchasing staff can be released from processing orders and handling low value transactions to concentrate on strategic sourcing and improving supplier relationships.

- **Controls** – Standardized approval processes and formal workflows ensure that the correct level of authorization is applied to each transaction and that spend is directed to draw off existing contracts. Compliance with policy will be improved as users can quickly locate products and services from preferred suppliers and are unable to complete maverick purchases.

Recommendation 3B | Collaborative contracts: *Ohio's colleges and universities must pursue new and/or strengthened joint purchasing agreements in copiers and printers, computers, travel services, outbound shipping, scientific lab equipment and office supplies.*

Cleveland State University has been an active and full participant in the work of the Inter-University Council's Purchasing Group, (IUC-PG) which addressed each of the above six areas set out in Recommendation 3B. CSU's response and decisions in accord with the IUC-PG Action Plan are set out in the matrix on Exhibit 16.

Collaborative Contracts

#	Category	Recommendation	CSU's Position
1	Copier	Engage with State contract supplier in 60-90 days and report when migration will occur	CSU cannot migrate for 5 years, given the existing Xerox contract; would lose $1MM.
2	Computer Hardware	• Evaluate cost/terms of current contract vs. state term schedule (STS) • Pull spend data to support upcoming "accessory bid"	CSU will continue to use MBE supplier for computers as part of our award-winning Supplier Diversity Initiative, which is supported by state law (ORC 3344-65-20).
3	Office Supplies	Implement a pared-down "core list" of items to drive cost savings.	CSU will continue to use MBE suppliers for office supplies as part of our award-winning Supplier Diversity Initiative, which is supported by state law (ORC 3344-65-20). We will investigate the ability to "pare-down" the list of items which can be purchased from these vendors.
4	Inbound Shipping	Provide inbound shipping information to assist the State in establishing a contract.	CSU will participate in the IUC –PG efforts to negotiate a favorable statewide contract, and will adopt the resulting contract.
5	Scientific Supplies	Provide purchasing information to assist the State in establishing a contract.	CSU will participate in the IUC –PG efforts to negotiate a favorable statewide contract, and will adopt the resulting contract.
6	Travel Services	Move to state contract if there is no travel management company (TMC) contract in place.	CSU will allow the current travel management company (TMC) contract to expire for all of campus except for President Berkman's Office. CSU will select one of the firms currently on state contract and put a program in place by January 2017.

Exhibit 16

Assets and Operations

Recommendation 4A | Asset review: *Each institution must conduct an assessment of its non-core assets to determine their market value if sold, leased or otherwise repurposed.*

Asset Monetization is one of the 17 projects in Cleveland State's Path to 2020 Program. The Project's objectives – as set out in its formal charter – are to (1) determine funding strategies for $500 million of projects identified in the University's 2014 Master Plan, and (2) develop a road map showing how the University can initiate a multi-purpose P3 relationship with developers that integrates assets with opportunities.

Since January 2016, we have been in the process of an in depth asset review, working with Jones, Lang, LaSalle chosen through a competitive bidding process as the consultant to the Asset Monetization Project Team. JLL is assisting the Team on issues relating to monetizing assets, enhancing revenue from leveraging of assets and Public Private Partnerships (P3), identifying non-essential assets, and analyzing alternative financing methods to reduce operating costs for assets, primarily buildings and facilities. The Project has most recently focused on Student Housing and Parking monetization. An RFQ is in process for three sites for the former, and an RFQ was launched in early June for the Parking monetization.

Recommendation 4B | Operations review: *Each institution must conduct an assessment of non-academic operations that might be run more efficiently by a regional cooperative, private operator or other entity. This review should include dining, housing, student health insurance, child care, IT help desk, janitorial, landscaping, family maintenance, real-estate management and parking.*

Cleveland State University has long made a practice of assessing the merits of outsourcing non-academic operations and moving aggressively when the efficiencies and quality of service point to that solution. As a result, today **the following major operations are already in partnership with outside companies:**

- **The University Bookstore** – with Follett
- **Dining** – with Chartwells Higher Education Dining Services
- **Housing and Residence Hall Management** – with American Campus Communities through Euclid Avenue Development Corporation
- **Recreation Center** – with Centers LLC
- **Wolstein Center** –with selected booking and ticketing provided by the Cavaliers Operating Company

As mentioned above, the University also has actions underway to monetize Parking Services (at the RFQ stage) and to construct and operate (also at the RFQ phase) our next wave of housing expansion, estimated to be in the range of 500-700 beds.

In addition, the CSU Facilities team is currently outsourcing operations in many other areas.

- Custodial staff (17 percent of total) – Quick Employment Service
- Exterior window washing – Window Cleaning Specialists Inc.
- Pest Control – Rentokill
- Overhead garage doors – J & L Door Service
- Elevator maintenance – Schindler Elevator (IUC contract)
- Irrigation system – Davey Tree
- Window repairs – Sandglo
- Biohazard lab cleaning (anatomy lab) – Bio Clean
- Building automation system – Johnson Controls & Building Integrators
- Carpet replacement – Interfinish (IUC Contract)
- Painting – Allan Painting Inc.
- Outdoor pole lighting – Ruff Neon
- Concrete replacement – Via Bid
- Signage – Via Bid
- Roof repairs – Arkra roofing
- Trash service – Republic
- Chilled and hot water chemical treatment – GE Water Service
- Automatic Door Repair and Maintenance – Allied Door
- Bi-Annual inflation and erection of Soccer Dome (air supported structure) – Via Bid
- All A/E contracts for design – Via a Request for Qualification process

More broadly, to ensure that our internal services are run efficiently CSU maintains a formal **Facilities Management Evaluation Program (FMEP).** In 2015, we contracted with The Association of Physical Plant Administrators (APPA) to review Facilities Management at CSU over a four day period. The FMEP provides a customized evaluation conducted by a team of institutional peers and based on a comprehensive set of criteria. The institution receives a written report with feedback on current performance and recommended actions designed to help transform participating educational facilities programs into those worthy of international recognition.

The APPA used 7 criteria in their evaluation of Cleveland State:

1. Leadership
2. Facilities Strategic and Operational Planning
3. Customer Focused
4. Assessment and Information Analysis
5. Development and Management of Human Resources
6. Process Management
7. Performance Result

The review team found that the CSU team performs services very well with current resources, and stated "Although Facilities Management has managed to achieve a high level of campus appearance, the organization's ability to sustain existing levels will be a challenge. Workloads expressed by gross square feet for building maintenance and custodial services - and by acres for grounds maintenance - are substantially above the current averages of other institutions. In the report, the APPA review team made recommendations within each of the seven criteria categories above, which CSU Facilities Management is currently implementing.

Finally, and notwithstanding a predisposition for outsourcing, CSU will operate non-academic activities where we can do so more economically. For example, after 23 years of outside management by SMG and Global Spectrum, we have brought the management of the Wolstein Center largely inside the University. To further illustrate, our internal printing operations provides excellent customer response at prices roughly 30 percent below outside printing firms – according to the regular competitive benchmark studies we undertake.

Recommendation 4C | Affinity partnerships and sponsorships: *Institutions must, on determining assets and operations that are to be retained, evaluate opportunities for affinity relationships and sponsorships that can support students, faculty and staff.*

Cleveland State has for many years maintained relationships that boost the University's revenue, while constraining advertising and solicitations of students, staff, alumni and visitors to appropriate levels. At present, the principal such relationship is with Huntington Bank through a 10 year agreement with an initial payment to CSU of $1.15 million plus a minimum annual incentive fee of $35,000 related to growing deposit relationships at the exclusive on-campus branch. Other features of the agreement include exclusive bank services marketing privileges for CSU students, staff, faculty and alumni; athletics attendance opportunities for Huntington executives and guests; sponsorship of the Allen Theatre project, which provides instruction space for CSU performing arts and theatre students; and student internships, including funding.

To generate a variety of athletics-related income opportunities, CSU retains Learfield Sports, working with CSU under the Viking Sports Properties umbrella. Estimated revenue to the University in Fiscal Year 2016 is approximately $300,000.

Finally, CSU is considering support from an outside consulting firm on a project to develop a broader sponsorship marketing and advertising program.

Administrative Cost Reforms

Recommendation 5A | **Cost diagnostic:** *Each institution must produce a diagnostic to identify its cost drivers, along with priority areas that offer the best opportunities for efficiencies.*

Recommendation 5C | **Organizational structure:** *Each institution should review its organizational structure to identify opportunities to streamline and reduce costs.*

As the most resource intensive effort in the Path to 2020 Program, the Administrative /Institutional Support Cost Management Project has dissected expenditures of approximately $114 million. The methodology of the Project – described in Chapter II– includes in depth diagnosis of all cost and revenue drivers and the organization structures of some 45 individual administrative and support departments in the University.

Similar in depth analyses have been carried out as part of two other 2020 Projects: College Budgeting and Strategic Enrollment Management. Taken together, these three 2020 Projects are on track to generate more than one thousand specific ideas for cutting costs, increasing revenues, and improving overall operational effectiveness. Organizational structure redesign is a component of many of these individual actions.

Recommendation 5E | **Data centers:** *Institutions must develop a plan to move their primary or disaster recovery data centers to the State of Ohio Computer Center.*

Cleveland State has pursued three options for the co-location of computer equipment for disaster recovery purposes.

1. **Contract with the State of Ohio Computer Center.** The University was unsuccessful in its efforts to acquire information in regard to services and pricing offered by the State of Ohio Computer Center. Repeated requests for details were made and no response was received.

2. **Renew the contract with the current private sector provider.** Presently, the University has a contract for data center floor space with a provider in the private sector. The cost for this contract is approximately $45,000 per year which only provides floor space. Power and network connections are additional expenses when equipment is located in the space.

3. **Enter into a memorandum of understanding for shared data center space with Youngstown State and/or the University of Akron.** The three institutions met in April, 2016 to discuss a possible reciprocity agreement. All have available data center capacity that would enable each institution to co-locate equipment to another's data center at little to no cost.

Given the three alternatives, Cleveland State is working with Youngstown State and the University of Akron on a memorandum of understanding to share available data center space. In conjunction with little to no expense, the physical proximity of the institutions provides reasonable travel distance to perform equipment maintenance or respond to an actual event. We intend to have an agreement in place by September 2016.

Recommendation 5F | Space utilization: *Each Ohio institution must study the utilization of its campus and employ a system that encourages optimization of physical spaces.*

CSU is in the early stages of a comprehensive approach to Space Utilization – a constant challenge echoed by peer institutions across Ohio and complicated by its many facets including:

- Space availability
- The University Registrar's schedule of classes and events
- Individual Academic Departments' internal control of spaces ("off the radar" from the Registrar)
- Energy costs (e.g. reducing set points and lighting when not in use)
- Operation and maintenance costs
- Security concerns (e.g. locking buildings when not in use)

As CSU continues to grow our campus with new spaces, we will first review how existing space is utilized and how those spaces are scheduled, controlled, and allocated – in order to reduce and minimize new square footage. This has the potential to reduce capital and operational costs, and the campus' overall footprint. With this in mind, the Facilities Management Team has proposed seven ground rules to guide space utilization at the University level. Some are in place today, and govern the decisions of the senior level, cross departmental Facility Committee chaired by the Vice Provost – Academic Planning. Others require more rigorous adoption.

1. Spaces should not be "owned" by departments but scheduled through one central area (The University Registrar's office) to provide overall control of availability and promote collaboration across campus – for example, so that rooms are available across disciplines.

2. Class schedules should be reviewed relative to the overall University schedule as a percentage of use within any given day/week.
   - A goal for the percentage of use should be defined and adhered for general classrooms, teaching labs, and research labs
   - Benchmarking of other institutions or organizations should be researched and provided to support new methods of space usage (AASHE, GSA, SCUP, etc.)

3. Permanence of a department in a particular space should be reviewed and transitioned if appropriate.

4. More aggressive scheduling should be evaluated to enable earlier start times or Friday afternoons and defer the need for new space in favor of latter utilization of current facilities.

5. Offices on campus should be limited to one per full time employee.

6. Offices for part time faculty and staff should be reviewed and shared when possible to conserve resources – for example, to encourage hoteling and desk sharing where applicable (such as Graduate Students, and student workers, Emeriti, and retired faculty)

7. Square footage standards for offices should be published and adhered to as a University - wide policy.

Textbook Affordability

Recommendation 6A | **Negotiate cost:** *Professional negotiators must be assigned to help faculty obtain the best deals for textbooks and instructional materials, starting with high-volume, high-cost courses. Faculty must consider both cost and quality in selecting course materials.*

Recommendation 6B | **Standardize materials for gateway courses:**
Institutions must encourage departments to choose common materials, including digital elements, for gateway courses that serve large volumes of students.

Recommendation 6C | **Develop digital capabilities:** *Institutions must be part of a consortium to develop digital tools and materials, including open educational resources, that provide students with high-quality, low-cost materials.*

The cost of textbooks is a high profile issue at CSU and has sparked a number of actions that have resulted in substantial – sometimes dramatic savings – for a significant number of students. For example:

- Several of our departments with large multi-section courses use older editions of textbooks instead of the most recent one from the publisher.

- Most of our courses also use the same edition of the same book for a number of terms, which reduces leverage on the publisher's side, enables students sell back their books to students coming in future terms, and allows the bookstore to purchase books in bulk to last several terms.

- Several of our faculty also use Open Access textbooks, which is free to our students but can be "hit or miss" with respect to quality. (It takes time for a textbook to "mature", and open access texts may not have the time to complete this maturation process).

- The Michael Schwartz Library has online digital subscriptions to a number of publishers which are currently used by 24 courses.

- Gateway course material is now standardized for a number of courses.

To build on and systematize these initiatives, a **Textbook Affordability Task Force** was staffed and launched in April 26. This cross disciplinary group is heavily weighted with senior faculty members, and is planning a number of ambitious cost reduction actions, including:

- Conducting a "deep dive" analysis of textbook purchases by students, including the spread of publishers, with the goal of identifying approaches to negotiating prices of books across disciplines

- Exploring direct-bill options that would enable students to use financial aid to purchase textbooks

- Working closely with the Michael Schwartz Library to help faculty match the texts they currently use with existing electronic resources that CSU is already paying for

- Incorporating CSU's current successful practices into a more systematic plan for textbook cost reduction

Time to Degree

Cleveland State's 2014-2016 College Completion Plan contained 6 major goals and 10 major supporting completion strategies— all aimed at some aspect of Time to Degree performance. Over those two years some of the goals have been met and others not, but **all of the completion strategies have been implemented.** As noted in Chapter I, in recognition of the breadth of its initiatives, and the measurable success that has resulted, in Fall 2015 Cleveland State received an Excellence and Innovation Award in the Student Success and College Completion from the American Association of State Colleges and Universities.

In the now finalized **2016-2018 Completion Plan**, we have sharpened our measurement goals and have designed and committed to nine enhanced completion strategies to increase student success and speed progress toward degree completion.

1. Implement Degree Maps with Milestones

2. Establish Graduation Plan Requirements for all students

3. Identify pedagogical methods that improve student success in high enrollment, "Gatekeeper" courses. Incentivize faculty innovation in those courses to reduce D/F/W rates

4. Provide support (financial and academic) to students nearing completion through the Last Mile completion program

51

5. Participate in AASCU's "Reimagining the First Year" 3-year project to create a more energizing experience for entering freshmen

6. Strengthen transfer pathways between CSU and the Community Colleges through collaborative advising facilitated by data

7. Leverage our Key Bank Scholars program to improve retention and graduation rates of students from the Cleveland Municipal School District who attend CSU

8. Develop targeted interventions with the data and prescriptive analytics developed in CSU's relationship with Civitas Learning

9. Strengthen CSU's wrap-around services that address non-academic obstacles to persistence and completion

Each is a "story in itself" with clear objectives and a multi-faceted action plan. We include the summary above to illustrate that CSU's Time to Degree initiatives go far beyond the Task Force's recommendations – all of which we have implemented as summarized in the following paragraphs.

Recommendation 7A | Education campaign: *Each institution must develop a campaign to educate its full-time undergraduates about the course loads needed to graduate on time.*

The core of CSU's education campaign is personal contact with students by well-trained Advisors. Intrusive advising has been in place for Developmental students for two academic years and for the entire freshman class for one academic year. Seven freshman advisors are now employed in the Division of Academic Programs for this purpose. They have reduced caseloads, enabling them to monitor students more closely and to intervene in the event that they experience academic difficulty. The Advisors are equipped with communication tools to promote easy communication, are provided with guidance as to which courses students should take to stay "on track" and to increase the likelihood of academic success (Freshman Foundations advising protocols). They are supported by a student retention software system (Starfish) that allows students to make appointments with Advisors on-line, that promotes communication among advisors, professors and students, and that provides a place for the easy storage and communication of notes about student progress.

Starfish was purchased approximately two years ago and is now used by all advising offices on campus. Over the past year, more aggressive efforts have been made to encourage faculty to make use of the system's early warning capability and to develop effective protocols to guide Advisors, responding to flags. The system has additional capabilities, including the ability to implement "success plans" for students in difficulty and to monitor student progress/completion of degree plans.

In addition, Academic Programs and Marketing & Communications regularly collaborate to run educational campaigns at key times in the school calendar when students are making decisions about registration. In Academic Year 2015- 2016, for example, a concerted effort was made to encourage students to register for at least 15 hours per semester to stay on track for four-year graduation. This resulted in an increase in the number of hours attempted by full-time students during the academic year.

Recommendation 7B | Graduation incentive: *Institutions should consider establishing financial incentives that encourage full-time students to take at least 15 credit hours per semester.*

In 2014, CSU implemented a **Graduation Incentive Plan,** the first in Ohio. Over the last three years, substantial monies have been earned under the plan, and incentive payments to students in Fiscal Year 2017 alone will be approximately $900,000.

Equally important, CSU in Fiscal Year 2016 extended the **tuition band** by one hour from 12 to 18 credits– with revenue to the University of about $800,000 transferred to students who take 18 hours – i.e. an $800,000 improvement in affordability. This means that our system makes courses beyond 12 hours "free," which encourages students to take a heavier credit load.

Recommendation 7C | Standardize credits for degree: *Institutions should streamline graduation requirements so that most bachelor's degree programs can be completed within four years or less and most associate degree programs can be completed in two years or less. Exceptions should be allowed because of accreditation or quality requirements.*

In Fall 2014, **CSU converted general education courses from a 4 to 3 hour credit standard,** and **reduced minimum degree requirements to 120 hours** – which was not possible with predominantly 4 credit hour courses. While easy to summarize, implementation was arduous for all in the University community. Degree maps have been developed for all programs showing students how to complete them in 8 full-time semesters.

In addition, **CSU was the first university in Ohio to implement multi-term registration**. This allows students to plan ahead by posting the course offerings and enabling degree seeking students to register for an entire academic year at one time.

Recommendation 7D | Data-driven advising: *Institutions should enhance academic advising services so that students benefit from both high-impact, personalized consultations and data systems that proactively identify risk factors that hinder student success.*

We are utilizing data on the undergraduate student population generated by CSU Institutional Research and Civitas Illume to isolate the characteristics of students who are particularly at risk of not persisting to graduation. Preliminary analysis of the data confirm that students who transfer with low credit hour totals, part-time students, students who enroll late, and students whose cumulative GPA at CSU is below 2.5 are significantly more likely to leave the University than the overall student population. The goal of this strategy is to identify clearly these and other less obvious "subgroups" at high risk, to develop an understanding of why they are at risk, and to design interventions that will reduce the numbers of students in these categories who leave the University.

Our plan is to identify two or three target populations in Summer 2016 and to design interventions that will be implemented starting Fall 2016.

Recommendation 7E | Summer programs: *Each campus must develop plans to evaluate utilization rates for summer session and consider opportunities to increase productive activity.*

Confronted by steadily declining attendance, in Spring 2015 CSU conducted a summer session strategy project involving the Colleges, the Provost's Office, Enrollment Services, and Marketing. From that work a number of actions were taken to add courses, change class hours, and alter marketing tactics for Summer 2016. These actions stemmed the annual decline, as credit hours and the number of students enrolled have increased slightly in the current sessions.

Further changes have been made for Summer 2017 based on additional recommendations by the newly established Strategic Enrollment Management Working Group under the leadership of the Vice President – Enrollment Services and composed of a wide range of individuals involved in summer session planning and execution across the University. We also are expanding summer programming for incoming freshman students. Starting in summer 2016, students who qualify can take remedial or credit-bearing courses through the STEP program at very low cost ($100), giving them a head start on their first year at CSU.

Recommendation 7F | Pathway agreements: *Ohio institutions should continue to develop agreements that create seamless pathways for students who begin their educations at community or technical colleges and complete them at universities.*

CSU has been actively collaborating with community colleges in the region to develop efficient pathways for transfer students. CSU offers several BA and BS programs on site at Lakeland and Lorain County Community Colleges, eliminating the need for students to commute to the main downtown campus. In addition, we are engaged in a two-year project to align our degree maps with those used in Associate degree programs. The goal is to develop joint degree maps showing students how they can complete an Associate's and Bachelor's degree in eight full-time semesters, thereby reducing excess credit hours taken by transfer students. Ten aligned degree maps have been developed for Cuyahoga Community College/CSU programs and more than a dozen others are in preparation with completion on track for Summer 2017. Collaborative advising practices are being developed, supported by the Higher Education Compact and a grant from Complete College America.

Work has also begun on several degree map alignments with Lorain County Community College, and will be completed by Summer 2018. This is an ongoing project that will be augmented in the next biennium.

Recommendation 7G | Competency-based education: *Institutions should consider developing or expanding programs that measure student success based on demonstrated competencies instead of through the amount of time students spend studying a subject.*

Cleveland State is in the midst of a major assessment of whether to expand our academic offerings in one or both of Competency – Based Education (CBE) and Prior Learning Assessment (PLA). (As was noted in Chapter III, development of a white paper on these approaches to adult learners has been a first step in the plan of the Adult Continuing and On Line Education Project in the Path to 2020 Program).

The work so far indicates that CBE at CSU would involve creating an entirely new program, as this is something we are not currently doing and is substantially different from traditional on line course delivery. The Education Advisory Board provides an online self-evaluation for institutions considering CBE, and CSU scores in the lower tier of the "readiness" matrix. We have identified at least 12 major issues to be addressed, and have concluded that – were we to go forward – **CBE would take at least two years to implement.**

By contrast, Cleveland State already offers a variety of ways for students to earn credit for prior life experience. These could be expanded in a variety of ways into a substantial PLA offering that would be more attractive and accessible to prospective students. Notwithstanding the **easier implementation and lower cost of a beefed up PLA offering,** there are a number of important strategic and operational questions to be asked – starting with documenting the size and segmentation of market demand.

Duplicative Programs

Recommendation 8 | Program review: *Institutions should consider consolidating programs that are duplicated at other colleges and universities in their geographic area.*

Cleveland State University has been collaborating with partner universities to optimize efficiency by offering course that enroll students from multiple institutions. These include:

- Northeast Ohio Master of Fine Arts (MFA) in Creative Writing – a consortium program involving Cleveland State University, Kent State University, University of Akron and Youngstown State University.

- Master of Public Health – a consortium program involving Cleveland State University, Northeast Ohio Medical University, Ohio University, University of Akron and Youngstown State University.

- Ph.D. in Adult Development and Aging – a joint program of Cleveland State University and University of Akron

- Master of Science in Health Sciences with a track in Physician Assistant Science – a joint program with Cuyahoga Community College.

- NEOMED-CSU Partnership for Urban Health – an initiative that recruits and trains medical students who reflect the socio-economic background and cultural makeup of their communities to address and eliminate health disparities.

In addition, CSU participates in the Northeast Ohio Council on Higher Education (NOCHE) Cross Registration Network, which allows full-time CSU undergraduate students in good academic standing to register for one course each semester on a no-fee basis at 14 other colleges and universities, further reducing the need for CSU to offer low enrollment courses. There is a similar cross registration arrangement for graduate students that allows them to cross register graduate level courses at 5 other local universities.

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In conclusion, this third chapter has outlined CSU's completed actions and current activity with respect to each of the Ohio Task Force on Efficiency and Affordability's 22 recommendations within our control. As noted earlier, we believe that the University has productive work underway on all of them – and we welcome the Task Force's recommendations in helping us move from Stage III to Stage IV of CSU's Efficiency Journey.

IV. The University's Five Year Program

This final chapter of our document addresses the Task Force's two Master Recommendations to establish a five year goal for generating re-deployable resources and for using that money to improve affordability and educational quality for students. To provide context for these commitments, the chapter first spells out our plans to progress to Stage IV in CSU's Journey. It then defines the Five Year Goal we have adopted and outlines how efficiency gains will be passed on to students.

The Journey to Stage IV

Cleveland State commits to continually develop the leadership, capabilities, and culture needed to progress from early Stage III to solidly in Stage IV by 2021, achieving National Class Efficiency Performance. As a gauge of our progress to Stage IV, we will continue to track the productivity of our expenditure base in generating undergraduate degrees. Specifically our **overarching commitment** is to **improve productivity by 3 percent annually – or 15 percent from 2015 to 2021,** sustaining CSU's productivity increases since 2011. We believe that is the single most measure of our University's efficiency.

To enable this improvement, we also commit to **increase our Graduation Rate of six year freshman cohorts from today's 40 percent to 50 percent** by 2021 – which represents an additional 25 percent improvement in this critical measure of bringing value to our students, again continuing CSU's rate of progress since 2011. The student body size required for the achievement of these goals and the generation of the re-deployable resources required by Master Recommendation #2 ties to **CSU's enrollment goals of 13,500 Undergraduates and at least 4,500 Graduate students.**

The Foreword to this document illustrated the principal elements of the Efficiency Journey, so here we describe **five essential near term actions** to maintain the momentum and progress of the last several years.

1. **Staff the Office of Performance Management as a permanent organization reporting to the President**. The Office was established in Summer 2015 on a trial basis and in particular to design and manage the Path to 2020 Program. In the intervening year the temporary organization has proved its worth in maintaining an integrative leadership perspective on a wide variety of multi-functional activities – cutting across organizational silos in so doing. The Office will be staffed with an additional 1 or 2 high talent people, and be charged with following through on all Path to 2020 projects and overseeing CSU's programs to Stage IV on the Efficiency Journey.

2. **Bring the Administrative/Institutional Support Cost Management Project to a successful conclusion in the next six months.** As Chapter II described, about half of CSU's 50+ Units were completed by early April, and the balance are currently in progress. The Project yielded some $3.5 million in savings for Fiscal Year 2017, but the University will need additional cost reductions and revenue

enhancement actions to generate additional resources that specifically benefit students in Fiscal Year 2018, while balancing the 2018 Budget.

3. **Use the Fiscal Year 2018 Budget as an opportunity for the next step in Activity Based Budgeting across the University.** The two main efficiency projects in the Path to 2020 Program have laid the foundation for implementing Activity Board Budgeting in CSU. Accordingly, under the leadership of the Office of Performance Management we will use next fiscal year's budget as an opportunity to take this efficiency enhancing process a major step forward.

4. **Hold periodic Efficiency Reviews with the Board of Trustees.** Given the importance to our students, to the well-being of CSU, to State policy, and to the Efficiency Journey from Stage III to Stage IV, the Board of Trustees will stay close to progress against the goals outlined below, and on the pace of implementation of the Path to 2020 Program. We envision brief updates at every Board meeting and a thorough, multi-hour review at least annually.

5. **Design and gain support for an inclusive effort to recommend a long term path for reducing the complexity and costs of CSU's academic offerings and organization structure.** Cleveland State University has evolved into a complex enterprise serving over 17,000 students with 8 operational colleges, some 40 academic departments, about 150 academic programs, and dozens of external partnerships – some quite significant. The costs of managing this complexity are high, yet CSU has limited resources – only 1,540 employees and about $270 million in revenue. As a result, many activities at the University are well "below scale" in their resource levels.

   The number and organization of Colleges and Departments is a highly sensitive subject with far reaching implications. Accordingly, in the coming year we will build an inclusive effort that leads to a constructive path for long term change – likely implemented gradually and carefully over a number of years.

Master Recommendations

Turning now to the Task Force's two major recommendations, Master Recommendation #1 specifies that students must benefit from efficiency savings in the form of either reduced costs or a higher quality education. The language of Master Recommendation #2 turns that into a requirement for a measurable goal. To quote:

"Each institution must set a goal for efficiency savings and new resources to be generated through FY 2021, along with a framework for investing these dollars into student affordability while maintaining or improving academic quality."

"To comply with Master Recommendation #2, each Board of Trustees must:

1) Direct its institution to track re-deployable dollars on an annual basis and report how those efficiency savings and new revenues are being used to lower student costs while maintaining or improving educational quality. Boards must report annually to the Ohio Department of Higher Education, based on a template that ODHE should develop.

2) Set 5-year goals for efficiency savings and new resource generation and track progress toward those goals on an annual basis. This data, including the use of these funds, should be part of the annual report to ODHE."

CSU's response to both begins with **Fiscal Year 2017**, which started on July 1, 2016. As reflected in our 2017 Budget, we will realize $3.5 million in cost savings and efficiencies that are being re-deployed to reduce student costs and to enhance education as shown below.

Cleveland State University
FY 2017 Operating Budget – Administrative Cost Savings

Source of Re-deployable Funds
Administrative Cost Savings Through the Path to 2020 Project   **$ 3,500,000**

Use of Re-deployable Funds
Additional Undergraduate Scholarship Funding $ 1,900,000

Civitas - Student Advising Support (Degree Maps & Predictive Analytics)   114,000

Graduation Incentive Plan (Student Financial Incentives)   900,000

Additional Part-time Instruction Funding   586,000

Total   **$ 3,500,000**

In more detail:

- **Additional Undergraduate Scholarship Funding.** Based upon an analysis of enrollment trends and retention patterns, we are in the second year of implementing a new scholarship strategy for undergraduate students who demonstrate an ability to remain on track for earning a baccalaureate degree, thereby shortening the student's time and expense to earning a degree.

- **Civitas**. In an effort to improve student retention, course completions, and degree attainment the University is complementing its Student Success initiative with Civitas technology that provides advanced analytics to Advisors and degree maps to students that specify clear and concise views of students' progress to a degree.

- **Graduation Incentive Plan.** As an incentive to remaining on track to a degree, the University has adopted a plan that provides a student with a rebate of any increase in tuition, plus a $200 textbook rebate, for completing 30 credit hours in an academic year and be in good academic standing.

- **Additional Part-time Instruction Funding**. The University is supplementing the regular complement of funding for Colleges to hire part-time instructors to meet the increases in demand for certain courses, enabling students to enroll in those for degree attainment.

To **establish re-deployable resource generation goals through 2021**, Cleveland State has analyzed its projected revenue and expenditures based on a range of assumptions concerning changes in enrollment and tuition revenue, State Share of Instruction funding, other revenue sources, and operating expenditures. From our analyses and extensive discussions, we commit to:

1. **Generate re-deployable operating efficiencies of $11.5 million for Fiscal Years 2017-2021.** Given our $3.5 million savings in 2017 and the range of efficiency efforts underway, we have set a goal of averaging $2 million annually in re-deployable monies for the next four years, for a total of $11.5 million – approximately 1 percent of CSU's total Educational & General Expenses over the period. Our first priority, however, must be to balance the University's budget, and that - in the current environment of a tuition freeze and limited increases in SSI – will likely require up to several million dollars in savings each year, before the generation of the $2 million in re-deployable funds.

2. **Balance the allocation of re-deployable dollars evenly between direct student savings and improvements in educational quality.** As was done for Fiscal Year 2017, CSU will annually determine how these resources will be distributed. While the allocation will vary for 2017-2021 we anticipate roughly half going directly to reduce costs for students through a combination of increased scholarships, achievement incentives, reduced textbook expenses, and a faster path to graduation. The remaining half will be earmarked for reducing the proportion of courses taught by Adjuncts and significant academic enhancements (such as a strengthened General Education curriculum), recommended by the several Path to 2020 Academic Projects.

* * *

In summary of this chapter, we believe that Cleveland State has developed a demanding but achievable efficiency improvement program for the next five years. **To conclude this Efficiency Report from Cleveland State University to the Chancellor of the Department of Higher Education**, we commit to bring both significant savings and a better education to CSU students, and we are enthusiastic about delivering against the specific promises made in this document.