



System Redesign Phase 2 Systemness Task Group

Dec. 4, 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

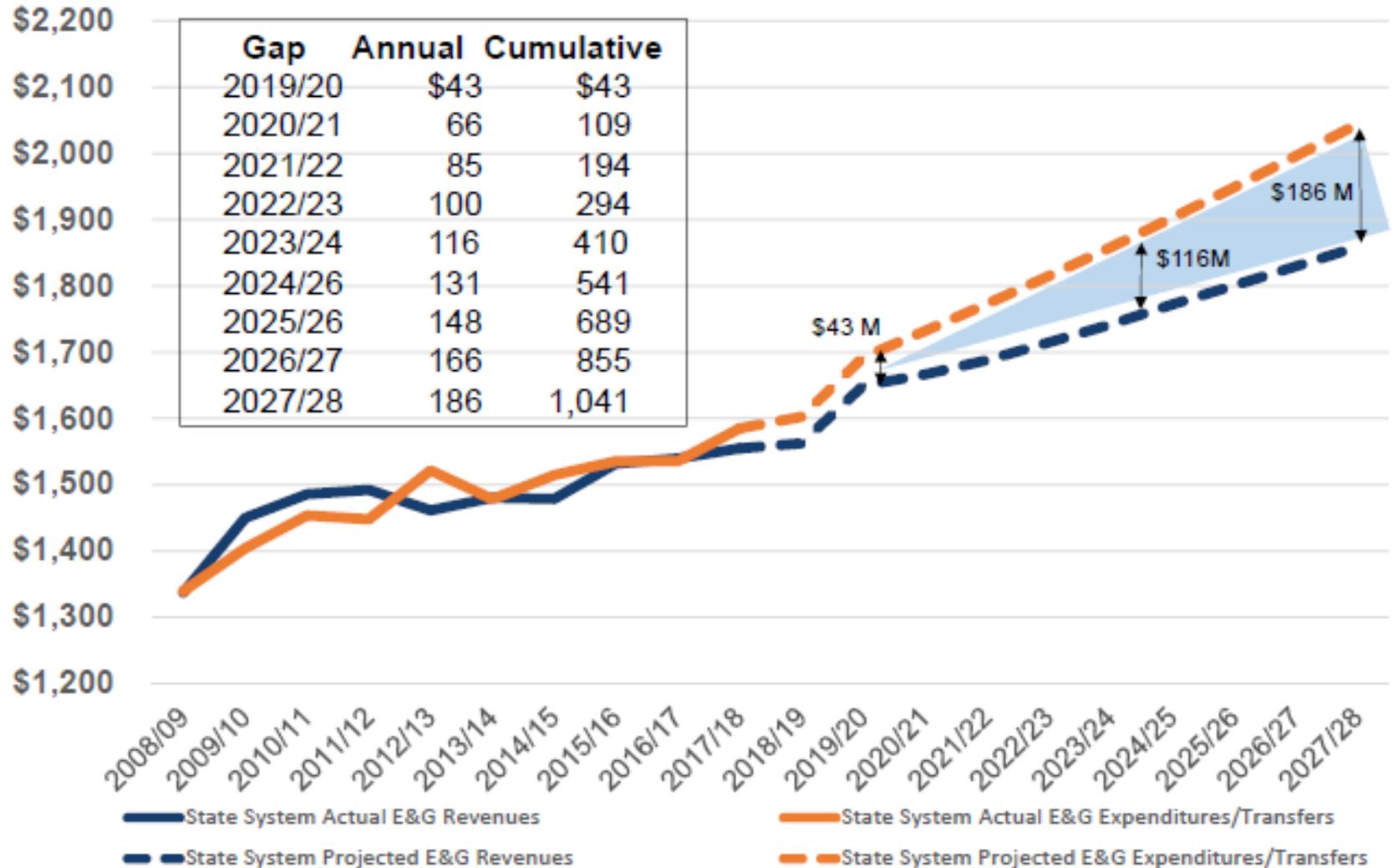
- University / University brand viability
- Resiliency given anticipated further changes in economic, political, and demographic trends



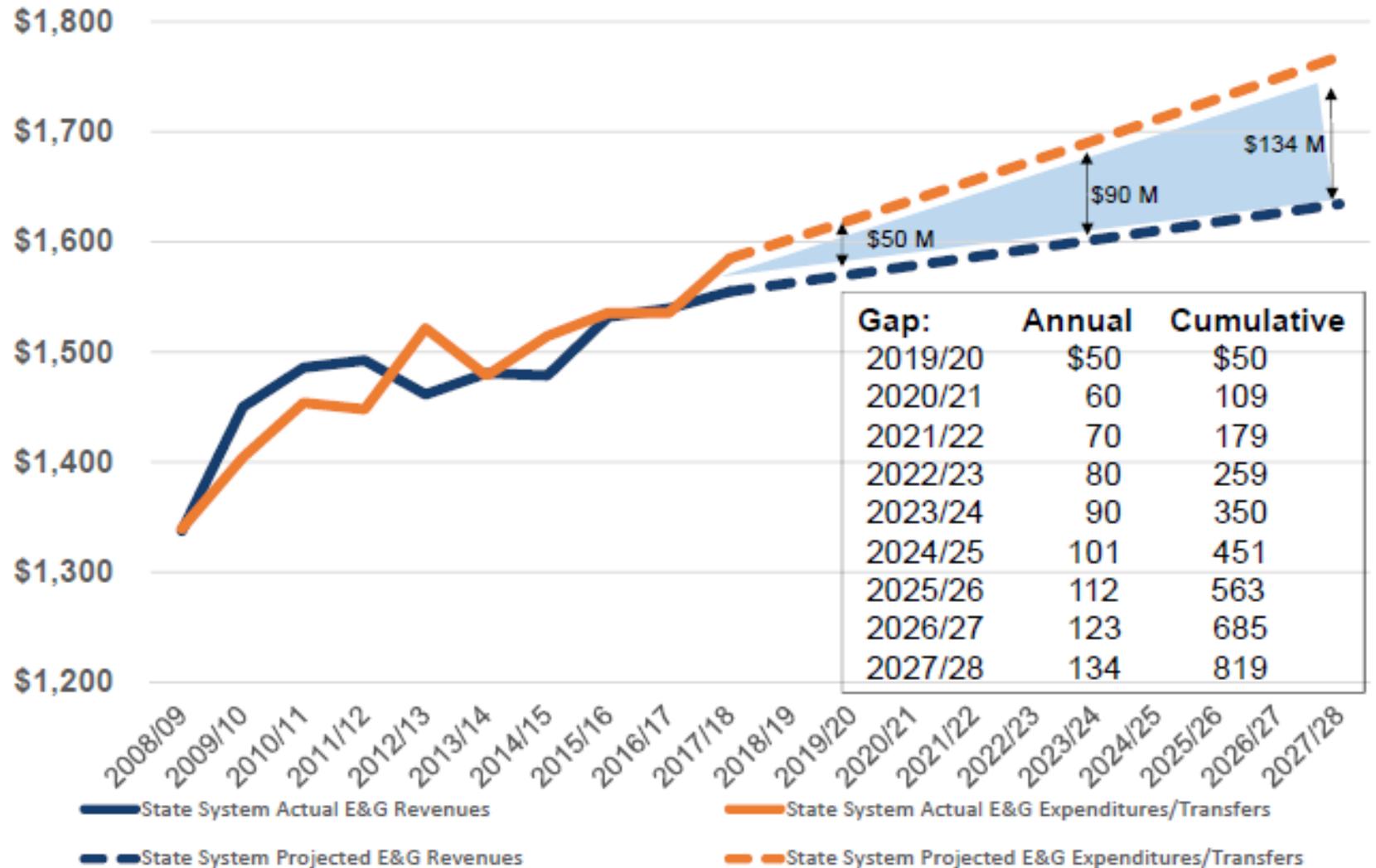
TODAY'S SESSION:

- Projected financial sustainability of the System (train/cliff analogy)
- Formal evaluation of the “sharing university” model per our charge on slide #4
 - Impacts on student and university success
 - Cost of implementation
 - Degree of difficulty at implementation
 - Other considerations
- Edits to FROM/TO analysis (time permitting or via email)

State System E&G Revenues and Expenditures/Transfers (dollars in millions)



State System E&G Revenues and Expenditures/Transfers (dollars in millions)

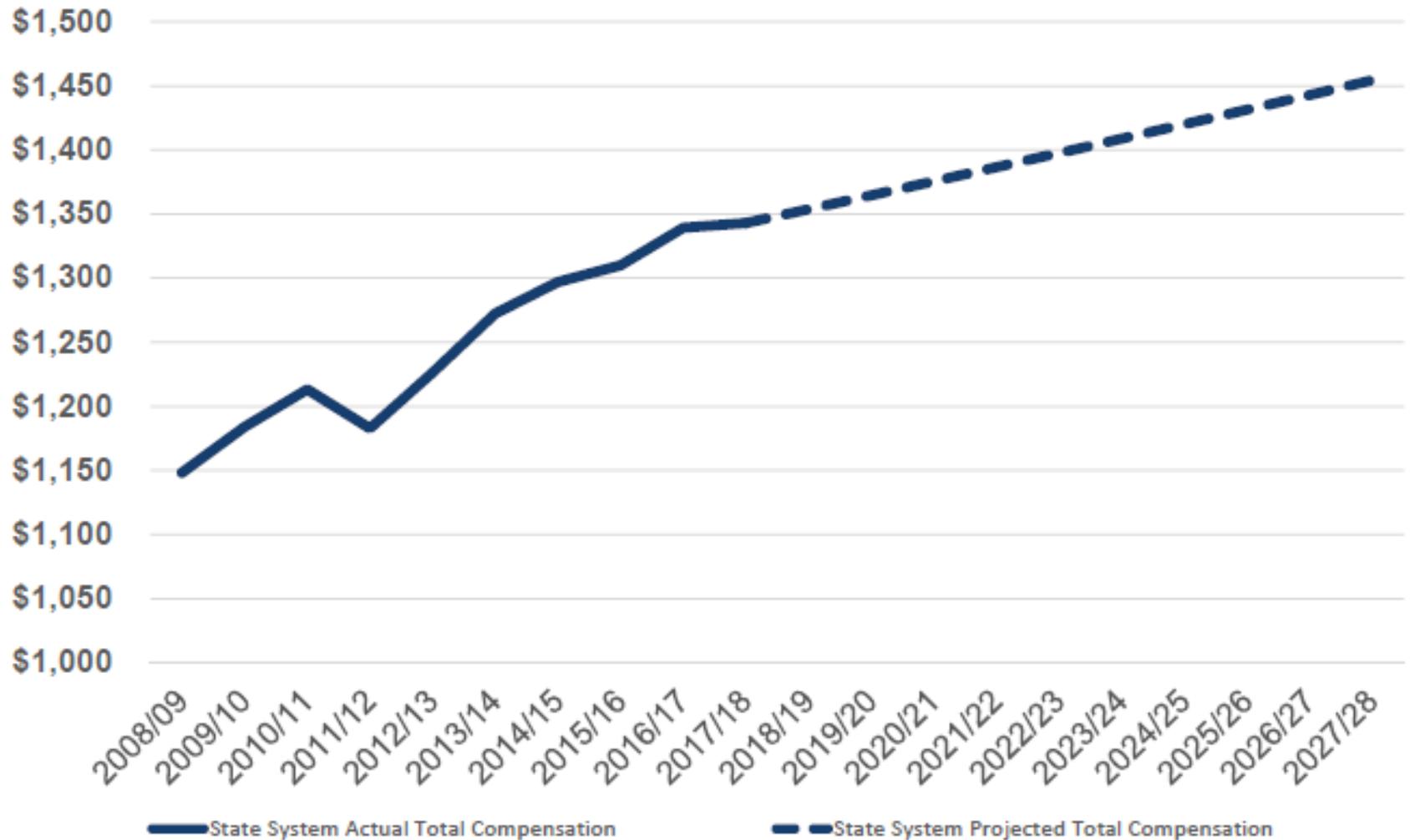


Projections based on 2015/16 – 2017/18 annual average change:
0.5% for revenues and 1.1% for Expenditures/Transfers

Source: university FINRPTs

State System Total Compensation

(dollars in millions)

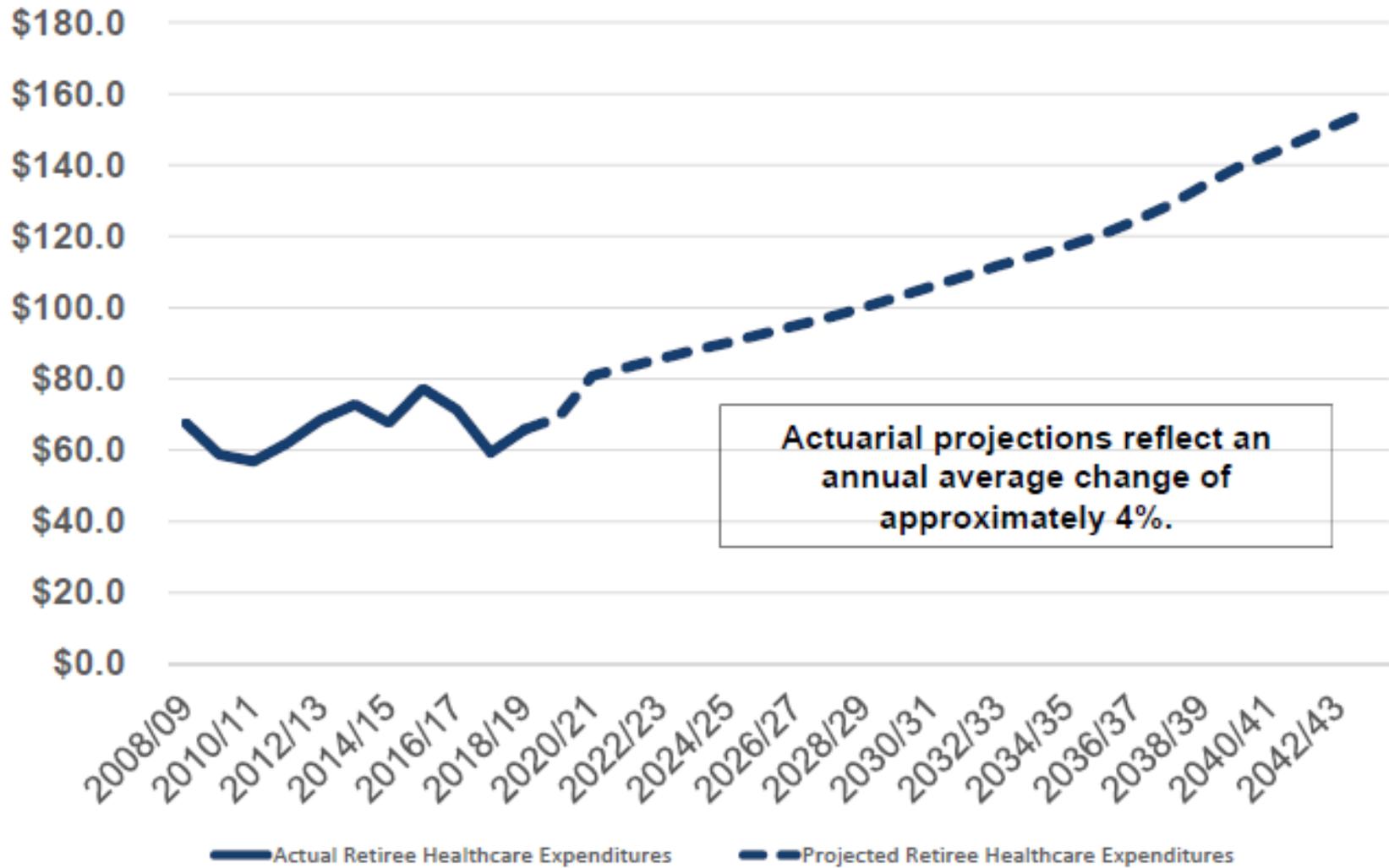


Projections based on 2015/16 – 2017/18 annual average change: 0.8%

Source: university FINRPTs

State System Total Retiree Healthcare Expenditures

(dollars in millions)

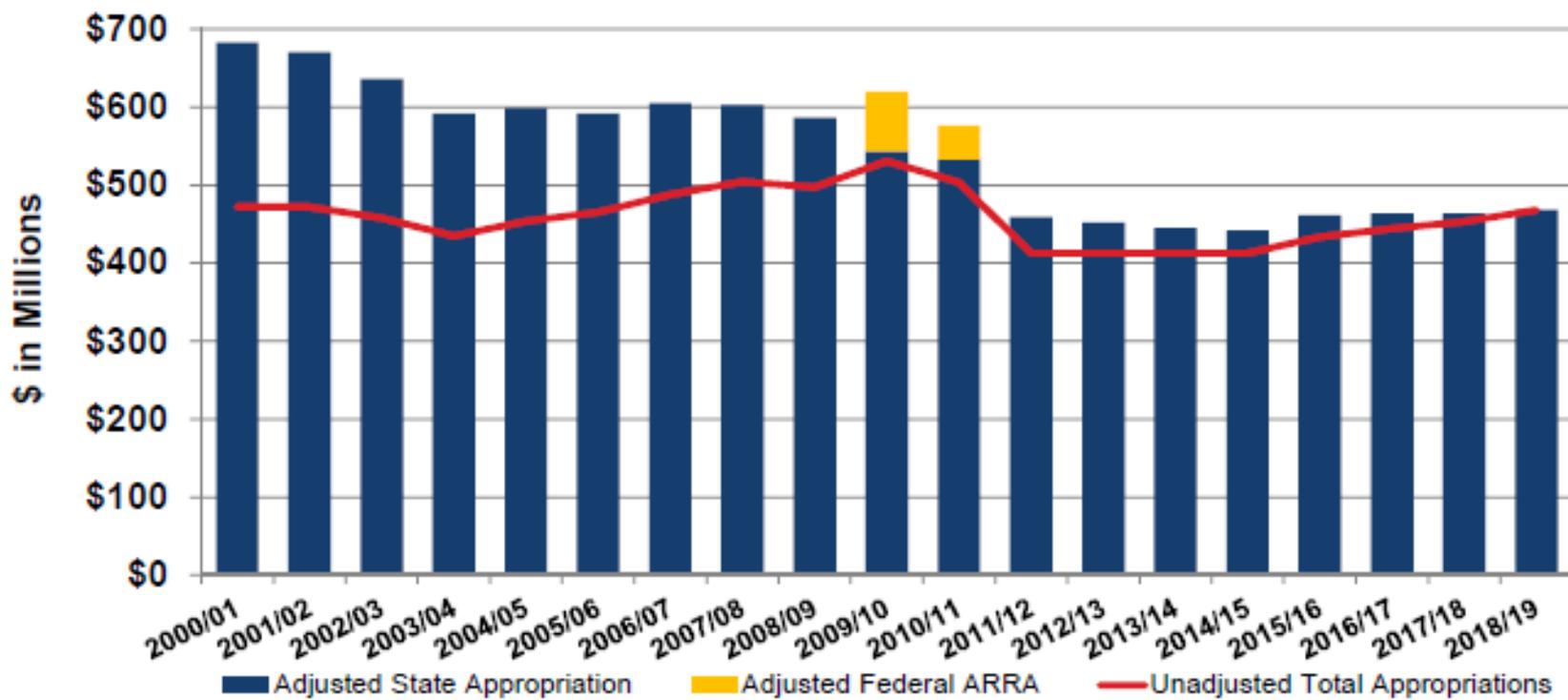


Note: Projected expenditures for Commonwealth plan are based on projected change in expenditures for State System's plan.

Source: university FINRPTs

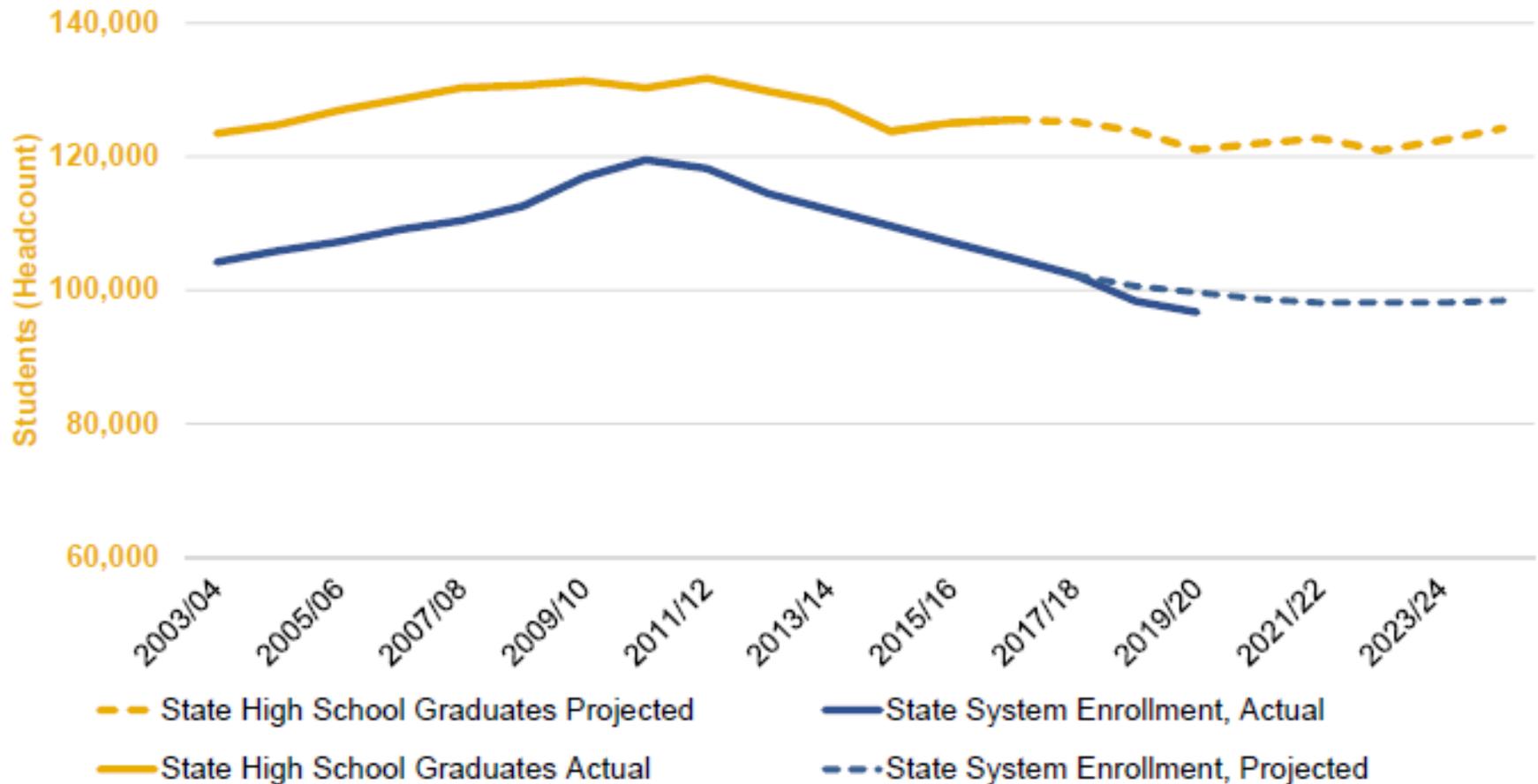
State Appropriations

- Nominal dollars—Current state funding is at 2000/01 levels
- Inflation-adjusted—Current state funding down \$200 million (31%)



*Inflation adjustment based on CPI-U through 2017/18, and 2018/19 inflation of 2.3% per Congressional Budget Office projection.

Headcount Enrollment Based on High School Graduates by County*



*Projected by Office of the Chancellor. No change estimated for out-of-state enrollment. Source for high school graduate estimates: Pennsylvania Departments of Health and Education. Methods based on Western Interstate Commission for Higher Education; updated by Office of Educational Intelligence, updated November 2018.



Sharing University Archetype Impact Analysis

Impacts on student and university success	What is the impact on students (outcomes and the student experience)? What is the impact on university sustainability?
Cost of implementation	Does the system have or have access to necessary resources?
Degree of difficulty at implementation	<p>What are the University and System governance implications? (including roles of the Board and Councils of Trustees)</p> <p>Are there compliance and regulatory hurdles?</p> <p>What role does the Board's distribution of public allocation and tuition setting authority play in this model?</p> <p>What roles and responsibilities exist or do not exist across the system and within the Office of the Chancellor to facilitate this model?</p>



Sharing University Archetype Impact Analysis (continued)

<p>University / University brand viability</p>	<p>How does this impact the universities' identity and long-term brand viability?</p>
<p>Resiliency given anticipated further changes in economic, political, and demographic trends</p>	<p>Does the system have or have access to necessary resources?</p>



Sharing University 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>



DEC. 11 SESSION:

- Finalize evaluation of the “sharing university” model per our charge on slide #4
 - Impacts on student and university success
 - Cost of implementation
 - Degree of difficulty at implementation
 - Other considerations
- Finalize FROM/TO analysis as basis for recommendation