EXCERPT on Chancellor's Office and Administrative Consolidation

Final Report of the Select Committee on the Future of Public Higher Education in Vermont

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The National Center for Higher Education Management Systems

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Done right, the assignment of mission characteristics could create as much upheaval as a formal consolidation, except to the degree that institutions would likely find it easier to preserve symbols of institutional pride, history and the like. And such assignments will require the VSC leadership to make extremely difficult and politically fraught decisions in order to achieve the level of clarity and differentiation needed between the campuses. It would be necessary to ask and answer questions about the degree to which each of the following characteristics, among others, would be assigned to each institution as primary features:

- A concentration in the liberal arts at the upper-division level (even if students at other institutions will retain access to the general education curriculum, as well as to select majors in fields of study where faculty expertise is concentrated).
- An emphasis on professional and pre-professional programs and on workplace-based learning experiences.
- Specific concentrations in key fields that shape institutional identity, such as environmental sciences, tourism/recreation/hospitality, and applied technology.
- The proportion of awards offered at each different level—certificates, associate's degrees, bachelor's degrees, and graduate degrees.
- A residential experience, with relatively rich intercollegiate athletics.
- A focus on service to traditional-aged students vs. adult learners.

In general, it would be exceedingly difficult to force very many programs to relocate to different institutions, so this option assumes that programs already in existence would remain where they are. This could continue to be a barrier to collaboration across institutional boundaries, in the process preserving some otherwise avoidable inefficiencies. As a result, it is unclear whether this option provides a realistic avenue to achieve the changes at the scale that is needed. In any case, it points to the need for the VSC System to play an active and engaged role in regularly and rigorously monitoring mission alignment and facilitating the delivery of programs across institutional boundaries. It would also need to guide a process whereby program area expertise is intentionally concentrated at and coordinated from a specific institution within the system. This option is likeliest to assure the preservation of unique institutional characteristics and cultures and may appear to be least disruptive or threatening to the communities and regions that host existing VSC campuses. But it must otherwise be just as transformative in nature; even if institutions themselves are not consolidated, their academic programs and administrative services must be. These would require important sacrifices by institutions and their communities as missions shift and become more clearly delineated and distinctive from one another.

The Chancellor's Office

Some of the recommendations being advanced by other groups have suggested the elimination of the VSC chancellor's office, with its duties distributed across the campuses within a single accredited institution (as per the Labor Task Force's recommendations) or simply eliminated. While language that suggests the need for a more integrated and systematic approach to program delivery is common in the reports produced, successfully taking a systems approach to the challenges will require an office that is dedicated to resolving issues that fall among and

between institutions (as well as campuses newly unified into a single institution but long accustomed to operating independently) and are coordinated across campus sites. There are good reasons to maintain the Chancellor's Office and to expect it to play a key role in leading transformative change.

Moreover, there are a set of functions the Chancellor's Office should perform regardless of the structure of the institutions within the system, among them being:

- Supporting the Board and ensuring implementation of Board and System policies and initiatives. Among the policies deserving particular attention are:
  - Setting and enforcing policies that establish a minimum level of institutional performance.
  - Implementing policies that ensure that course sections enroll a minimum number of students in order to operate, with the provision that minimum section sizes can be reached by enrolling students at multiple locations.
- Exercising policy leadership on behalf of the system. This requires the capacity to gather and analyze data and to develop and lead the execution of strategic plans. The policy leadership function also includes the role of keeping the state's political leadership informed and advocating on behalf of the System and its institutions.
- Working with other entities to ensure the smooth operation and alignment of those activities to functions within the VSC system. For example:
  - The Agency on Education regarding matters dealing with college and career readiness.
  - The Department of Labor on matters of workforce development.
  - The Agency of Commerce and Community Development on issues relating to the development and implementation of state and regional economic development strategies.
  - The institutions within the System and the University of Vermont to ensure seamless transfer pathways for academic credit.
  - Working with business and industry to ensure provision of the necessary training for current and future employees. A result of this relationship should include robust non-credit programming that meets the workforce needs of specific employers or targeted industry groups; such programming should be easily converted into credits that lead to stackable credentials.
  - VSAC and the legislature to ensure that students have funded opportunities for meaningful work through paid internships and apprenticeship programs, which also receive academic credit toward a credential or degree. Engaging with VSAC should also enhance the mutual support of policy-relevant research and analysis regarding student access, success, and affordability.
- Exerting oversight in the implementation of institution/campus missions to ensure alignment while preserving distinctiveness. These tasks include program review and approval, as well as more proactive efforts to engage members of the employer community in identifying and addressing gaps in the supply of postsecondary programs to meet demand. In order to overcome the habits of history—the conditions that led Jim Page to describe the functioning of the VSC as "a confederation of

institutions" (an accurate observation)—and move the VSC toward a model in which the constituent institutions operate like a system, there should be clearer reporting relationships (at least dotted-line) between institutional officers below the presidential level and the leaders of the respective functions at the Chancellor's Office.

- Maintenance of a robust institutional research/institutional effectiveness function that coordinates the submission of required federal and state reports and provides high-quality decision support for the System and its campuses. Given the rising importance of making evidence-based, data-informed decisions, it is essential that this function is sufficiently well resourced so that the former necessity does not overwhelm the latter, as is too often the case in American higher education especially among smaller, less wealthy institutions.

- Execution of systemwide strategies to promote quality and credit recognition, online learning, prior learning assessment, competency-based education, and a common general education curriculum. Recognizing that allowing each institution to independently develop and conduct such strategies sacrifices opportunities for scaling programs as well as for optimizing quality and student success, the system office should assign responsibility for developing and ensuring adherence to common policies and procedures to a specific unit. Its requirements will be to coordinate across institutions and departments to ensure that there exists:
  - The capacity to optimize VSC's investments in online learning, including: a centralized catalogue of courses across VSC available to be taken in an online format with full transferability within the system, the capacity to assist departments and faculty with high-quality instructional design for programs and courses, the provision of professional development opportunities (and associated policies) that ensure faculty are well prepared to adapt their pedagogy to an online setting, the availability of effective coaching and other student supports, and the establishment of conditions for integrating the regular full-time faculty and faculty assemblies into the design and delivery of online instruction.
  - Standard processes and procedures for awarding credit for prior learning, including communications strategies to academic advisors and students.
  - The capability to evaluate and share lessons from efforts to implement innovative academic delivery models.
  - Planning for the expansion of programs that ensure the needs of students (including new audiences) and the state are met in a cost-effective manner.

All of these activities are requirements of a well-functioning system, and even single institutions that operate outside the boundaries of a system must devote resources to the performance of these functions. It is not uncommon, however, for system offices to be under-resourced in the execution of these responsibilities because they can themselves claim no student enrollments, while institutional resources devoted to these assignments are not perceptibly separate from other core activities. That is not to say, however, that the need to attend to these policy leadership functions will necessitate substantial additional resources to be devoted on a permanent basis to the Chancellor's Office. In the short term, the Chancellor's Office will need sufficient capability to provide necessary support to the VSC

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Board in its efforts to make what will be a complicated and controversial set of decisions and to oversee the execution of the transformative changes required. But beyond the transformation timeframe, the need for effective policy leadership on behalf of the System will remain, as will the need to assure that administrative services are efficiently delivered, and the Chancellor's Office will be essential to fulfilling that role. The day-to-day tasks of delivering efficiencies through administrative services consolidation—which, it is worth noting, the Chancellor's Office already performs in some areas related to information technology services and legal services[19]—could be centralized in the Chancellor's Office or a separate services organization or be delegated to System institutions that have proven capacity.

The Select Committee has weighed these options and their associated tradeoffs and has concluded that the VSC continue to be organized as a system with a Chancellor's Office and that the System be comprised of two subordinate institutions—a unified institution (forged from Castleton, NVU, and VTC) and CCV. This combination is outlined above, and includes the expanded mission described for CCV.

The specific conditions in Vermont and the characteristics of the three institutions—especially VTC as an institution focused on technical programs at both the baccalaureate and sub-baccalaureate levels—are distinct in ways that make direct comparisons to prior cases of institutional consolidations difficult. But there are a few examples from which lessons may be drawn—both positive and negative—if Vermont elects to pursue consolidation of these three campuses.

First among the relevant cases is the experience still playing out at NVU, for which the Select Committee has little need for a lengthy description. Notwithstanding the inevitable bruises that have accompanied that effort, it is notable that there are documentable savings that have resulted. Reports are that there have been improvements in delivery in some disciplinary areas such as the integration of the business programs.

It is well known that over the past decade the University System of Georgia has been active in mandating institutional consolidations. There are a few important distinctions that differentiate those efforts from what is proposed in Vermont:
- Consolidations consisted of two institutions at a time.
- The USG System Office has considerably greater capacity to direct and support the mergers it required.
- The mergers were generally not motivated by a need to share academic programs and administrative services as part of a strategy for rightsizing institutions in response to declining demographic trends, though a clear goal of the mergers was to create savings and to redirect investment to drive improvements in student success.
- There is no collective bargaining in Georgia.

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[19] Of 28 current listed employees in the Chancellor's Office, 12 help support the System's information technology needs, including its student information and learning management systems. Nine employees are in the finance department, which manages payroll processing on behalf of the entire System. Two employees are in the general counsel's office.

- Sub-baccalaureate technical programs are almost exclusively under the authority of a different system, the Georgia Technical College System, and are delivered by its constituent institutions.

Nevertheless, the Georgia mergers represent some of the most recent relevant efforts and offer some useful lessons. Each of the individual mergers faced different challenges and pursued different strategies for managing varying branding issues, administrative consolidations, policies, and processes. Perhaps the best case is the 2015 merger of Kennesaw State University (KSU) with Southern Polytechnic State University (SPSU) that yielded a single institution. The former SPSU delivered primarily bachelor's degree programs in science, engineering, and technology fields, while KSU's programs were a broader mix of primarily undergraduate programs in the liberal arts and sciences, education, and selected professional programs (e.g., nursing, criminal justice), along with limited graduate programs in professional fields. The consolidation sought to stimulate more production of workforce-oriented degrees and better service in support of regional economic and community needs, improve transfer pathways, bolster the student experience, and generate efficiency in program delivery and administrative operations.[20] The resulting single institution has seen its enrollment grow substantially (though it does not face the same demographic challenges in Georgia), and improvements in student outcomes. It has melded SPSU's technical programs into the new institution by organizing much of it into a distinctive college—the Southern Polytechnic College of Engineering and Engineering Technology—that operates primarily out of the former SPSU campus. An analysis by the University System of Georgia estimated that the merger of the two institutions yielded $6.7M in annual savings (which were reinvested in various strategic and student success related initiatives and activities). Additionally, retention and graduation rates reported by the system generally held steady or improved in the aftermath of the merger, though it should be noted that both KSU and SPSU's rates were relatively similar in the preceding years.[21]

Of the other Georgia consolidations, some merged institutions offering primarily two-year programs into four-year institutions. Of those, some elected to charge students a single tuition price regardless of whether they enrolled in a two-year program or a four-year program (as at Middle Georgia State University) and some elected to maintain separate pricing (as at the University of North Georgia).

The State of Utah offers several other potentially useful examples from which lessons may be drawn. Among them are the following:

- In 2008, Utah State University acquired the College of Eastern Utah. Located in Price, about 250 miles from USU's main campus in Logan, USU-Eastern (as the College of Eastern Utah was renamed) was a struggling institution offering primarily associate degrees to students in a relatively rural and isolated location. In addition to USU-Eastern, USU provides educational programming at other outposts scattered

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throughout the state, which it does partially in keeping with its Land-Grant mission. These activities are organized out of a "Statewide Colleges" office at USU's main campus in Logan. As with the other locations, USU-Eastern's program offerings continue to be well connected to regional workforce needs and include a heavy emphasis on CTE programs (for which tuition is assessed at varying rates by campus and program). Increasingly, USU is expanding its efforts to deliver programming in flexible formats through its distributed campuses, including at Eastern. One potential consideration of USU's approach is that faculty at USU-Eastern (and other statewide campuses) receive appointments in corresponding university-wide academic departments. While there are acknowledged differences in the roles of faculty who teach at the statewide campuses versus those at the research university campus in Logan, issues of hierarchy and compensation can create tension. It is notable that Utah faculty are not unionized.

- Utah is also home to several institutions that serve a "dual-mission." In a state with only one comprehensive community college, these institutions—Utah Valley University, Weber State University, and Dixie State University—partially fill that gap by offering an array of programs at both the sub-baccalaureate level and baccalaureate level. All three of these institutions are evolving in different ways, and their experiences really reflect the critical role leadership—in combination with a clear and shared sense of purpose—plays in how well they are able to maintain a balanced focus on technical and workforce-oriented programming and service to adult learners, while also delivering bachelor's degrees. Of these, Weber State has been particularly successful in keeping this balance relatively consistent over the years.

- Finally, Utah is also home to Snow College, which operates two campuses in relatively sparsely populated parts of the state. Its original campus in Ephraim includes residences and is focused on academic (transfer) programs, as well as a well-recognized music program. Its second campus in Richfield, about an hour's drive away, was originally the Sevier Valley Applied Technology Center, which was made part of Snow by an act of the legislature in 1998. The Richfield campus continues to focus on applied, often short-term, training. Integration between Snow's two campuses has continued to be limited.

Adoption of this recommendation and implementing a unified institution from among three disparate institutions must be sensitive to the challenges of branding and marketing the unique identities and traditions of each institution, as well as the need to deliberately integrate the academic programs. Nowhere is this more critical than in the treatment of VTC and its uniquely technical programs—many at the sub-baccalaureate level—as it becomes part of a larger institution that will inherit from NVU and Castleton a substantial number of liberal arts and science programs and professionally oriented graduate programs. Effectively balancing the program mix must be a priority in the integration. It is not the task of the Select Committee to delve deeply into the specific details of how to assure that this happens. But as reflected by some of these case studies (albeit imperfectly), one possible avenue is by creating colleges within the unified institution with a clear identity driven by a combination of location (in terms of where their activities are headquartered), elements of tradition, and disciplinary

focus areas and programs. For example, VTC may become a College of Technology within the larger institution. While institution-wide policies will exist regarding personnel and the mobility of academic credit, the college will be the hub for developing and delivering programs and courses within its designated focus areas to students across the unified institution, and enjoy a measure of independence in how courses can be delivered according to reasonable pedagogical demands—for example, some courses or programs may require a hands-on practicum or laboratory experiences that require short-term residential enrollment at Randolph. Such a college may also coordinate key services in collaboration with staff located on other campuses to expand services that VTC already provides to its students and employers. This includes VTC's role in coordinating internship, apprenticeship, and other workforce-related programs, as well as its array of non-credit programming (the latter of which will likely benefit from a more intentional coordination across the VSC System and CCV especially). Finally, VTC is now serving as a fiscal agent for some externally funded projects due in part to its unique capacity for hands-on training. Its capacity to serve in this role need not be upset by being included in an integrated institution, particularly if key elements of that responsibility remain linked to a clearly identified college and if the implementation sequence and timeline deliberately accounts for how best to integrate such activities into the unified institution.

4. Coordination of Administrative Services

The VSC system should spare no effort to aggressively move to coordinate administrative service operations. This task should not wait for decisions on structure to be finalized, as the need to forge the path forward on achieving efficiencies in this area is a critical requirement for reducing costs over the long term. While the effective delivery of some administrative services may require an on-campus presence, what is missing is a standardized set of policies for those services across the System set in place and enforced by the VSC Board and supported by the Chancellor's Office. For example, the task of providing financial aid counseling will require students to have access to appropriate counseling and, even if such counseling can be done virtually, students are likely to continue to need in-person access to a financial aid office. The System should lead the development and implementation of a common policy for financial aid allocation, manage recordkeeping, and carry out compliance functions. It is not assumed, however, that consolidated services are managed by personnel working out of the Chancellor's Office. It may be more appropriate to situate the oversight and management role for each of the consolidated services at one of the member institutions where expertise is most concentrated or where it can most easily be created. These consolidated efforts may also engage UVM where existing differences in services provided do not create insurmountable barriers.[22] The array of functions that should be considered for consolidation include the following.

- Procurement

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[22] Analyses already conducted have convincingly demonstrated that a consolidation of health benefits programs are likely to yield limited savings to VSC institutions (or to UVM). There may be a better opportunity to reassess this in the future as a component of the negotiations over the renewal of collective bargaining agreements.

- Audit, budgeting, and accounting services[23]
- Facilities and construction management
- Human resources
- Business relationships (by which the VSC system will mount a coordinated effort to develop and manage work-based learning opportunities, identify and respond to employer workforce development needs, etc.)
- Information technology (major aspects of IT service delivery and policy development and implementation are centralized within the Chancellor's Office already)
- Institutional research and effectiveness
- Student success tracking and coordination
- Risk management – perhaps in collaboration with UVM
- Cyber security and related insurance – perhaps in collaboration with UVM
- Research oversight and compliance – perhaps in collaboration with UVM
- Compliance with federal regulations – perhaps in collaboration with UVM
- Grant-writing and grants management – perhaps in collaboration with UVM
- Book stores and food services – perhaps in collaboration with UVM
- Student services functions such as admissions and financial aid

There is some history of consolidated services within the VSC—the Chancellor's Office has assumed a role in providing oversight of systemwide student information system, data center, and network operations, for example. In addition, the Chancellor's Office provides legal services and conducts the payroll function for the System. Transitioning to a more consolidated structure for administrative services will be a major assignment that the system cannot fail to get right. By all accounts, a recent effort to consolidate payroll processing at the Chancellor's Office did not proceed smoothly. That experience highlights the need for a deliberate, disciplined, and highly professionalized project management approach, one which demands experience and a skill set that is not commonly available, as well as a dedicated focus. Accordingly, it will be essential that the VSC system move rapidly to prioritize the administrative services to be consolidated and to hire an experienced project manager (or firm) for the task of leading the necessary change efforts.

Ultimately, the VSC System must choose how it will manage consolidated administrative services over the long haul. For each function or service, it may opt to make the assignment for leading the management and delivery of each separate service to the Chancellor's Office or to the member institution where the capacity will reside. In either case, it should be evident that this organization clearly expresses a service orientation and mindset in its work with other components of the System. If it is not adding value through cost reductions, improved service, and workable solutions to common problems, it is not fulfilling its role. The individual responsible for leading each service will need to have a formal reporting relationship with the Chancellor's office, and he or she designs and leads the execution of a set of standard policies and procedures that are consistent across the system. In systems with robust system-level

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[23] The VSC System has already consolidated, or is in the process of consolidating, functions related to Audit, Budgeting, Accounting, Accounts Payable, and Accounts Receivable.

finance and administrative services functions, each campus has an officer who reports to the campus CEO for campus-level implementation and to the system chief finance and administration officer for system purposes. With a systemwide approach to administrative service delivery, campus-level staff concentrate on delivering those services to the campus—faculty, staff, and students.

For example, consolidating the delivery of financial aid requires a set of policies and procedures. Consolidating that service at the system level means that an individual, in consultation with colleagues on campus, develops and oversees a set of common policies and procedures around such matters as packaging institutional aid, recordkeeping and compliance, exercising professional judgment, and responding to student concerns, among other issues. Campus-level staff focus their activities on executing those policies and procedures—in other words, they are the front-line financial aid professionals with whom students will interact.

Any effort at consolidating these services faces the same or similar challenges and resource requirements, whether responsibility for delivering services is coordinated by the Chancellor's Office or by an institution. Each approach requires adequate leadership to develop and enforce policies and processes, along with human resources at a level sufficient to provide the actual services to students and employees. In other words, the need for system-level staffing is limited to fulfilling the leadership role for designing and overseeing policies and processes in a specific area or areas. The related campus-level staffing need is only as necessary to provide good "customer service" to the campus/faculty/staff/students.

Nesting the responsibility for either or both the system-level and campus-level staffing needs within the Chancellor's Office has at least two major drawbacks: First, it is difficult to shake perceptions of administrative bloat when employees carrying out necessary functions are attached to the Chancellor's Office, even if in their absence the separate campuses would have to employ as many (or more) individuals in order to perform a necessary function. Second, the need to oversee and execute day-to-day operational tasks can threaten to dominate the activities of the Chancellor's Office, crowding out attention to the policy leadership function that a system office is uniquely able to perform. But it potentially creates a more straightforward set of reporting relationships and a coherent leadership team.

Distributing assignments for the performance of day-to-day administrative services to the campuses requires an adaptive organizational structure, with dedicated leadership and dotted-line relationships to the Chancellor's Office and the VSC Board as appropriate. This approach may take greatest advantage of expertise already in place on campuses.

In either conception, the result must be the creation of a service-oriented organization within the System that is nimble, flexible, and recognized for its competency at conceiving and managing projects and at leading change.[24] In executing transitions from the current business

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[24] An earlier draft of this report raised the possibility of creating a subsidiary service organization to oversee the delivery of consolidated administrative services. There are a few such examples in the postsecondary landscape, but

models to a coordinated one will likely require a project and change management team to enjoy considerable latitude for accessing and deploying subject matter expertise as needed wherever it exists within the VSC System (and potentially UVM). Finally, a clear set of targets and milestones for the effort will be important.

Fortunately, there appears to be a broad consensus reflected in various reports and stakeholder perspectives that there exists need to reform the delivery of administrative services within the VSC in order to reduce costs, gain efficiencies, and improve performance. It would be helpful to pair that interest with realistic estimates of how much money may be saved.

5. Resource Allocation

A basic tenet of budgeting/resource allocation is that funding should reflect and support the primary objectives being sought by the funder. From the state's perspective, the primary objectives should be to ensure that 1) public higher education is affordable for the residents of Vermont and 2) public sector institutions are financially viable and can continue to serve the needs of the State of Vermont and its citizens.

Underlying the decisions in this arena are some basic facts that are relevant to maintenance of affordability and institutional viability, specifically:

- Tuition and required fees at VSC institutions are higher than at similar institutions elsewhere in New England, in most cases by a significant amount. For four-year institutions, only New Hampshire institutions have (slightly) higher tuition than VSC institutions. For other states, tuitions at their four-year institutions are generally $2.000 or more per year lower than VSC institutions. The tuition and fees at CCV are anywhere from $1,000 to $4,000 per year higher than their counterpart institutions elsewhere in New England. Perhaps more unsettling is the fact that tuition at VTC is

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most are voluntary consortia among private institutions. One such example is the Green Mountain Higher Education Consortium (GMHEC), which is a means for its members—Middlebury College, Champlain College, and St. Michael's College—to work on developing cross-institutional efficiencies in administrative services like joint purchasing, joint operation of important administrative data services, and similar efforts. GMHEC and similar consortia seek to convene and borrow needed expertise from their member institutions rather than to develop and maintain expertise of their own. Examples in the public sector are uncommon. A subsidiary corporation would likely need to be wholly owned by the state through the VSC System (alone or in a co-ownership agreement with another public entity) in order to ensure that its first responsibility would be to the VSC member institutions, their students and employees, and Vermont taxpayers. The potential value would be to provide some freedom or flexibility with respect to state regulations that constrain VSC System's ability to operate nimbly, including state personnel requirements that may apply (e.g., compensation schedules) that might limit its ability to attract and retain well-qualified and high-performing leaders and staff. Such an organization would have the benefits of creating an arm's-length relationship with the Chancellor's Office, allowing the latter to give priority to its policy leadership functions; potentially creating value for the VSC and similar institutions in the form of greater efficiencies, improved performance, and potentially added revenue (if it can extend successful delivery models and scale efficiencies for other institutions); and to enhance accountability for performance in the efficient delivery of administrative services. Ultimately, the start-up costs, aggressive timeline for the achievement of needed reforms, uncertainty over how such an entity would be legally incorporated, and the potential risks of such an undertaking by VSC alone were collectively hurdles too high to overcome to receive the Select Committee's endorsement.

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