



System Redesign Phase 2 Systemness Task Group

November 29, 2018



Systemness Task Group CHARGE

Purpose: To recommend to the Board for consideration models for how the System should work in supporting student success and university success.

For each model that is proposed, the task group will identify strengths and potential weaknesses, as well as any implications it identifies with respect to how we think about the System's role, its governance, strategies, and resource planning approaches, etc.

In developing its recommendations, the task group will review, consider, and revise a taxonomy of system models, with each identifying key attributes, strengths, and weaknesses (an example of a model might be – a loosely federated system of wholly independent entities each responsible for its own financial sustainability with support of state funding that is distributed – the “Harvard” model).



Systemness Task Group Goal

The goal of the group is to develop—for consideration by the Board of Governors—a taxonomy of system models or archetypes and for each archetype evaluate implications with respect of :

Impacts

- on students (outcomes and the student experience)

Cost of implementation

- Does the system have or have access to necessary resources

Degree of difficulty at implementation

- University and System governance (including roles of the Board and Councils of Trustees)
- Compliance and regulatory function
- Distribution of public allocation and tuition setting
- Roles and responsibilities of the Office of the Chancellor

Other considerations

- University / University brand viability
- Resiliency given anticipated further changes in economic, political, and demographic trends





Systemness Task Group Goal (continued)

The group should also:

- identify the System's current model; initial thought is that it is a "pragmatic model," which reactively integrates elements of the three market driven models, and
- develop scenarios—referencing archetype exemplars where available—to concretize presentation to the Board.

For the most promising models, it may be appropriate at a second stage to show in outline terms implications for distributing the public allocation of funds



Why a system?

- We are more than the sum of our parts
- Economies of scale
- Minimum system-wide standards of excellence delivered at a very local level (large scale excellence provided with small scale intimacy)
- Reach populations that the general marketplace may overlook
- Students can access more opportunities because they are part of a system that allows them to work across brands
- Shared advocacy
- Creative synergy across the institutions; shared opportunity for greatness through interdisciplinary efforts
- Joint accountability to the General Assembly (greater efficiency through shared operations), the Commonwealth (greater responsiveness to workforce demand through strategic use of shared data), and to each other
- Strength in numbers in the marketplace
- Public universities with a public purpose



National context

Our “Intel Inside” archetype is analogous to the “Sharing University” model described in a recent Deloitte study:

The “Sharing University” - This model calls for campuses to link student and administrative services to realize efficiencies of scale and/or capitalize on the expertise of particular institutions. Repetitive activities would be either automated or outsourced to a single institution within the system, enabling the other campuses to focus resources on more strategic activities. Critical to this approach is to go beyond customary back-office operations. By sharing activities such as career services, international recruitment, academic advising, legal affairs, and information security, university systems can decrease spending on administration to allow for reinvestment in the academic core.

Online at: <https://www2.deloitte.com/insights/us/en/industry/public-sector/future-of-public-higher-education-study.html>



From shared services to a *shared ecosystem*

- Strategic sourcing
- Financial aid (non-student facing operations)
- Information technology
- Facility management
- Student information system
- Enterprise resource planning (e.g., accounting, procurement, payroll, HR, benefits)
- Budget
- Academic programming
- Shared admissions efforts, advising, student services, career services
- International and out-of-state recruitment
- Aux. services (food, vending, bookstore, security/police, etc.)



Sharing University ('Intel Inside' Archetype)

From	To	Assumptions
<p>1. A system designed to sustain fourteen universities</p>	<p>A system designed to ensure success for all of PA's students, regardless of zip code and background</p>	<p>These two models are fundamentally different with different implications for mission, funding, operations, and outcomes; need to choose between them</p> <p>The former requires students to organize their lives around the System; the latter requires the System to organize in support of students</p>
<p>2. A system that includes barriers to student academic progress through misaligned information systems and cumbersome bureaucracy</p>	<p>A system that enables the free flow of student credits and revenue to maximize student academic progress</p>	<p>Students are served better when they have access to the System's combined academic resources in a seamless way</p>

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION



From	To	Assumptions
<p>3. A system where universities are highly regulated from Harrisburg with a high degree of regulation and compliance reporting.</p>	<p>A system where universities have a high degree of autonomy/ responsibility in determining their development paths with a high degree of shared accountability (cost, management, quality of education, etc.) to one another</p>	<p>Universities know best how to serve their students because of their deep understanding of local market conditions, student needs, and other institutional contextual issues</p>
<p>4. A system of universities with high overhead costs and constrained program breadth, operating largely independently of one another</p>	<p>A system of universities aggressively leveraging distributed resources and expertise to expand program breadth and lower overhead costs</p>	<p>Economies of scale at play</p>
<p>5. A system in which the board relinquishes its authority to do what's best for students due to political pressure</p>	<p>A system in which the board exercises its authority in the best interest of students in the face of political pressure</p>	<p>Political interests impede the System from making difficult decisions and contribute directly to the overall deterioration of the System with respect of student success and financial health</p>

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION



From	To	Assumptions
<p>6. A system central office designed and organized to function for the state as a compliance and administrative organ</p>	<p>A system central office reconfigured to focus on strategy, data-driven outcomes, and shared service connectivity for universities, while providing support for universities to ensure adherence to necessary state and federal laws, rules, and policies as stewards of the public trust</p>	<p>Systemness is less about authority and central decision making and more about connectivity</p>
<p>7. A system of universities aggressively competing with each other for scarce students and human, financial, and other resources</p>	<p>A system where universities collaborate to serve existing students better, compete more effectively with non-system institutions in PA's crowded higher education ecosystem</p>	<p>Universities (a) will always compete to enroll students but should not compete to support their students and (b) can compete more effectively in PA's crowded higher ed ecosystem by collaborating to recruit in selected student markets</p>
<p>8. A culture built on distrust and competition and suffering from competing cross-cutting messaging deployed through multiple advocacy networks</p>	<p>A culture built on a shared sense of mission, trust, clarity around decision rights, inclusive consultation, transparency, and leverage of multiple and highly aligned advocacy networks</p>	<p>It is easier to align advocacy efforts than to overcome the political nature of the governance structure</p>

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION



From	To	Assumptions
<p>9. A system that asks for state allocation each year based on claims about the role and importance of public higher education and referencing chronic funding gaps</p>	<p>A system that presents an investors' prospectus to the Governor, Legislature, and other stakeholders, focusing on return on investment to the state, economy, and people of PA</p>	<p>To build support for the System we need to demonstrate its value to PA in concrete terms</p>
<p>10. A system that is the subject of public scrutiny and concern</p>	<p>A system providing leadership in the state and nationally about the role, purpose, and performance of public higher education</p>	<p>The challenges we're facing are not unique to PA, and the solutions will be informative to higher education</p>



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APPENDIX



Taxonomy of System Archetypes

Market Driven Models

1. Pure

2. Modified

3. Regulated

Deep Resource Sharing Models

4. Hub and Spoke

5. Multiple Hubs and Spokes

6. "Intel Inside"





1. Purely market driven (sink or swim)

Universities are entirely self-sufficient financially, wholly responsible for their P&L. Public allocation is distributed on a normalized basis (e.g., by FTE) and not weighted for any other characteristic.

Goal: sustainability of student opportunity at financially successful universities;
brand differentiation



2. Modified market driven

As above, only a range of shared services are available from the commons on an opt-in basis to help universities achieve cost efficiencies in back-office functions and common administrative functions (e.g., far down the value chain). Shared services are:

- Mandatory and/or (SUNY)
- Offered on an op-in basis (UC)

Goal: as above, only leveraging lower back-end cost structures in order to potentially lower the cost to students (and serving a broader demographic) while boosting the institutional survival rate; thereby, sustaining greater regional relevance or identifying a niche



3. Regulated market driven

As above (under either 1 or 2), except that the public allocation is distributed in a “weighted manner” that is driven by specific proprieties (e.g., advantage small colleges, reward certain outcomes).

Goal: as above, also optimizes around sustaining some historic regional or niche institutions at the cost of brand differentiation



4. Single Hub and Spoke

A mother-ship institution provides academic and back-end business and administrative functions that are utilized by branch campuses to support students in region (WGU, several for-profits e./g. Career Ed, Penn State to a limited extent)

Goal: optimize for regional breadth of affordable high quality higher education but with limited local variation/distinctiveness and brand



5. Multiple Hubs and Spokes

As above, only this envisages regional hubs (or mother ships) with their own satellite campuses (Arizona, CN)

Goal: as above, only with a greater degree of localization as possible within broad region (e.g., western PA)



6. “Intel Inside”

In this model, universities are largely independent entities responsible for their own trajectories and brands, but not for managing the full stack of academic, administrative and business operations. Instead, they source academic, administrative, and business functions from third parties (including those managing shared services), to meet the needs of their students and communities with respect of cost, programming, etc.

Goal: as hub and spoke only ensuring greater brand differentiation



7. Expanded Scope (model enhancer)

While not a complete archetype in and of itself, this “model enhancer” would have certain State System universities alter the balance of their degree types and program array to more deeply serve the workforce development needs of the Commonwealth. At the same time, an evaluation should be made regarding whether the Commonwealth would benefit from inviting other post-secondary institutions into System as a means to maximize statewide operational efficiencies, leverage purchasing power, and better align strategic decision making related to closing the Commonwealth’s workforce supply/demand gaps

Goal: Determine the archetype that works and scale it up to potentially incorporate other institutions that can benefit from inclusion