

Western Connecticut State University Report



January 3, 2022

Introduction

Western Connecticut State University is an institution in serious financial difficulty. It has a structural deficit that has caused the university to dip into its reserves almost every year for the last decade. This practice of relying on reserves to balance the operating budget over an extended period has led to the current situation in which reserves have been totally depleted. The university now has no choice but to address the underlying factors that have led to this condition—operating within the constraints of a balanced budget is now an imperative.

Against this backdrop, the Chief Financial Officer (CFO) of the University, at the suggestion of the CSCU System CFO, approached the National Center for Higher Education Management Systems (NCHEMS) seeking assistance in dealing with the financial issues facing the university. After consultations with the CFOs of both the University and the CSCU System, NCHEMS agreed to undertake a project focused on providing assistance to the University in three areas:

1. Developing a short-term financial plan that will allow the institution to live within its means for Fiscal Year 2023.
2. Developing an organizational structure that is supportive of the institution's mission but supports that mission in a more efficient and effective manner.
3. Developing a long-term plan for the institution that places it on a fiscally sustainable path for the future.

This report has been prepared in fulfillment of contractual obligations associated with the first two of these areas—assistance in developing a short-term finance plan and suggestions regarding an appropriate organizational structure.

Project Activities

In order to complete the work on the first two deliverables, NCHEMS undertook a variety of activities. These included:

1. Compiling and reviewing a variety of materials provided by WCSU and the System Office.
 - a. Institutional budgets for the four universities in the CSCU system.
 - b. WCSU audited financial statements.
 - c. Information about the resource allocation model used by CSCU.
 - d. WCSU strategic plan and progress reports associated with that plan.
 - e. Organizational charts for WCSU and for Eastern Connecticut State University, the other university in the system of generally similar size.
 - f. Information about Danbury High School, WCSU's primary feeder high school.
 - g. Enrollment information.
2. Created a set of peer institutions—public institutions of similar size and with similar missions—and used this list of peers to develop a variety of comparative data. The list of

peer institutions is included in Appendix A. These comparative data included statistics regarding:

- a. Revenues, by source
- b. Expenditures, by both functional and natural categories
- c. Number of programs offered relative to the size of the student body
- d. Staffing levels, by category of employee
- e. Outcome metrics
- f. Productivity metrics

Organizational charts were also collected for this set of institutions.

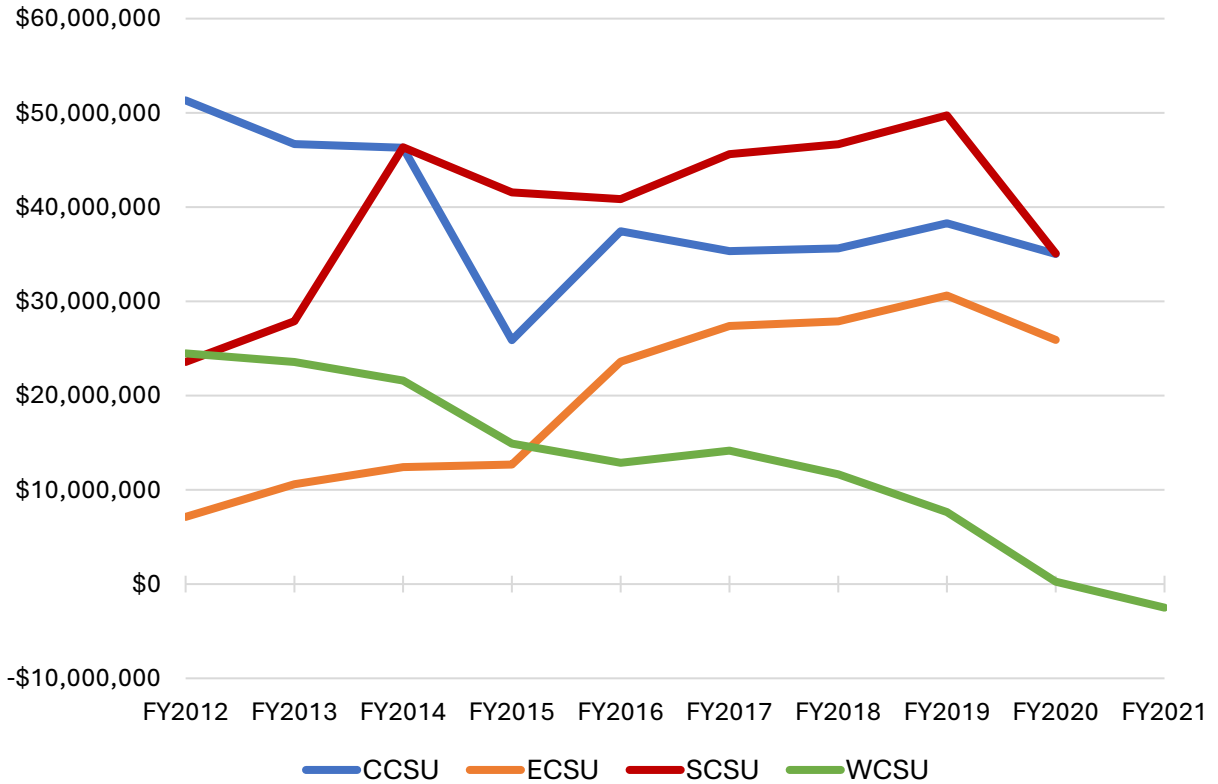
3. Conducted interviews with more than 20 individuals. These individuals included the President and his Cabinet, representatives of other leadership groups on campus (Deans, union representatives, etc.), and System Office personnel. The complete list of interviewees is presented in Appendix B of this report. Interviewees were promised confidentiality to encourage candid responses.

I. Findings and Observations from Data Analyses

Analyses of the data compiled from various sources yielded a series of findings that are key to an understanding of the roots of fiscal problems facing the institution—and to pointing the way toward solutions. The primary findings are:

1. The university has a persistent structural deficit. Figure 1 shows the steady erosion of the university's reserve funds over the past eight years. In only one year did WCSU's reserve funds increased over the prior year's value. The pattern for the other CSCU universities is very different. Two of the four universities saw increases in the value of their reserve funds between the end of the Great Recession and the present day. Central Connecticut State U saw a decrease in reserve value of approximately one-third over this period, with much of the decrease occurring pre-pandemic. The reserve value at WCSU declined 99 percent during this time, essentially eliminating all reserves at the University.

Figure 1. Unrestricted Net Position (Reserves) by Institution

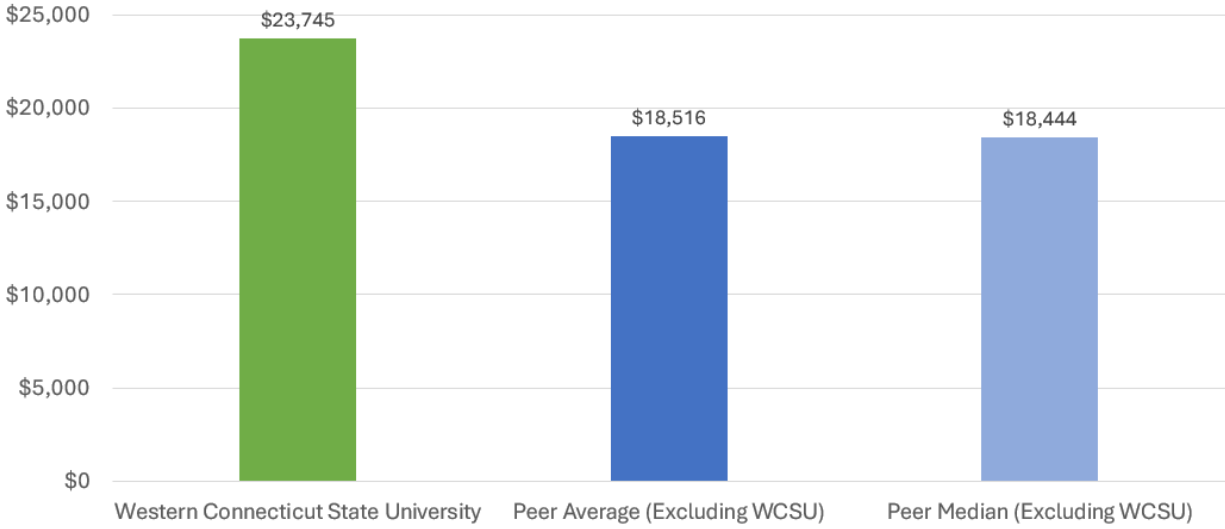


Source: WCSU

These data suggest that environmental factors in Connecticut did not lead directly to the underlying financial problems at WCSU. If external factors were the root cause, the other universities in the System would have suffered a similar fate. While all System universities suffered losses in the pandemic year of 2019, the others grew their reserves in prior years and could cover pandemic-related losses without decimating their reserves. The pandemic-related losses at WCSU all but wiped out its reserves.

2. The fundamental problem facing WCSU is not a revenue problem; the institution is not underfunded. Figure 2 indicates that WCSU has considerably more revenue per FTE student than its peer institutions.

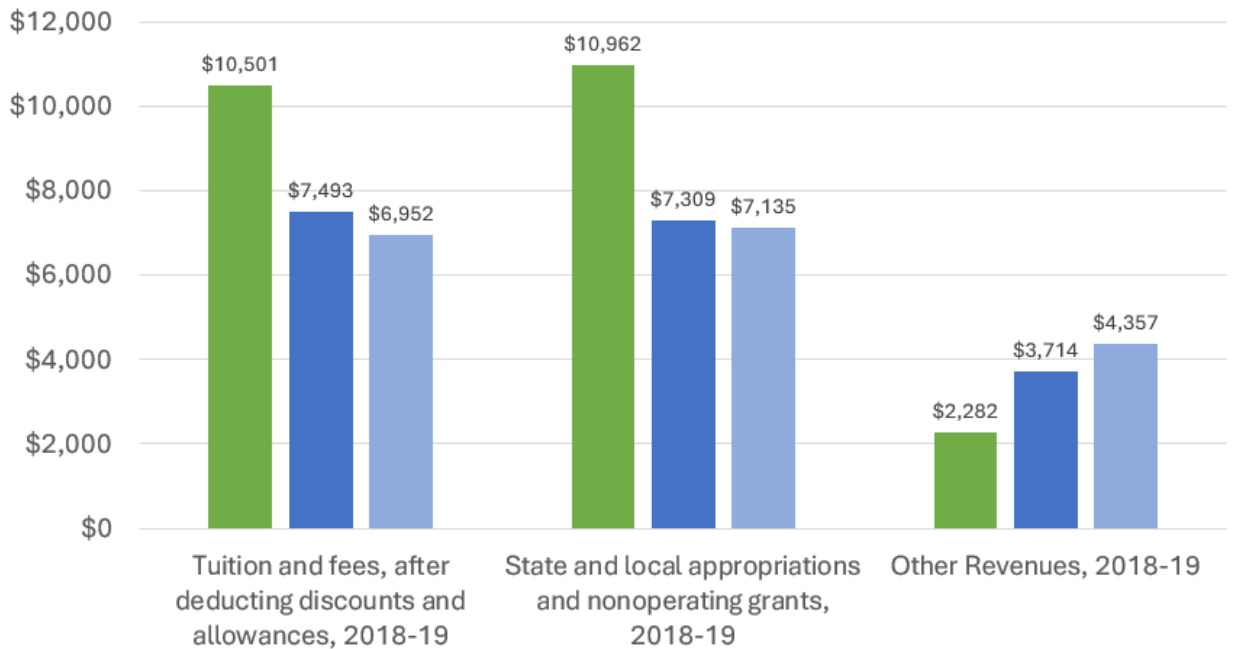
Figure 2. Revenue per FTE, 2018-19



Source: IPEDS

Figure 3 provides more detail on the revenue picture, indicating that WCSU receives considerably more funding per student from both tuition and state appropriations than its peer institutions. It is only in the area of other revenues—gifts, etc.—that WCSU falls below peer revenues.

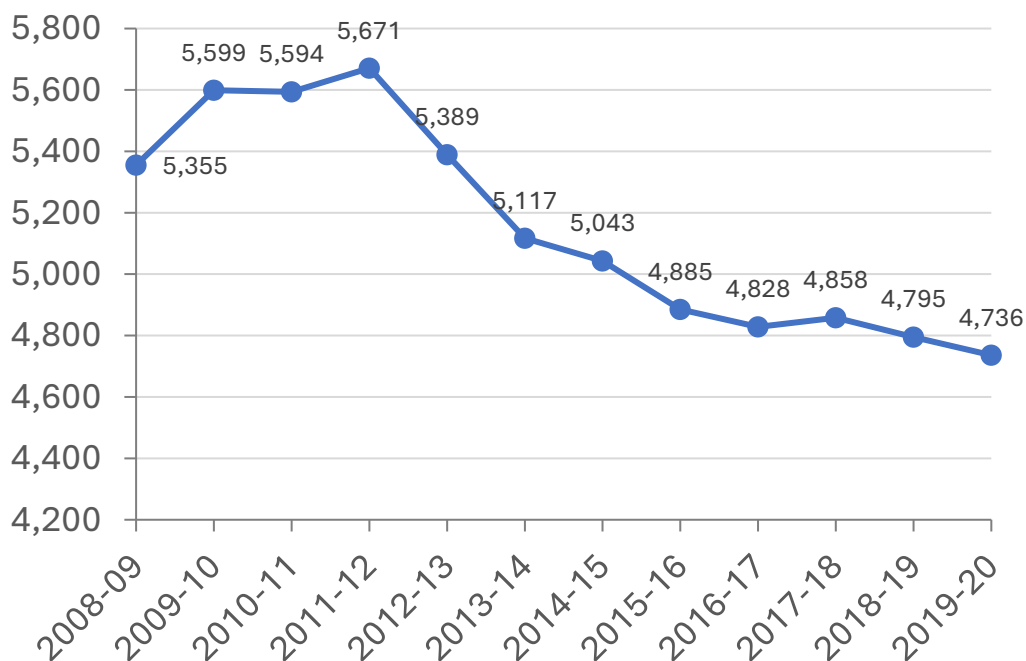
Figure 3. Revenue per FTE from Tuition, State Appropriations, and Other Sources, 2018-19



Source: IPEDS

- The overall funding picture at the university is strongly influenced by enrollment levels. As shown in Figure 4, enrollments at the university have been on the decline for many years. Despite the revenue losses associated with declining enrollments, per FTE Student revenues from tuition and fees were 40% higher at WCSU than at peer institutions in the most recent year for which data are available.

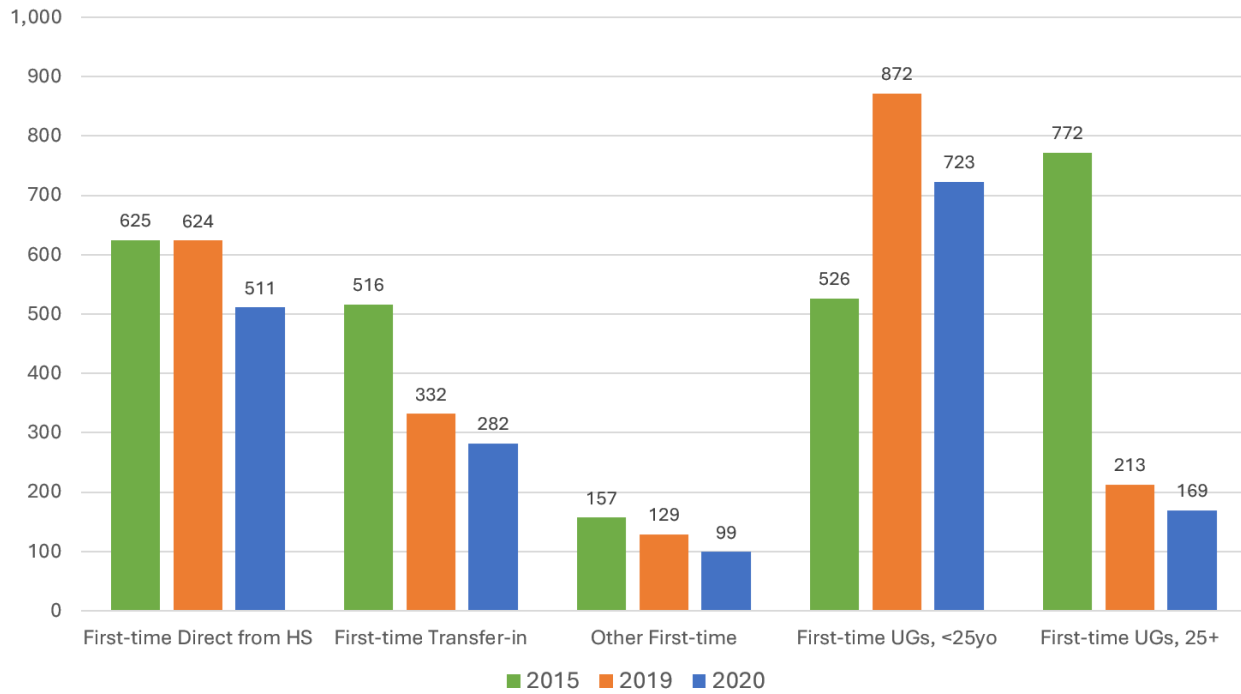
Figure 4. Total Annual FTE Enrollments at WCSU, 2008-09 Through 2019-20



Source: NCES, IPEDS.

- WCSU has grown more dependent on the traditional-aged pipeline for in-state students since 2015. Figure 5 shows a decline in all kinds of first-time student enrolling in the fall. But the decrease is much greater among students who transfer in to WCSU and for those aged 25 or older, two of the populations that WCSU will need to rely more heavily on in the years ahead, than for those enrolling directly from high school. A focus on recruiting students in the traditional pipeline runs counter to demographic trends in Connecticut and the New England region, where the number of high school graduates is expected to decline substantially in the coming years.

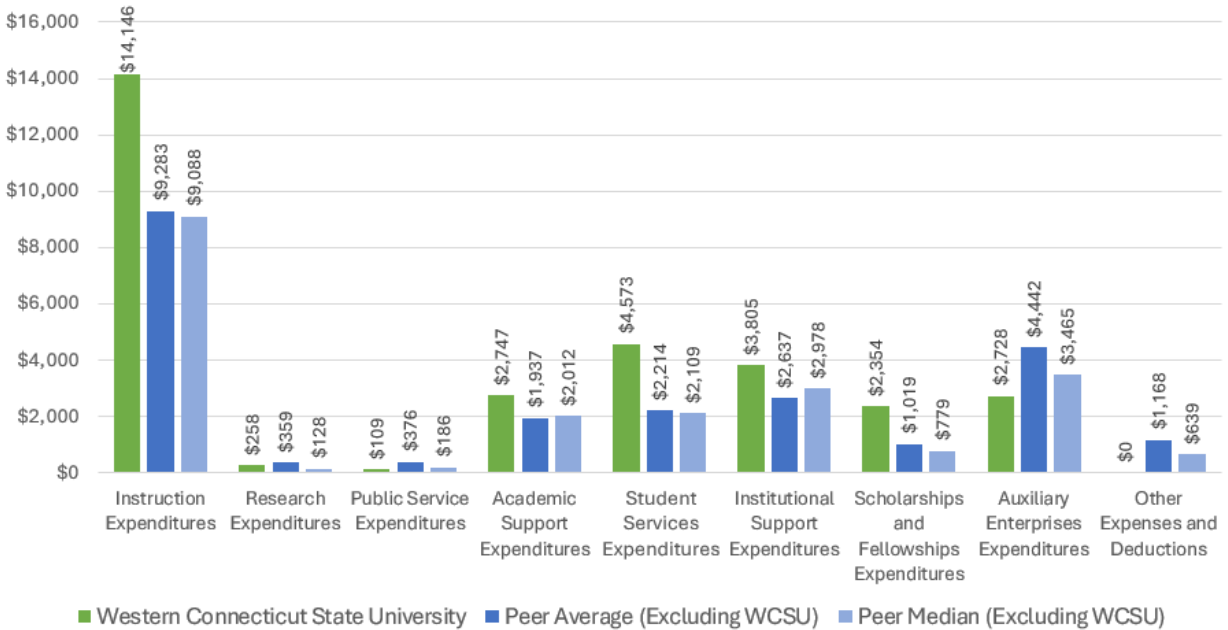
Figure 5. First-Time In-State Undergraduates in the Fall at WCSU



Source: WCSU.

5. Expenditure Levels. The Revenue Theory of Costs states that higher education institutions raise all the money they can and then spend all they raise. Consistent with that theory WCSU also has expenditures per FTE student that are considerably higher than its peer institutions. This is true for all functional categories except auxiliary enterprises—instruction, academic support, student services, institutional support, and scholarships and fellowships were all higher, often substantially so. The greatest dollar variations are in the instruction category (Figure 6).

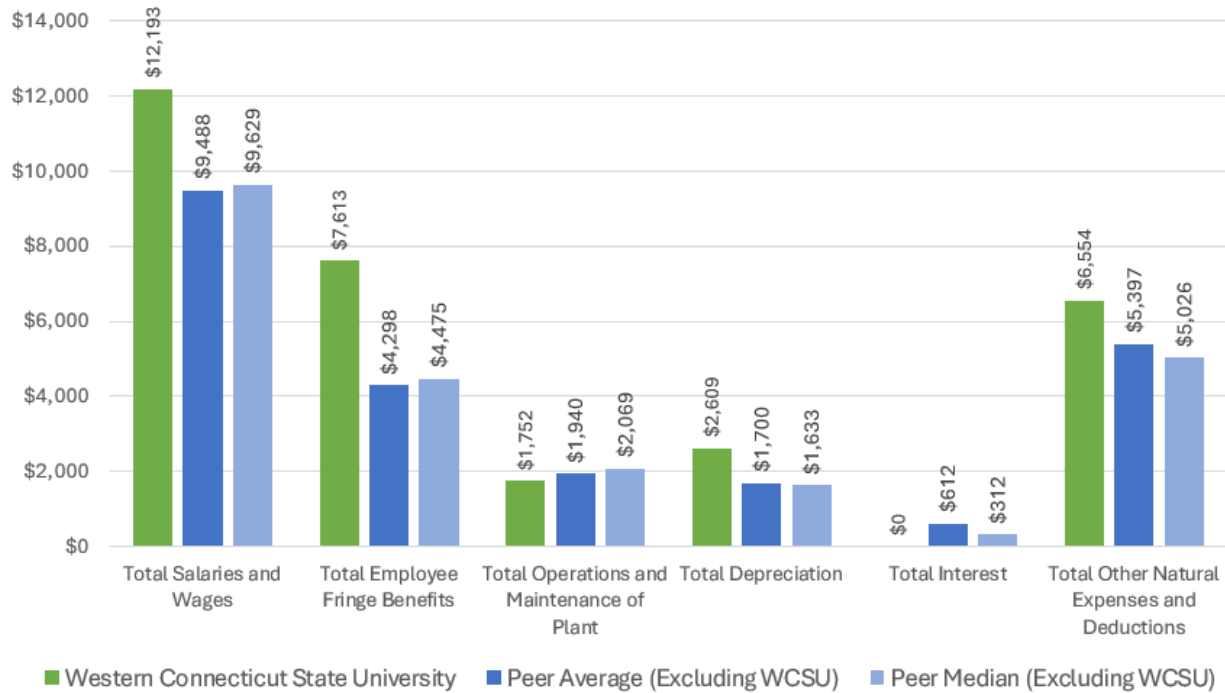
Figure 6. Expenditures per FTE Student by Functional Category, 2018-19



Source: IPEDS

These high levels of expenditures can be traced to expenditures on personnel. Figure 7 reveals that expenditures per FTE student for both salaries and wages and for fringe benefits are considerably higher at WCSU than at peer institutions. Employee compensation per FTE student is approximately \$6,000 higher at WCSU than at comparable institutions (\$20,000 versus \$14,000, more than 40 percent higher).

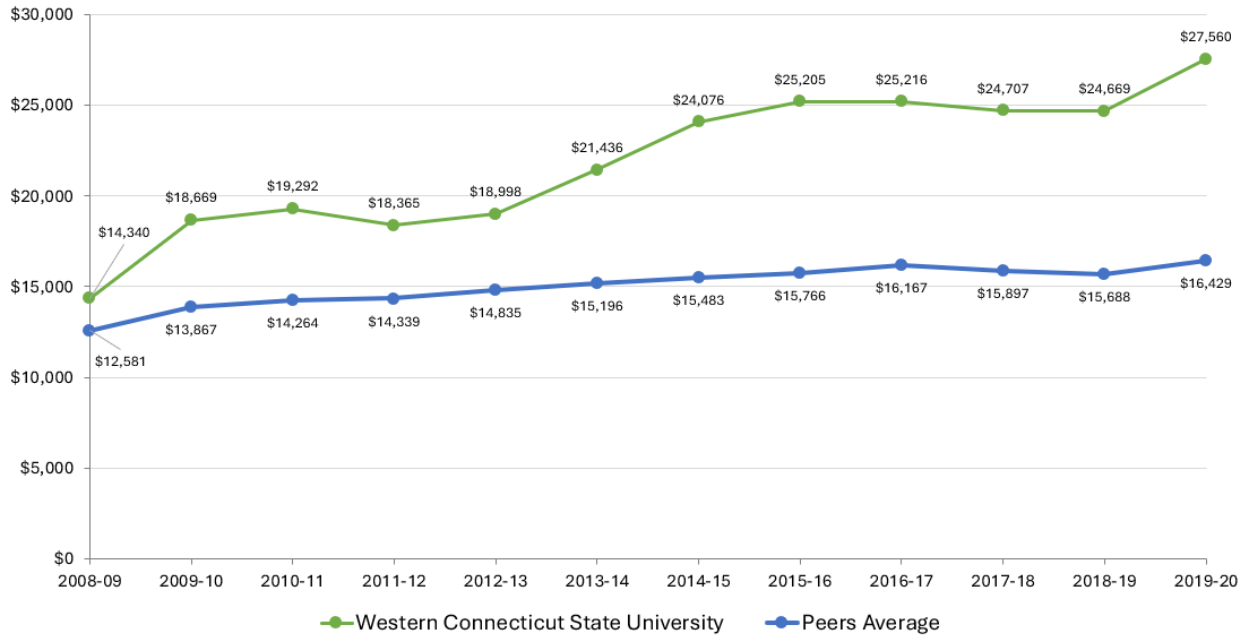
Figure 7. Expenditures per FTE Student, by Natural Classification, 2018-19



Source: IPEDS

Expenditure levels at WCSU are not only high, but they have been increasing steadily for more than a decade. This pattern is evident in Figure 8. It is instructive to compare this chart of trends in expenditures with the chart of enrollment trends over the same period (Figure 9). Enrollments declined 11.6 percent between 2008-09 and 2019-20, and 16.5 percent from their high point in 2011-12. Yet expenditures per FTE student have increased by 70 percent since 2008-09, and 50 percent since 2011-12. While WCSU’s peer institutions also saw enrollment decline concurrently with expenditure increases, the gap between enrollment and spending swelled substantially more at WCSU. These patterns suggest that the major culprit for WCSU’s increasingly untenable levels of expenditures per student—and therefore its precarious financial position—can be attributed primarily to spending increases much more than to eroding enrollment levels.

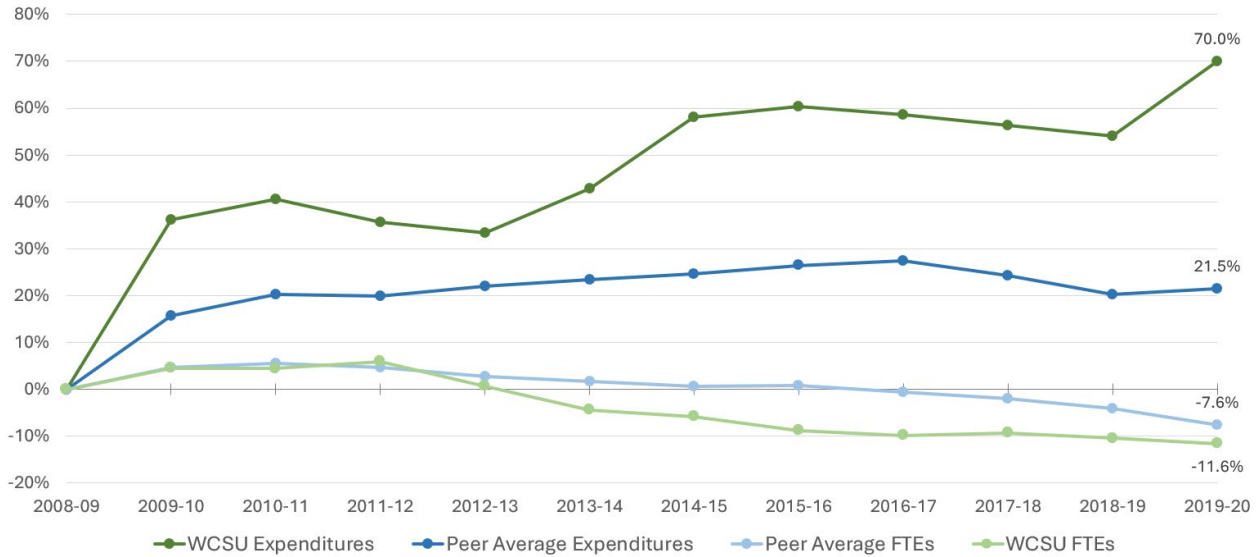
Figure 8. Expenditures per FTE Student on Instruction + Academic Support + Student Support + Institutional Support, 2008-09 Through 2019-20



Note: Adjusted for inflation (2020 dollars) using CPI-U

Source: NCES, IPEDS 2008-09 through 2019-20 GASB Finance Files and Instructional Activity Files.

Figure 9. Cumulative Percent Change in Expenditures and FTEs, 2008-09 Through 2019-20

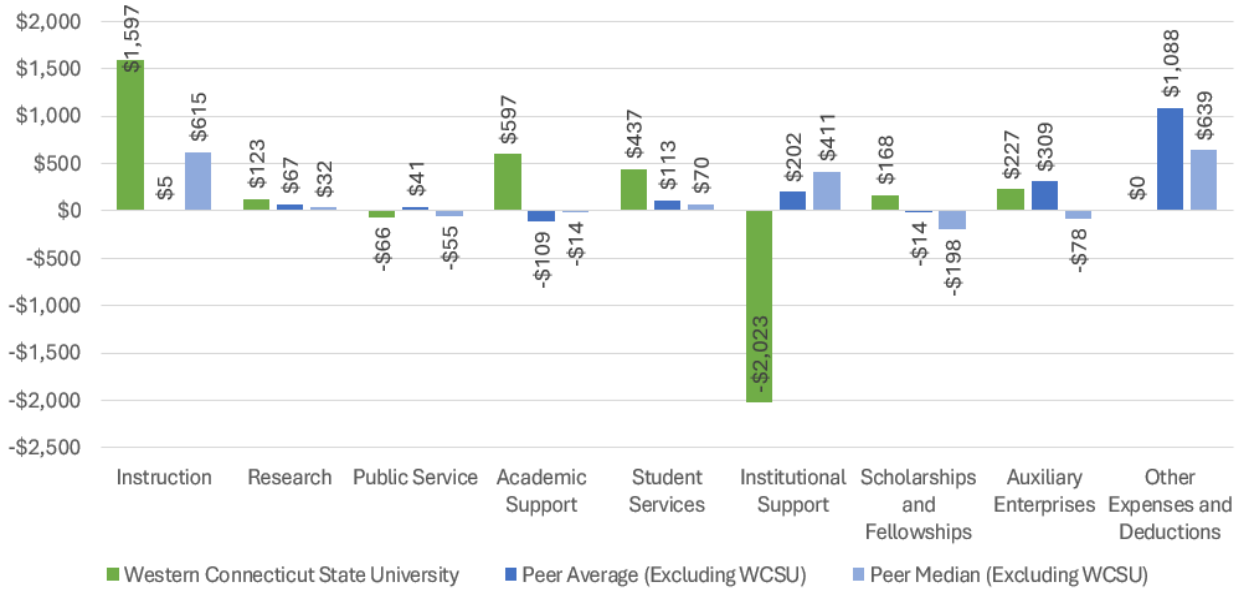


Notes: Expenditures data are for spending on instruction, academic support, student services, and institutional support and are adjusted for inflation using CPI-U.

Source: NCES, IPEDS 2008-09 through 2019-20 GASB Finance Files and Instructional Activity Files.

Furthermore, Figure 10 shows that institutional expenditures have increased in all categories except institutional support (administration). It should be noted that, even with decreased per student expenditures on administration over the five-year period, administrative expenditures at WCSU still remain considerably above those at peer institutions (refer to Figure 6). The greatest increases have been in the instruction category. Taken together these data suggest a lack of budget discipline and expenditure controls at the university.

Figure 10. Change in Expenditures per FTE Student by Functional Category, 2014-15 through 2018-19

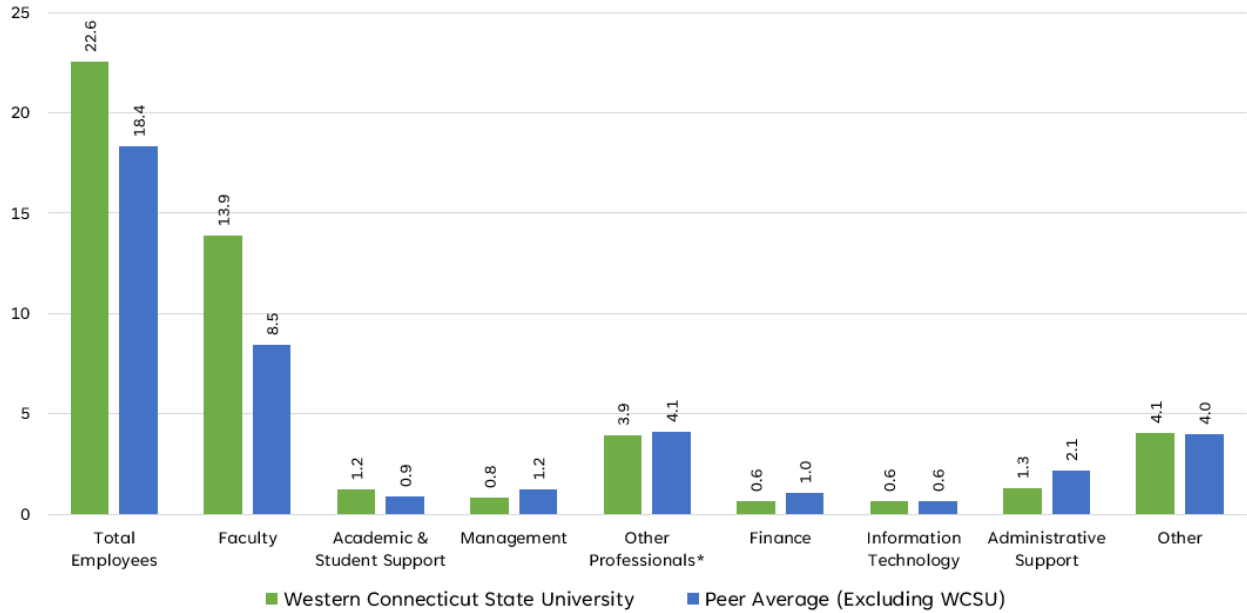


Note: Inflation-adjusted, 2019 dollars.

Source: IPEDS

- Staffing levels in comparison to peer institutions. Expenditures at institutions of higher education are driven by personnel cost. Typically, 75 percent or more of total expenditures consist of expenditures on personnel. With expenditures per FTE student being higher at WCSU than at its peer institutions, it is no surprise that numbers of employees per FTE student are also higher at WCSU. Figure 11 reveals that WCSU has approximately 25 percent more employees per FTE student than the average at its peer institutions.

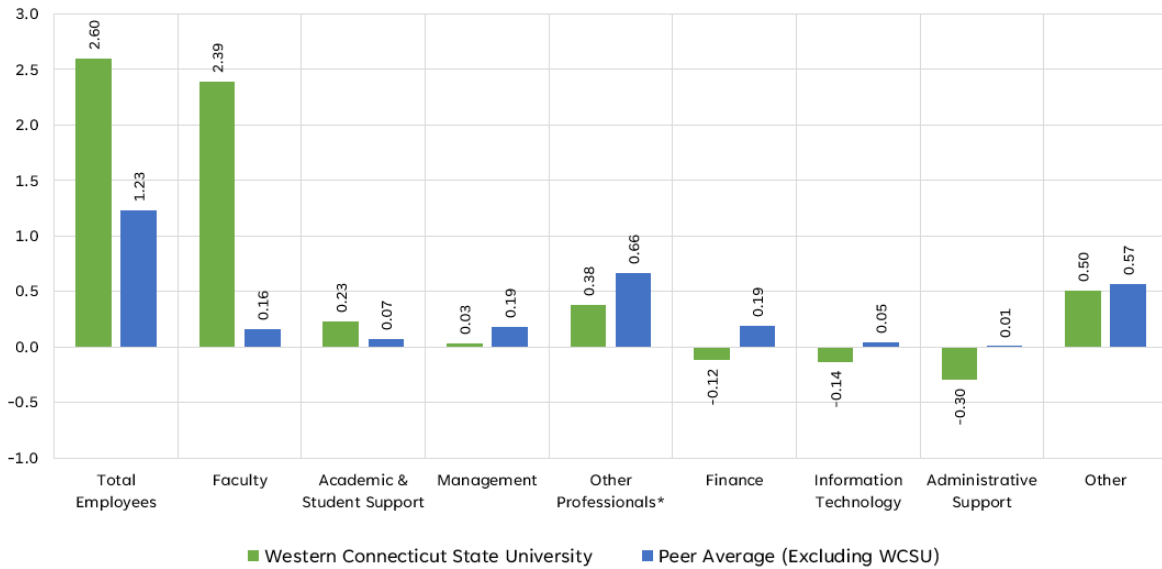
Figure 11. Employees per 100 FTE Students, by Category, 2019-20



Source: IPEDS

The university is more heavily staffed than its peers in almost all categories—the exceptions are management, finance, and administrative support employees—and in most categories the difference are quite large. The university has 64 percent more headcount faculty than its peers and 33 percent more academic and student support personnel. The University has adjusted its staffing pattern somewhat over the past five years, adding employees in faculty and in academic and student services—increases that significantly outpaced peers’, as well as in management and other employees, while reducing them in Finance, IT, and Administrative Support (Figure 12). Notable in this figure are the substantial increases in faculty relative to enrollment levels.

Figure 12. Change in the Number of Employees per 100 FTE Students, 2014-15 to 2019-20



Source: IPEDS

Further investigation of staffing patterns reveals an interesting fact: WCSU has many more part-time employees than its peers, while the differences in full-time employee counts are much less stark (Figure 13).

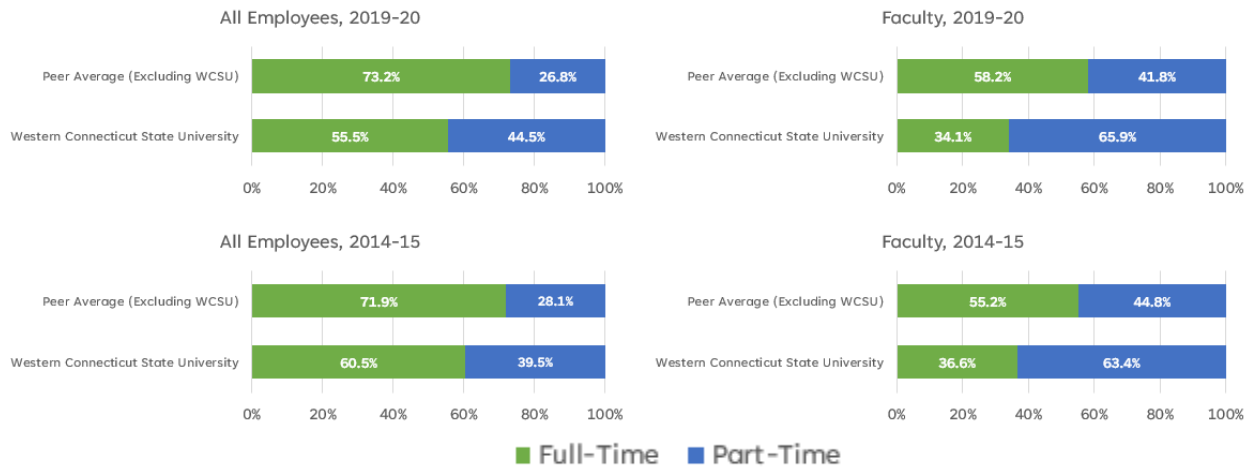
Figure 13. Total Full- and Part-Time Employees and Faculty per 100 FTE Students, 2019-20



Source: IPEDS

Figure 14 indicates that, unlike the average of peer institutions, WCSU increased its dependence on part-time employees over the last five years for which data are available. These data suggest that many of the expenditure control issues facing the University involve a failure to control the hiring of part-time employees. Yet, as the next set of analyses show, hiring part-time employees appears to be one of the tactics WCSU has used to limit cost increases rather than pursuing alternatives that would actually reduce costs.

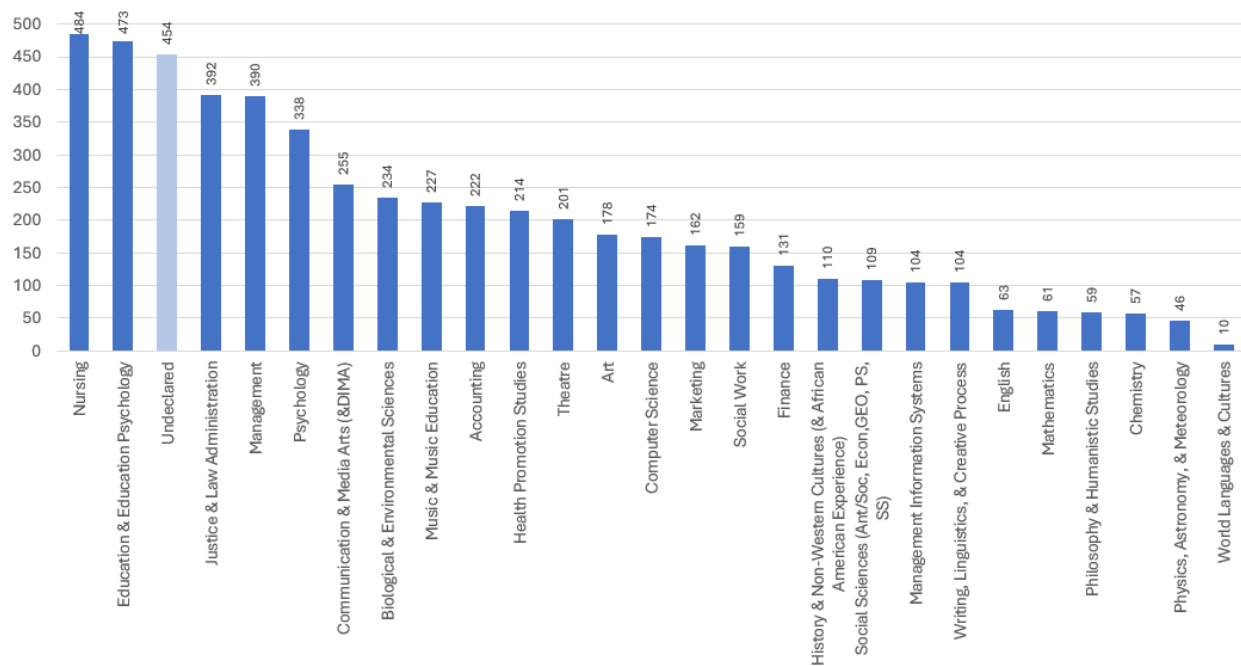
Figure 14. Full-time and Part-time Composition of All Employees and Faculty, 2014-15 and 2019-20



Source: IPEDS

7. Program size and teaching loads. The number of faculty required to teach the curricula at any institution is influenced by program size and the structure of the curricula—for example, the standardization (or lack thereof) in the general education component of the curricula. Enrollments in WCSU programs vary considerably as shown in Figure 15.

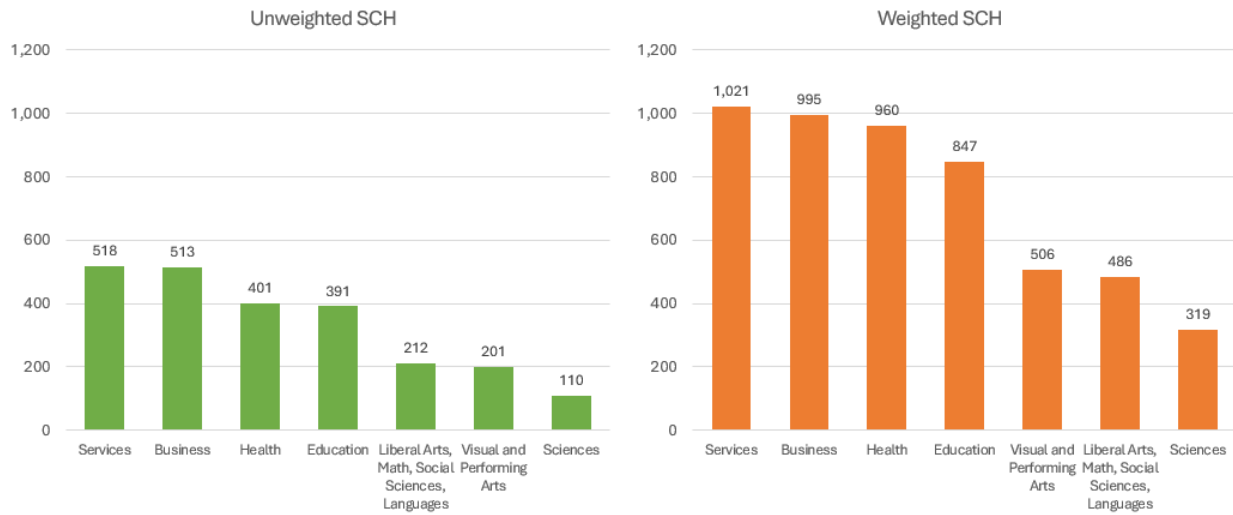
Figure 15. Declared Majors by Department, 2019-2020



Source: WCSU

These data indicates that WCSU has numerous programs with relatively few majors. The smaller programs are concentrated in the traditional Arts and Sciences fields. The larger programs are uniformly programs that could be labeled as professional programs. This is reflected in the very different levels of credit hour productivity in different programmatic areas (Figure 16). Striking in these data is the very low credit hour production per FTE faculty in the Arts and Science disciplines. These are the disciplines that, in most institutions, teach the majority of the general education courses ensuring that the Arts and Sciences have among the higher credit hour production figures. The fact that A&S figures on this metric are generally similar to nursing and the performing arts, fields in which low class sizes are common due to clinical requirements on the one hand and individualized instruction on the other, suggests that the A&S curricula are structured in very inefficient ways.

Figure 16. Credit Hours Produced per Faculty FTE, by Disciplinary Cluster

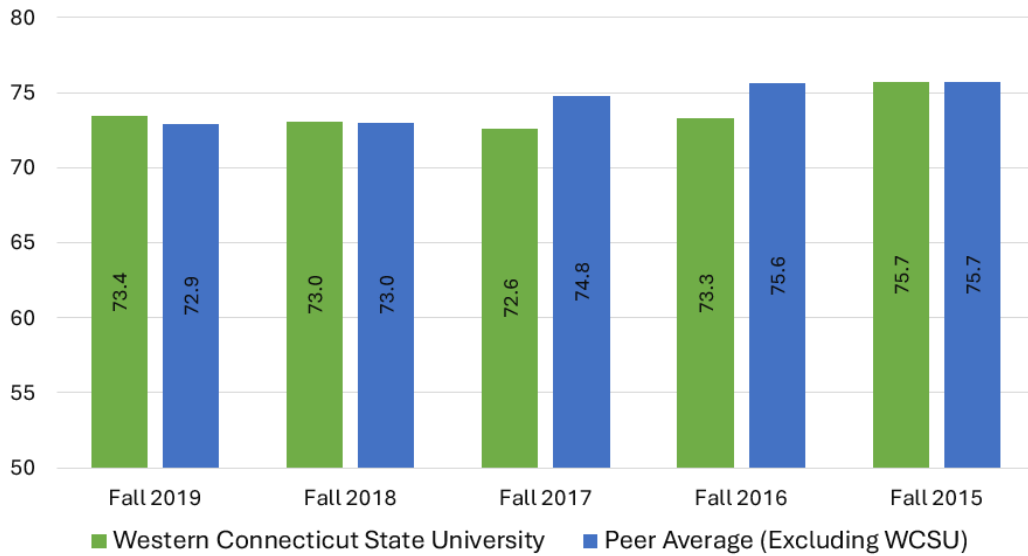


Notes: Clusters are defined by two-digit CIP code. SCH data were identified by CIP. Faculty FTE were identified by departments, which were converted to CIP for comparison, but may not accurately conform to all course CIP assignments, i.e., a faculty member assigned to a department may occasionally teach a course assigned a CIP that is identified as part of a different cluster. Weights were assigned according to research by SHEEO on costs of instruction that vary by discipline and level (lower division, upper division, master's, and doctoral).

Source: WCSU

- Student outcomes. The large number of faculty and student support employees could perhaps be justified if this extra staffing translated into improved student outcomes. This is not the case, however. WCSU matches its peers in fall-to-fall retention (Figure 17) but underperforms its peers with regard to graduation rates (Figure 18).

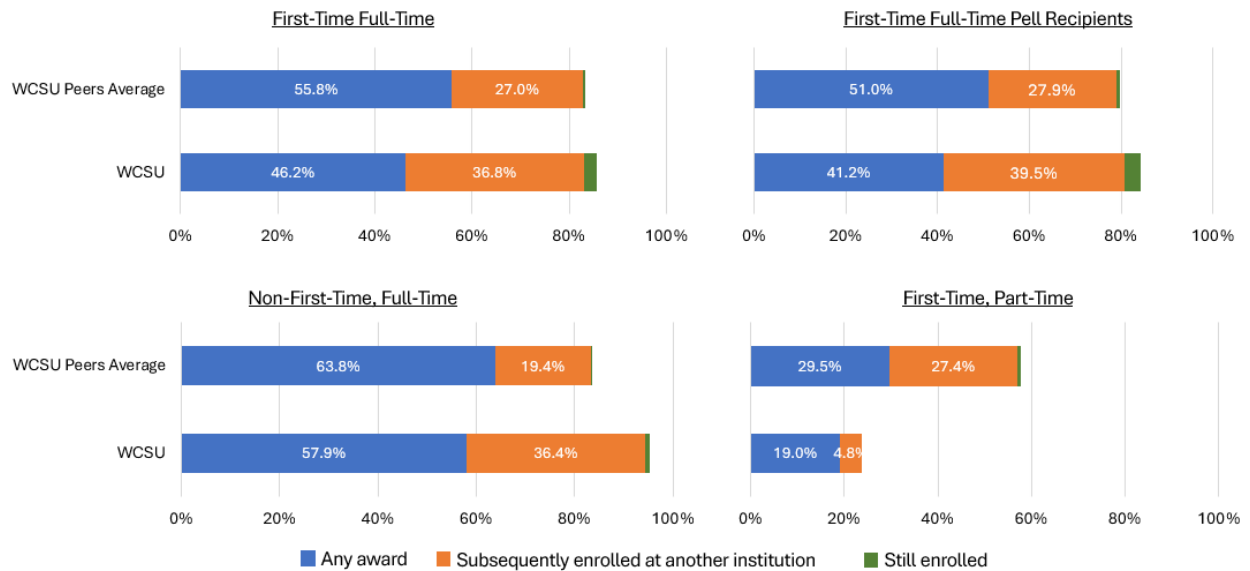
Figure 17. Fall-to-Fall Retention Rates, Fall 2015 to Fall 2019



Note: Data are for the preceding years' cohorts who persist into the following fall, i.e., Fall 2019 columns show the percent of the FTFT students from Fall 2018 who persisted into Fall 2019.

Source: IPEDS

Figure 18. Outcomes by 2019-20 of 2011-12 Entering Cohort of Students



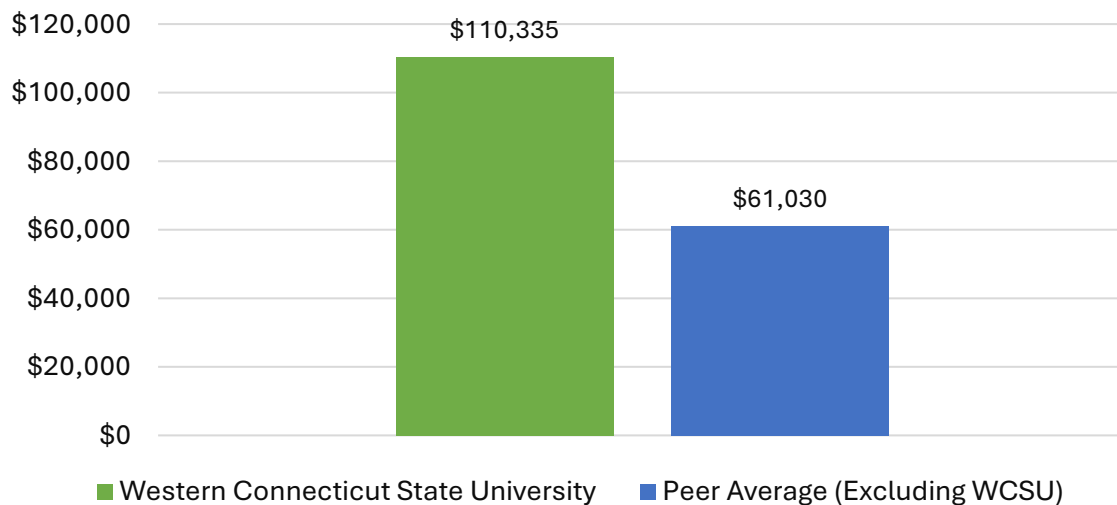
Source: IPEDS

Figure 18 is particularly instructive. It shows that the eight-year completion rates for both first-time full-time and first-time full-time Pell recipients at WCSU are 10 percentage points below the rates for the comparison institutions. Transfers to other institutions are 10 percentage points higher than is the case for peer institutions. Students who enter WCSU as non-first-time full-time students are six percentage points less likely to complete but 16 percentage points more likely to transfer. First-time part-time are 10 percentage points less likely to complete at

WCSU but do not transfer in any substantial numbers. This group of students transfers at much higher percentages at comparison institutions. In short, WCSU underperforms its comparison institutions by about 10 percentage points on the standard measures of student success.

9. Productivity. The combination of high expenditure levels and low completion rates creates a situation in which WCSU has very high costs per completer (Figure 19). Costs per completer is a summative metric that combines institutional performance on various factors—expenditure levels, staffing patterns and the associated costs, retention, and completion. This extreme difference in costs per completer is an indicator that there are many things that WCSU can do to improve its performance.

Figure 19. Expenditures per Completer, 2019-20



Note: Data are for unduplicated completers at all degree/certificate levels and for expenditures on Instruction + Academic Support + Student Services + Institutional Support.

Source: NCES IPEDS

10. Summary observations. The major conclusions of the analysis of data about WCSU and its peer institutions are that:
 - a. The time to deal with the University's fiscal problems is now, not just because WCSU has depleted its reserves, but because the demographic trends in Connecticut and the Northeast US more generally are not favorable. Postponing action means that the problem that must be addressed will be even larger than it is now. There is nothing to suggest that delay is a tactic that will make the problem smaller or easier to deal with.
 - b. The institution has an expenditure control problem, not a revenue problem. This problem can be addressed by cutting costs, increasing enrollments without increasing expenditures, or some combination of these two strategies. Given the immediacy of the financial issues facing the University, short-term solutions will likely have to focus on cutting costs; benefitting from enrollment increases is a longer-term remedy.

- c. Expenditure levels are driven largely by personnel costs. Benefit costs at WCSU are extraordinarily high in comparison to those costs at institutions elsewhere in the country. However, given provisions of the collective bargaining agreements, which are bargained at the System level, there is little that can be done at the campus level to control these costs. Rather, the focus of attention should be on reducing the numbers of part-time faculty and employees in academic support and student affairs, the areas in which WCSU employee numbers are high by any measure.
- d. It is important to look at the structure of curricula as drivers of inefficiency. Low teaching loads in departments that teach the bulk of general education courses/credits is contrary to the experience in other institutions where these courses are “cash cows.” Given the high drop-out rates after the first year and the high costs in this arena, General Education should be revisited with an eye to both improving retention and decreasing costs. In addition, small majors translate into high costs, especially at the upper division level. The efficacy of some of the smaller majors should be examined.

II. Key Findings from Interviews

As mentioned in the Project Activities section of this report, NCHEMS staff interviewed more than twenty individuals who hold leadership positions at either WCSU or the CSCU System. These interviews provided NCHEMS staff with considerable insight into the organizational environment that has led to the current fiscal crisis and within which a solution will have to be forged. The key takeaways from these interviews are as follows:

1. There is not a broad understanding among members of the campus community about the seriousness of the fiscal challenges facing the University. At best, individuals grasp that there is a serious problem, but don't understand the behaviors that got the University to the position in which it finds itself. At worst, there is rejection of the notion that the University has a problem that requires serious attention by all members of the campus community. They accept the reality that dealing with the fiscal issues is a priority, but don't accept any individual or collective responsibility for making significant changes adequate to putting the institution on a more fiscally sustainable path. The members of the campus community know that the state has received large amounts of federal funds and has a budget surplus. As a result, they want to make WCSU's problem a state problem and see no need to accept the obligation to live within the constraints of a balanced budget. This attitude can be summed up as, “We haven't had a balanced budget for years; why start now?”
2. The University does not have an information culture. Thus, WCSU does not rely on the use of information to either make decisions or to communicate with the campus. Compared to institutions that are most effectively positioning themselves to serve students and the public, there has been little appetite for serious data analyses at WCSU (except in isolated pockets) and no institution-wide strategy for incorporating sound data analysis in decision making. As a consequence, it has not built the capacity to conduct the necessary analyses and produce information that can undergird sound strategies and decisions.

3. There is no clear strategy for communicating the size and root causes of the problem to the campus community. There has not been a call to collective action. There has been no communications “campaign” that addresses the following topics:
 - a. A realistic presentation of the magnitude of the problem. The campus does not know that it would take the savings from all positions whose incumbents are likely to retire at the end of academic year 2021-22—with no empty positions refilled—to come close to achieving a balanced budget.
 - b. The reality that the University’s reserves are gone and it will have to live within the constraints of a balanced budget starting in FY 2023. The System has recently taken steps to help by changing the formula used to allocate funds among the campuses in a way that works to the benefit of WCSU. Having extended that lifeline, it is likely that neither the State nor the System will be willing to bail the University out.
 - c. The conditions that led the University to the brink. Everyone understands the impact of declining enrollments—and most think that increasing enrollments is the path to salvation. This view is widely held in spite of clear signs of unfavorable demographic conditions and increasing competition for a shrinking pool of traditional-aged students. Few at WCSU understand the rapid increase in per-student expenditures and the need to control costs as a core piece of the solution.
 - d. The constraints within which solutions must be found. The campus community needs to understand that the only approach to saving sufficient funds to balance the budget will involve right-sizing the personnel roster of the University. There will not be enough savings to be found in the non-personnel lines of the budget to solve the problem.
 - e. The reality that personnel roster adjustments will have to come from among the ranks of faculty, academic support, and student services employees. It will not be possible to balance the budget by cutting “fat” out of administration.

This “campaign” must also include the message that the problem is one to which everyone must contribute a part of the solution. Solutions that place all responsibility for resolving the problems with Enrollment Management and Finance, while allowing other organizational units to continue business as usual, are simply unrealistic and insufficient.

4. The University does not have a clear sense of its identity. One part of the campus wants to move toward becoming a more academically “elite” institution, while another part sees WCSU as being an institution that prepares students from within the geographic region for the world of work. The absence of a common sense of institutional self means that the University does not have the “North Star” that can guide the difficult choices that will have to be made.
5. The University does not have a “game plan”—a strategy for reaching and sustaining fiscal viability. For example, there is no framework that establishes the portion of the gap that should be filled by increases in revenue—and how this is to be accomplished (i.e., how much through enrollment increases and how much from fund-raising)—and how much of the gap must be closed through expenditure reductions. Neither is there a plan for rebuilding the depleted reserves—how much revenue should be diverted to reserves rather than expended

on personnel or other costs? As a result, different components of the University are pursuing different goals using different strategies, and some units are pursuing no strategy at all. Without an overarching, actionable plan/strategy, these independent actions are unlikely to yield the desired result. The Provost is reviewing programs to assess their future viability and is proposing new academic programs as a strategy for increasing enrollments. But these actions are being undertaken in the absence of a broader look at regional needs, the competition from other institutions, and the alignment of WCSU curricula (and their modes of delivery) with those needs.

The CFO has created a Position Review Committee, but this committee's actions are limited to making recommendations regarding the filling of new or open positions. The committee's charge does not extend to the development of a plan that establishes appropriate staffing levels for different units within the University. Enrollment Management is doing its job without having the benefit of an institutional growth strategy—undergraduate vs. graduate, recent high school graduates vs. adults, on-line vs. on-ground. WCSU has a strategic plan on paper, but there is scant evidence that anyone uses it to inform decisions, nor is there any apparent attention to reporting meaningfully and routinely on progress against it.

6. The University does not have in place the mechanisms/infrastructure for developing and implementing the strategies necessary to achieve financial sustainability. Cabinet meetings are the only available venue for open discussion and decision making on key issues. However, these meetings are typically focused on tactical, not strategic, topics. Even when major issues do find their way onto Cabinet agendas, they most frequently come as information, not discussion or action, items. The on-going conversations that are required for an institution to develop strategies that all parties buy into, and then implement, simply are not routine. Consistent with this culture, there is no point person/office responsible for ensuring that key topics are discussed on an ongoing basis and who ensures that assignments for carrying out key activities are made, and that there are regular progress reports made to the Cabinet. Most institutions have a Planning Office or similar unit that performs these functions. WCSU has no such office, nor does it have another office to which these functions are assigned, nor does it have a centralized office that can coordinate the collection and effective use of information. Such a capability is central to any on-going effort to promote an information culture on the campus. In short, the University does not have the fundamental infrastructure in place to develop and successfully implement the strategies necessary to deal with its existential problems.
7. Several interviewees mentioned the additional costs occasioned by the University operating on two campuses located three and a half miles apart. Some individuals viewed this as a major cause of financial difficulties; others played down the impact of the two campuses on the bottom line. Those who could quote cost data indicated that the need to operate two campuses contributes about \$400,000 annually to the deficit. Even if the cost were twice that amount, the two-campus problem would represent less than a third of the deficit to be covered.

III. Recommendations for Short-Term Action

Many of the issues facing WCSU are deep-seated and will take several years to resolve, but there are steps that can, and should, be taken in the short term. Some of these steps can produce immediate benefits. Others are necessary first steps in a longer process. Primary recommendations are as follows:

1. A communications campaign should be initiated to educate the campus community on the nature of the fiscal issues facing the University:
 - a. The size of the problem—WCSU’s deficit was \$2.3 million in FY2021, after a decade of steady erosion of the institution’s financial health, but which accelerated in FY2017.
 - b. The functional areas most in need of attention—those areas in which WCSU is most out of line with peer institutions. The charts in this report provide much of the necessary information for this portion of the communication.
 - c. The reasons why the University cannot expect the System (or, to put a finer point on it, WCSU’s sister institutions, whose surpluses would have to fund WCSU’s deficit) to bail it out. The University has problems that it must address on its own. Achieving a balanced budget and rebuilding its reserves is a matter of fiduciary responsibility and of institutional accountability for both institutional and System leaders.
 - d. Some perspective on how deep the cuts would have to be if expenditure control were the only response to balancing the budget. For example, approximately how many positions would have to be eliminated in order to bring expenditures in line with available revenues?
 - e. The need to rebuild reserves over a period of time.

This message should be updated regularly with any available information about steps being taken to address the problem.

2. The Cabinet collectively should develop a broad strategy for achieving short-term financial stability. For example, the Cabinet should have a common understanding regarding the size of the gap to be closed. From that baseline, it should establish targets for how much of the gap legitimately can be closed by revenue enhancements—from increased tuition revenues and fund-raising, how much must come from reductions in expenditures, the size of the annual contribution to rebuilding reserves, and the timeline under which the gap will be closed. A common response by institutions in similar circumstances is to overstate potential revenue increases in an effort to minimize the necessary expenditure cuts. WCSU is cautioned against falling into this trap; estimates of revenue increases should err on the side of being conservative.

As part of the ongoing communication effort, the Cabinet decisions about the targets for revenue enhancements and expenditure reductions should be made known to the campus community. An approach to developing this broad strategy is presented in Figure 20.

Figure 20. A Framework for Strategic Budgeting

	Costs					Revenues	
	Quality	Quantity	Utilization	Unit Cost	Total Cost	Total Revenue	Revenue Sources
Assets							Student Fees
Personnel							State Budget Appropriations
Facilities							Govt. Grants
Equipment							Private Gifts
Collections							Endowment
Students							Sales & Services
Finances							Other Revenues
Program							Reserves
Consumables							
Services							
Supplies							
Utilities							
Contingency							
New Initiatives							
Total						=	

In utilizing this framework to develop a strategic budget, the following recommendations should guide the work:

- a. Create separate budgets for auxiliary operations and the other institutional operations. Any surplus or deficit for auxiliary operations can be treated as a single line to be added or subtracted from the results obtained for the balance of the University’s operations. Combining the two adds an added layer of complexity that can be avoided.
- b. Start by estimating revenues. Of particular importance are revenues from tuition (based on a conservative estimate of enrollments), state appropriations, and private gifts and grants (again using conservative estimates). As inputs to this process, it is important to establish reasonable targets for enrollments and fundraising. The other sources of revenue shown in the figure are less relevant for WCSU.
- c. Then move to entering data about estimated expenditures.
- d. Start by entering data about consumables—utilities, insurance, supplies, etc. These are largely outside the institution’s control. One approach is to use current year’s data with adjustments for inflation.
- e. Enter data for facilities renewal and renovation. A rule of thumb is that this amount should be 1.5-2 percent of facilities’ replacement value.
- f. Enter data for technology/equipment based on life-cycle costs.

- g. Enter data for “Students.” This should be the amount of funding set aside for scholarships (including the amounts of tuition waived).
- h. Enter data for “Finances.” This is the amount to be added to Reserves in the course of the budget year.
- i. Add data for “Programs.” The amount of funding required to develop the new programs that are being planned.
- j. Add data for contingencies. Some amount should be set aside to provide insurance against unexpected expenses or shortfalls in revenues. Contingencies are the protection for the rest of the budget. In their absence, unexpected issues will have to be dealt with by making emergency cuts somewhere in the budget, a recipe for disruption at the least and even larger problems at the worst.
- k. Add data for new initiatives. These should be investments needed to move the institution toward financial sustainability—new data systems, buy-outs, marketing tools, sustainable academic transformation and student success initiatives, improved advancement and planning capacity, etc.
- l. With these revenue and expenditure estimates in place, calculate how much remains for personnel—with the proviso that the budget must be balanced. In the process, any surpluses or deficits in the auxiliary enterprises budget should be factored into the calculation.
- m. Since the amount left for personnel will almost assuredly be less than the current level of expenditures for personnel, the size of the difference sets the target for budget adjustments. The leadership of the institution then must decide what to cut to achieve equilibrium. The tendency always is to cut facilities, equipment, and contingencies and to increase revenue estimates in order to minimize cuts to personnel. Given the data that have been presented in this report, such tendencies should be resisted. Some adjustments in other categories could be legitimate, but emphasis should be placed on bringing the personnel budget into line.

Until these decisions concerning the steps necessary to balance the budget are made, there should be a moratorium on discretionary major expenditures, especially those not directly connected to the institutional mission.

3. The Position Review Committee (perhaps reconstituted to include the Vice President of Finance and Administration/CFO, the Vice President of Academic Affairs and Provost, and the Vice President of Student Affairs, plus others as appropriate) should be charged with developing a strategic staffing plan for the University. This plan is fundamental to making judgments about the adjustments that are needed in the personnel line in order to achieve a balanced budget. The plan need not be particularly detailed, but it should specify the number of faculty and staff deemed appropriate in each of the major functional areas— instruction, academic support, student services, institutional support (administration), and plant operations and maintenance. This plan should be used as a template by the Committee in its review and decision processes regarding filling positions, be they new or existing but unfilled positions. One aspect of this work should be to determine the size of

staff reductions required to close the budget gap calculated in the strategic budgeting process. An attempt to create a consensus about where the reductions should be made will be important to moving the institution forward. In addition, this Committee should consider what flexibilities for reducing the employment of part-time faculty are possible through the existing collective bargaining agreement (CBA), such as by deploying full-time faculty differently that better address instructional and academic advising needs, and to prepare recommendations for WCSU to make to the System for future negotiations of CBAs.

4. The Provost, with the assistance and collaboration of the Deans, should identify ways in which the complement of part-time faculty can be reduced by some amount agreed to by the Cabinet and stemming from the work of the Position Review Committee. The target amount established should be based on a solid analysis of the level of reduction that is required to achieve financial viability within the agreed-upon timeframe. The Budget Director is in a position to provide the necessary basic data. Part of this decision will necessarily be tied to reductions in extra-duty hours for full-time faculty.
5. The process of conducting an in-depth review of the University's programs and curricula should be initiated. This review should be undertaken with the goal of reducing the FTE faculty required to teach the curricula while maintaining a quality higher education experience for students. This review should include:
 - a. An assessment of whether all low-enrollment majors should continue to be offered. Small majors inevitably lead to small classes, especially at the upper division level. If a conclusion is reached that a low-enrollment major should continue to be offered, then the question should be raised as to whether the curriculum can be restructured in ways that minimize the number of small classes.
 - b. A review of the University's approach to general education. An analysis should be made of the ways in which students actually choose to meet gen ed requirements. Experience in other institutions with distribution requirements as the basis for this portion of students' degree programs has typically found that these requirements are met by students taking a small portion of the total number of eligible courses. If this is found to be the case at WCSU, the exercise could serve to identify a significant number of courses that can be eliminated from the curriculum with attendant decreases in the number of faculty required to teach gen ed courses. An alternative is to construct a "standard" gen ed curriculum with courses especially designed to provide particular learning outcomes desired from the gen ed curriculum. Such an (interdisciplinary) approach allows for much more flexible allocation of faculty and can provide students with a more cohesive educational experience.
 - c. An investigation into transfer issues at WCSU. The University loses many more students to transfer than is the norm for its peer institutions. At least two questions are important in this context. First, is there evidence that students who are

transferring are enrolled disproportionately in any particular program(s) while at WCSU? Is the institution creating its own transfer problem by not having an alternative program for students who aren't accepted in their first-choice program? Failure to provide a satisfactory alternative for students who do not get into a nursing program is a common example of such a phenomenon. Second, are high transfer rates explained by WCSU not having the programs of interest to the students who are leaving? A review of data from the National Student Clearinghouse will allow WCSU to determine the institutions to which WCSU students are transferring, as well as the programs in which they are enrolled at those institutions. This analysis can give hints as to whether or not unavailability of programs is a likely explanation for transfer. It can also provide insights into which new programs WCSU might consider offering.

At the same time WCSU is assessing the reasons why students leave for other institutions, it should also explore the opportunities it has to better serve students transferring in from other institutions. Transfer-in students, as well as adult learners, are a source of students that WCSU seems to have deprioritized in recent years. Given demographic trends, these are populations that will be increasingly important in the years ahead. There appears to be considerable room for improvement in the recruitment and retention of transfer students.

- d. An analysis of institutional dropouts. Are there common characteristics of students who neither continue at WCSU nor transfer? Do they start with academic deficiencies that aren't successfully addressed? Do they tend to accumulate high numbers of Ds, Fs, Withdrawals, or Incompletes? If patterns can be found, strategies for dealing with the issue can be constructed.
6. Someone, or some office, should be given the responsibility for monitoring progress on the various initiatives and reporting to Cabinet on a regular basis. In the short term this responsibility should be assigned to someone in the office of the CFO, possibly the Budget Director. This responsibility would more appropriately be assigned to a newly appointed Associate VP for Planning, Analysis, and Evaluation (see recommendations later in this report regarding this position). This is a position that should be created and filled sooner rather than later.
 7. As WCSU begins to make headway in addressing its short-term budget issues, it also needs to begin thinking about the strategic goals it wants to pursue and how it will measure progress against them. That effort will be central to the coming work to be aided by NCHEMS beginning in in January 2022.

Attention to the kinds of initiatives identified should not detract from a focus on cost savings in all decisions, large and small, made at the University. The reality that all employees have an obligation to find ways to contribute to closing the budget cap must be a central message in the communications campaign.

All of the above recommendations are directed at the leadership of the University. However, there is one recommendation directed at the leadership of the System. Effective systems take steps that help ensure that constituent institutions don't get into the kinds of trouble facing WCSU. Such System-level actions include establishing expectations that institutional budgets be balanced and that minimum levels of reserves be maintained. They also require that adherence to budgets be monitored and action taken when failure to comply with these expectations occurs. Actions typically start with the system providing expert assistance to campuses found to be out of compliance. If corrective actions are not taken, then stronger Board actions may be justified. In the short term the Board should make clear its expectations regarding good budgetary and fiscal practices.

Failure to address institutional issues presents risks to the Board and to the system as a whole. When one institution creates a fiscal drain on the broader system, that situation comes to dominate political tensions around funding for the system. A good example can be found in the continuing political problems surrounding the Pennsylvania State System of Higher Education.

IV. Organizational Structure

As part of the agreement with WCSU, NCHEMS is obliged to analyze the University's organizational structure and suggest a structure that is "supportive of the institution's mission but supports that mission in a more efficient and effective manner." In fulfillment of that portion of the agreement, NCHEMS staff compiled organization charts for almost all the peer institutions used for analyses of revenues and expenditures. Emphasis was placed on the cabinet-level positions at other institutions—those positions that report directly to the institutional President or Chancellor. A review of these organizational charts revealed that:

- WCSU has 12 positions/organizational units that report directly to the President. One of the comparator institutions has 11; all others have nine or fewer. The high number at WCSU results from including the Digital Information Officer (an artifact of splitting the duties of the CIO until a full-time person is hired), the Director of Human Resources (in only one other of the comparison institutions does this office report to the President), and the Chief Facilities Officer (in none of the other institutions does this office report to the President). WCSU is also unusual in the extent to which it distributes the functions normally consolidated under the VP for Advancement and University Relations across multiple offices that report directly to the President—in this case adding Alumni Relations and Public Affairs and Community Relations to the list.
- The modal number is eight; four institutions have this number. Seven of the fifteen institutions whose organization charts were reviewed have fewer than eight. Only four, including WCSU have more than eight.
- All 15 of the institutions reviewed have a Vice President for Academic Affairs/Provost and a VP for Administration and Finance (this is the most typical title, but there is variation). It is

noteworthy that WCSU is the only one of the 15 institutions whose CFO does not carry the title of Vice President.

- Fourteen of the 15 institutions have Vice Presidents of Student Affairs and VPs of Institutional Advancement.
- The next most common position with a direct reporting relationship to the President is General Counsel; seven institutions have one. This is a position WCSU does not have by virtue of the fact that these duties are performed at the System level.
- Beyond these positions, peer universities have a wide variety of positions represented on the cabinet—Enrollment Management, Athletic Director, Director of Public Safety, etc.

The array of staffing patterns of peer institutions is revealed in the table included in Appendix C.

In thinking about an organizational structure that will best serve the University going forward, priority should be given to a structure that:

- Supports a continuing focus on fiscal viability and cost control.
- Reduces the likelihood that decisions will be made in “silos” and enhances collaborative, institution-wide decision-making.
- Creates and sustains an information culture and provides the missing capacity for information-based decision-making, especially about the future direction of the University.
- Enhances fund-raising capacity and ties to the local community.
- Brings an institution-wide focus to the issue of enrollment management and growth.
- Supports and encourages innovation in meeting the needs of students, the community/region, and the state.

Given that the cabinet has not been a particularly effective device for dealing with the core issues of the University, in the short term it is important that some of the key offices be strengthened and given the responsibility for taking the lead in addressing those core issues. In this regard, it is crucial to be clear that taking on a leadership role should not imply sole responsibility. The issues to be addressed are institution-wide and require that all units contribute, but the office assigned leadership must have a clear charge and significant support from the CSCU System and the WCSU President to carry out that responsibility. In the longer term, the Cabinet must operate in a far different manner than it has done. It must focus on strategic issues and learn to work collaboratively to address those issues. Some coaching by external experts may be in order. Cabinet meeting agendas should be purposeful and assure that strategic priorities are consistently addressed. Assigning the task of organizing these agendas to the Associate Vice President for Planning, Analysis, and Evaluation (described below) may better ensure focus is maintained. Working through the previously described strategic budgeting process as a group would be a good example of the necessary Cabinet behavior.

To these ends, NCHEMS suggests that the organization structure at WCSU be changed as follows:

1. A Vice Presidency be created for Advancement and University Relations responsible for the functions of marketing, development, alumni relations, public affairs, and community relations. Liaison with the University Foundation should also be a responsibility of this office.
2. A Vice Presidency for Finance and Administration/CFO be created. This office should include those functions currently the responsibility of the CFO as well as those currently housed in Human Resources and the Office of the Chief Facilities Officer.
3. An Associate Vice Presidency for Planning, Analysis, and Evaluation be created and report to the Provost. The incumbent in this position should be a member of the cabinet. This person should be responsible for Institutional Research, academic planning, the analysis that supports decisions about adding and eliminating programs, quality assurance, and enrollment management (including recruitment). The latter functions are essential to program improvement and dealing with accreditation issues. It is essential that this role does not get consumed with compliance related matters that consume a high percentage of the institutional research office's time at many other institutions.
4. A consolidated office of the Chief Information Officer be (re)created combining the functions of the Interim CIO and the Digital Information Officer and providing additional emphasis on the infrastructure needed to support more on-line learning. Any investments in on-line programs should be done in close collaboration with the System; none of the institutions should be taking a "go-it-alone" strategy in developing and deploying on-line programs.
5. The Associate VP for Enrollment Management report to the VP for Student Affairs but retain a seat on Cabinet. This places all student-centered activities under centralized leadership.

These actions would result in a Cabinet comprised of the following:

- VP for Academic Affairs and Provost
- VP for Finance and Administration/CFO
- VP for Advancement and University Relations
- VP for Student Affairs
- Associate VP for Planning, Analysis, and Evaluation
- Associate VP for Enrollment Management
- Chief Information Officer
- Chief Diversity Officer

The move toward this configuration need not happen instantaneously. The two most important changes are to create the VP for Finance and Administration/CFO and the Associate VP for Planning, Analysis, and Evaluation. The former is needed to consolidate oversight of nonacademic personnel matters and to ensure alignment of staffing with fiscal realities. The second is needed to provide the information needed to drive academic decision-making and to ensure that the Provost is relieved of the burden of serving as her own analytic staff.

Appendix A. List of Peer Institutions

East Stroudsburg University of Pennsylvania (PA)
Frostburg State University (MD)
Georgia College and State University (GA)
Indiana University—South Bend (IN)
Longwood University (VA)
Millersville University of Pennsylvania (PA)
Missouri Western State University (MO)
Northeastern State University (OK)
Plymouth State University (NH)
Ramapo College of New Jersey (NJ)
Rhode Island College (RI)
SUNY College at Brockport (NY)
SUNY College at Plattsburgh (NY)
Truman State University (MO)
University of Wisconsin—Stout (WI)
Western Oregon University (OR)
Westfield State University (MA)
William Patterson University of New Jersey (NJ)
Worcester State University (MA)

Appendix B. List of Interviewees

Name	Title
Missy Alexander	Provost and Vice President for Academic Affairs
Rich Balducci	CSCU Board Member, Chair of Board Finance Committee
Ben Barnes	CSCU Chief Financial Officer
Keith Betts	Vice President for Student Affairs
Michelle Brown	Dean, Macricostas School of Arts and Sciences
Fred Chatty	Chief Human Resources Officer
John Clark	President
John DeRosa	Interim Chief Information Officer
Beatrice Fevry	Chief Financial Officer
Jane Gates	CSCU Provost and Senior Vice President for Academic and Student Affairs
Lynne LeBarron	Interim Vice President of Institutional Advancement
Luigi Marcone	Chief Facilities Officer and Associate Vice President for Campus Planning
Jesenia Minier	Chief Diversity Officer
Jay Murray	Associate Vice President for Enrollment Services
Jennifer O'Brien	Librarian, University Senate President
Joan Palladino	Interim Dean, School of Professional Studies
Alice Pritchard	CSCU Chief of Staff and Chief Operating Officer
Peter Rosa	Controller and Director of Fiscal Affairs
Paul Steinmetz	Chief of Staff, Special Assistant to the President
Mufu Weng	Director of Financial Planning and Budgeting
Rebecca Woodward	Digital Innovation Officer

Appendix C: Table of Peer Institution Staffing Patterns

Western Ct State University	Georgia College	Longwood	Millersville	Missouri Western	Northeastern St.	Plymouth State	Ramapo College	Rhode Island College	SUNY Brockport	Truman State	Wisconsin Stout	Western Oregon	Worcester State	William Patterson	Total Count
AVP / Provost	X	X	X	VP Ac and St Aff	X	X	X	X	X	X	X	X	X	X	15
VP Instl. Admt.	Un. Adv & Ext. Rel	X	Advancement	X	Univ Relations		X	Adv and Coll Rel	X	VP Univ Advance	Univ Adv & Alum Rel/Dean of Students	X	X	X	14
VP Student Affairs	X	X	X		VP St. Aff and Enroll	VP St Life and Enroll	VP St Aff and Enroll	Student Success	VP St Aff and Enroll	Dean, Student Life		VP St Affairs	Dean of Students	X	14
Alumni Relations					Dir Development	Dir of Development									3
Assoc VP Enrollment				VP Enroll Mgt.						VP En Mgt and Mktg	VC Enroll & Str Init		VP Enroll Mgt.		5
Chief HR Officer						Director HR									2
Chief Information Officer			X							X	X			X	4
Chief Financial Officer	VP Adm. & Ops	VP Fin & Admin	Fin & Admin	Fin & Admin	VP Fin and Admin	VP Fin and Admin	VP Fin and Admin	Admin and Finance	VP Admin & Finance	VP Admin, Fin, Plg	VC Bus, Fin, & Admin	Vp Fin and Admin	VP Admin & Finance	VP Fin & Admin	15
Chief Diversity Officer							X		X		X			X	4
Chief Facilities Officer															1
	Gen. Counsel			Gen. Counsel	Gen. Counsel		VP & Gen Counsel			X		X		X	7
	Internal Audit						Internal Auditor								2
	Comm Dev & ED														1
		Strategic Ops Athletics		Strategic Initiat	VP ath	Dir Ath	Special Proj Dir Ath		X						4
			VP Ext Aff & C of St	Dir Ext. Relations		Dir of Gov Relations	Gov Relations			X	X	X			7
Pub Aff and Comm				Dir Mktg and Comm					VP Univ Relations						6
											Mktg and Commun				2
Digital Innovation Officer					Director Public Safe		Ombudsperson		Affirm Action		Plg, Asses, Res & Qual				5
											Discovery CTR				1
12	7	6	6	9	8	8	8	8	8	8	11	6	5	7	