Report of the Committee of Nine

December 4, 2020

Members:

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Prof. Derek Black, School of Law

Prof. Gloria Boutte, Instruction and Teacher Education, COE

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Prof. Carol Harrison, History, CAS

Prof. Scott Weiss, Director of Orchestras, School of Music

Summary

The committee has reviewed the "University of South Carolina-Columbia Financial Sustainability Engagement" report (October 31, 2020) of the Educational Advisory Board (EAB) and unanimously presents this evaluation.

Overall, the committee finds that EAB followed a reasonable process to identify short-and medium-term cost-saving and revenue-generating opportunities. The limitations of the approach are clearly identified by EAB in its report. Most significantly, EAB identified cost-saving opportunities using institution-level data that must now be tested against ground-level information provided by deans, department chairs, and directors. Similarly, options to generate revenue require assessment by the deans, chairs, directors, and faculties who would implement them.

The committee finds some of EAB's recommendations to be more feasible than others. Overall, it deemed recommendations for growth and institutional benefits more feasible than those for cost savings. All of the recommendations for cost-savings would yield relatively modest sums; unit-level review may reveal that the costs of implementation—in effort and missed opportunities--would outweigh actual savings. A detailed assessment of the feasibility of each recommendation follows.

The committee was charged to "balance any proposed restructuring against the priorities expressed in the University's Strategic Plan." Only one of EAB's recommendations would require the reorganization of academic programs. Nonetheless, the committee interpreted this instruction broadly and appraised all recommendations in light of the strategic plan.

The committee weighed the proposed recommendations and ranked them as follows, from the highest priority to the least.

Recommendation 6: Reduce reliance on residential undergraduate tuition by building the infrastructure to support growth in online education. This recommendation is already underway under the direction of the System Online Advisory Committee.

Recommendation 3: Grow tuition revenue by expanding capacity in high demand programs that are currently turning away highly qualified students, especially in the Darla Moore School of Business.

Recommendation 4: Grow tuition revenue by improving marketing and program attractiveness for existing master's and professional programs with high employer demand.

Recommendation 2: Reduce academic administrative overhead by engaging deans and faculty in a process to merge some of the smallest colleges to achieve economies of scale. Top options to investigate: The College of Social Work and the College of Education; the School of Medicine-Columbia and the School of Medicine-Greenville.

Recommendation 1: Reduce instructional costs by defining a process to realign instructional resources with student demand and reduce reliance on adjuncts.

Recommendation 5: Engage deans, chairs, and directors in a project to reallocate resources to higher performing doctoral programs.

Financial Outlook

The University of South Carolina-Columbia (UofSC) FY 2020-21 budget estimated a $59 million deficit. The committee was charged to explore the possibility that significant realignments of academic programs might be required to fill the gap. Fall 2020 enrollments proved better than estimated, relieving some of the near-term budget pressure. In the medium-term, however, our university, like many others, faces uncertainties related to the pandemic and the looming "demographic cliff" after 2025.

Over the next five years, with careful management, the university can expect revenues to match anticipated inflationary costs. Beyond five years, rapid declines in the college-age population will likely require significant new sources of revenue, significant cost reductions, or both (figure 1). The EAB report reasonably concludes that the university's aim in the next five years should be to reduce reliance on undergraduate tuition, while developing a financial model that can support longer-term aspirations for research excellence and access for South Carolina residents.
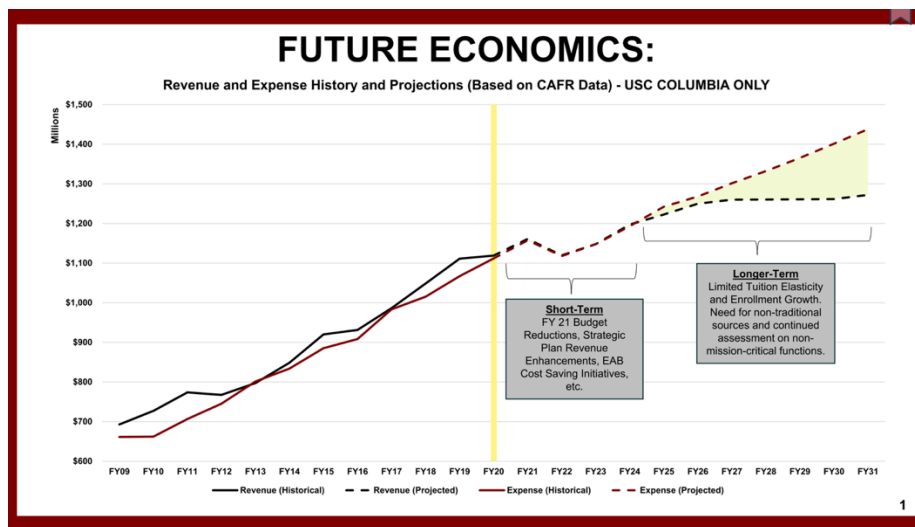

Figure 1

The cost-saving and revenue-generating opportunities identified in EAB's report are quite modest when considered as a proportion of UofSC's $1.2 billion budget. These opportunities merit serious consideration, nonetheless. Every dollar will count as UofSC adapts to new market realities and pursues bold aspirations.

While focused on the academic enterprise, the committee's charge was also to consider cost-savings opportunities in administrative areas. The committee received a report from Future Planning Group #4 outlining efficiencies that might be gained through the centralization of administrative services. As the university is administratively underserved, savings in these areas are likely to be modest and risk undermining the teaching and research mission. It is hoped, however, that centralization of some services might provide significantly better support without increased cost.

Perhaps EAB's most significant finding is that our university's administrative and instructional cost per student is already very low relative to our peer-aspirants. The university cannot expect to cost-cut itself to excellence.

Review of Recommendations

EAB Recommendation 1 (Committee Priority 5): Reduce instructional costs by defining a process to realign instructional resources with student demand and reduce reliance on adjuncts.

The recommendation is reasonable given the surprising finding that 32% of "regular" courses taught by tenured faculty (excluding "off-load" thesis preparation and independent study sections) had 11 or fewer students (p. 11). The committee spent a good deal of time refining this finding with EAB and considers further investigation to be warranted, as our discussions revealed challenges of reporting and data consistency that may reduce projected savings. As the EAB report indicates, the feasibility of this recommendation depends on vetting by deans, chairs, and directors. In cases where unit-level findings support the institution-wide assessment, it may be possible to achieve short-term savings by increasing the number of students taught by tenured faculty while reducing reliance on per course adjuncts.

Regardless of whether this recommendation moves forward, the committee endorses the creation of a cross-functional team to improve data consistency. Accurate data, particularly in the currently grey areas of off-load courses, team-teaching, and cross-listed and meets-with courses, would be essential for implementation of this recommendation and would facilitate assessment of course loads and student demand for other purposes as well.

A one-size-fits-all approach is unlikely to yield positive results. While it may be possible to set enrollment targets, as the EAB report recommends, effective implementation of this recommendation would require careful attention by deans, chairs, and directors who must balance an array of factors when staffing courses, including: requirements for degree completion, the need to offer continuing education courses for professional licensure (e.g., in law and medicine), student demand, research productivity, and instructors' specializations. In departmentalized colleges, chairs and directors will be in the best position to assess the potential to arrive at a more efficient mix of faculty, instructors, adjuncts, and graduate teaching assistants by increasing the teaching loads of tenure-track faculty.

Accreditation standards must also be considered. For instance, in its reaffirmation report to SACSCOC (Standard 6.1), the university indicated that the number of full-time faculty members was adequate to support the mission of the institution and to ensure the quality and integrity of its academic programs but also noted that the instructional force is relatively small. Other SACSCOC standards set expectations for faculty qualifications (6.2.a) and for the proportion of full-time faculty (6.2.b) in degree programs.

The committee finds merit in the idea of differential teaching loads, but it does not consider the creation of a specific category or track of "research" faculty to be feasible, for the following reasons:

- it suggests a permanent assignment of status, whereas faculty careers typically have periods of high research activity punctuated by periods when family and/or service obligations hold sway; the committee is particularly concerned that dividing faculty into "research" and "teaching" roles may disadvantage women

- the assignment of "research" status to some tenure-track faculty and not others would likely polarize faculty, underscoring divisions to little purpose, as current practices already accommodate differential teaching and research loads

- the university already employs the term "research professor" for a type of full-time professional-track faculty.

The committee feels that the assignment of differential teaching loads is best determined annually by deans, department chairs, and directors. It envisions a system for departmentalized colleges in which deans, chairs, and directors would agree on aggregate targets for instructional and research productivity; chairs and directors would then be empowered to manage the resources of their units in pursuit of those goals.

With respect to the strategic plan, the following implications should be considered:

- providing "superior graduate and other post-baccalaureate programs" (priority 1) will require tenure-track faculty to deliver graduate instruction, which typically entails smaller class sizes

- attracting and retaining top faculty talent (priority 2) may require commitments to reduced teaching loads

- meeting the phase one indicators for AAU eligibility (priority 3)—increases in federal research expenditures; faculty membership in National Academies; faculty awards, fellowships and memberships; and publication citations—will require tenured faculty to spend more time on research, grants, and publishing, which may reduce the time available for teaching.

EAB Recommendation 2 (Committee Priority 4): Reduce academic administrative overhead by engaging deans and faculty in a process to merge some of the smallest colleges to achieve economies of scale.

This recommendation is reasonable, but participation of the deans and faculties involved will be essential to determine the feasibility of any particular merger. It is paramount that estimates of cost-savings be vetted with deans. The university cannot expect to achieve short-term savings through this recommendation due to the time required to obtain the necessary approvals.

As the EAB report suggests, moreover, cost-savings cannot be the sole consideration. The university must be able to anticipate that the research and instructional missions of the merged units will not suffer and may benefit in the medium- to long-term. The university should take care to build organizational structures that enhance the teaching and research mission of the university.

In addition to the considerations and caveats listed by EAB (p. 13) there is also a cultural component to any merger. A rush to merge could, in itself, undermine what might otherwise be successful realignments. Allowing faculty some degree of choice regarding college or departmental affiliation would likely facilitate the process—as the example of the recent relocation of IIT from HRSM to CEC demonstrates.

Any plans for a merger of medical schools must consider facilities issues and especially plans for the health sciences campus on Bull Street, which may involve other health sciences colleges (Arts and Sciences, Nursing, Pharmacy, Public Health). All opportunities to share administrative overhead and facilities cost across the allied health fields should be explored. Steps that do not require a merger may result in costs savings.

Universities typically do a poor job of assessing the outcomes of reorganization decisions. For example, the committee would have appreciated a long-term analysis of the savings and benefits

generated by previous mergers and reorganizations, such as the major reorganization that created the College of Arts and Sciences. So far as we know, no assessment was conducted. The committee would add to EAB's recommendations, then, a proposal that any merger entail an assessment scheme for the benefit of future planners.

With respect to the strategic plan, the committee recommends attention to:

- anticipated consequences of merging the medical schools for phase one indicators for AAU eligibility (priority 3)

- anticipated consequences of merging the College of Education and the College of Social Work on master's program enrollments and partnerships with HBCUs (priority 4): would a merger free resources for or divert energy from such efforts?

EAB Recommendation 3 (Committee Priority 2): Grow tuition revenue by expanding capacity in high demand programs that are currently turning away highly qualified students, especially in the Darla Moore School of Business.

The recommendation is reasonable within limitations acknowledged in the report: "impact on selectivity and rankings, accreditation requirements, cost of expanding capacity, availability of qualified faculty (esp. in Nursing)," and "availability of clinical placements" (p. 14).

In assessing feasibility, deans, chairs, and directors should also:

- evaluate cost per student-credit hour for each major as opposed to cost per college (e.g., typically engineering majors are more expensive than computing majors)

- assess demand for specific majors in South Carolina, regionally, and nationally

- include fees in calculating the revenues and costs of each "high demand" major; EAB estimates (p. 25) are potentially misleading insofar as they do not take fees into account; the committee considers lack of transparency in accounting for fees to be a significant impediment to marketing and understanding the ROI of specific degree programs

- attend to infrastructure as well as instructional costs in assessing the cost of expanding capacity

- assess, per major, the ratio of rejected students choosing to matriculate elsewhere versus those enrolling in another program of study at UofSC

- evaluate post-matriculation transfers from high-demand majors to majors in other colleges to determine the likely net value of efforts to retain students in those high-demand majors

- assess the effect of program growth on student and faculty diversity.

With respect to the strategic plan, the committee is especially concerned with the interaction between this recommendation and priority 4. The committee perceives a risk in over-reliance on standardized test scores to define the quality of applicants, which may tend to decrease demographic diversity. The committee also perceives an opportunity to increase demographic diversity by stretching to recruit excellent underrepresented students. The committee supports efforts to enhance the university's holistic admissions strategies, in which multiple metrics are used to identify students likely to succeed at UofSC.

The committee also notes that

- additional hiring for in-demand programs would provide opportunities to "assemble and cultivate a world-class faculty and staff" (priority 2)

- programs attractive to undergraduate students are not necessarily the ones mostly likely to improve AAU phase one indicators (priority 3).

EAB Recommendation 4 (Committee Priority 3): Grow tuition revenue by improving marketing and program attractiveness for existing master's and professional programs with high employer demand.

EAB's analysis of 23 UofSC master's programs with more than 50 students enrolled revealed 11 of those with declines in enrollment. The reviewed programs reflected areas/disciplines with strong employer demand in South Carolina—nursing, social work, education, and management, for example. The report reasonably suggests that given the strong demand, many of the declines can be reversed without major new investments, enabling UofSC to grow enrollment, generate additional revenue, and better meet state workforce needs. Further analysis by deans, directors, department chairs, and faculty in the relevant units is recommended to update the data, determine patterns of enrollment declines, and to specify the actions required to position these programs for growth and sustainability. South Carolina Commission on Higher Education (CHE) program reviews should be consulted in parallel.

The committee also agrees that the university should seek medium-term opportunities by launching new programs or converting existing face-to-face master's programs to hybrid or online. Indeed, many units are already working on such proposals. The length of the approval process, involving the Board of Trustees, CHE, and accreditors, impedes experimentation. The university may wish to consider developing nimbler processes. The university should examine currently successful online graduate programs to determine how they can continue to excel and might serve as models for future online graduate programs.

The expansion of master's degree offerings should continue to be guided by input from deans, chairs, directors, faculties, the Office of Academic Programs (OAP) and the Office of Distributed Learning. The committee urges particular caution in determining instructional needs for online graduate program growth—significant expansion of online programs will require new faculty and technical expertise; it should not be assumed that existing faculty resources can be stretched to accommodate significant online growth without undermining other aspects of the mission (see also recommendation 6).

The committee views this recommendation as one of the three most feasible proposals in the report and notes its alignment with key strategic priorities:

- "Provide superior graduate programs and other post-baccalaureate programs" (1.23); the committee particularly endorses partnerships with other institutions including HBCUs, to insure excellent opportunities for 3+2, 4+1, and other graduate programs.

- "Harness the power, attributes and institutional diversity of an integrated and interoperative university system that enhances access, success and affordability for every eligible S.C. student" (5.2). The committee is concerned, however, that enthusiasm for an "integrated and interoperative" system may outpace the development of governance structures that allow it to integrate and interoperate. To succeed, new master's degree programs (in whatever mode) must be supported by the units offering them and must respond to demonstrated market demand--including the educational needs of special markets such as military, professionals,

and underrepresented groups. The committee does not perceive that effective market assessment, marketing, or mechanisms for coordinating all of this currently exist, either on the Columbia campus or at the system level.

EAB Recommendation 5 (Committee Priority 6): Engage deans, chairs, and directors in a project to reallocate resources to higher-performing doctoral programs.

The committee views doctoral program assessment as an ongoing, core function of academic administration. Deans, chairs, directors, and faculties should regularly evaluate doctoral program performance. Such evaluation should entail determination of the criteria according to which the performance of specific doctoral programs are judged as well as program assessment. While it is reasonable to suggest that resources might flow to programs deemed to perform well by agreed-upon criteria, it is not reasonable to suggest that a one-off project could produce this result. Rebalancing resources for doctoral instruction requires a more systemic approach.

EAB concludes that there are no cost-savings associated with this proposal. The committee agrees that is not feasible to achieve meaningful short-or medium-term cost-savings (or revenue generation) by reallocating resources for graduate education.

The finding that UofSC over-produces PhDs relative to peers and peer-aspirants does suggest that opportunities may exist to increase our (very low) graduate student stipends by reducing the number of graduate students in some areas. This hypothesis needs to be tested through more granular, comparative analysis of PhD production, however.

Any effort to assess doctoral program performance with the objective of rebalancing resources should acknowledge:

- graduate students are integrated into research and undergraduate instruction

- disciplines differ with respect to the research outcomes they value (grants, books, articles, performances, etc.), the infrastructure support graduate instruction requires, the demand for the doctorates they produce, the quality of applicants they attract, and other factors; successful appraisal scheme would measure individual disciplines against appropriate, agreed-upon standards and avoid comparing apples and oranges

- CHE, OAP, and Office of Institutional Research, Assessment & Analytics (OIRAA) regularly assess degree completions in doctoral programs; CHE requirements with respect to program enrollments are also reviewed; reducing the size of doctoral programs could have unintended consequences that could adversely affect UofSC's status as a research university

- UofSC may be the only institution in South Carolina to offer a given doctoral degree program.

In addition, the committee highlights the following implications relative to the strategic plan:

- the breadth and strength of doctoral programs at UofSC are already positives in terms of our eligibility for the AAU (priorities 1 and 2)

- reallocation of resources for graduate education has some potential to limit our ability to hire and retain world-class faculty (priority 2), especially in those programs that may not be perceived as higher-performing

- the ability to offer a wide range of doctoral programs may have a role to play in increasing diversity; conversely, increasing diversity in key doctoral programs could improve their performance and visibility (priority 4).

EAB Recommendation 6 (Committee Priority 1): Reduce reliance on residential undergraduate tuition by building the infrastructure to support growth in online education. This recommendation is already underway under the direction of the System Online Advisory Committee.

EAB reports that UofSC is the largest provider of online education in our state, but only the sixth largest provider of online education to SC residents. The committee finds plausible the suggestion that there may be a "unique opportunity to expand service to a broader population" (p. 17). Because another university body has been tasked with implementing this recommendation, the committee did not make this a focus of its deliberations and did not develop great familiarity with the underlying data. Nonetheless, the committee views this as the most promising of EAB's recommendations.

The committee underscores that this recommendation will require significant resources to achieve medium-term returns. To succeed, there must be sufficient investment in:

- faculty expertise in online delivery as well as specific subject areas—sustaining an ambitious online education program cannot simply be added to existing faculty responsibilities without undermining other strategic goals

- instructional technologies, and, equally importantly, governance mechanisms to align technology investments with specific instructional needs

- analyses of opportunities for online program growth (see also recommendation 4) and outreach to specific student populations.

Recommendation 6 has implications for several strategic priorities:

- the implementation of a world-class online education cannot reasonably be accomplished at current faculty levels without undermining strategic goals in teaching and research; maintaining UofSC's brand as a research university requires investments in faculty expertise in online instruction commensurate with our commitments to excellence in other areas (priorities 1, 2, and 3)

- online education may be an important tool in reaching out to underserved undergraduate populations for whom face-to-face modalities may present insurmountable barriers to access; nevertheless, commitments to high quality as well as equal access (priorities 1, 4, and 5) demand that we build online programs that do not become wholly separate tracks but that can also serve as gateways to face-to-face instruction

- care should be taken to balance undergraduate excellence (priority 1) with priorities focusing on workforce development (priorities 5 and 6); commitments to academic excellence and life-long learning encourage curricular attention to fundamental concepts, broadly applicable skills, and long-term personal and professional growth; workforce development may favor narrowly focused credentials and short-term outcomes; to satisfy both aims, it may make sense to offer vocational workshops, webinars, and certificates separate from or complementary to baccalaureate degrees

- as in the area of master's degrees (recommendation 4), the committee sees a need to develop additional governance structures that will allow the University of South Carolina system to operate in an integrated fashion and that will encourage innovation at the ground level; for example, members of the committee perceived opportunities to engage in-state high school students by expanding or creating on-line dual-degree programs, AP courses, and bridge programs, but were unsure how to advance such efforts.

University of South Carolina-Columbia
Financial Sustainability Engagement

Preliminary Report to the Committee of Nine
October 31, 2020

Financial Sustainability Engagement

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Executive Summary

- After an impressive decade of growth and performance improvement, the University of South Carolina-Columbia faces a series of short-, medium-, and long-term financial challenges

- Increases in non-resident tuition revenue were critical for funding investments in research and increasing access to South Carolinians as state support failed to keep up with rising costs, but the COVID-19 crisis has hastened a decline in non-resident students that was anticipated to arrive in a few years

- Declining demographics and increasing competition for academically and financially prepared non-resident students will make it difficult to continue historic rates of revenue growth, while in the short term the COVID-19 crisis has created a budget deficit that must be closed

- Given UofSC's strategic goals, particularly increasing research excellence and broadening access to South Carolina residents, academic costs should be anticipated to rise over time. Any cutbacks to reduce the deficit should be regarded as temporary and as an opportunity to establish rigorous accountability processes to refocus resources on priority areas that should receive additional investment as funds become available

- Enrollment growth opportunities are larger than cost savings opportunities, but the biggest opportunities will take time and require additional investments. The lesson from other large research universities is that revenue growth is most likely to come from growth in adult and professional education, esp. professionally focused master's degrees. These also support student career outcomes and a better educated workforce for South Carolina, but they will require new organizational structures and new processes for developing, launching, and marketing programs for working adults. Traditional undergraduate education will remain the primary source of revenue and the primary focus for most faculty, but growth will likely come from programs for working adults.

Preliminary Recommendations Proposed for Additional Study	Estimated Financial Opportunity
1. Reduce instructional costs by defining a process to realign instructional resources with student demand and reduce reliance on adjuncts	$1M-$1.5M
2. Reduce academic administrative overhead by engaging deans and faculty in a process to merge some of the smallest colleges to achieve economies of scale. Top options to investigate: • The College of Social Work and the College of Education • The School of Medicine-Columbia and the School of Medicine-Greenville	$1.2M-$2.6M
3. Grow tuition revenue by expanding capacity in high demand undergraduate programs that are currently turning away highly qualified students, esp. the Darla Moore School of Business	$500k-$2.5M
4. Grow tuition revenue by improving marketing and program attractiveness for existing master's and professional programs with high employer-demand	$1M-$5M
5. Engage deans, chairs, and directors in a project to reallocate resources to higher-performing doctoral programs	Improved Outcomes, But No Cost Savings
6. Reduce reliance on residential undergraduate tuition by building the infrastructure to support growth in online education. This recommendation is already underway under the direction of the System Online Advisory Committee.	$40M-$50M in gross revenues

Project Context

EAB-UofSC Relationship

EAB is an education research and technology company that partners with over 1,700 schools, colleges, and universities. For more than a decade EAB has supported the University of South Carolina- Columbia across a broad range of activities, including:
- Enrollment Services (since 2010)
  - Targeted recruitment of new freshmen
  - 42% of UofSC Fall freshmen enrollment influenced by EAB outreach
- Navigate Student Success Platform (since 2013)
  - Coordinated student support across units
  - Over 35,000 early alerts and 350,000 messages to UofSC students processed last year
- Academic Performance Solutions (since 2015)
  - College-, department-, and program-level data on instructional demand, capacity, and costs
  - 40 UofSC academic leaders used APS across the past year to support academic planning decisions
- Market Insights Research (since 2013)
  - Real-time labor market and competitor analysis
  - 9 market research reports completed for UofSC last year
- Global Research Partnership (since 2007)
  - Best practices research and role-specific workshops for senior administrators
  - 445 active UofSC users on EAB.com and 30 expert consultations delivered last year

As part of our ongoing relationship with UofSC, EAB was asked to support an investigation of financial sustainability.

Project Scope and Timeline

Project Objective: Identify the highest potential short-term and medium-term cost savings and revenue generating opportunities that align with the goals in the strategic plan

Scope Constraints:
- Focus on the academic enterprise (not business operations outside of schools and colleges)
- Focus on the Columbia campus (not the entire UofSC system)
- Leverage existing data from EAB and UofSC (no new data collection)
- Engage Committee of Nine (not the full range of campus stakeholders)
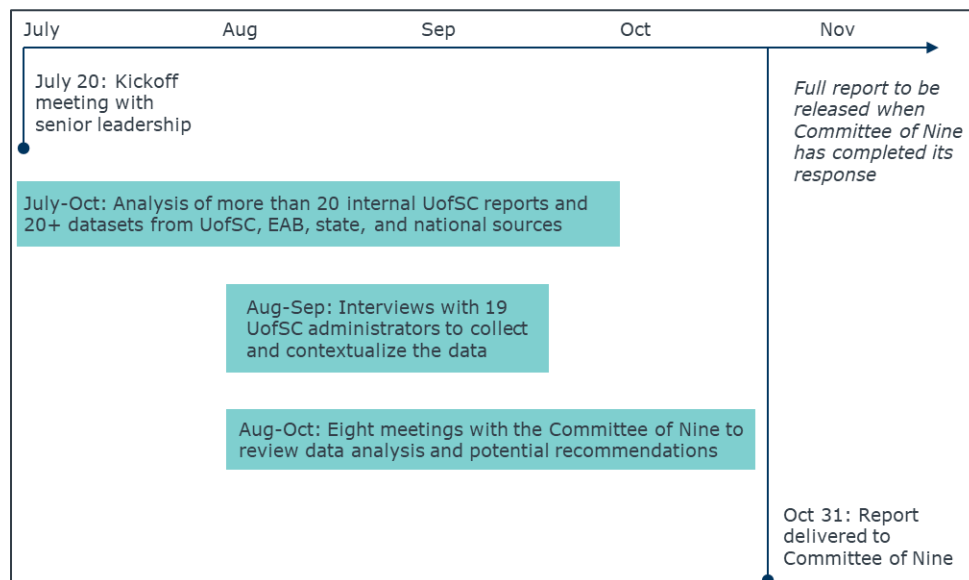
Project Team

EAB UofSC Support Team
- David Attis, Managing Director, Strategic Research (Engagement Leader)
- Elizabeth Casey-Rutland, Associate Director, Strategic Research
- Scott Winslow, Senior Director, Strategic Research
- Carla Hickman, Vice President, Strategic Research
- Sally Amoruso, Chief Partner Officer
- David Bevevino, Senior Director, Partner Experience
- Eleanor Nexsen, Enrollment Services Strategic Leader
- Tajuana Eddleton, Enrollment Services Strategic Leader
- Matthew Dreitlein, Navigate Consultant
- Harrison Greer, Academic Performance Solutions Consultant
- Taylor Holubar, Academic Performance Solutions Consultant
- Allison Major, Research Strategic Leader for UofSC

UofSC Project Steering Committee
- Ed Walton, Senior Vice President for Administration [Project Sponsor]
- Joe Sobieralski, University Treasurer & Assistant Vice President/Chief of Staff, Administration & Finance [Project Manager]
- Mark Cooper, Professor and Faculty Senate Chair
- Bill Tate, Executive Vice President for Academic Affairs and Provost
- Dennis Pruitt, Vice President for Student Affairs and Vice Provost for Academic Support
- Julian Williams, Vice President for Diversity, Equity, and Inclusion
- Tayloe Harding, Dean of the School of Music

Members of the Committee of Nine
Voting Members:
- Prof. Mark Cooper, Chair, Faculty Senate, Arts and Sciences
- Prof. Derek Black, Law
- Prof. Gloria Boutte, Education
- Prof. Tena Crews, Hospitality, Retail and Sport Management
- Dr. Heather Heckman, University Libraries
- Prof. Coretta Jenerette, Nursing
- Prof. Marco Valtorta, Engineering and Computing
- Prof. Tom Vogt, Arts and Sciences
- Prof. Patrick Wright, Darla Moore School of Business

Non-Voting Members:
- Prof. Alex Beecroft, Arts and Sciences
- Prof. Shirley Staples Carter, Information and Communication
- Prof. Susan Cutter, Arts and Sciences
- Prof. Carol Harrison, Arts and Sciences
- Prof. Scott Weiss, School of Music

Throughout the process, EAB worked closely with the Committee of Nine, receiving invaluable guidance on potential recommendations. This report is labelled preliminary because many other stakeholder groups will need to provide feedback after the Committee formulates its response to this report. The goal of this project was to identify potential opportunities worthy of further exploration, not to make final recommendations.

Institutional Context

The University of South Carolina- Columbia has had a great decade
- Significant growth in non-resident enrollments
- Increase in share of South Carolina high school graduates
- Significant increase in under-represented students
- Rising net tuition revenue
- Increasingly qualified students
- Significant increase in retention and graduation rates
- Achieved R1 (research university) status
- 54 nationally ranked graduate programs (nine in the top 25) in *U.S. News & World Report's Best Graduate Schools 2020*

But a number of trends raised concerns even before COVID-19
- Declines in master's and non-degree graduate enrollment
- Increased student debt load
- Declining yield rates (percentage of admitted students who attend) and increasing abatements for non-resident undergraduates due to increasing competition

The new strategic plan, For South Carolina: A Path to Excellence, clearly lays out institutional priorities. While all of the goals in the strategic plan are important, three are particularly relevant to the question of financial sustainability:
- Research excellence as measured by eligibility to join the AAU (Association of American Universities)
- Expanding access for South Carolina residents
- Growing the number and reach of online programs for working adults

These three priorities will each require major investments:
- UofSC has one of the lowest levels of instructional spending per student compared to public AAU research universities. As the chart below indicates, increasing research output correlates with rising costs of instruction
- Welcoming a more diverse group of South Carolina residents will require increases in financial aid
- UofSC will need major investments in online infrastructure in order to deliver quality programs at scale in a highly competitive environment (though unlike research and financial aid, these investments should generate significant net revenues).

In other words, achieving strategic goals and supporting the mission will ultimately require greater spending rather than less. In this context efficiency should be considered as a means to maximize outcomes with the current resource base rather than an attempt to permanently reduce the resources of the university.

Total Research Expenditures vs Instructional Costs per Student for Public AAU Universities (2018)
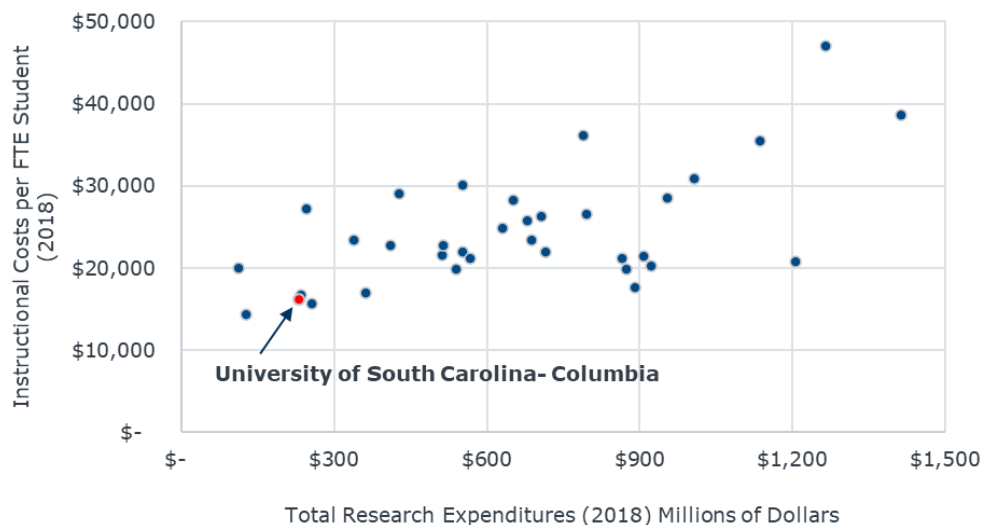
Source: National Science Foundation, IPEDS

The Financial Sustainability Challenge

Financial sustainability is the ability of a university to fund its mission in the short, medium, and long term. While cost reductions may be necessary in the short term in response to budget deficits, in the medium and long term the goal should be to grow the resource base in order to better serve the state of South Carolina through higher impact teaching, research, and service.

The University of South Carolina, like most universities, faces a range of financial sustainability challenges over the next decade:

	Short Term (2020-2021) COVID Response	Medium Term (2022-2026) Post-COVID to Demographic Cliff	Long Term (2026 on) Post-Demographic Cliff
Financial Sustainability Challenge	Budget deficit due to decline in non-resident students and auxiliary revenues, increased costs of COVID response	Increased competition for non-resident students, rising cost of supporting growing numbers of lower income South Carolina students, potential for COVID-related state budget cuts	Significant declines in 18-22-year-old populations in South Carolina and across most of the country
Institutional Goals	Identify limited short-term cost savings while better aligning resources with mission-supporting activities	Reduce reliance on undergraduate tuition by expanding access to South Carolina working adults	Develop a financial model that supports increased research intensity as well as access and affordability for South Carolina residents with a potentially smaller traditional undergraduate population

The originally projected budget deficit ($127M) caused by COVID is urgent but temporary. The larger challenges to financial sustainability are demographic declines, increasing competition for non-resident students, and the cost of expanding access to lower income students.

Nationally, the number of high school graduates is projected to decline significantly starting around 2026. This demographic cliff is the result of a decline in birth rates during the last recession (2008-2009). South Carolina is projected to see significant growth in high school graduates until 2025 followed by a rapid decline. Demographer Nathan Grawe has gone beyond birthrates to estimate where South Carolina high school graduates are likely to attend college (based on parental education, family income, and other variables). The chart below shows significant declines across all categories of South Carolina high school graduates from 2025 to 2029.

Projected Change in South Carolina High School Graduates by Predicted College Destination, 2020-25 vs 2025-29
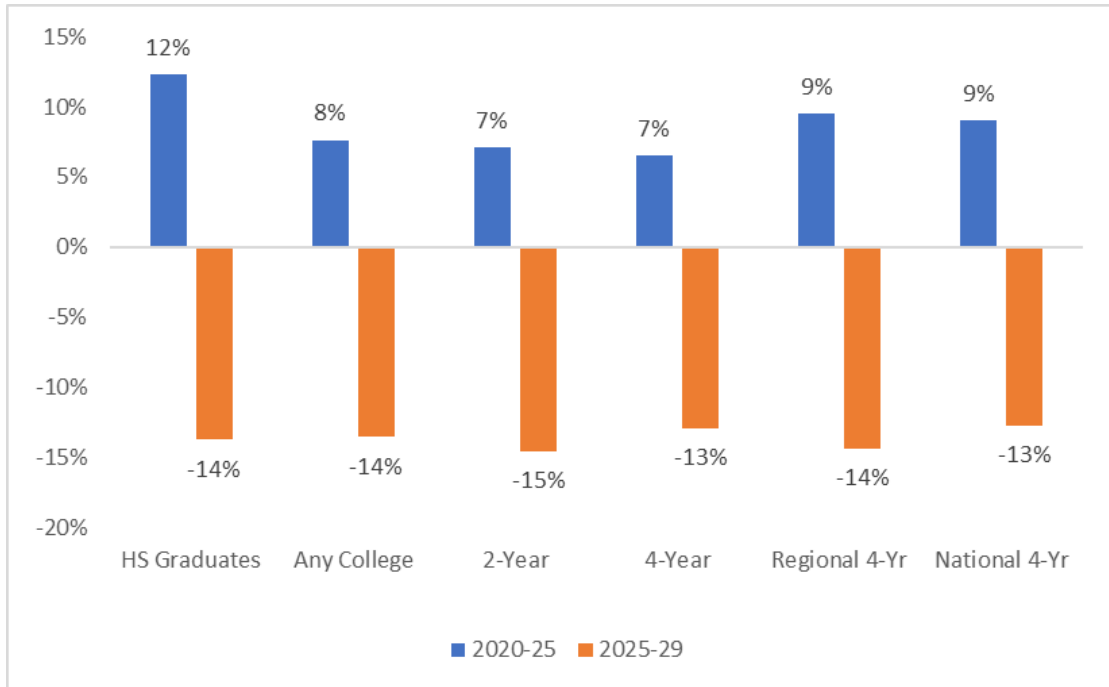
Source: Nathan Grawe

The following chart indicates that the declines will be even steeper for certain demographic groups projected to attend any college with a predicted 17% drop in non-Hispanic White students and a 30% drop in non-Hispanic Black students. The rapid rise in Hispanic students attending any college is from a relatively small base. Even in 2029, South Carolina Hispanic students attending college will represent less than 60% of the number of non-Hispanic Blacks.

Projected Change in South Carolina High School Graduates Attending Any College, by Race/ Ethnicity, 2020-25 vs 2025-29
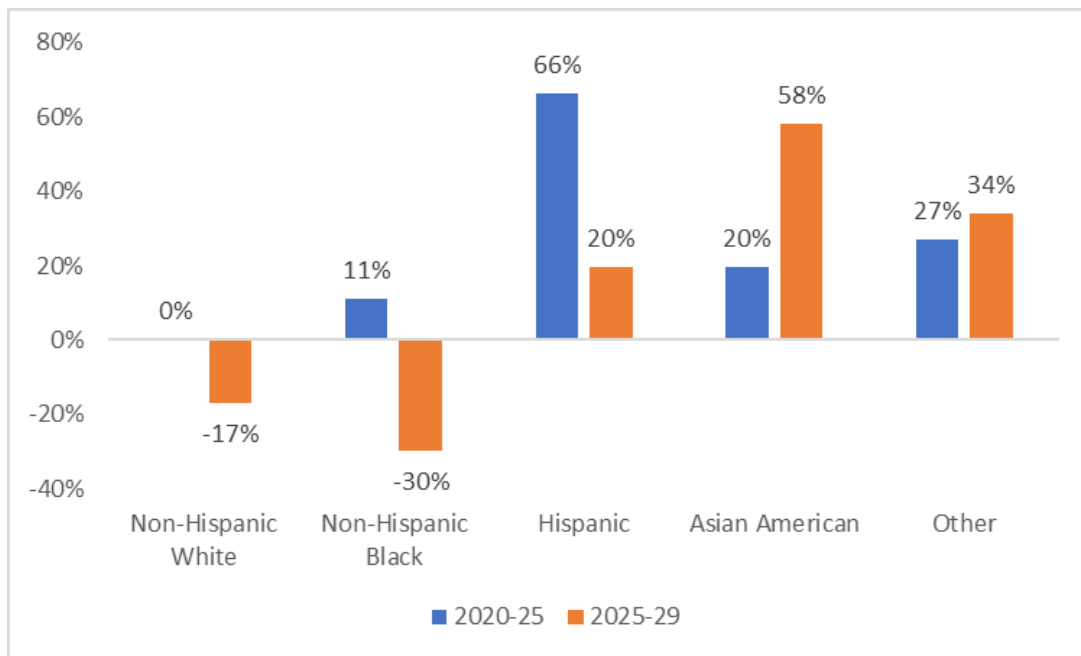
Source: Nathan Grawe

Preliminary Recommendations

Through a comprehensive analysis of the available data, we have identified six opportunities that we believe are worthy of further exploration by the Committee of Nine, deans, chairs, faculty, and other stakeholders.

Short-Term Impact
1. Reduce instructional costs by defining a process to realign instructional resources with student demand and reduce reliance on adjuncts

2. Reduce academic administrative overhead by engaging deans and faculty in a process to merge some of the smallest colleges to achieve economies of scale. Top options to investigate:
   - The College of Social Work and the College of Education
   - The School of Medicine-Columbia and the School of Medicine-Greenville

3. Grow tuition revenue by expanding capacity in high demand programs that are currently turning away highly qualified students, especially the Darla Moore School of Business

4. Grow tuition revenue by improving marketing and program attractiveness for existing master's and professional programs with high employer-demand

5. Engage deans, chairs, and directors in a project to reallocate resources to higher-performing doctoral programs

Medium- and Long-Term Impact
6. Reduce reliance on residential undergraduate tuition by building the infrastructure to support growth in online education. This recommendation is already underway under the direction of the System Online Advisory Committee.

While the administrative cost savings opportunities identified by the FPG4 group are larger, these actions should produce small but critical savings in the short term while creating disciplined processes for aligning resources with institutional priorities when resources begin to grow again.

Note: Student retention will be critical to maintaining enrollments (and revenues). Our analysis indicates that UofSC's performance on student success is already so strong that there are few opportunities for significant improvements in retention rates. Given the expected increase in South Carolina residents with lower family incomes and poorer academic preparation simply maintaining current retention and graduation rates will likely require additional investments in student support services.

Recommendation 1: Reduce instructional costs by defining a process to realign instructional resources with student demand and reduce reliance on adjuncts
   - Create a process in which tenured faculty would apply for research status in order to secure course reductions from the standard course load. (This excludes assistant professors whose research expectations are included in their probation status.)
   - Utilize the increase in tenured faculty instructional capacity to reduce dependence on adjuncts

Teaching at UofSC, particularly at the lower division, has become increasingly dependent on non-tenure track instructors (both full-time professional-track faculty and per course adjuncts). At the lower division levels in many colleges and schools, students are much more likely to be taught by a non-tenured instructor than by a tenured faculty member. While non-tenure-track instructors are significantly less expensive than tenure track instructors, there are number of benefits to reducing their numbers.
   - In the short term, it is much easier to achieve cost savings by reducing adjunct numbers
   - Most adjuncts teach courses for which there are qualified tenure track instructors (unlike professional-track and especially clinical faculty who often have unique expertise or skill sets)
   - A significant part of the value of an education at a research university is connecting with world-class scholars, and students who build those connections are more likely to be retained
   - There is growing concern that the extensive use adjuncts paid by the course exploits a group of low-income workers who are more likely to be female and from under-represented groups than full-time faculty

Share of Student Credit Hours Taught by Instructor Type by Course Level

Instructor Type	Course Level				
	100-200	300-400	500-600	700+	Total SCH
Tenured	18%	25%	39%	32%	24%
Adjunct	23%	16%	14%	18%	19%
Instructor	21%	14%	8%	2%	15%
Clinical Professor	6%	12%	18%	28%	12%
On-Track	6%	13%	13%	13%	10%
Graduate Student	16%	6%	3%	1%	10%
Other	7%	4%	4%	4%	6%
Lecturer	3%	8%	0%	1%	4%
Research Professor	1%	1%	1%	1%	1%

Source: EAB Academic Performance Solutions

Note: Instructor mix varies by college/ school and by department, depending on the type of instruction.

This recommendation does not envision increasing faculty course loads above the median 2-2 load or increasing class sizes above appropriate pedagogical and disciplinary standards. It simply recognizes that more than one third of tenured faculty are currently teaching less than a standard load and more than one third of "regular" courses taught by tenured faculty have 11 or fewer students (see below). (We excluded course types Culminating Experience, Dissertation/ Thesis, Individual Instruction, Other given that many of these are taught off load and some may represent placeholders rather than true courses.) We suggest investigating whether those reduced loads are all justified by additional research or service responsibilities above standard expectations.

Distribution of Class Sizes for Regular Courses Taught by Tenured Faculty
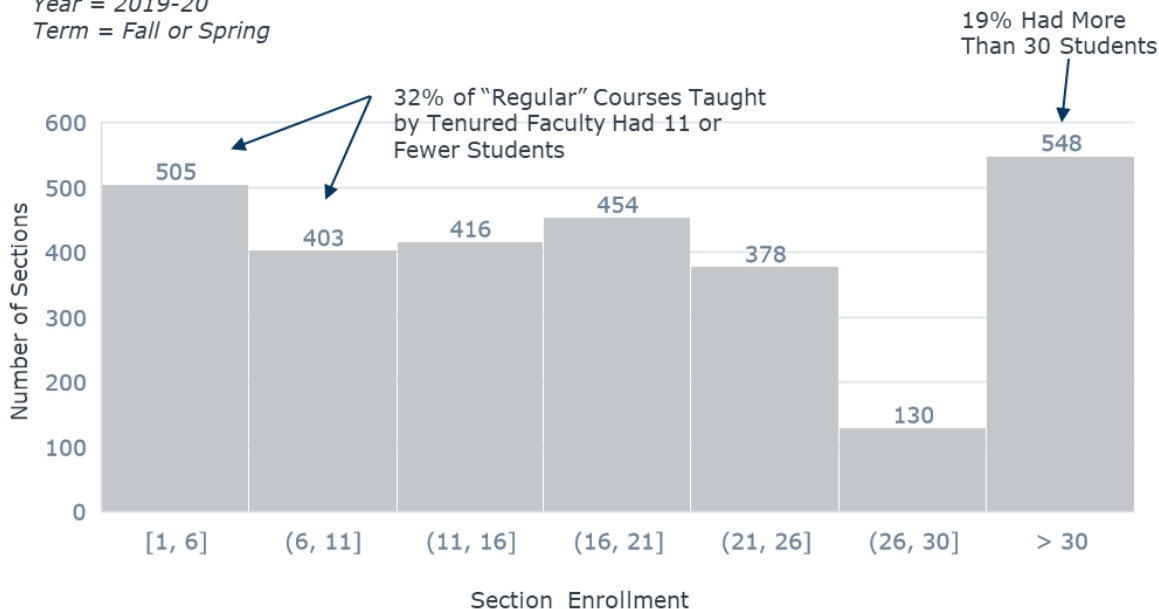

Academic Unit = UofSC Columbia
Course Type = Lecture, Lecture/ Laboratory, Online, Seminar, Studio/ PE Course
Instructor Type = Tenured
Year = 2019-20
Term = Fall or Spring

N = 2,834 courses

19% Had More Than 30 Students

32% of "Regular" Courses Taught by Tenured Faculty Had 11 or Fewer Students

Source: EAB Academic Performance Solutions

Distribution of Course Loads for Regular Courses Taught by Tenured Faculty

Academic Unit = UofSC Columbia
Course Type = Lecture, Lecture/ Laboratory, Online, Seminar, Studio/ PE Course
Instructor Type = Tenured
Year = 2019-20
Term = Fall or Spring

N = 765 Tenured Instructors

34.5% of Tenured Faculty Taught Fewer Than 4 Sections Over a Year

Number of Sections Taught	Number of Tenured Instructors
[1, 2]	108
(2, 3]	156
(3, 4]	144
(4, 5]	154
(5, 6]	69
(6, 7]	51
(7, 8]	27
(8, 8]	12
> 8	43
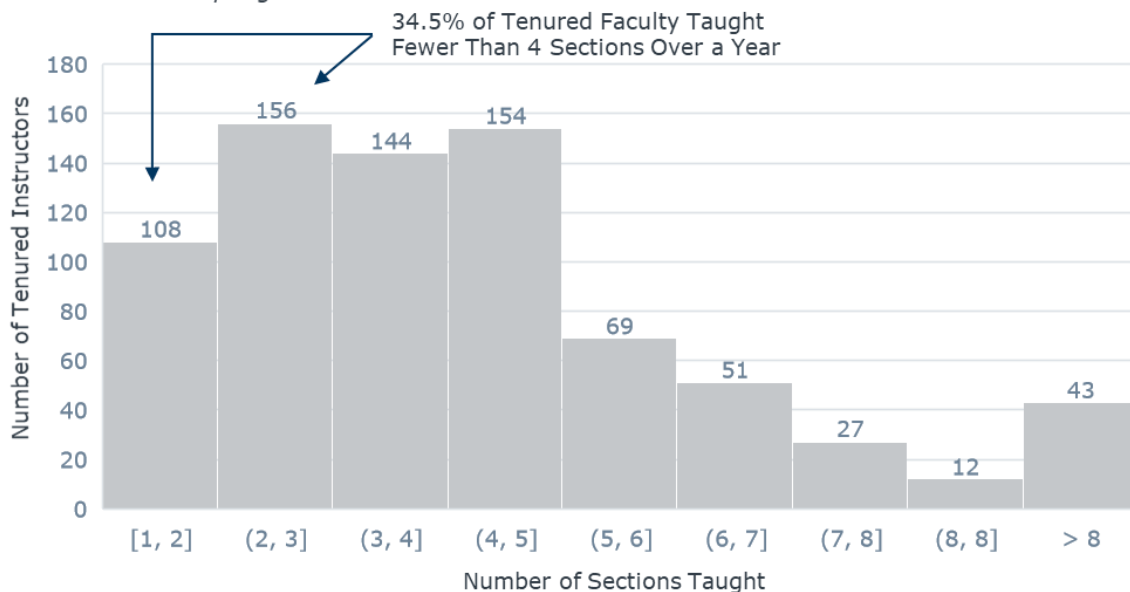
Source: EAB Academic Performance Solutions

The viability of this recommendation depends on the existence of excess instructional capacity among tenured faculty. After many hours of analysis and discussion with the Committee of Nine, we determined that accurately calculating the savings opportunity will require a more detailed department-level analysis of potential instructional efficiencies.

- Improve data consistency by creating a cross-functional team (registrar, OIRAA, faculty, dean's offices) to validate the accuracy of the mapping of course numbers, degree programs, and faculty work assignments including the sometimes inconsistent treatment of "meets with", off load, and cross-listed courses
- Understand the unique aspects of the instructional model in different academic units (pedagogical requirements for class sizes, use of clinical instructors, non-instructional obligations of faculty, etc.) recognizing that capacity may look very different in different disciplines

Rather than a one-time analysis, the process developed to optimize instructional capacity at the department level should be used on a continuous basis to ensure that resources are being directed to their greatest impact. Departments should each set appropriate targets for the use of adjuncts, course releases, and class sizes, and deans should hold departments accountable for those targets.

Option considered and eliminated: Why not lay off tenured faculty and replace them with lower cost non-tenure track instructors?

- Tenured faculty are core to the research mission of the university
  - Students attend a flagship research university for the opportunity to learn from and work with world-class scholars
  - Many accredited programs are required to have a certain number/ ratio of tenure track faculty
  - Many rankings include the ratio of tenure track instructors to students
- It takes a very long time to realize costs savings from faculty layoffs
  - Separating tenured faculty typically requires a declaration of financial exigency (analogous to bankruptcy) and/ or the closure of entire academic programs
  - Even in these cases it often takes 12 to 48 months before faculty are actually off the payroll

Note: Early retirement or voluntary separation agreements with tenured faculty can be an effective way to reduce excess capacity (with certain limitations). We understand that these are already being considered or implemented by some of the deans.

Recommendation 2: Reduce academic administrative overhead by engaging deans and faculty in a process to merge some of the smallest colleges to achieve economies of scale.
Top options to investigate:
- **The College of Social Work and the College of Education**
- **The School of Medicine-Columbia and the School of Medicine-Greenville**

Academic administration represents a significant cost. The UofSC spends more than $50M on college/ school administration including dean's offices and administrative support staff (not including administrative leaders and support staff in departments, centers and institutes, libraries and museums, and the performing arts center). In addition to the financial costs, administrative responsibilities take senior faculty away from teaching and research.

UofSC has a large number of colleges and schools with widely varying sizes. In fact, some departments in the College of Arts & Sciences are larger than some independent colleges. Smaller colleges are less efficient in terms of administrative staff. The chart below showing college overhead costs per student credit hour shows that larger colleges make more efficient use of administrative support. Merging smaller colleges, therefore, has the potential to increase efficiency and reduce the total administrative costs in the colleges.

College Overhead Costs per SCH vs Total SCH Taught (2019-20)
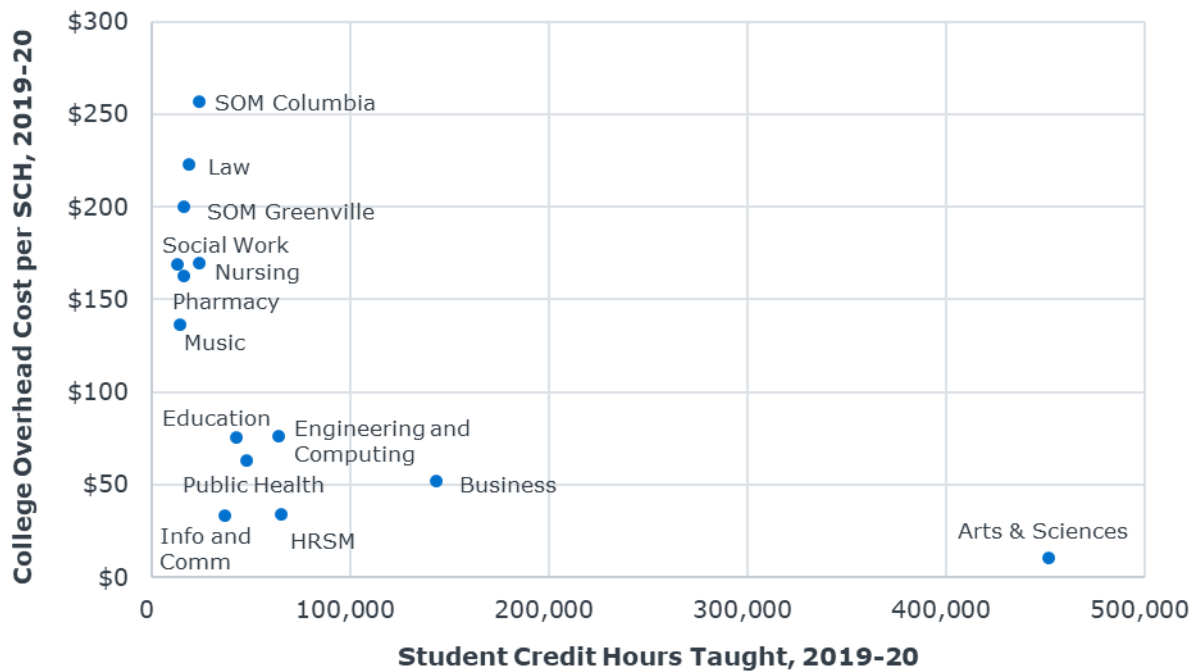
Source: EAB Analysis of UofSC HR Database

It is important to acknowledge that a number of factors other than scale may also lead to higher overhead costs (and therefore may not be reducible through mergers):
- Accreditation requirements
- Complexity of clinical or public service work
- Disciplinary salary standards
- Multiple physical locations
- Lack of departmental structure (requiring more administrative work to be done at the college/ school level)

Cost savings must be balanced against potential negative impacts to the merged units. Considerations include:
- Is there enough overlap in administrative activities that a smaller team could effectively support both units?
- Potential barriers could include separate accreditations, distant physical locations, different networks of community partners

Separately from mergers of academic units, UofSC should consider reorganizing how administrative support is delivered across central administration, colleges/ schools, and departments. Scaled services models (outside the scope of this report) when properly implemented can reduce costs and improve the quality of support services.

Beyond the potential for cost savings, the two mergers proposed for further investigation may also lead to improved performance through collaboration on joint degree programs, research projects, and better integration with common partners (e.g. school districts for Social Work and Education, and Prisma for the two schools of medicine). The ultimate benefits of these mergers may lie more in potential growth and quality improvements than in cost savings.

Option considered and eliminated: Why not just close one or more small colleges, terminate their programs, and lay off all of the staff?

- As a comprehensive, flagship university UofSC has an obligation to serve the diverse needs of the state of South Carolina. Each school at the university supports a critical need in the state (e.g. Education, Social Work, Medicine)
- While they can be reorganized, their fundamental mission remains essential

While out of scope for this project, the Committee of Nine also discussed the opportunity for a restructuring task force that would focus not on short-term cost savings but on longer-term opportunities to build organizational structures that would enhance the teaching and research mission of the university.

Recommendation 3: Grow tuition revenue by expanding capacity in high demand programs that are currently turning away highly qualified students, esp. in the Darla Moore School of Business

While cost savings opportunities are relatively small and may be challenging to realize in the next fiscal year, revenue generating opportunities may provide a quicker and larger boost to the budget. Focusing first on the undergraduate programs, there are opportunities to expand enrollment in high-demand programs.

A number of undergraduate programs in the Darla Moore School of Business, the College of Engineering and Computing, and the College of Nursing have rapidly growing numbers of qualified applicants but flat enrollments due to capacity constraints and/ or concerns about selectivity. There is evidence that some students rejected from these programs opt to attend other universities rather than another program at the UofSC. There are also concerns that rising selectivity may represent a barrier to South Carolina residents, especially those from historically under-represented populations.

An analysis of instructional costs (see appendix for details) indicates significant net revenue opportunity if enrollments in the Moore School of Business are increased. The cost of instruction in the College of Engineering and Computing appears to be higher than average net tuition, so expanding enrollments in that college may not be cost effective. Nursing appears to generate some net revenue but likely experiences other barriers to increasing capacity.

Limits to expanding capacity that should be considered include:
- Impact on selectivity and rankings
- Accreditation requirements
- Cost of expanding capacity
- Availability of qualified faculty (esp. in Nursing)
- Availability of clinical placements

Recommendation 4: Grow tuition revenue by improving marketing and program attractiveness for existing master's and professional programs with high employer-demand

Over the past three years, 11 of the 23 master's programs with more than 50 students enrolled saw declines in enrollment. These programs enrolled 213 fewer students in 2019-20 than they did three years previously. (This is likely an undercount since our data set is missing the most recent data for a number of nursing programs that also experienced declines.)

Master's Programs with More than 50 Students with Declining Enrollments

Program Name	Headcount	3-Yr Trend	Enrollment Drop
Master of Social Work - Social Work	434	-11.6%	-57
Master of Science in Nursing - Family Nurse Practitioner	154	-21.2%	-41
Master of Education - Educational Administration	159	-17.0%	-33
Master of Science in Nursing - Nursing Administration	98	-20.7%	-26
Master of Business Admin. - Business Administration	508	-3.6%	-19
Master of Accountancy - Accounting	81	-13.8%	-13
Master of Education - Higher Educ and Studnt Affrs	67	-12.7%	-10
Master of Public Health - Hlth Promo, Educ and Beh	65	-11.0%	-8
Master of Human Resources - Human Resources	76	-3.7%	-3
Master Health Info Technology - Health Information Techno	61	-3.1%	-2
Master of Teaching - Secondary Education	64	-2.3%	-1
			-213

Source: EAB Academic Performance Solutions

All of these programs are in areas with strong employer demand in South Carolina— nursing, social work, education, management.

Each program likely faces different reasons for declining enrollments. Potential explanations could include:
- High competition
- Insufficient or ineffective marketing
- Misalignment between program curriculum and employer or student needs
- Insufficient flexibility for working students
- Low average South Carolina wages compared to other nearby states
- Decline in international applicants to US institutions
- Strong labor market and opportunities for advancement for professionals may have discouraged enrollment in further education

We believe that given the strong demand, many of these declines could be reversed without major new investments, enabling UofSC to grow enrollment, generate additional revenue, and better meet state workforce needs.

Improving enrollments in existing programs is the short-term opportunity. Launching new programs or converting existing face-to-face master's program to hybrid or online is a medium-term or longer-term opportunity. This will require greater discipline around program creation, program launch, and program review.

Recommendation 5: Engage deans, chairs, and directors in a project to reallocate resources to higher-performing doctoral programs

This recommendation assumes that the total investment in doctoral education would not be reduced, simply shifted to generate better outcomes for students and for the research enterprise.

UofSC has made significant investments in doctoral education over the past few years with some members of the Committee of Nine indicating that PhD production was explicitly expanded at the expense of master's degrees in order to improve research output and disciplinary rankings. In fact, the chart below indicates that PhD completions is one of the few areas where UofSC already exceeds its AAU aspirants.

Doctoral Completions
Data Source: IPEDS Data Center
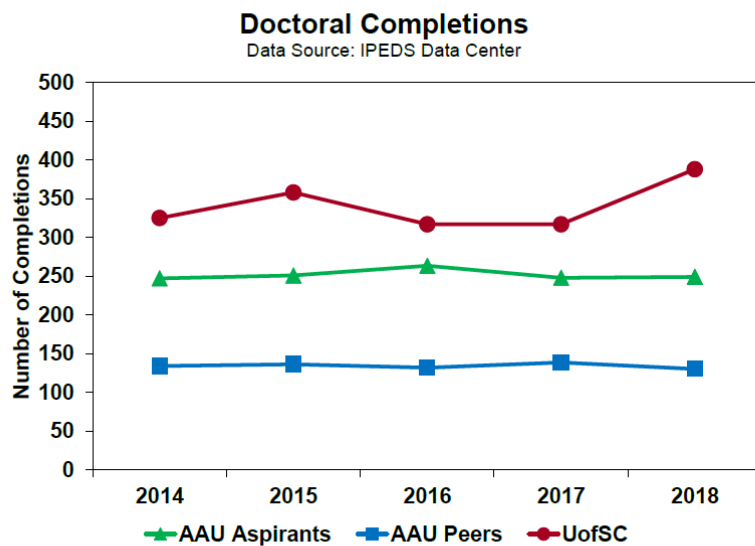
AAU Aspirants
Stony Brook SUNY
Emory
Washington U St. Louis
U Rochester
Case Western Reserve
Brown
Rice

AAU Peers
Cal Tech
U Oregon
UC Santa Cruz
Tulane
Indiana U
Brandeis
Dartmouth

Source: UofSC Office of the Vice President for Research

While doctoral education is critical to the success of the research enterprise, it is also one of the most expensive instructional activities that the university undertakes:
- While many PhD students receive some external funding (from U.S. funding agencies or other national governments), many are directly subsidized
- Doctoral programs require tenured faculty to spend less time on undergraduate and master's education
- Graduate instructors are more expensive than adjuncts
- Graduate research assistants are often more expensive (and less productive) than post docs
- It is likely that not all departments have a level of research output that justifies the current size of their doctoral program
- In most fields, only a small fraction of PhDs will end up in tenure track positions (and the current crisis is likely to exacerbate this significantly)
- In some programs, students acquire significant debt, and many do not complete
- Extending fellowship terms for current students due to COVID disruptions limits the availability of funds for new students

As a result of these factors many AAU research universities (both public and private) are prioritizing their investments in doctoral programs—shifting PhD slots away from programs with poor outcomes in order to expand programs with strong outcomes.

We propose the following approach:
- Create a process to assess each PhD program based on key metrics
  - Departmental research output
  - PhD job placement
  - Time to degree/ completion rate
  - Ability to attract top doctoral candidates
  - Cost per student
  - Note: Many of these metrics are not currently available
- Potential Interventions
  - Reallocate fellowship and graduate assistantships to programs with the strongest outcomes
  - Temporarily reduce intake of new students in some programs
  - Increase graduate student stipends and benefits while reducing the total number of students supported
  - Eliminate programs with poor outcomes and high costs
  - Redirect faculty in departments with shrinking doctoral programs to focus more on master's and undergraduate instruction

Recommendation 6: Reduce reliance on residential undergraduate tuition by building the infrastructure to support growth in online education. This recommendation is already underway under the direction of the System Online Advisory Committee.

UofSC Columbia is already one of the largest providers of online education in the state of South Carolina.

Online Enrollments at South Carolina Institutions, 2018-19

Institution Name	SC Residents	Non-Residents	Total
University of South Carolina - Columbia	1,782	356	2,138
Trident Technical College	2,085	31	2,116
Greenville Technical College	1,693	50	1,743
Clemson University	638	661	1,299
Limestone College	1,198	94	1,292
Piedmont Technical College	1,058	43	1,101
Horry-Georgetown Technical College	969	24	993
Southern Wesleyan University	721	65	786
Florence-Darlington Technical College	668	15	683
Charleston School of Law	627	0	627
University of South Carolina - Aiken	554	69	623
University of South Carolina - Upstate	579	14	593
Anderson University	423	96	519

Source: NC-SARA

However, more South Carolina residents enroll in fully online programs provided by out-of-state institutions (many for profit) than at in-state institutions.

Online Enrollments of South Carolina Residents, 2018-19

Institution Name	State	SC Residents
Strayer University	DC	3,234
Liberty University	VA	2,582
University of Phoenix	AZ	2,111
Western Governors University	UT	2,090
Trident Technical College	SC	2,085
University of South Carolina - Columbia	SC	1,782
Southern New Hampshire University	NH	1,754
Greenville Technical College	SC	1,693
Grand Canyon University	AZ	1,329
Limestone College	SC	1,198
American Public University System	WV	1,152
Piedmont Technical College	SC	1,058
Ashworth College	GA	1,036
Capella University	MN	1,026

Source: NC-SARA

We believe this represents an unmet need in South Carolina for high quality, non-profit education that is accessible to working adults. Given UofSC's unparalleled reputation in the state, it has a unique opportunity to expand service to a broader population.

Critical strategies would include:
- Leverage UofSC-Columbia brand to grow market share in South Carolina
- Build a governance model that enables rapid response to changing employer demand and innovation in new types of credentials
- Protect tenure line faculty from potential distractions from teaching and research

Option considered and eliminated: Should UofSC just buy a for-profit university the way that Purdue University and University of Arizona did?

- While those deals do represent a rapid way to build online infrastructure and leverage a strong existing non-profit brand, they are extremely high risk and have not yet proven to be effective.
- Partnering with an online program manager (a for profit company that assists with marketing and program development) is a less risky option that may be considered though it typically involves giving up a share of revenue (40-60%) over a long (10+ year) period. Building the capabilities internally requires a greater upfront investment and may be slower, but it yields the greatest financial benefits over time

Appendices

Charge to the Committee of Nine from President Caslen

June 11, 2020

Dear Committee Members:

Thank you for agreeing to serve on this vitally important "Committee of 9." Like most other institutions of higher education, the University of South Carolina faces the challenge of matching its academic strengths and ambitions to changes in the student body resulting from the COVID-19 pandemic and shifting demographics. Your committee will play a decisive role in helping the University to meet those challenges.

The Faculty Manual specifies that this committee "must participate in the formulation of criteria for determining termination" of tenured faculty members for reasons of "financial exigency" and that the "decision to discontinue or reduce a program or instructional unit must be arrived at jointly by the President" and this committee. At present, a condition of financial exigency does not exist. Medium-term budget projections, however, do make it advisable to consider a reorganization of academic programs that may entail reductions. I am charging you to begin an exploration of options that may result in such a reorganization.

The University will retain an external consultant to assess cost-savings and revenue-generating opportunities through academic program realignments. Your first task as a committee will be to review the draft scope of work for this consultant and recommend any changes you feel necessary. You will also meet with the consultant as part of the engagement to inform the production of their report.

The committee will review the external consultant's report and as well as recommendations generated by the internal Future Opportunities Committee. Upon review, the committee will provide a written evaluation. It is not expected that the committee perform an independent audit of the quantitative or qualitative measures employed by the consultant or Future Opportunities Committee as a basis for their recommendations. Rather, the committee is asked to assess the reasonableness of the process followed and the feasibility of the recommendations generated, as well as to weigh comparatively any specific options proposed. The committee is further directed to balance any proposed restructuring against the priorities expressed in the University's Strategic Plan.

The committee's written report, along with the consultant's report and recommendations of the Future Opportunities Committee will be submitted for review by a committee comprising the Chief Financial Officer, Provost, Vice President for Student Affairs, Vice President for Diversity Equity and Inclusion, and the Chair of the Faculty Senate; this group of five will make final recommendations to me, the President of the University.

I hope that it will not be necessary to discontinue or reduce academic programs, but should that be among the recommendations, I will meet jointly with you to review any such decision and to confirm that the provisions of the Faculty Manual have been met.

You are charged, finally, to bring to this task your experience, reason, compassion and commitment to the common good. To serve with distinction as the state's flagship, the University of South Carolina must unflinchingly confront the challenges ahead. We must remain committed not only to the integrity of our University community but also to the long-term social and economic welfare our state, nation, and world.

Sincerely,

Robert L. Caslen, Jr.

Information Sources Consulted

Interviews with UofSC Staff
(Date indicates first interview. Some individuals were interviewed multiple times.)

Name	Title	Date
Mark Cooper	Faculty Senate Chair	6-Aug
Bill Tate	Executive Vice President for Academic Affairs and Provost	10-Aug
Mandy Kibler	Controller	13-Aug
Prakash Nagarkatti	Vice President for Research	25-Aug
Sabrina Andrews	Executive Director, OIRAA	25-Aug
Scott Verzyl	Associate Vice President for Enrollment Management, Dean of Undergraduate Admissions	26-Aug
Julian Williams	Vice President for Diversity, Equity, and Inclusion	27-Aug
Trena Houp	Interim Director, Office of Academic Programs; Associate Director, Office of Distributed Learning	31-Aug
Dennis Pruitt	Vice President for Student Affairs and Vice Provost for Academic Support	2-Sep
Cheryl Addy	Vice Provost and Dean of Graduate School	3-Sep
Sandra Kelly	Vice Provost and Dean of Undergraduate Studies	3-Sep
Lauren Clark	Research Program Manager	9-Sep
Kelly Epting	Associate VP for Finance and Budget	9-Sep
Gigi Gillespie	Sr. Information Resources. Consultant	16-Sep
Pam Cope	Payroll Director	16-Sep
Helen Powers	Director, Career Center	17-Sep
Sarah Frakes Reinhardt	Career Center	17-Sep
Silvia Patricia Rios Husain	Assistant Vice President for Student Success	17-Sep
Tayloe Harding	Dean of the School of Music	24-Sep

Meetings with the Committee of Nine
- Committee of Nine Meeting 08-12-20, Focus: Project Scoping
- Committee of Nine Meeting 09-09-20, Focus: Instructional Efficiency
- Committee of Nine Meeting 09-23-20, Focus: Reorganization
- Committee of Nine Meeting 09-30-20, Focus: Instructional Efficiency
- Committee of Nine Meeting 10-05-20, Focus: Cross-Teaching Conundrum
- Committee of Nine Meeting 10-14-20, Focus: Instructional Efficiency
- Committee of Nine Meeting 10-21-20, Focus: Growth Opportunities
- Committee of Nine Meeting 10-28-20, Focus: Reorganization

UofSC Data Sets
- Staffing Data Fall 2019
- Academic Analytics Department Level Data Extract
- Online Program Enrollments
- New Programs in Development (07-21-20)
- Online and Degree Completion Inventory (04-20-20)
- Online Programs USC-C Only (Oct 2020)
- Timeline for New Program Launch
- Career Outcomes Data

- Current Program Taxonomy

UofSC Reports and Presentations
- University Strategic Plan Booklet
- Research Update (2020)
- University of South Carolina Budget Document, Fiscal Year 2020-2021 (06-19-20)
- Online Advisory Council, University of South Carolina Online Phase 1: Short-Term Action Items Project Completion Report (07-15-20)
- Cost Savings and Transformation (08-07-20)
- Board of Trustees Finance Dashboard and Comments (08-24-20)
- Fall Provost Retreat Enrollment Update (08-28-20)
- University of South Carolina Research Impact Assessment (Sep 2020)
- AAU Metrics (09-09-20)
- University 101 Programs: Presentation to the Board of Trustees (09-11-20)

EAB Data Sets
- Academic Performance Solutions
- Navigate Student Success Management System
- Enrollment Services
- Market Demand Database (EMSI)

EAB Reports and Presentations Created for UofSC
- Enrollment Opportunity and Risk Analysis (2017)
- Organizational Benchmarking Gap Analysis: Office of Distributed Learning (2018)
- Institutional Awareness and Perception Study (2018)
- Student Retention Case Study (2019)
- Financial Aid Optimization Simulations (08-22-19)
- Strategic Enrollment Planning (Aug 2019)
- Navigate Executive Update (09-05-2019)
- State of the University (10-21-2019)
- Student Success Benchmarks (Sep 2020)
- Enrollment Strategy Gap Analysis (Sep 2020)
- Market Pulsecheck: Proposed Master's Level Data and Communication Program (Oct 2020)

Relevant EAB Best Practices Reports
- Smart Growth (2011)
- Reaching Search and Shop Students (2013)
- Breaking the Trade-Off Between Cost and Quality (2014)
- The New Academic Program Review (2015)
- Making the Academy Market Smart (2016)
- The Instructional Capacity Playbook (2018)
- Academic Vital Signs (2018)
- Rightsizing the Program Portfolio (2019)
- The Multidisciplinary Reorganization Toolkit (2019)
- Market Insights and Industry Futures (2020)

State and Regional Data
- Southern Regional Education Board, Fact Book on Higher Education, 2019 (June 2019)
- South Carolina Commission on Higher Education, Higher Education Enrollment Projections, 2015-2023 (Sep 2015)
- South Carolina Commission on Higher Education, 2019 Statistical Abstract
- SC Work Employment Database

National Data
- Department of Education, IPEDS
- National Science Foundation, HERD
- Nathan Grawe, Demographic Projections
- NC-SARA, Enrollments in Fully Online Programs
- WICHE, Demographic Projections of High School Graduates
- U.S. Census
- National Student Clearinghouse, Data on Some College, No Degree
- ACTA, How Colleges Spend Money [Visualization of IPEDS data]
- SHEEO/ SHEF FY2019

Estimating the Financial Opportunity

These are high-level estimates based on institutional aggregates and averages. Determining the actual opportunity will require consultation with deans and chairs and more detailed analysis of departmental data on costs, capacities, and revenues. We have tried to make conservative estimates in order not to overstate the opportunity, but even these calculations may need to be revised downward after testing against unanticipated constraints.

Reducing adjunct spending by rebalancing tenured faculty teaching loads

Previous attempts to model excess tenured instructor capacity "from the bottom up" by looking at the number of small courses or underfilled multi-section courses within each department were met with skepticism about the quality of the data from the Committee of Nine. So for the purposes of estimating the potential cost savings, we take a "top down" approach here.

We focused on the course types Lecture, Lecture/ Lab, Seminar, Studio/ PE, online, and excluded course types Culminating Experience, Dissertation/ Thesis, Individual Instruction, Other, and Palmetto given that many of these are taught off load and some may represent placeholders rather than true courses.

In academic year 2019-20, 708 adjuncts delivered 2,609 sections with an average of 19 students in each for a total of 199,827 SCH [EAB Academic Performance Solutions]

Neither APS nor the UofSC HR compensation database included compensation for adjuncts. So we used a benchmark of $3,500 per section from a recent national survey. Adjunct compensation likely varies significantly by discipline and perhaps by course level. Using this benchmark yields an estimate of about $9M in total adjunct spending annually.

In academic year 2019-20, 785 tenured faculty (excluding tenure track faculty) taught 3,602 sections with a median of 15 students per section for a total of 220,708 SCH. The median number of sections taught by tenured instructors was 4 (or a 2-2 load). The median SCH per tenured instructor was 187.

To estimate potential savings, we calculated the incremental SCH that could be generated by tenured instructors if each instructor below the median was brought up to the median, assuming that the median is a reasonable expectation of instructional output (4 sections per year of 11-15 students). Of course, many tenured instructors have course releases for research or institutional service, so we would not expect all tenured faculty to teach the median load. We therefore estimated the potential SCH gains if some fraction of tenured instructors teaching below the median were brought up to the median.

% Underloaded Instructors Increased to Median SCH	Incremental Gain in SCH	Cost Savings from Reducing Adjunct Spending
100%	36,458	$1,666,030
90%	32,812	$1,499,427
80%	29,167	$1,332,824
70%	25,521	$1,166,221
60%	21,875	$999,618
50%	18,229	$833,015

The size of cost savings depends on what percentage of tenured instructors should have a reduced teaching load. Bringing 70-90% of underloaded faculty up to the median load would generate $1-$1.5M in adjunct savings. This assumes that there are qualified tenured instructors to teach the courses previously taught by adjuncts.

Reducing academic administrative overhead by merging smaller colleges

Using the UofSC HR database, we allocated each staff member to a specific level in the academic organization:
- Leadership = Dean, Assistant Dean, Associate Dean, Director, Assistant Director
- Administration = Business/ Finance, Computer/ Engineering, Communications, Management, Office/ Admin, Natural Resources, Service Occupations
- Leadership and administration in departments, centers and institutes, libraries and museums, and the performing arts center are not included in this analysis

	Leadership		Administration		Total	
College	Headcount	Total Cost	Headcount	Total Cost	Headcount	Total Cost
School of Medicine Columbia	14	$ 2,599,806	74	$ 3,532,749	88	$ 6,132,555
School of Law	13	$ 2,273,408	40	$ 1,977,044	53	$ 4,250,452
College of Nursing	14	$ 2,016,493	41	$ 2,053,715	55	$ 4,070,208
College of Arts and Sciences	9	$ 1,570,993	55	$ 3,007,464	64	$ 4,578,457
College of Engr & Computing	6	$ 1,283,270	60	$ 3,566,006	66	$ 4,849,276
School of Medicine Greenville	4	$ 1,276,860	35	$ 1,987,977	39	$ 3,264,837
NJ Arnold Sch of Public Health	7	$ 1,257,559	32	$ 1,754,469	39	$ 3,012,028
School of Music	12	$ 1,206,991	16	$ 787,492	28	$ 1,994,483
Darla Moore School of Business	4	$ 1,172,053	96	$ 6,280,299	100	$ 7,452,352
College of Education	8	$ 1,111,211	40	$ 2,091,441	48	$ 3,202,652
College of Pharmacy	6	$ 1,086,806	32	$ 1,589,466	38	$ 2,676,272
College of Social Work	8	$ 1,007,289	25	$ 1,244,751	33	$ 2,252,040
College Hosp Retail Sport Mgmt	5	$ 794,974	24	$ 1,410,925	29	$ 2,205,899
South Carolina Honors College	4	$ 609,486	35	$ 1,608,777	39	$ 2,218,263
College of Information and Comm	4	$ 608,625	12	$ 627,785	16	$ 1,236,410
Grand Total	118	$ 19,875,824	617	$ 33,520,360	735	$53,396,184

Source: EAB analysis of UofSC HR data

By summing the compensation of the individuals at each level in each college, we were able to calculate total college overhead. We then divided that by the number of student credit hours produced in the college to compare overhead costs per credit hour. In general, smaller colleges have higher overhead rates.

College	SCH	Overhead per SCH
College of Arts and Sciences	451,702	$ 10.14
College of Information and Commur	37,236	$ 33.20
College Hosp Retail Sport Mgmt	65,547	$ 33.65
Darla Moore School of Business	143,406	$ 51.97
NJ Arnold Sch of Public Health	47,811	$ 63.00
College of Education	42,585	$ 75.21
College of Engr & Computing	63,895	$ 75.89
School of Music	14,639	$ 136.24
College of Pharmacy	16,424	$ 162.95
College of Social Work	13,340	$ 168.82
College of Nursing	24,040	$ 169.31
School of Medicine Greenville	16,325	$ 199.99
School of Law	19,062	$ 222.98
School of Medicine Columbia	23,862	$ 257.00
South Carolina Honors College	6,798	$ 326.31

Source: EAB analysis of UofSC HR data

To generate a rough estimate of potential savings for the two proposed mergers, we looked at two different cases:
- Assume the school/ college with the higher overhead rate would be able to achieve the same overhead rate as the school with the lower overhead rate
- Assume that the combined school/ college would have an overhead rate that is the average of the two merged units

	SCH	Overhead per SCH	Total Overhead
Current State			
School of Medicine Greenville	16,325	$ 199.99	$ 3,264,837
School of Medicine Columbia	23,862	$ 257.00	$ 6,132,555
			$ 9,397,392

	SCH	Overhead per SCH	Total Overhead
Conservative Assumption-- Higher Overhead School Shifts to Median			
School of Medicine Greenville	16,325	$ 199.99	$ 3,264,837
School of Medicine Columbia	23,862	$ 228.50	$ 5,452,358
			$ 8,717,195
		Potential Savings:	$ 680,197

	SCH	Overhead per SCH	Total Overhead
Medium Assumption-- Higher Overhead School Shifts to Lower Rate			
School of Medicine Greenville	16,325	$ 199.99	$ 3,264,837
School of Medicine Columbia	23,862	$ 199.99	$ 4,772,162
			$ 8,036,999
		Potential Savings:	$ 1,360,393

We performed a similar exercise for the College of Social Work and the College of Education.

	SCH	Overhead per SCH	Total Overhead
Current State			
College of Social Work	13,340	$ 168.82	$ 2,252,040
College of Education	42,585	$ 75.21	$ 3,202,652
			$ 5,454,692

	SCH	Overhead per SCH	Total Overhead
Conservative Assumption-- Higher Overhead School Shifts to Median			
College of Social Work	13,340	$ 122.01	$ 1,627,645
College of Education	42,585	$ 75.21	$ 3,202,652
			$ 4,830,297
		Potential Savings:	$ 624,395

	SCH	Overhead per SCH	Total Overhead
Medium Assumption-- Higher Overhead School Shifts to Lower Rate			
College of Social Work	13,340	$ 75.21	$ 1,003,249
College of Education	42,585	$ 75.21	$ 3,202,652
			$ 4,205,901
		Potential Savings:	$ 1,248,791

Both calculations lead to similar ranges of potential cost savings ranging from about $600k to $1.3M for each merger, for a total of $1.2M-$2.6M.

Expanding enrollments in high demand programs by investing in incremental capacity

We began with the assumption that these programs are already at full capacity and that any increases in enrollment would require additional investments. We attempted to estimate what investment would be required and what net revenue could be generated by expanding enrollments.

First, we calculated the average direct cost per student credit hour for students who enroll in these programs. Since students in these programs take courses across many colleges, we had to calculate the mix of courses taken by majors in these three colleges and apply that to the direct cost of instruction per credit hour in each college. We were unable to break out the direct cost of instruction for undergraduate students, so these costs represent averages across all students taking courses in a college/ school.

These calculations assume that the marginal cost of adding an additional student is equal to the current average cost per student credit hour. It ignores potential increases in overhead costs at the school, college, or university level.

We did not have net tuition revenue numbers by academic program, so we used a university-wide average based on the mix of resident and non-resident students. If the growth in incremental students is primarily South Carolina residents, this estimate would need to be lowered. This calculation assumes that any additional fees are required to cover incremental costs. This does not account for auxiliary revenues associated with enrollment growth (such as housing, dining, bookstore, etc.).

	Direct Cost per SCH	Cost per Major (30 CH)	Net Tuition Revenue	Margnial Revenue per Student	Add 100 Students	Add 200 Students	Add 500 Students
Majors in Darla Moore School of Business	$359.83	$10,795	$16,000	$5,392	$539,223	$1,078,445	$2,696,114
Majors in College of Engineering and Computing	$738.18	$22,145	$16,000	-$5,958	-$595,831	-$1,191,663	-$2,979,157
Majors in College of Nursing	$511.79	$15,354	$16,000	$833	$83,348	$166,696	$416,740

Source: EAB Academic Performance Solutions

While the Darla Moore School of Business generates approximately $5k in incremental revenue for each additional student, the College of Engineering and Computing spends more than it earns (which is common for engineering schools given their higher cost of instruction). Nursing does slightly better than breakeven. Given the other restrictions on nursing instructional capacity—accreditation requirements, clinical placements, ability to hire qualified faculty—it may not be possible to expand nursing capacity in a cost-effective way.

The Darla Moore School of Business appears to have the greatest opportunity for revenue growth through increasing enrollments. More detailed analysis would need to be done to estimate how many additional students could be added in business (current undergraduate enrollment is approximately 4,000 students), but incremental net revenue appears to be in the range of $500k to $2.5M.

Improving performance of existing master's and professional programs with demonstrated employer demand

To estimate the revenue potential in this area, we assumed that with suitable changes these programs could all recover the enrollment lost over the past three years. That would mean adding an incremental 213 master's students. Assuming these students represent the same ratio of resident to non-resident graduate students as the university as a whole (59% resident), that would lead to a weighted average graduate tuition of about $23k per student per year (assuming no discounts). If some of these students were part time, that would lower the tuition further. This leads to a gross revenue of $4.9M. We do not have estimates of the cost of instruction for master's students. One might reasonably assume that if the programs had capacity for these students three years ago, they may still be able to accommodate them without increasing the direct cost of instruction. If, however, you assume that each incremental student increases costs by the direct cost per SCH in each college, that reduces the net revenue to $1M.

Program Name	Headcount	3-Yr Trend	Enrollment Drop	College Direct Cost per SCH	Total Cost per student (30 CH)	Net Revenue per student	Total Net Revenue
Master of Social Work - Social Work	434	-11.6%	-57	$889	$26,677.90	$ (3,488.56)	$ (199,640)
Master of Science in Nursing - Family Nurse Practitioner	154	-21.2%	-41	$512	$15,350.66	$ 7,838.68	$ 324,739
Master of Education - Educational Administration	159	-17.0%	-33	$524	$15,709.53	$ 7,479.81	$ 244,202
Master of Science in Nursing - Nursing Administration	98	-20.7%	-26	$512	$15,350.66	$ 7,838.68	$ 201,020
Master of Business Admin. - Business Administration	508	-3.6%	-19	$341	$10,216.42	$ 12,972.92	$ 248,295
Master of Accountancy - Accounting	81	-13.8%	-13	$341	$10,216.42	$ 12,972.92	$ 168,165
Master of Education - Higher Educ and Studnt Affrs	67	-12.7%	-10	$524	$15,709.53	$ 7,479.81	$ 73,193
Master of Public Health - Hlth Promo, Educ and Beh	65	-11.0%	-8	$1,011	$30,339.33	$ (7,149.99)	$ (57,249)
Master of Human Resources - Human Resources	76	-3.7%	-3	$341	$10,216.42	$ 12,972.92	$ 38,180
Master Health Info Technology - Health Information Techno	61	-3.1%	-2	$800	$23,996.23	$ (806.89)	$ (1,588)
Master of Teaching - Secondary Education	64	-2.3%	-1	$524	$15,709.53	$ 7,479.81	$ 11,091
			-213				$ 1,050,407

Note that due to higher costs per credit hour in Social Work, Public Health, and Engineering and Computing, programs in those areas would actually decrease net revenue if expanding enrollments grows costs at the rate of their average cost per SCH. This yields a net revenue estimate of $1M-$5M.

Building a coordinated system infrastructure and governance process for online education

A great deal of work has already been done to plan out and begin implementation of South Carolina Online. The report of the Online Advisory Council, "University of South Carolina Online Phase 1: Short-Term Action Items Project Completion Report" (07-15-20) states:
- "UofSC Online, with its combined programs, is a large online enterprise, with roughly 3,000 students in 100% online programs and combined tuition revenues of over $30M per year"
- "Even when accounting for a pro rata share of teaching, student services, admissions and other costs, plus the costs of the internal OPM, UofSC as a system could/should achieve new marginal online revenues of $18M per year by year 5"

EAB's benchmarks for professional education revenues finds an average gross revenue of $49M annually for the following set of public research universities
- Kansas State University
- Oregon State University
- Rutgers University
- The Pennsylvania State University
- UC Irvine
- UCLA
- University of Alabama
- University of California - Berkeley
- University of Florida
- University of Mississippi
- University of Missouri
- University of Oklahoma
- University of Wisconsin-Madison
- Virginia Commonwealth University
- West Virginia University

While South Carolina Online's revenue opportunities will be shaped by strategic decisions on which student populations to support, which programs to offer, and the level of demand in South Carolina, it seems reasonable to assume that gross revenues of $40-$50M might be possible.

It is also important to recognize that while $50M in gross revenue looks large and would be a welcome addition to the budget, it is dwarfed by the $256M in net revenues from undergraduate non-resident students.

While we have benchmarks for gross revenues, program margins are challenging to collect, and, in fact, many institutions do not even calculate them. Conversations with experts, however, indicate that adult degree completer programs typically strive for breakeven rather than revenue generation. Master's degree programs are usually the largest net revenue drivers.