# University of Toledo

Academic and Administrative Financial Opportunity Assessment

Steering Committee Meeting #4: Business Case Review

NOVEMBER 4,2021

huronconsultinggroup.com

# Agenda

1. Project Summary
   - 10 minutes
2. Business Case Background
   - 10 minutes
3. Business Case Overviews
   - 100 minutes
4. Project Governance Structure
   - 20 minutes
5. Roadmap to Realization
   - 30 minutes
6. Next Steps
   - 10 minutes
7. Appendix- Business Case Detail

THE UNIVERSITY OF TOLEDO

# 1

## Project Summary

# Status & Timeline

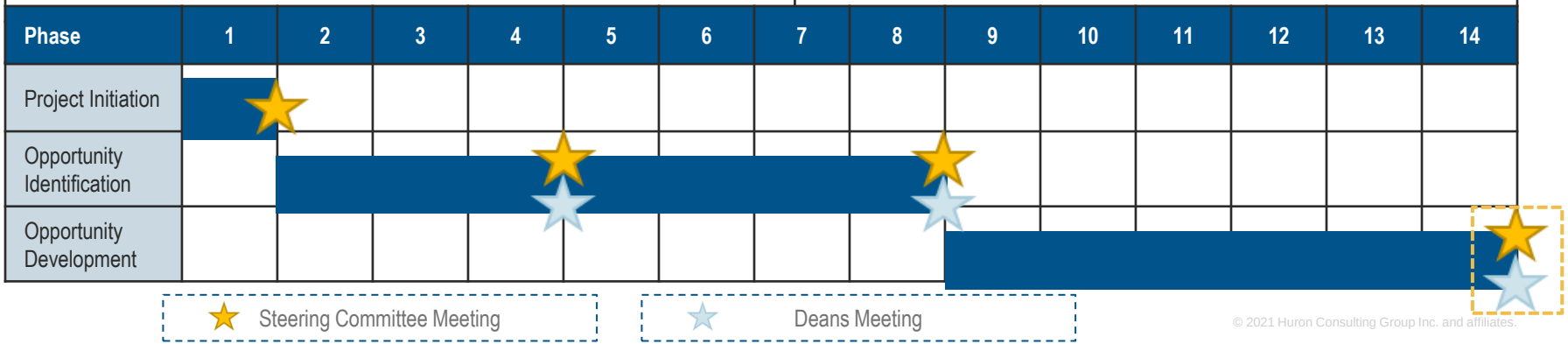
Today marks the fourth Steering Committee Meeting, with discussion on Huron's findings from the 12 opportunities that were identified and developed into 7 business cases.

## Huron Project Updates

- Financial Opportunity Assessment. –Review of 7 business cases and roadmap for opportunities
- Academic Portfolio. (AP) – Individual Dean feedback and next steps
- Budget Model – Build FY21 Budget Model, Support FY23 Budget Build, Finalize Budget Related Policy Development, and Launch Budget Governance Committees

## FOA Dean's Meeting Updates

- Business Cases
  - Healthcare Contribution
  - Spend Diagnostics
  - Academic Portfolio
  - Enrollment Management
  - Differential Tuition
  - IT: Software
  - Athletics
- Roadmap to Realization



# The Path Forward

Huron and UToledo have identified 12 of the 41 opportunities for further exploration and design of 7 unique business cases. Today we will share our findings from these business cases and discuss next steps.

## 1 Project Initiation

### Key Activities

- Assembled Steering Committee to oversee project
- Conducted kick-off meeting
- Confirmed project scope, approach, and work plan
- Reviewed the data and interview request list

### Deliverables

- Data list
- Interview list
- Steering Committee kick-off presentation

## 2 Opportunity Identification & Prioritization

### Key Activities

- Reviewed institutional and financial trends
- Facilitated stakeholder interviews
- Reviewed requested data
- Performed benchmarking assessment

### Deliverables

- Financial and operational trends analysis
- Themes and observations
- Menu of all opportunities
- Prioritized list of highest potential opportunities

## 3 Roadmap Creation & Case Design

### Key Activities

- Develop proposed scope and sequence of projects
- Estimated savings realization timeline
- Design comprehensive business cases and corresponding roadmap

### Deliverables

- High-level program roadmap
- Proposed infrastructure needs and enablers
- Business cases for identified highest priority opportunities
- Implementation Roadmap

## 4 *Business Case Execution*

### Key Activities

- Work with UToledo to implement select business cases
- Continue to update and adjust implementation roadmap to track progress to intended outcomes

### Deliverables

- Deliverables and outcomes vary by selected business case and project

# Objectives for Today's Discussion

Huron will share the findings of the 7 business cases that UToledo identified for further analysis. In addition, Huron has developed an implementation roadmap for the proposed opportunities.

## Today's Objectives

- Review Huron's approach and methodology for reviewing and analyzing the identified business cases.
- Evaluate identified business cases to help UToledo recognize recurring cost savings, revenue-generating, and strategic opportunities.
- Discuss roadmap and opportunity timeline(s) to plan, design, and implement the priority initiatives.

## Questions to Consider

- What is **the impact on stakeholders**?
- How long to realize **margin improvement**?
- Is there **significant risk** to successful implementation?
- Are there **sub-populations** that are more **specifically impacted** (individual Colleges or Depts)?
- How can these opportunities be communicated to **the community**?

# 3

## Business Case Background

# Progress to Date: Review of Methodology

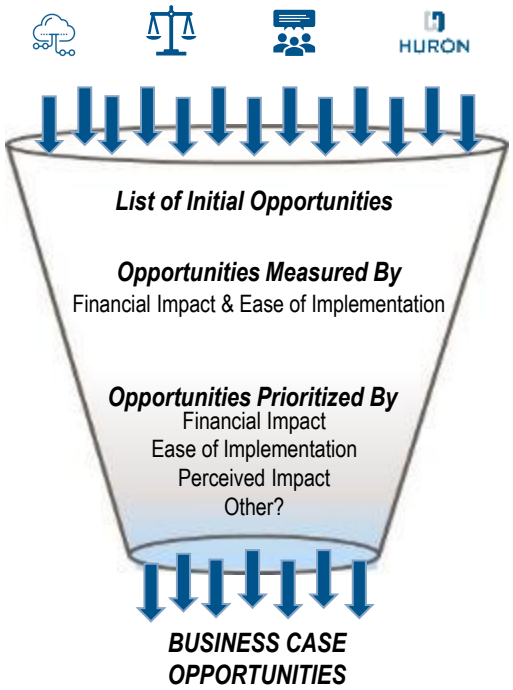
An initial set of opportunities were presented to UToledo and further discussions based on implementation complexity, financial benefit, and additional factors led to the identification of business cases to be prioritized.

**UToledo Data**

**Benchmarks**

**Stakeholder Interviews**

**Huron Expertise**



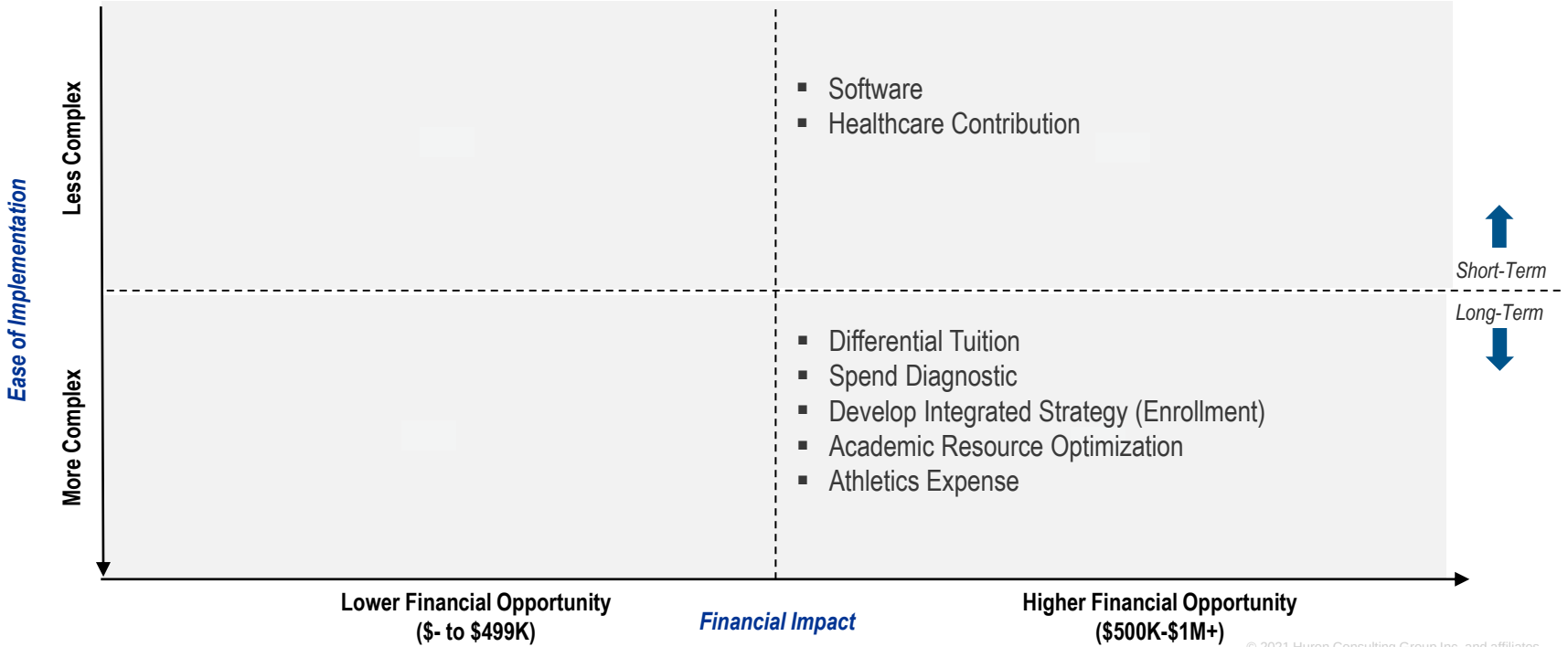

**Fact Finding**
- Weeks 1 – 4
- 60+ stakeholders interviewed
- Analyzed internal UToledo data

**Opportunity Identification & Prioritization**
- Weeks 5 - 8
- 41 Opportunities

**Business Case Development**
- Weeks 8-14
- 7 Business Cases (from 12 opportunities)
- Presented Today

# UToledo Impact Matrix

The selected business cases, narrowed down from a list of 41 identified opportunities, all represent high financial impact and primarily high complexity, as indicated on the prioritization matrix below.



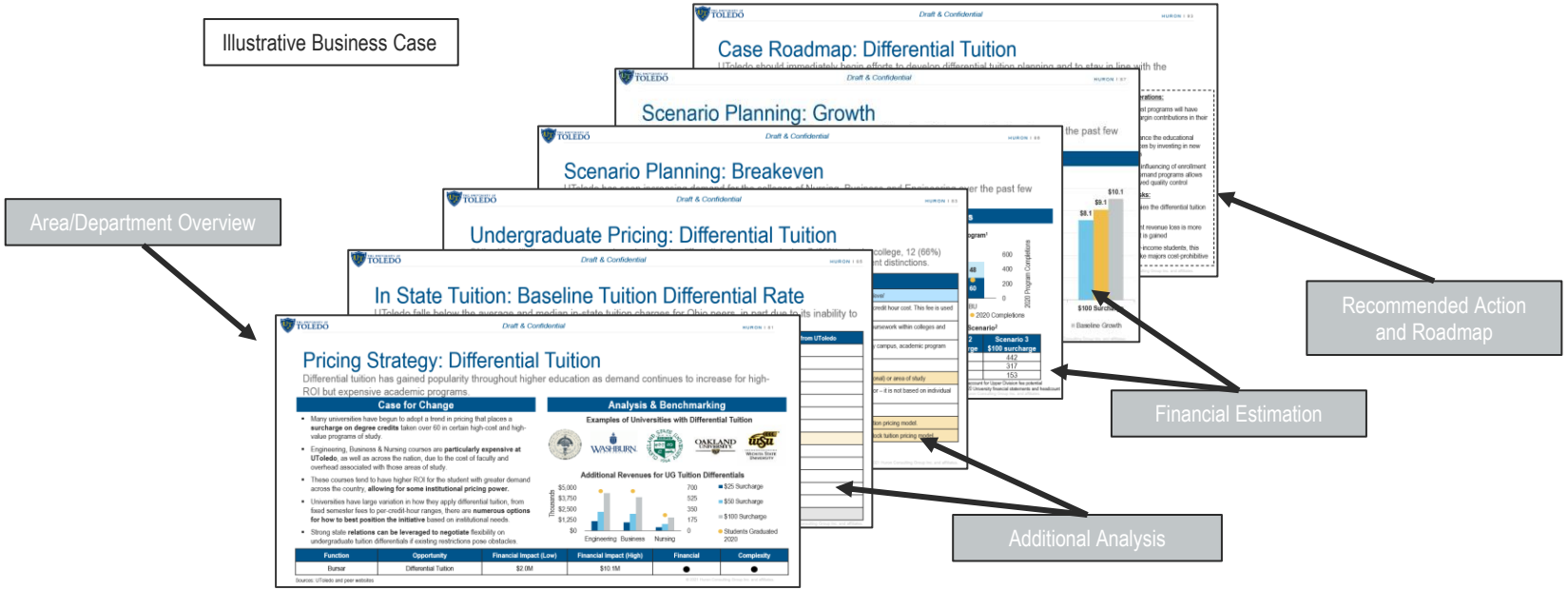
# Inventory of Business Case Opportunities

The table below outlines the primary cost savings and revenue enhancement opportunities that were selected as business cases. Collectively, the opportunities generate up to $43.4M for UToledo.

| Initiative | Opportunity | Benefit Realization Timeline (months) | $ Low | $ High |
|---|---|---|---|---|
| **Cost Savings Opportunities** | | | | |
| Academic Affairs | Faculty Effort, Course Economics, & Academic Overhead | 18 | $3.2M | $6.9M |
| Athletics | Athletics Expense | 12 | $690k | $1.1M |
| IT | Software | 9 | $1.6M | $5.4M |
| Sourcing & Procurement | Spend Diagnostic | 9 | $2.5M | $4.0M |
| | | **Total Cost Savings** | **$8.0M** | **$17.4M** |
| **Revenue Generating Opportunities** | | | | |
| Enrollment Management | Integrated Strategy (includes non-traditional & underrepresented populations) | 12 | $1.7M | $6.0M |
| Healthcare | Health Systems Contribution | 12 | $2.5M | $9.9M |
| Pricing Strategy | Differential Tuition | 36 | $2.0M | $10.1M |
| | | **Total Revenue** | **$6.2M** | **$26.0M** |
| | | **Total Financial Impact** | **$14.2M** | **$43.4M** |

# Business Case Overview

Huron's business cases are structured proposals that outline the benefits and considerations of an opportunity, adding informational and analytical value to decision-making.




**Business cases offer future state recommendations based on further research and analysis as well as scenario planning and use cases, followed by a high-level roadmap for next steps and implementation.**

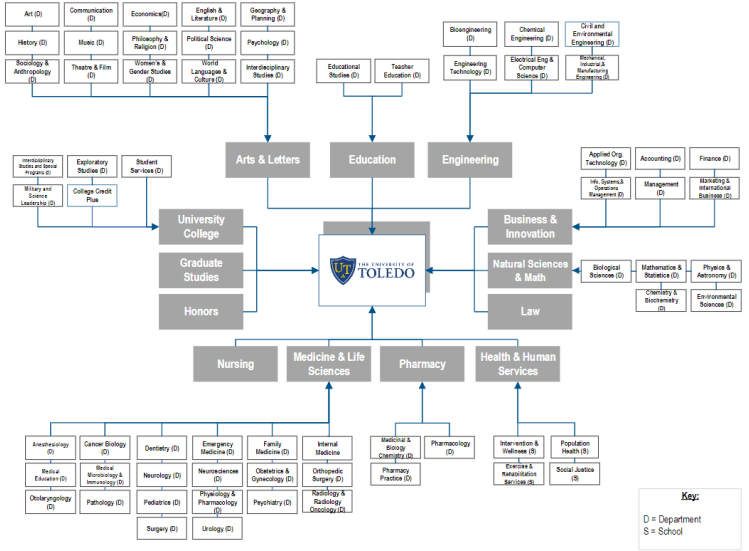
# 4

## Business Case Overviews

# Academic Resource Optimization Opportunities

Huron encourages academic leadership to consider the potential benefits and unique challenges that each opportunity presents for an individual academic unit, the University, and the surrounding region and community.

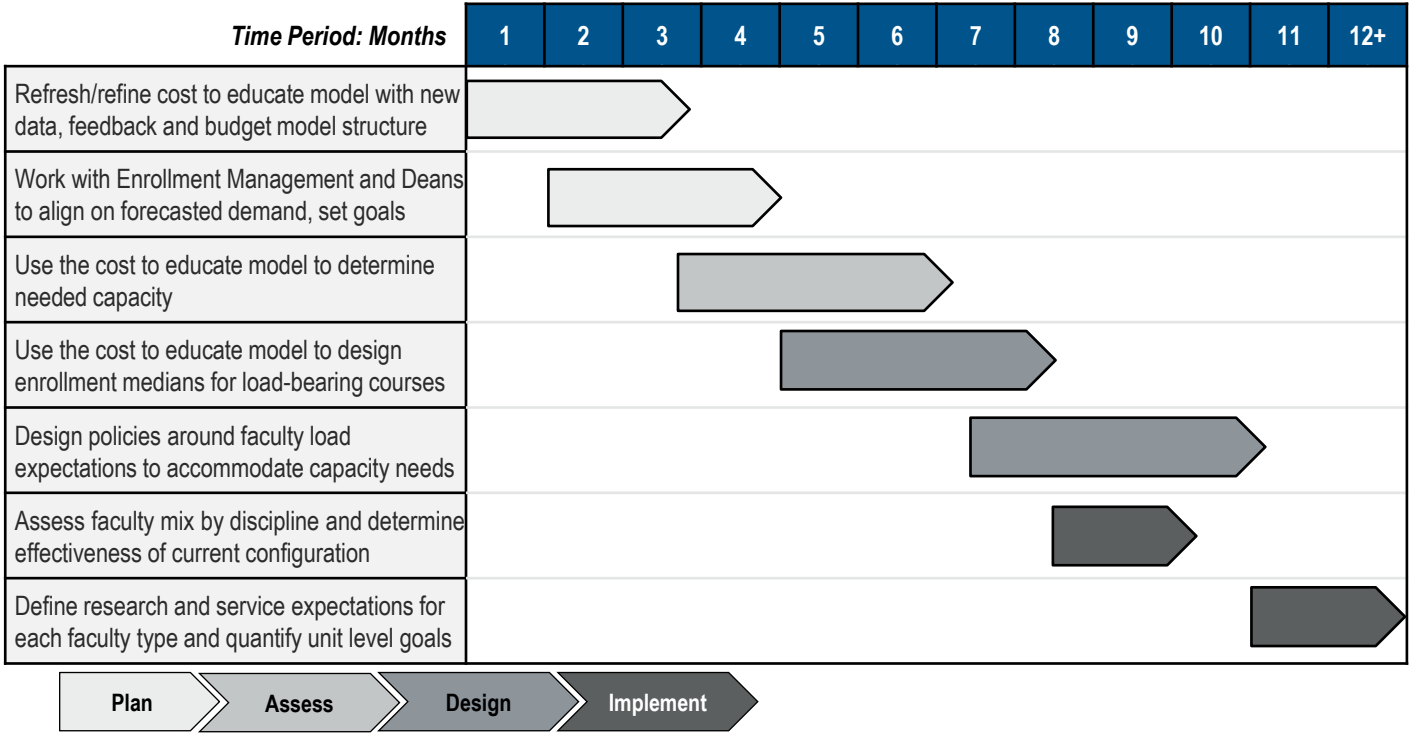
| Opportunity Component | Detail |
|---|---|
| **College Economics**<br>Target reductions in overall cost per credit hour across departments | • Direct Costs (Faculty Compensation, teaching component)<br>• Indirect Costs (Other faculty effort, academic overhead)<br>• Credit hour production and program completions |
| **Course Utilization**<br>Dictate the headcount per section expected from each unit | • Median section size 19 students<br>• 48% of in-load sections fell below the median<br>• Higher enrollment per section results in reduced costs |
| **Faculty Productivity**<br>Increase expectations for credit hour production from tenure-line faculty | • Full time, non-tenured faculty produced 102% more credits than tenure-line faculty in AY19-20<br>• Increasing productivity may reduce hiring needs for extra instructors |
| **Program Productivity**<br>Evaluate purpose of each academic unit according to service orientation | • 24 academic departments produced >50% of their credit hours through 5 or fewer course codes<br>• These departments also had fewer average degree completions |
| **Department Overhead**<br>Reduce faculty administrative tasks and share administrative services | • Median college/department overhead per credit was $209<br>• 21 departments fall above the median overhead proportions<br>• Targeting the median could yield significant savings |




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Academic Affairs | Academic Resource Optimization | $3.2M | $6.9M | ● | ◑ |

# Case Roadmap: Faculty Effort & Course Economics

Implementing changes across the academic portfolio of the University will require strategic and thoughtful planning using historical data and forecasted metrics to obtain an optimal balance for the University.

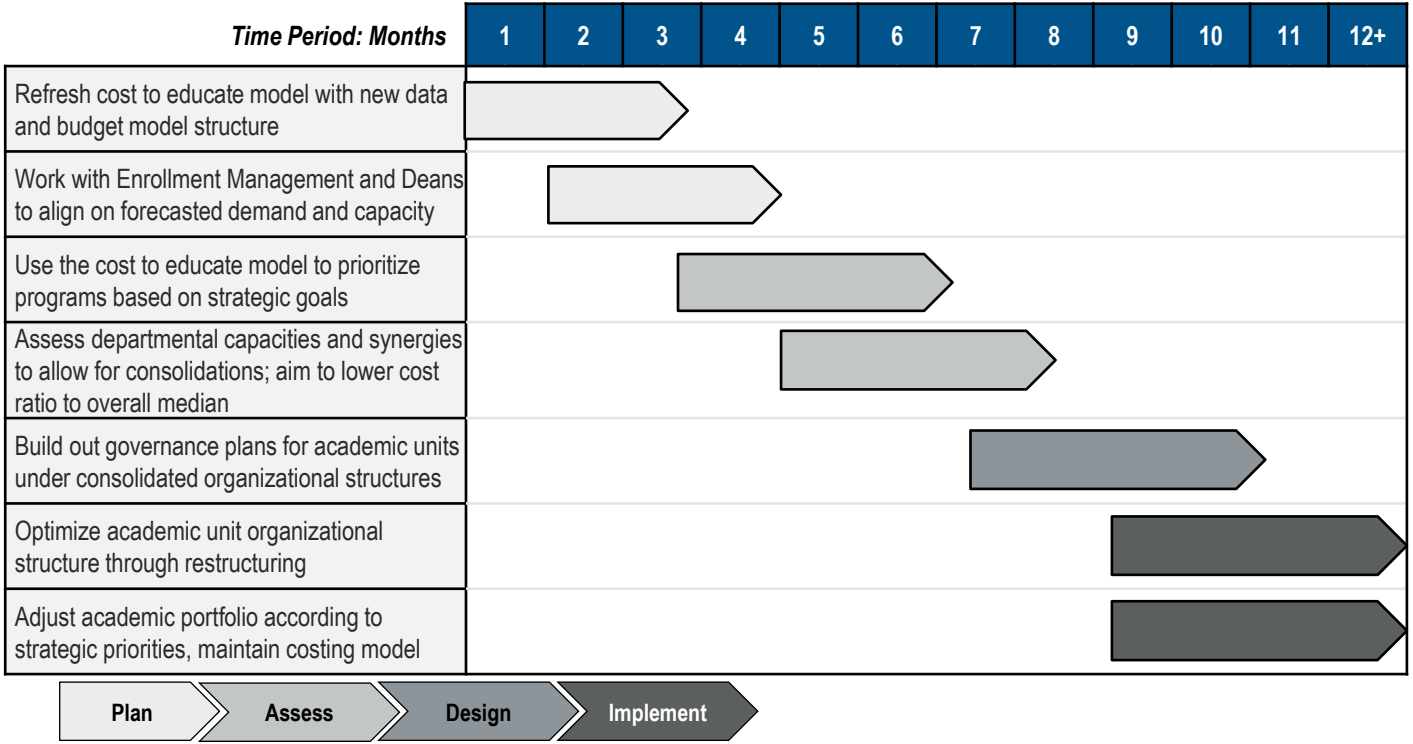



**Key Considerations:**

- Huron recommends a refresh of the costing model to account for changes to budgeting and the newest data
- An individual team or unit should be designated for the development and management of an integrated data warehouse in order to produce consistent and comprehensive decision support metrics and control access standardized data
- Policies around minimum enrollments and faculty productivity should reflect the needs and goals of the college and institution, and any exceptions to the policies should be approved and documented by academic leadership

# Case Roadmap: Administrative Overhead

Implementing changes across the academic portfolio of the University will require strategic and thoughtful planning using historical data and forecasted metrics to obtain an optimal balance for the University.



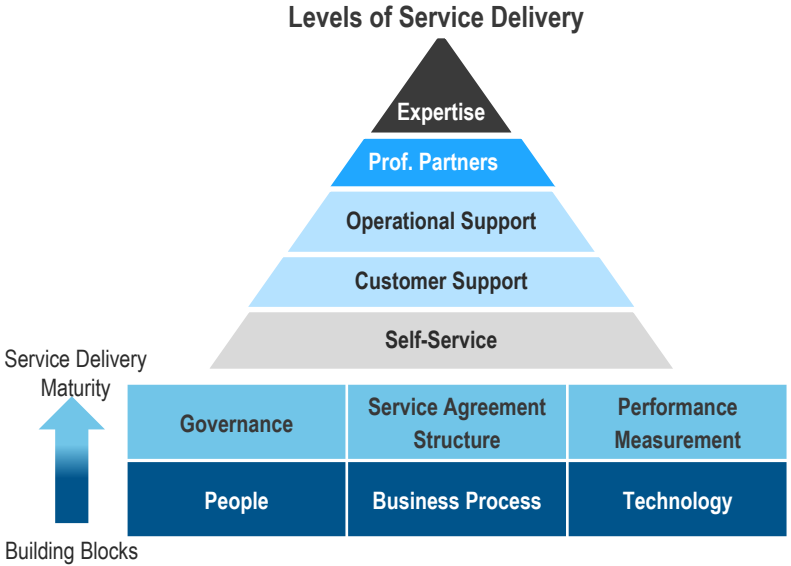

**Key Considerations:**

- Huron recommends a refresh of the costing model to account for changes to budgeting and the newest data
- Changes to the academic portfolio should consider student demand, financial viability, institutional mission/goals, and student success rates and outcomes
- Any changes made to programmatic offerings should allow for current cohorts to finish out programs within a pre-determined timeline to increase retention and student success
- Organizational structures for academic units should strive to reflect that of the administrative functions of the institution as closely as possible to maximize efficiencies

# Healthcare: Health System Contribution

Annually, the Health System consumes ~$17M in services from the University. There is a significant amount of cost recovery to be obtained after considering net cross charges and other recent agreements.

| Opportunity Component | Detail |
|---|---|
| **Services Provided**<br>Maintain inventory & quantify costs of services exchanged. | • 20+ services exchanged between UT and UTMC<br>• Examples: HR, IT, Finance, Facilities, Environmental, etc.<br>• Majority of services provided by UT to UTMC |
| **Service Delivery**<br>Determine level of service delivery and build to maturity. | • Foundation: People, Process and Technology<br>• Maturity: Governance, Service Agreement structure & Performance Measurement. |
| **Governance Infrastructure**<br>Determine appropriate governance structure/model based on needs. | • Increased transparency, visibility, & capacity<br>• Standardization of policies & procedures<br>• Consistent service experiences<br>• Cost control |
| **Guiding Principles**<br>Develop shared services model around four key values | • Shared Governance<br>• Enterprise-Wide Success<br>• Cost Transparency<br>• Enhanced Customer Service |
| **Charter & SLAs**<br>Refer to best practices for establishing governance | • Establish Governance (Charter & Executive Committee)<br>• Establish Service Level Agreements |

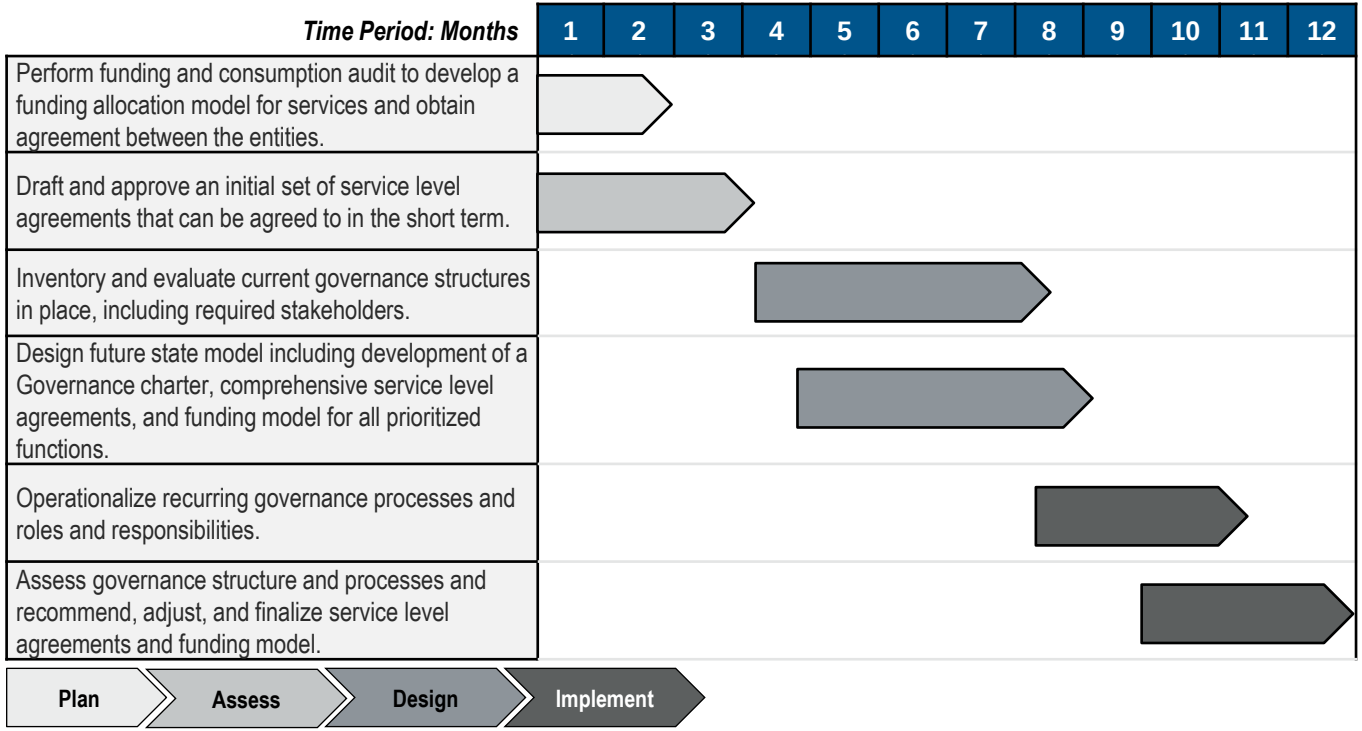



| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Hospital | Services Contribution | $2.5M | $9.9M | ● | ◑ |

1. The Net amounts accounts for services provided by the clinical enterprise to support University operations

# Case Roadmap: Healthcare Contribution

Implementing shared service improvements, based on best practices, will require shared understanding and agreement across a variety of leaders and stakeholders at the University and Healthcare system.




**Key Considerations:**

Short Term – SLAs and Governance

- Efforts should be made to establish a base; set up service level agreements for critical services that are well understood and easily agreed to and overseen by joint governance.

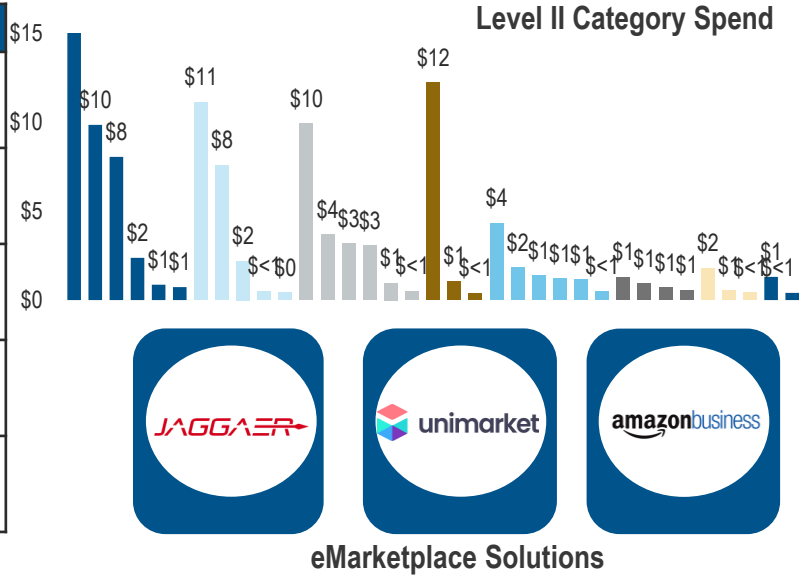
Long Term – Shared Service Centers

- Shared Service Centers for HR, Finance, and Procurement are trends in Higher Ed.
- UToledo should consider shared service center models in areas of high transaction and strategic importance in order to obtain further cost savings and operational improvements.

# Sourcing & Procurement: Spend Diagnostic

Analysis of UToledo's FY21YTD spend data indicates that savings opportunities exist through additional centrally guided strategic sourcing that would leverage total university purchasing volume.

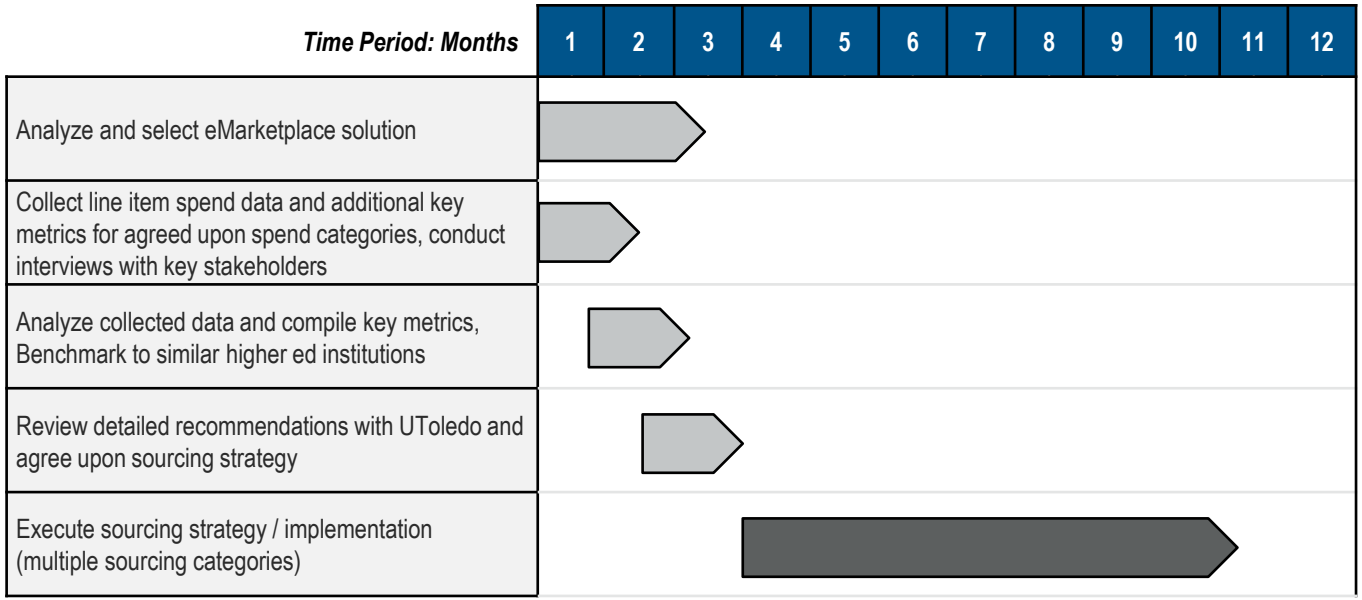
| Opportunity Component | Detail |
|---|---|
| **Spend by Category**<br>Analyze and monitor subcategory spend distribution | • Level 2 category spend includes Science & Med, Facilities, IT, Food, Professional Services, Admin, Library, and Athletics & Education<br>• The highest subcategory spend was in Med Supplies at $93M |
| **Savings Opportunities**<br>Review recommended categories for potential spend reduction | • MRO Supplies & Services ($9.8M, 46+ vendors)<br>• Scientific Supplies ($8.1M, 25+ vendors)<br>• Computer Hardware ($3.7M, 11+ vendors) |
| **eMarketplace**<br>Consider implementing an e-shopping tool for enhanced experience | • Consistent preferred vendor use with negotiated pricing<br>• Integration with Banner<br>• Increased visibility and capabilities |
| **Pcard by Category**<br>Implement guidelines and policies to increase visibility, control spend | • Pcard spend totaled $8M YTD (FY21), 8% of total spend<br>• Catering, Foodservice Products, Telecommunications and General Retail total above 90% purchases through Pcards |
| **Vendor Analysis**<br>Leverage preferred payment methods with enabled vendors | • Four areas spent >$500K YTD (FY21) on Pcards, with the highest (Verizon Wireless) totaling $1.7M<br>• Top 25 categories spent close to $9.5M on PCards |




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Sourcing and Procurement | Spend Diagnostic | $2.5M | $4.0M | ● | ◕ |

# Case Roadmap: Spend Diagnostic

UToledo can achieve cost savings through the execution of select sourcing strategies. An eMarketplace solution, if implemented, could further negotiation efforts and increase spend visibility.




**Key Considerations:**

- Analysis and selection of eMarketplace tool would be completed independently of the category spend business cases.
- eMarketplace implementation timeline varies depending on the software selected.
- UToledo and Huron to agree upon spend categories targeted for detailed business case development.
- Implementation includes sourcing materials development, supplier proposal analysis, vendor negotiations, and the creation of a memorandum of terms detailing business terms concluding negotiations.

# Enrollment: Developing Integrated Strategy

Multiple turnovers of enrollment leadership and lack of long-term strategic enrollment focus at UToledo has resulted in declining net tuition revenue as well as decreasing undergraduate headcount.

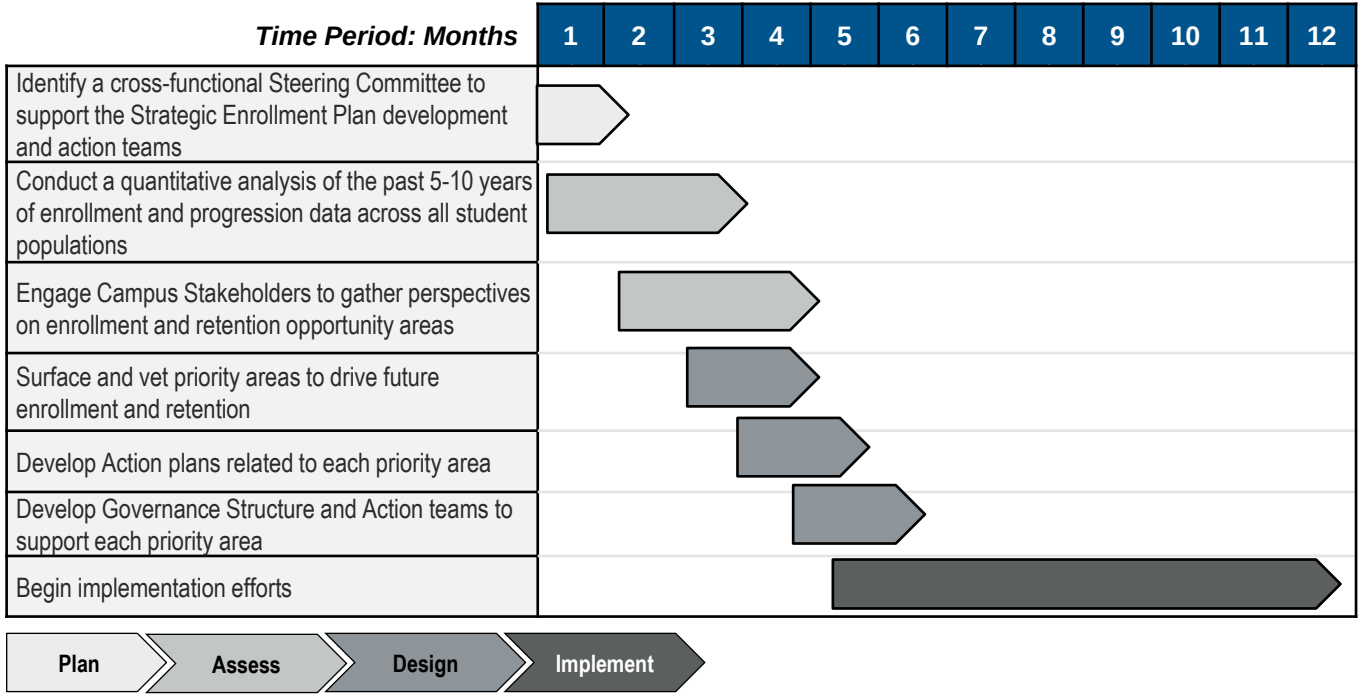
| Opportunity Component | Detail |
|---|---|
| **Trends**<br>Analyze internal and external trends to identify gaps and prepare for future | • UToledo's application volume has decreased among peer increases<br>• Headcount, net tuition revenue and credits decreased AY17-AY20<br>• Target student populations are projected to decline in future |
| **Yield**<br>Increase overall yield by targeting populations strategically | • Nine primary local and regional counties have seen a steadily declining yield since AY19, suggesting a need for targeted efforts<br>• Connection, outreach and events may produce successful results |
| **Financial Aid**<br>Adjust aiding strategy to attract and retain more students | • Currently UToledo offers mostly merit aid, while need is less prioritized<br>• Retention increases at a greater rate for lower-GPA students (need-based) than for higher-GPA students (merit) according to aid amount |
| **Strategic Enrollment Plan**<br>Develop and implement robust strategy across enrollment functions | • Of the 14 best practices identified for Enrollment strategy, UToledo is developing in 7 and nascent in 4, with others not identified in the plan.<br>• Optimized plan elements will help to build a cohesive overall strategy |
| **Key Enablers**<br>Focus on three foundational elements to build successful strategic plan | • Cross-functional teaming and participation<br>• Data strategy & utilization<br>• Marketing and communications strategy |

| | | Fall 2018 | | Fall 2019 | | Fall 2020 | |
|---|---|---|---|---|---|---|---|
| County | State | Enrollees | Yield Rate | Enrollees | Yield Rate | Enrollees | Yield Rate |
| Lucas County | Ohio | 1054 | 57.2% | 909 | 53.5% | 761 | 44.2% |
| Cuyahoga County | Ohio | 153 | 17.1% | 188 | 21.7% | 126 | 13.8% |
| Wayne County | Michigan | 127 | 17.6% | 91 | 21.8% | 61 | 12.9% |
| Monroe County | Michigan | 260 | 46.3% | 243 | 51.9% | 196 | 47.7% |
| Franklin County | Ohio | 62 | 13.7% | 61 | 13.0% | 56 | 11.3% |
| Wood County | Ohio | 169 | 52.0% | 150 | 47.5% | 134 | 48.0% |
| Lorain County | Ohio | 64 | 24.9% | 68 | 25.9% | 71 | 28.5% |
| Oakland County | Michigan | 39 | 16.7% | 59 | 25.8% | 27 | 11.3% |
| Hamilton County | Ohio | 38 | 17.4% | 36 | 16.3% | 16 | 9.7% |
| Summit County | Ohio | 55 | 21.2% | 48 | 22.1% | 38 | 20.0% |
| Montgomery County | Ohio | 52 | 26.1% | 34 | 17.2% | 27 | 13.6% |
| Washtenaw County | Michigan | 54 | 27.4% | 50 | 20.7% | 35 | 18.6% |
| Lenawee County | Michigan | 70 | 40.2% | 32 | 34.4% | 32 | 26.4% |
| Fulton County | Ohio | 75 | 56.4% | 76 | 50.7% | 60 | 50.8% |
| Stark County | Ohio | 31 | 21.5% | 29 | 23.0% | 9 | 12.5% |
| Medina County | Ohio | 34 | 28.8% | 33 | 26.8% | 32 | 28.1% |
| Lake County | Ohio | 29 | 23.8% | 28 | 26.9% | 18 | 21.7% |
| Macomb County | Michigan | 28 | 25.9% | 17 | 18.7% | 23 | 23.7% |
| Cook County | Illinois | 18 | 12.9% | 3 | 3.4% | 4 | 6.3% |
| Hancock County | Ohio | 36 | 34.6% | 46 | 40.7% | 37 | 33.3% |

| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Enrollment Management | Integrated Strategy | $1.7M | $6.0M | ● | ◑ |

# Case Roadmap: Strategic Enrollment Planning

UToledo has the opportunity to create a long-term strategic enrollment vision supported by an action plan that addresses the challenges of the current state and capitalizes on future state opportunities.



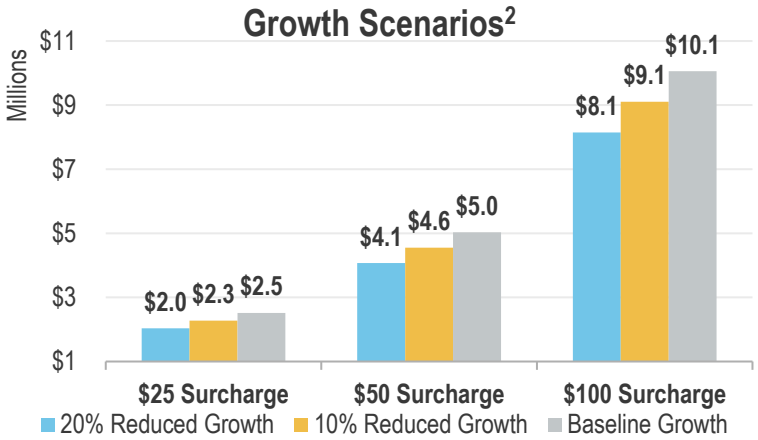

**Key Considerations:**

- Data assessment and analysis will be require clean data sets that can be utilized to create a baseline for assessment each year of the plan.
- Engagement from Deans, Academic departments, and student support units across campus is key to a successful plan.
- Utilizing the analysis from the Academic Portfolio assessment will aid in aligning programmatic opportunities with enrollment and retention tactics.

# Pricing Strategy: Differential Tuition

Differential tuition has gained popularity throughout higher education as demand continues to increase for high-ROI but expensive academic programs.

| Opportunity Component | Detail |
|---|---|
| **State Restrictions**<br>Develop proposal for the establishment of new special fees | • A program-specific fee would not be restricted by tuition rules<br>• Ohio Department of Higher Education allows for the petition of new and increased special purpose fees at the undergraduate level |
| **Peer Pricing**<br>Ensure competitiveness with peers with regard to UG pricing | • 18 identified peers (direct/Ohio/aspirational/Conference peers) have differential tuition in some form<br>• UToledo currently sits near the median of baseline tuition charges |
| **Scenarios**<br>Conduct sensitivity analysis and plan for range of scenarios | • Break-even loss of students could reach up to 45% of class without losing revenues<br>• More realistically, UToledo could expect consistent or slightly diminished growth in enrollment, and significant revenue increases |
| **Fees**<br>Use opportunity to increase and consolidate student fees | • UToledo had previously developed recommended adjustments to student fees for simplification of undergraduate bills<br>• Compared to peers, UToledo's fee structure is competitive |

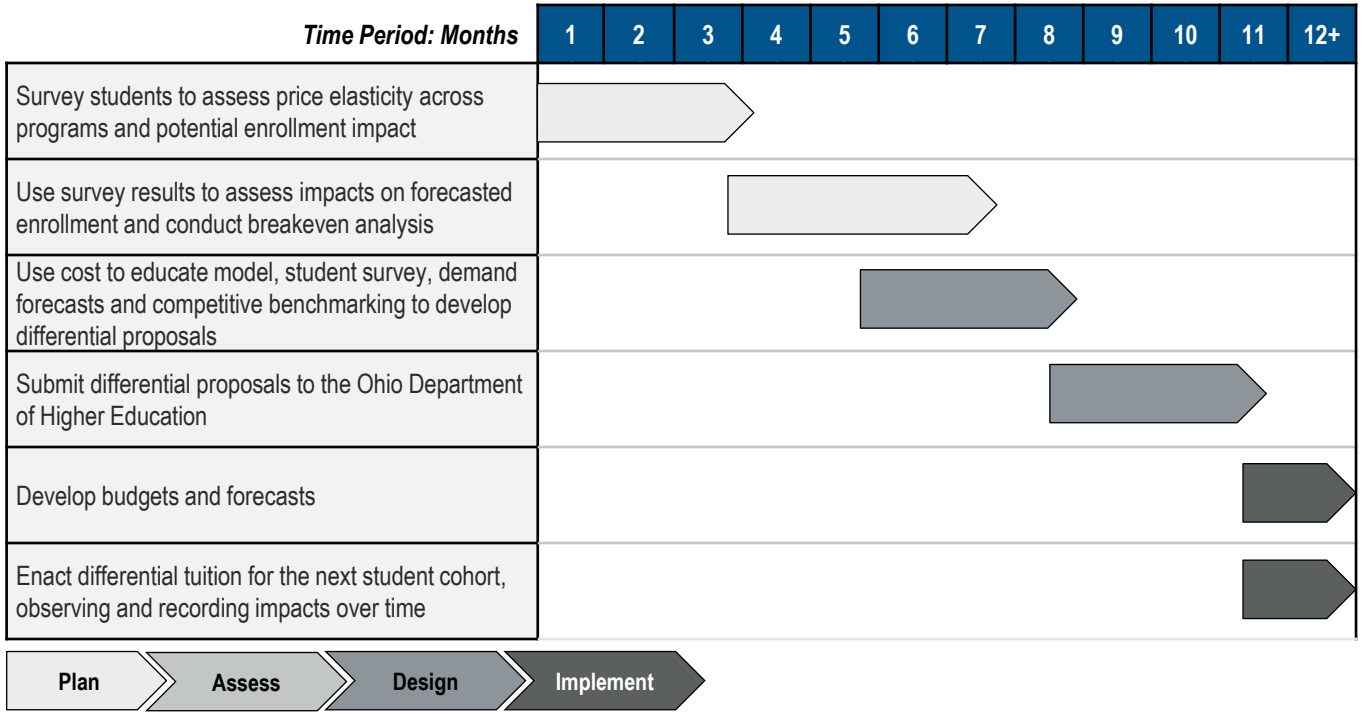



| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Bursar | Tuition Differentials | $2.0M | $10.1M | ● | ● |

Sources: UToledo and peer websites

# Case Roadmap: Differential Tuition

UToledo should immediately begin efforts to develop differential tuition planning and to stay in line with the timeline for implementation.




**Key Considerations:**

- Higher cost programs will have higher margin contributions in their tuition
- May enhance the educational experiences by investing in new resources
- Strategic influencing of enrollment in high-demand programs allows for improved quality control

**Potential Risks:**

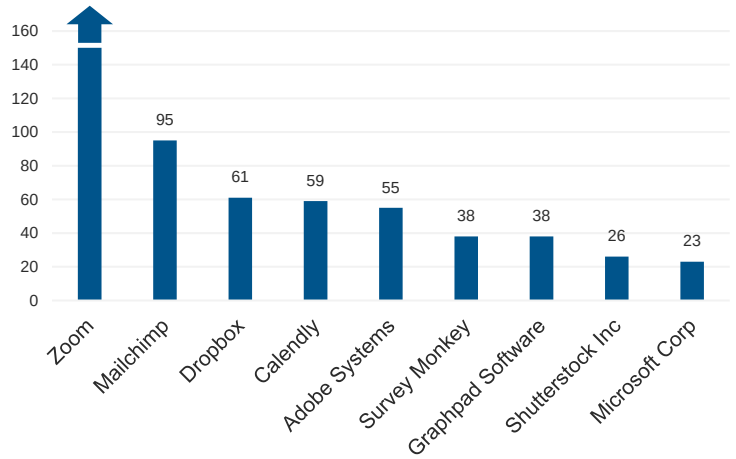
- State denies the differential tuition approval
- Enrollment revenue loss is more than what is gained
- For lower-income students, this could make majors cost-prohibitive

# IT: Software

UToledo could benefit from an application and software utilization study focused on rationalizing the current footprint and reduce their overall software and support spend.

| Opportunity Component | Detail |
|---|---|
| **Value Drivers**<br>Enable opportunities to move to cloud-based technologies | • Eliminate application portfolio clutter<br>• IT cost optimization<br>• Cloud migration readiness |
| **Current State Spend**<br>Analyze and monitor IT spend by category to reduce costs | • Annual spend of >$15M across 5 primary categories<br>• Top category is Healthcare ($9.3M on 56 products)<br>• Total 166 products and contracts used enterprise-wide |
| **Rationalization**<br>Continue to analyze portfolio for optimization opportunities | • IT has already canceled or replaced 17 products, saving $590K<br>• Another 36 products have potential replacements totaling $3.5M in savings of the $14.5M in active tools and contracts |
| **P-Card Purchases**<br>Eliminate redundant purchases by implementing policies for software | • UToledo averages $31K/month in off-contract end user licenses<br>• The top 10 pcard purchases revealed considerable overlap in function<br>• Purchasing agreements may help reduce transaction proliferations |
| **Purchase & Use Standardization**<br>Consolidate solutions into enterprise agreements to lower costs | • Video, communication & collaboration (6 products)<br>• Content, creation, storage & management (5 products)<br>• Survey, Marketing & Engagement (4 products)<br>• Teaching, Learning & Research Enablement (6 products) |

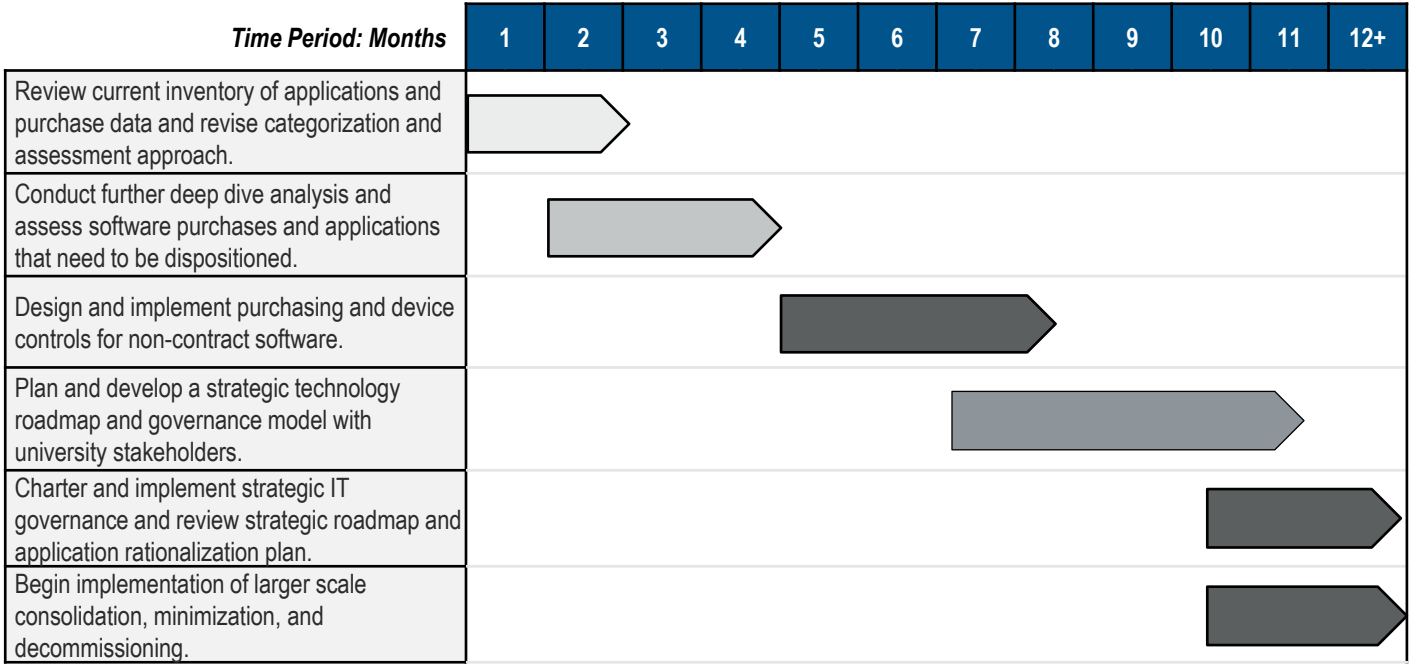
**Individual User Licenses Purchased by Software**
***(Jan 2020 – May 2021)***




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Information Technology | Applications & Software | $1.6M | $5.4M | ● | ◑ |

# Case Roadmap: Software & Application Rationalization

UToledo should build upon the work already performed to assess the application portfolio and non-contract software purchases, which will aide in the development of a comprehensive technology strategic plan and rationalization effort.



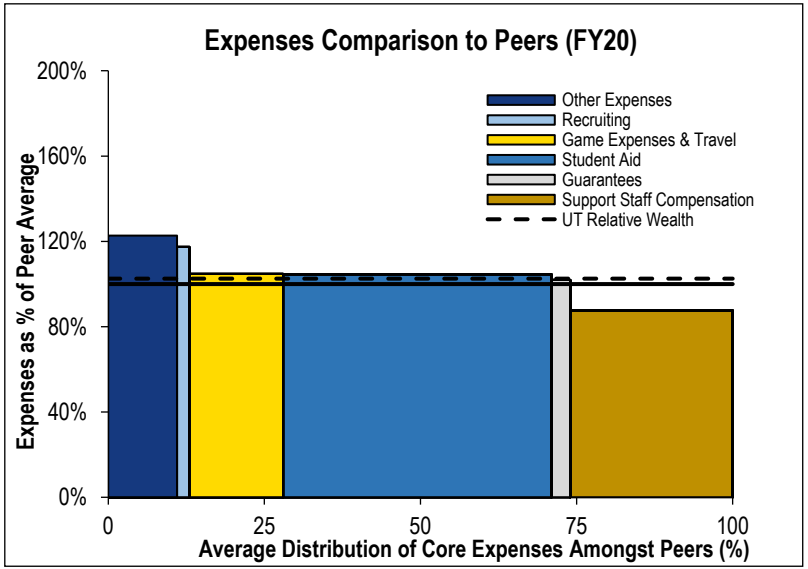

**Key Considerations:**

- While there is a large-scale Electronic Health Records implementation underway, which is expected to yield considerable opportunities for application portfolio reduction and operational efficiencies, several core administrative systems should be considered for consolidation or standardization:
  - **Ellucian**: HR & Finance (except UTP)
  - **Lawson**: Procurement (enterprise-wide); HR & Finance at some hospitals
  - **ADP**: UTP Payroll
  - **Solomon**: UTP Finance

# Athletics: Athletics Expense (Continued Analysis)

Huron's continued analysis validated that UToledo spends more per athlete compared to identified peer subset; however, related opportunities should be evaluated in context of impact on Department and UT strategic goals.

| Opportunity Component | Detail |
|---|---|
| **Benefits & Philosophy**<br>Leverage athletics programs to serve institutional mission | • "Buy game" strategy and ticket sales are promising for UToledo<br>• Increased brand awareness may lead to elevated enrollment demand<br>• Maintaining engagement with community is crucial to success |
| **Return on Investment**<br>Analyze and monitor per-participant investment for optimization | • Akron is lead contender in conference for investment per participant<br>• UToledo slightly ahead of rest of conference at >$90K<br>• UToledo has one of highest average conference finish rates 2014-19 |
| **Savings Opportunities**<br>Determine validity and ease of implementing savings opportunities | • Financial Opportunity Sport (Men's Basketball)<br>• Currently Underinvested Sport (Baseball)<br>• Strategic Investment Sport (Women's Golf) |
| **Peer Benchmarking**<br>Analyze peer expenditures to maintain competitive distribution | • UToledo operating budget ($21M) is approximately 3% larger than peer average<br>• UToledo spends similarly on Travel/Game/Student Aid expenses to peers, but proportionally less on staff compensation<br>• "Other Expenses" are largest expenditure category at $3M |

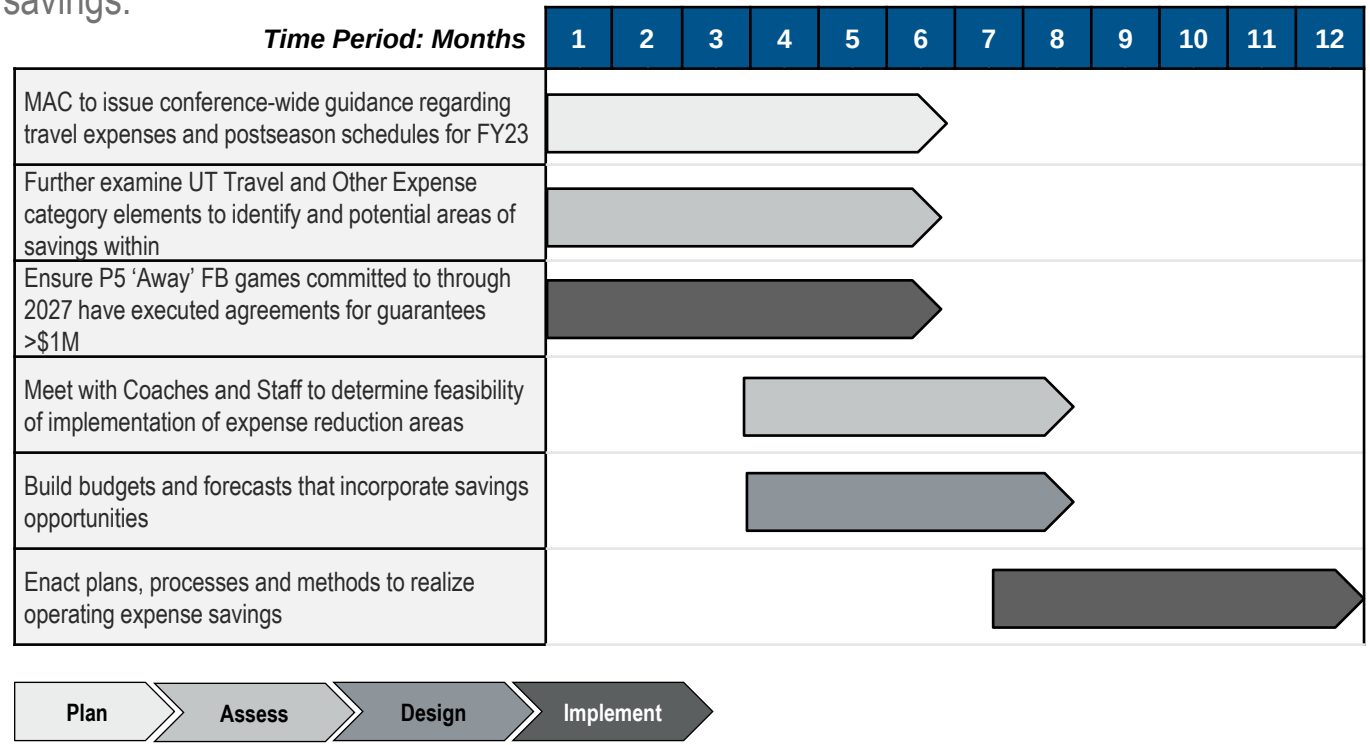



| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Athletics | Athletics Expense | $690K | $1.1M | ◕ | ◕ |

1 - Further detail on specific opportunity within each area identified is available in the appendix. Source: The Equity in Athletics Data Analysis (2020 Data) and FY20 Annual Reports

# Case Roadmap: Athletics Expenses

UToledo should immediately begin efforts to further evaluate institutional desire to pursue Athletics expense savings.




**Key Considerations:**

- MAC decisions will impact ability to sustain currently realized savings related to Travel
- Other Expenses related directly to fundraising solicitations will need to be identified/isolated
- FB Game Expenses/Guarantees Paid are investments directly related to scheduling decisions

**Potential Risks:**

- P5 conference realignment (SEC/KU) could impact guarantee game availability if not contracted

# 5

## Project Governance Structure

# Project Governance Team Structure

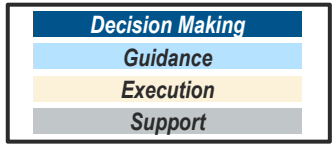
In order to successfully implement the selected opportunities, UToledo must establish strong governance and project structure.

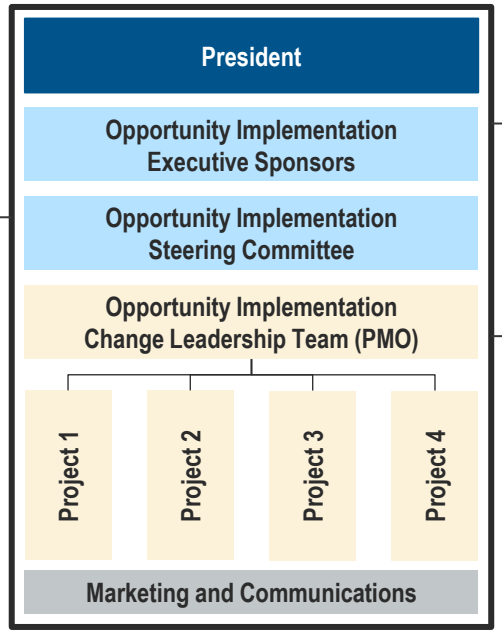
## SAMPLE – Opportunity Implementation Project Governance Structure

**Opportunity Implementation Steering Committee:**

- Elect from President's advising council and senior leadership (8-10 members)
- Serve as primary internal working group
- Provides feedback on overall direction, particularly in their distinct scope to Executive Sponsors
- Serves as sponsors for various projects

***Restructure or additions can be made to Steering Committee to best fit the opportunity prior to implementation***




**Opportunity Implementation Executive Sponsors:**

- Provide overall project guidance
- Continue to serve as official sponsors and overall improvement program leadership
- Enforce financial targets and timelines
- Escalate issues to President
- Approve project teams and charters
- Liaise with President and Trustees

**Opportunity Implementation PMO:**

- Led by a PMO lead who will execute day to day activities
- Primary, frontline responsibility for project management
- Tracks each project's progress and, when applicable, measures the financial benefit
- Executes communication and work plans as designed by Steering Committee and/or Marketing and Communications

# Project Governance Team Roles

Within this governance structure, each stakeholder or stakeholder group should have clearly defined roles and responsibilities.

## SAMPLE – Opportunity Implementation Project Governance Structure

| | | |
|---|---|---|
| **President** | ▪ **Serves as final decision maker**<br>▪ Sets financial targets and timelines | ▪ Liaises with Trustees |
| **Opportunity Implementation Executive Sponsors** | ▪ **Provides overall project guidance**<br>▪ Enforces financial targets and timelines<br>▪ Escalates issues to President | ▪ Approves all project charters<br>▪ Assigns and approves all project teams<br>▪ Liaises with President and Trustees |
| **Opportunity Implementation Steering Committee** | ▪ **Serves as voice of UToledo community and provides input on project recommendations**<br>▪ Serves as sponsors for UToledo projects | ▪ Provides feedback on overall direction to Executive Sponsors and President<br>▪ Assists PMO in removing potential barriers that arise |
| **Opportunity Implementation Change Leadership Team (PMO)** | ▪ **Serves as single point of coordination for UToledo and collates all project materials**<br>▪ Conducts trainings for and provides general oversight of project leads and their teams<br>▪ Manages communications plan, the work stakeholder engagement plan, etc. at the program level | ▪ Tracks overall program (and project) savings and progress<br>▪ Conducts project-specific follow-up analyses and impact analyses (as needed)<br>▪ Represents UToledo at all necessary meetings (town halls, steering committee, etc.) |
| **Project Leads (and Team)** | ▪ **Executes day-to-day activities of projects**<br>▪ Oversees the project teams to ensure completion of the various deliverables (project charters, timelines, working teams, comms plans, stakeholder analysis, business cases, etc.) | ▪ Helps draft project specific communication<br>▪ Tracks project progress and reports it to the PMO<br>▪ Conducts project specific follow up analyses and impact analyses (as needed, if not done by PMO)<br>▪ Escalates issues to PMO and Executive Sponsors |
| **Marketing and Communications** | ▪ **Provides communications support and recommendations for the overall program and each project** | ▪ Drafts communication for UToledo at program level<br>▪ Supports execution of communication at the project level |

# Change Management and Accountability

A formal governance structure will provide a foundation of accountability at all levels of the University. Successful implementation will be dependent on crafting and executing a robust change management structure.

### Leaders develop strategic vision for the future

Develop strategic vision for the future and drive awareness through tailored communication to ensure understanding of UToledo's objectives

### Leaders promote the specific activities needed to achieve change

Ensure that incentives, non-financial rewards and leaders promote the specific activities needed to achieve change objectives


### Evaluate organizational readiness

Evaluate organizational readiness and enable all leaders at UToledo (i.e., Trustees to front-line staff) to drive alignment to change

### Understand how desired behaviors translate to change management tasks

Help leaders and staff understand how desired behaviors translate to their day-to-day tasks; provide resources to support and enable each individual's success

# Communicating Change

Communicating the results of the assessment of prioritized opportunities will be critically important as UToledo makes decisions likely to have a major impact on students, staff, and faculty.

**Marketing and Communications**

University leadership will share the results of the assessment with the larger community

**Action**

Policy development efforts will be undertaken to communicate with the University community

**Benefits**

Communication will continue by linking the decisions and subsequent benefits to the University

**Application**

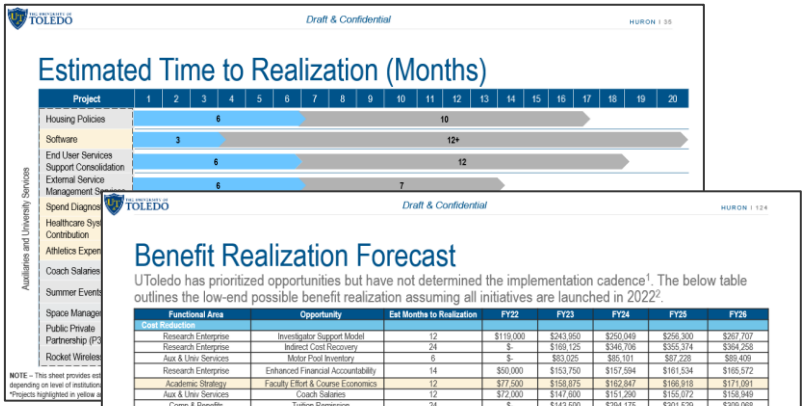
University leadership will regularly communicate with the community and reinforce benefits throughout the transition

# 6

## Roadmap to Realization

# Roadmap to Realization

UToledo's selected opportunities and desired timeline for implementation will determine the specific road to realization. This section will provide foundational information to help facilitate that discussion process.







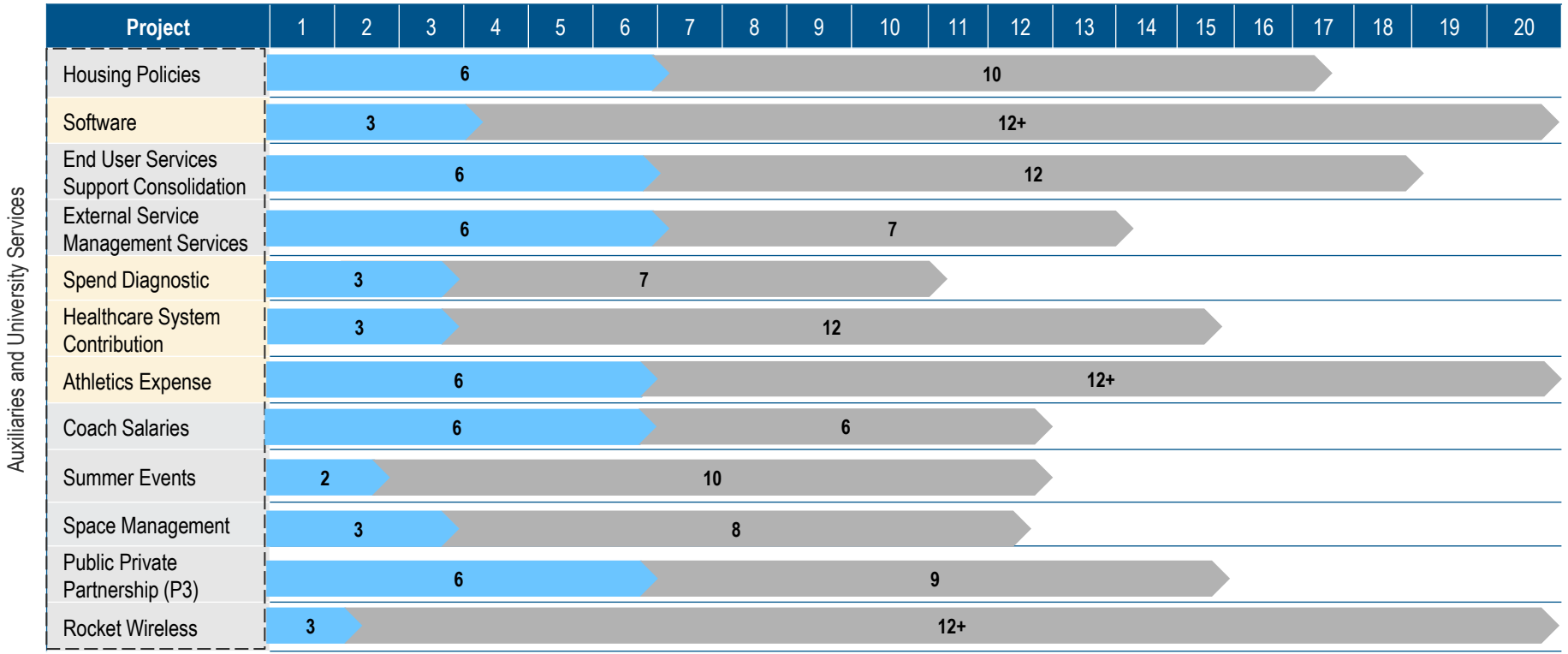
**1 Estimated Time to Benefit Realization**

- Provides estimated time, per opportunity, that will be required for (1) additional assessment and (2) implementation
- Actual time to benefit may vary dependent on opportunity launch date, community buy-in, and other impactful elements

**2 Benefit Realization Forecast**

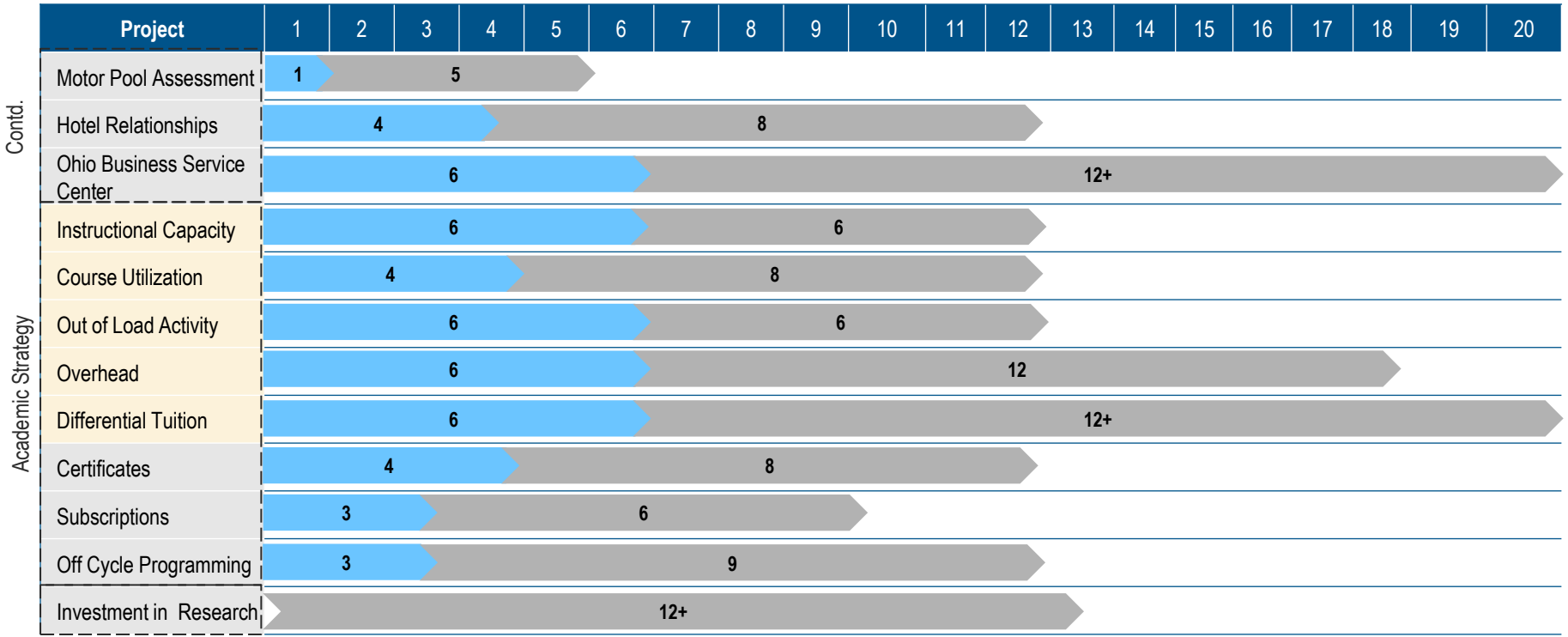
- Provides context around potential benefit realization by fiscal year
- Benefit realization forecasts may vary dependent on opportunity launch team and specific targeted benefit (low/high)

# Estimated Time to Realization (Months)




**NOTE –** This sheet provides estimated time to realization from project assessment initiation. Exact timeframes will vary depending on level of institutional support and specific opportunity context.
*Projects highlighted in yellow are prioritized opportunities and have been selected as business cases.

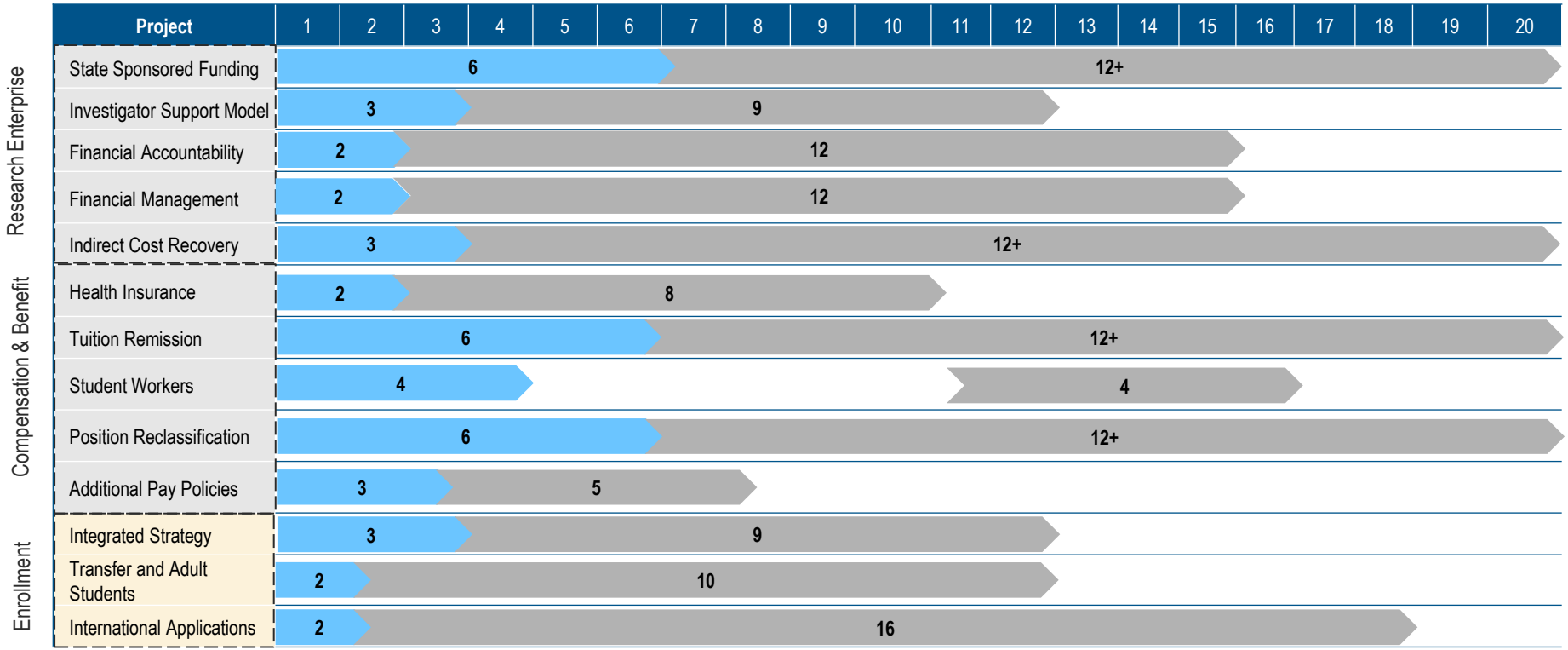
# Estimated Time to Realization (Months)




**NOTE –** This sheet provides estimated time to realization from project assessment initiation. Exact timeframes will vary depending on level of institutional support and specific opportunity context.
*Projects highlighted in yellow are prioritized opportunities and have been selected as business cases.

**Assessment** **Implementation**

# Estimated Time to Realization (Months)




**NOTE –** This sheet provides estimated time to realization from project assessment initiation. Exact timeframes will vary depending on level of institutional support and specific opportunity context.
*Projects highlighted in yellow are prioritized opportunities and have been selected as business cases.

# Benefit Realization Forecast: Cost Reduction

UToledo has prioritized opportunities but have not determined the implementation cadence[1]. The below table outlines the low-end possible benefit realization assuming all initiatives are launched in 2022[2].

| Functional Area | Opportunity | Est Months to Realization | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|---|---|
| **Cost Reduction** | | | | | | | |
| Research Enterprise | Investigator Support Model | 12 | $119,000 | $243,950 | $250,049 | $256,300 | $267,707 |
| Research Enterprise | Indirect Cost Recovery | 24 | $- | $169,125 | $346,706 | $355,374 | $364,258 |
| Aux & Univ Services | Motor Pool Inventory | 6 | $- | $83,025 | $85,101 | $87,228 | $89,409 |
| Research Enterprise | Enhanced Financial Accountability | 14 | $50,000 | $153,750 | $157,594 | $161,534 | $165,572 |
| Academic Strategy | Faculty Effort & Course Economics | 12 | $77,500 | $158,875 | $162,847 | $166,918 | $171,091 |
| Aux & Univ Services | Coach Salaries | 12 | $72,000 | $147,600 | $151,290 | $155,072 | $158,949 |
| Comp & Benefits | Tuition Remission | 24 | $- | $143,500 | $294,175 | $301,529 | $309,068 |
| Comp & Benefits | Student Workers | 16 | $46,833 | $288,025 | $295,226 | $302,606 | $310,171 |
| Research Enterprise | Enhanced Financial Management | 14 | $61,667 | $189,625 | $194,366 | $199,225 | $204,205 |
| Aux & Univ Services | Space Management | 11 | $451,500 | $793,350 | $813,184 | $833,513 | $854,351 |
| Aux & Univ Services | End User Srvs. Support Consolidation | 18 | $- | $- | $1,006,499 | $1,031,661 | $1,057,453 |
| Comp & Benefits | Additional Pay Policies | 8 | $801,667 | $986,050 | $1,010,701 | $1,035,969 | $1,061,868 |
| Academic Strategy | Subscriptions | 9 | $750,000 | $1,025,000 | $1,050,625 | $1,076,891 | $1,103,813 |
| Aux & Univ Services | Athletics Expense | 24 | $- | $353,625 | $724,931 | $743,055 | $761,631 |
| Academic Strategy | Overhead | 18 | $- | $- | $3,151,875 | $3,230,672 | $3,311,439 |
| Comp & Benefits | Position Reclassification | 24 | $- | $820,000 | $1,681,000 | $1,723,025 | $1,766,101 |
| Aux & Univ Services | Software | 24 | $- | $820,000 | $1,681,000 | $1,723,025 | $1,766,101 |
| Aux & Univ Services | Spend Diagnostic | 10 | $1,666,667 | $2,562,500 | $2,626,563 | $2,692,227 | $2,759,532 |
| Comp & Benefits | Health Insurance | 10 | $1,933,333 | $2,972,500 | $3,046,813 | $3,122,983 | $3,201,057 |
| Aux & Univ Services | Ohio Business Service Center | 48 | $- | $- | $- | $- | $- |
| | | **Total Cost Reduction** | **$6,030,167** | **$11,910,500** | **$18,730,543** | **$19,198,806** | **$19,678,776** |

[1] Prioritized business cases are highlighted in yellow. Select opportunities may have potential for one-time cost savings opportunities from select asset sales.

[2] Cost forecast utilize the 'Low' range of opportunity (with the exception of Investigator Support Model and Indirect Cost Recovery where the "Max" was used), include estimated increase in CPI, and are prorated based on months to realization.

# Benefit Realization Forecast: Revenue Generation

UToledo has prioritized opportunities but have not determined the implementation cadence[1]. The below table outlines the low-end possible benefit realization assuming all initiatives are launched in 2022[2].

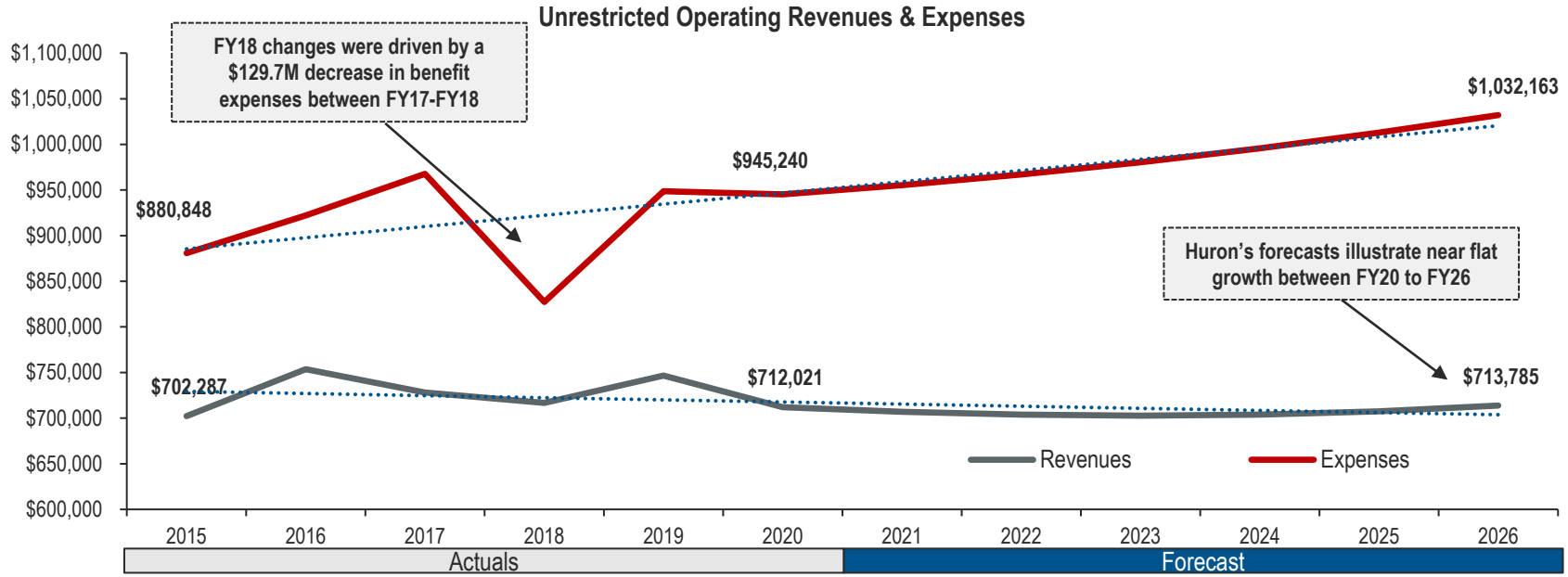
| Functional Area | Opportunity | Est Months to Realization | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|---|---|
| **Revenue Generation** | | | | | | | |
| Aux & Univ Services | Public Private Partnership | 15 | $- | $- | $- | $- | $- |
| Aux & Univ Services | Hoteling | 12 | $12,500 | $25,625 | $26,266 | $26,922 | $27,595 |
| Academic Strategy | Off Cycle Programming | 12 | $35,000 | $71,750 | $73,544 | $75,382 | $77,267 |
| Enrollment | International Applications | 18 | $- | $- | $100,860 | $103,382 | $105,966 |
| Academic Strategy | Certificates | 12 | $50,000 | $102,500 | $105,063 | $107,689 | $110,381 |
| Research Enterprise | Strategic Investment in Research | 24 | $- | $76,875 | $157,594 | $161,534 | $165,572 |
| Aux & Univ Services | Summer Events | 12 | $120,000 | $246,000 | $252,150 | $258,454 | $264,915 |
| Enrollment | Transfer & Adult Enrollment | 12 | $185,000 | $379,250 | $388,731 | $398,450 | $408,411 |
| Aux & Univ Services | Rocket Wireless | 24 | $- | $200,900 | $411,845 | $422,141 | $432,695 |
| Aux & Univ Services | IT Service Management Services | 13 | $166,667 | $410,000 | $420,250 | $430,756 | $441,525 |
| Research Enterprise | Increase State Funding | 48 | $- | $- | $- | $281,068 | $576,190 |
| Enrollment | Develop Integrated Strategy | 12 | $617,000 | $1,264,850 | $1,296,471 | $1,328,883 | $1,362,105 |
| Aux & Univ Services | Healthcare Contribution | 15 | $625,000 | $2,562,500 | $2,626,563 | $2,692,227 | $2,759,532 |
| Academic Strategy | Differential Tuition | 36 | $- | $- | $1,050,625 | $2,153,781 | $2,207,626 |
| Aux & Univ Services | Housing Policy | 16 | $466,667 | $2,870,000 | $2,941,750 | $3,015,294 | $3,090,676 |
| | | **Total New Revenue** | **$2,277,833** | **$8,210,250** | **$9,851,711** | **$11,455,962** | **$12,030,457** |
| | | **Maximum Projected Benefit** | **$8,308,000** | **$20,120,750** | **$28,582,253** | **$30,654,769** | **$31,709,233** |

[1] Prioritized business cases are highlighted in yellow. Select opportunities may have potential for one-time cost savings opportunities from select asset sales.

[2] Cost forecast utilize the 'Low' range of opportunity (with the exception of Investigator Support Model and Indirect Cost Recovery where the "Max" was used), include estimated increase in CPI, and are prorated based on months to realization.

# Looking Forward: Maintaining Status Quo

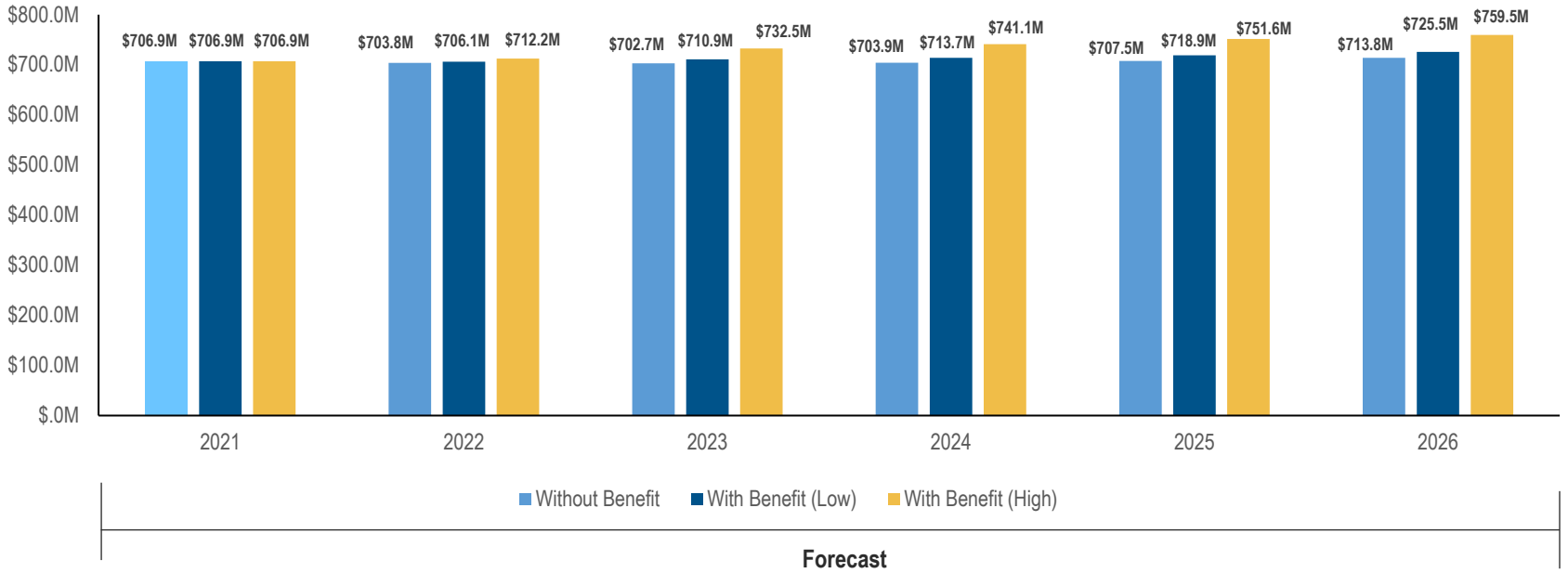
Based on historical actuals, UToledo's 5-year forecast through 2026 shows an operating deficit of $318M with operating expenses forecasted to grow at a faster rate than operating revenues if changes are not made.




Total revenue of the UToledo enterprise is supported by SSI, federal grants and contracts, and other non-operating income streams.

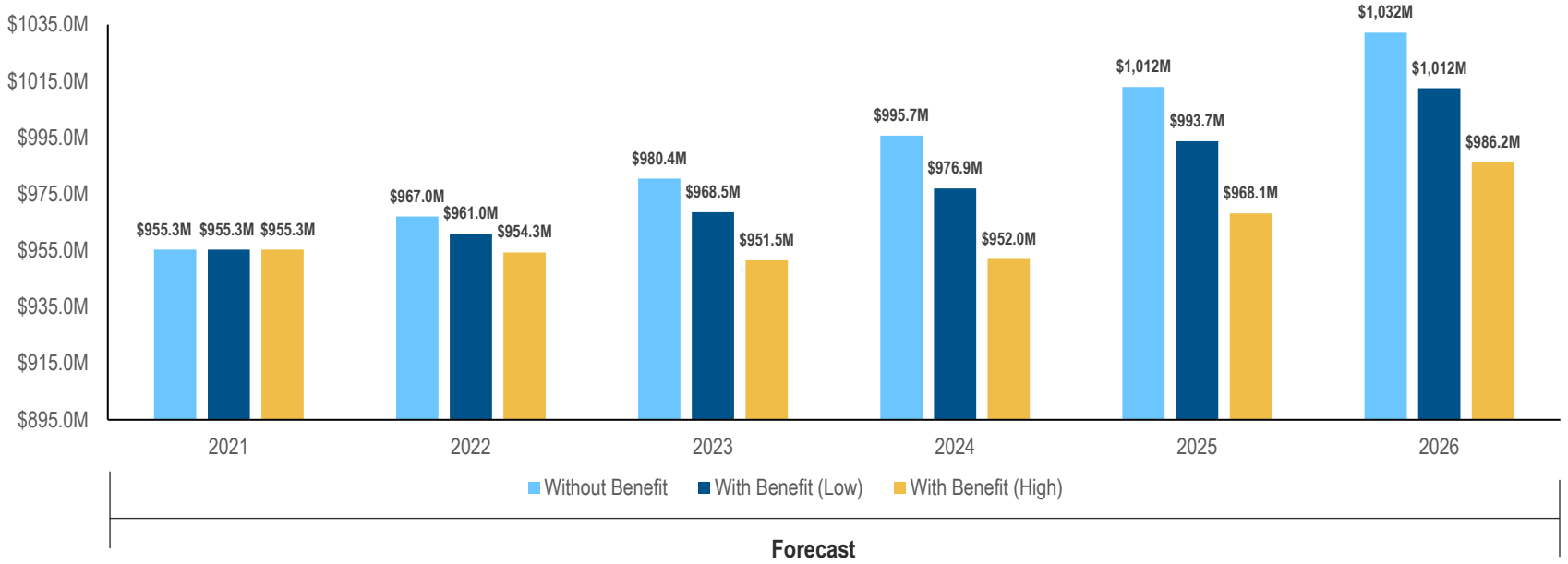
# Impact on 5-Year Operating Revenue

Applying a conservative benefit realization timeline, the identified opportunities would result in a $11.7M increase on the low end and a $45.7M on the high end in operating revenue by 2026.



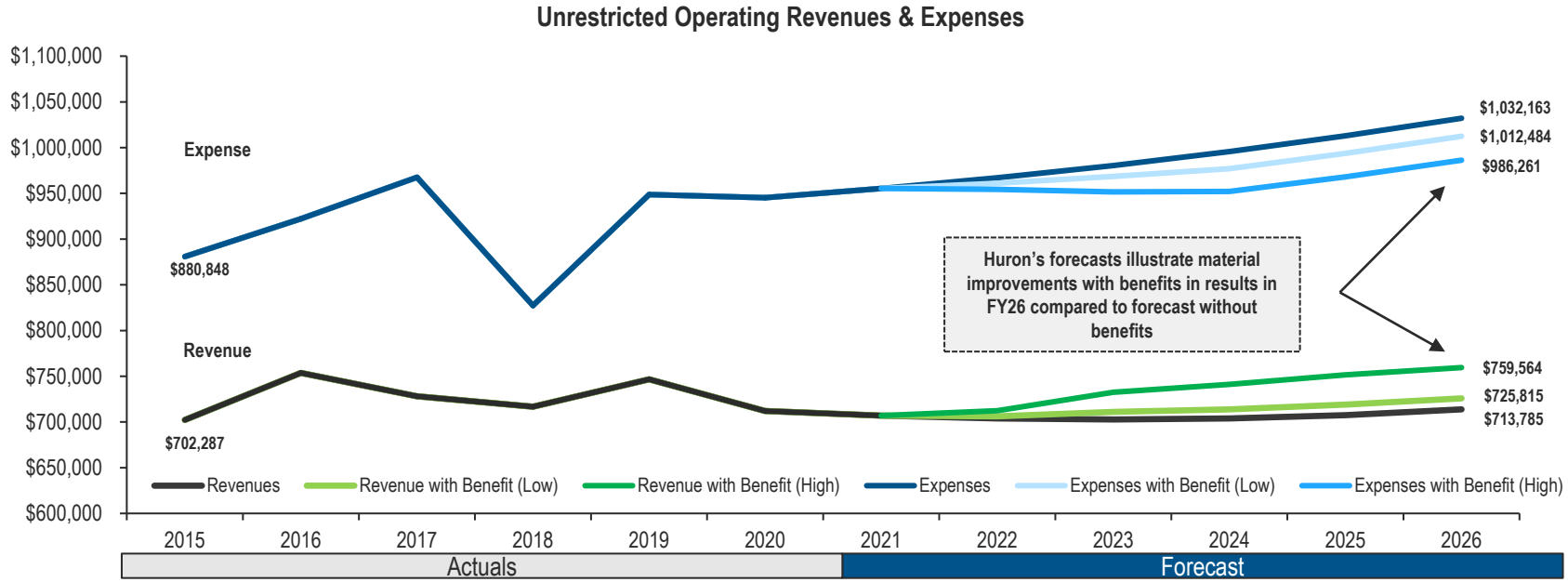
# Impact on 5-Year Operating Expense

Applying a conservative benefit realization timeline, the identified opportunities would result in a $20.0M decrease on the low end and a $45.8M on the high end in operating revenue by 2026.



# Looking Forward: Benefits Realization

Applying these opportunity estimates to recent UToledo's trendlines results in a materially improved financial outcome, helping to reduce the $318M operating deficit to $286.6M on the low end and $226.6 on the high end by 2026.




Total revenue of the UToledo enterprise is supported by SSI, federal grants and contracts, and other non-operating income streams.

# 7

## Next Steps

# Immediate Next Steps

Complete implementation of the selected opportunities will likely be a multi-year process. However, there are immediate action items that UToledo can undertake in order to maintain momentum.

**01** Confirm project sponsors, PMO leads, project leads, and teams

**02** Develop communication plan and change management strategy

**03** Establish project plan and timeline

**04** Communicate plans with larger community

**05** Execute projects using project timeline, aids and complete necessary deliverables

**06** Schedule necessary meetings aligned with timeline (steering committee, townhall, etc.)

# Thank You

# 4

## Academic Portfolio and Structure

# Academic Resource Optimization Opportunities

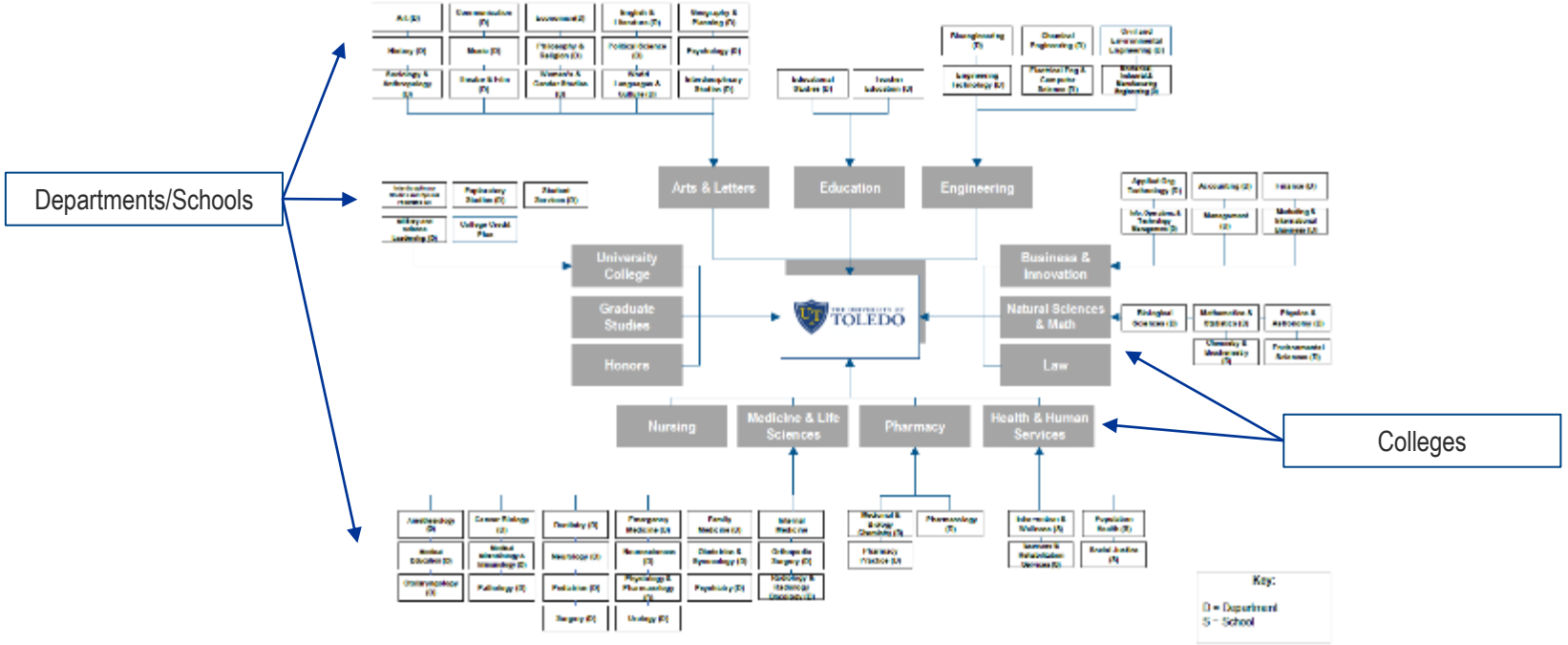
Huron encourages academic leadership to consider the potential benefits and unique challenges that each opportunity presents for an individual academic unit, the University, and the surrounding region and community.

| Opportunity | Detail | Financial Impact | Complexity |
|---|---|---|---|
| College Economics | Using model levers, target reductions in overall cost per credit hour across departments within each College in order to reduce the University average. | ● | ◕ |
| Course Utilization | Dictate the headcount per section expected from each unit; decide if low-enrolled sections should count towards load | ● | ◑ |
| Faculty Productivity | Increase expectations for departmental credit hour production from tenure-line faculty, especially in units that primarily support vs. produce programs | ● | ◑ |
| Faculty Effort | Align expectations for non-teaching activities of full-time faculty based on mission alignment and faculty level | ● | ◑ |
| Program Productivity | Evaluate purpose of each academic unit according to service orientation and curricular overlap and determine need for independent departmental infrastructure vs. consolidation to shared support unit | ● | ◕ |
| Department Overhead | Reduce faculty administrative tasks and identify opportunities to share services in more efficient ways | ● | ◑ |

| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Academic Affairs | Academic Resource Optimization | $3.2M | $6.9M | ● | ◑ |

# Academic Taxonomy[1]

This organizational structure is the foundation for the academic portfolio assessment as the framework is built upon the alignment of each curricular component offered at the university to an academic unit within the UToledo colleges.



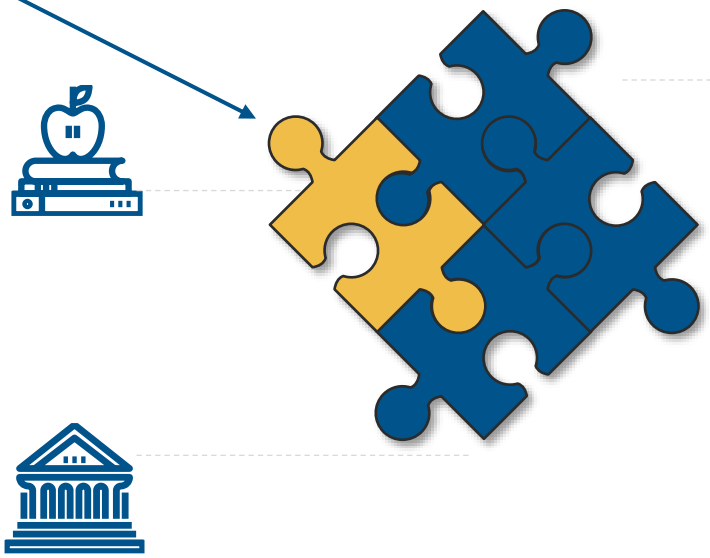

1 Taxonomy was created with edits and confirmations from Colleges

# Academic Cost Management

Informed academic cost-management requires a nuanced approach to aligning curricular offerings (e.g., courses and programs) to the human and financial resources necessary to maintain quality and increase efficiency.

**Curriculum**
Justify course offerings with student demand, market need, and/or missional importance. Inform curricular decisions with institutionally-trusted data.

**Overhead Costs**
Identify opportunities to share resources and reduce locally provided services. Consider potential consolidation scenarios, informed by changing student demand and mission alignment.



**Coursework**
Monitor and consolidate low enrolled sections. Reduce courses with waning student demand. Rationalize non-revenue generating graduate programs with student teaching and/or research productivity.

**Instructor Compensation**
Track faculty credit hour production. Reduce the need for contingent faculty by efficiently and effectively deploying full-time faculty. Regularly re-evaluate faculty time spent teaching versus doing administrative, research and/or service activities. Justify faculty lines with student demand.

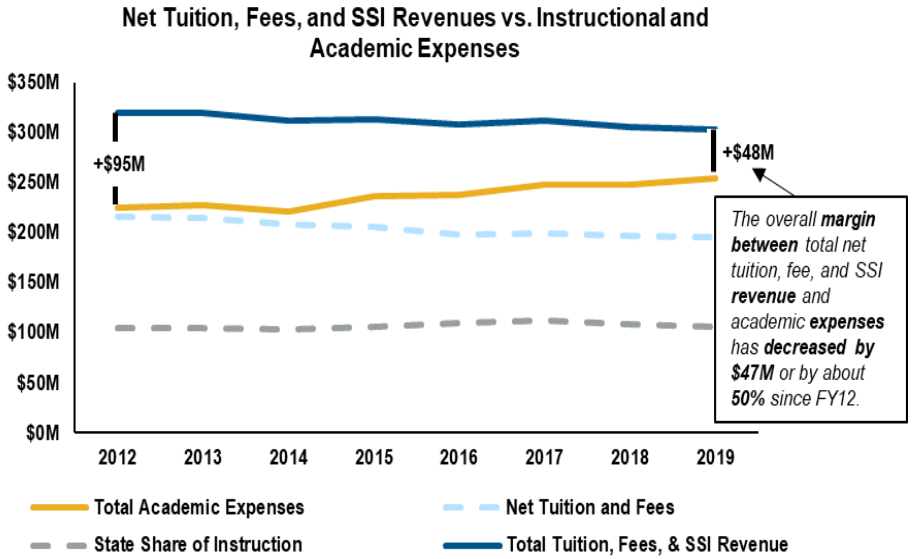
# Academic Related Financial Trends

Academic expenses increased each year despite declines in tuition revenue, enrollment, and credits hours. Consequently, UToledo has had to increasingly rely on SSI to cover the gap, further constraining operations.

## Case for Change

- UToledo has decreased headcount **(1.9%)** year-over-year since AY 2015; however, credit hour production has dropped by nearly double **(3.7%),** which may result in **underutilized faculty capacity, less net tuition revenue and inefficient course economics.**
- The Ohio and Midwest regions are **projected to lose high school graduates at a rate faster than the national average** of (6.3%). Ohio stands to grow at a rate of (7.2%) whereas the Midwest will fall to (10.4%).
- **Departmental overhead accounted for the largest portion** of the cost per credit hour according to UToledo's available data. This signals a significant opportunity to realign academic support infrastructure and resource allocations to changing demand in order to increase efficiencies.

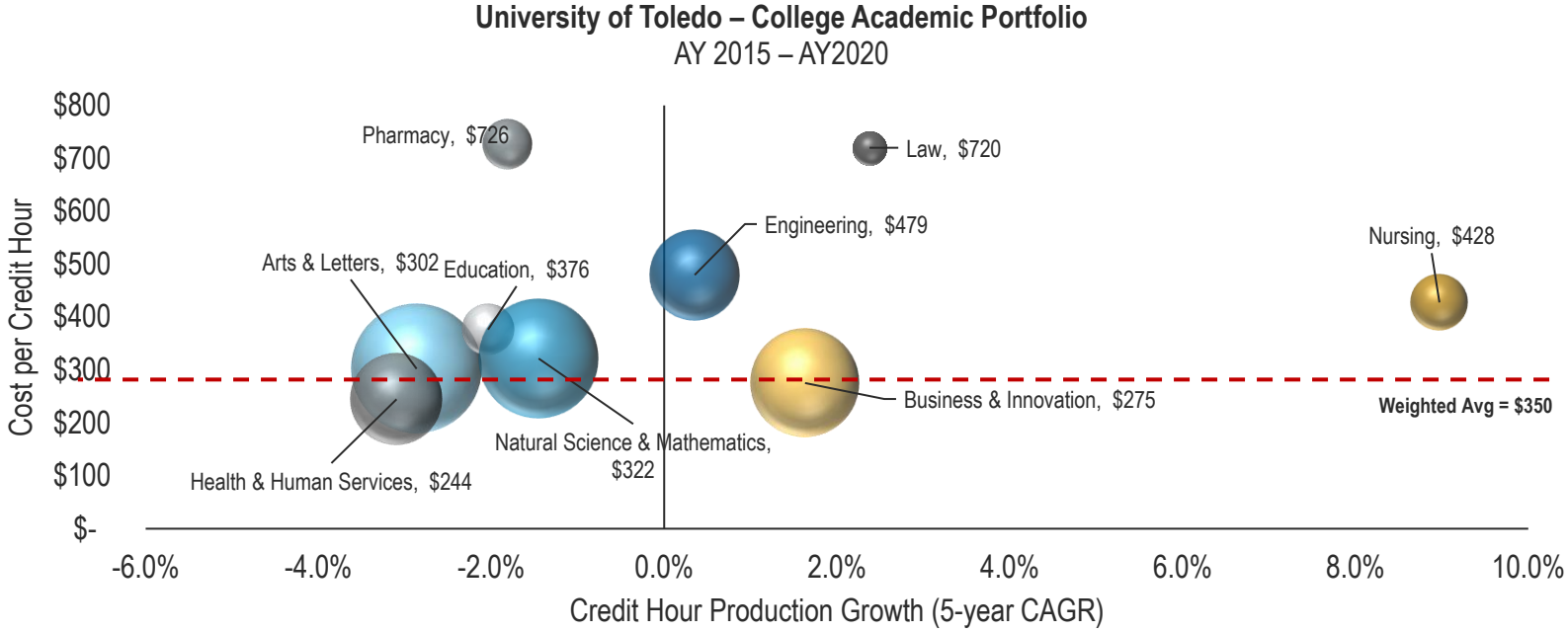
## Academic Revenue and Expenses




Source: [1]WICHE, Knocking at the College Door 2020, [2] Moody's, Higher Ed Outlook 2020, [3]

# Program Economics by College

Portfolios commonly include growth engines and steady-staters, high-cost and low-cost, and “at-scale” and “still below scale”. The objective of institutions should be to maintain a balance between mission and finances.



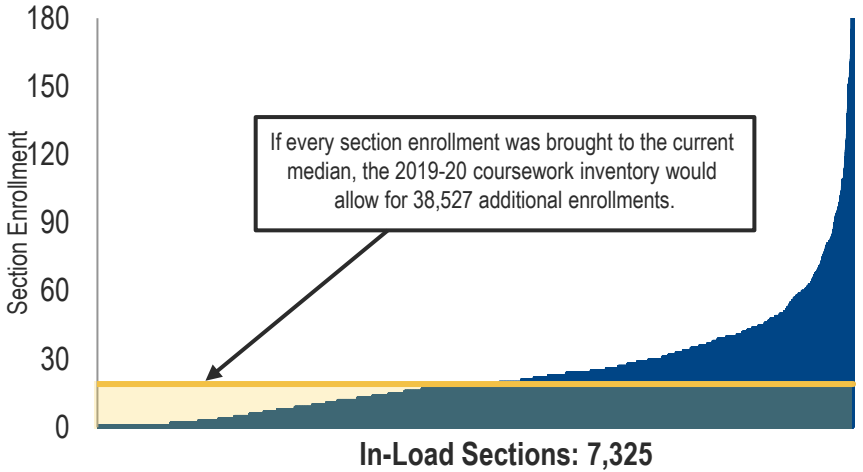
# Course Utilization

The median enrollment of in-load sections at UToledo is 19 with an average of 23.9 in AY 2019-20, 3,539 sections fell below median enrollment suggesting an opportunity to increase efficiencies and reduce cost.

## Case for Change

- In FY 19-20, there was a total of 7,325 sections considered in-load across the University. About 48% of those section **had less than the median (19) enrollment** of in-load sections at UToledo.
- If every section enrollment was brought to the current median, the course work inventory would allow for **a 21% increase in additional enrollments.**
- Reducing 10-15% of low enrollment in-load offerings with fewer than 10 students will **result in a total cost savings of $1.2M – $2.3M in instructor compensation** and will further minimize redundancies, maximize faculty effort, and increase operating margins.

## Analysis & Benchmarking




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Academic Affairs | Course Utilization | $1.2M | $2.3M | ● | ◕ |

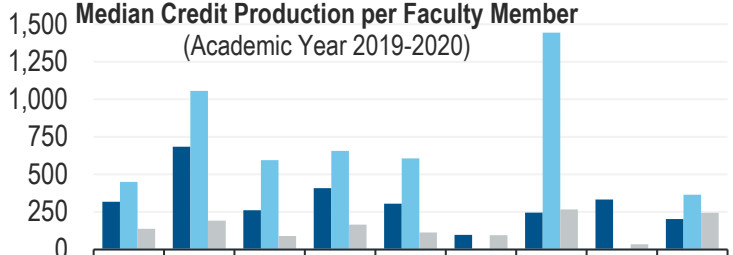
# Assessing Instructional Activity

As one of the University's primary investments, deployment of instructional faculty should be optimized to produce the greatest impact across the largest group of students possible to maximize returns.

## Case for Change

- **Setting a policy around the minimum expected credit hour production for full time and tenure-line faculty** may help to increase the return on investment into a key University asset, as well as reduce the need for hiring part-time or adjunct faculty to fill in gaps for teaching enrolled students.
- On a per-faculty member basis, **full time non-tenure track faculty teach nearly 102% of the credit hours** taught by tenured faculty, and nearly three times as many as part time faculty.
- **Adjunct and part-time instructors amount to 685 individuals teaching courses resulting** in an estimated total of $5.4M for their teaching efforts.
- Based on an average CHP (209) and teaching salary ($8,900) of Part Time Faculty, the table to the right reflects various possibilities for **cost savings based on hiring needs** as a result of higher TTL CHP.

## Scenario Analysis



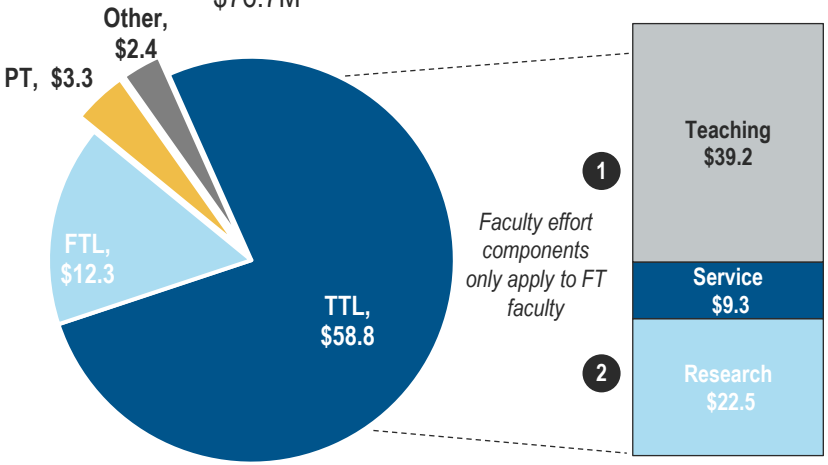

| | AR | BU | CE | EN | HH | LW | SM | NU | PH |
|---|---|---|---|---|---|---|---|---|---|
| Tenured | 318 | 684 | 261 | 408 | 305 | 98 | 246 | 333 | 202 |
| FT Non Tenure | 450 | 1,056 | 595 | 657 | 607 | 0 | 1,444 | 0 | 364 |
| Part Time | 138 | 192 | 90 | 165 | 113 | 95 | 267 | 34 | 245 |

| Scenario (Median: 354) | Credits Gained | PT Faculty Need | PT Faculty Savings |
|---|---|---|---|
| Bring 20 TTL Up to Median | 6,778 | 32 | $284K |
| Bring 50 TTL Up to Median | 15,957 | 76 | $680K |
| Bring 100 TTL Up to Median | 28,398 | 136 | $1.2M |

# Faculty Activity

Direct costs of instruction are composed of instructor compensation and fringe benefits that get applied directly to sections taught as assigned teaching/advising compensation and other faculty effort.

**Total AY20 Instructor Cost (M) by Type**
$76.7M




**FT Instructor Comp (M)**
$71.1M




1. The **direct cost of instruction** consists of teaching/advising compensation assigned evenly to each instructor's in-load sections during AY2020.

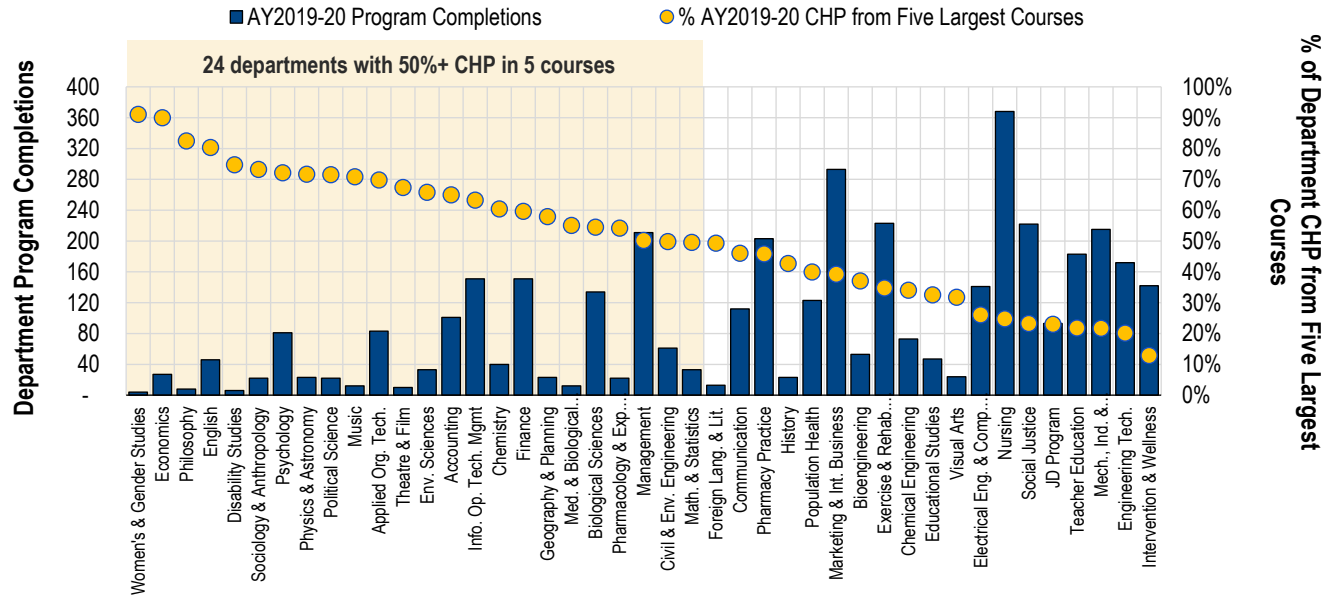
2. **Other faculty effort** includes compensation allocated towards non-instructional activities and any reassigned teaching/advising compensation (for faculty who taught less than their expected workload). This component is applied evenly to all in and out of load sections taught during AY2020.

Overall, 93% ($71.1M) of the resources invested in instructor compensation go toward full-time faculty, with approximately 54% ($38.5M) of those dollars assigned to in-load sections as part of the direct cost of instruction.

# Department Economics

During AY 2019-20, 24 departments generated more than half of their credit hours through only 5 or fewer courses, suggesting a distinction between units producing high numbers of majors and units that teach students from those majors.

## Completions and Credit Hour Production by Unit



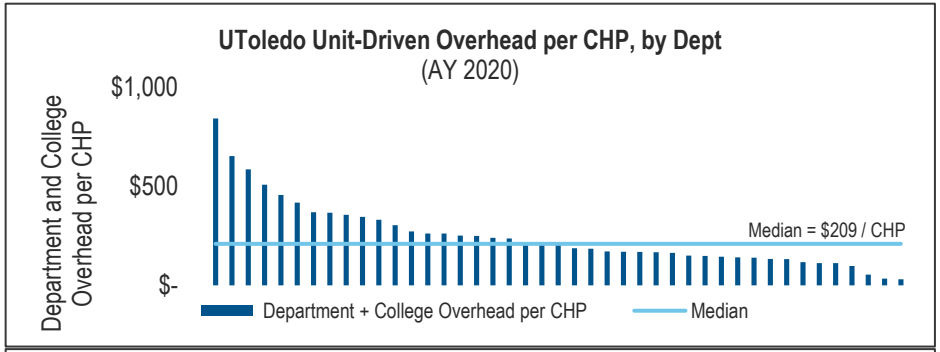

Units producing more degrees will require additional resources to support advising, upper division course offerings, and other items, while units with fewer of these responsibilities may be operated at greater efficiencies.

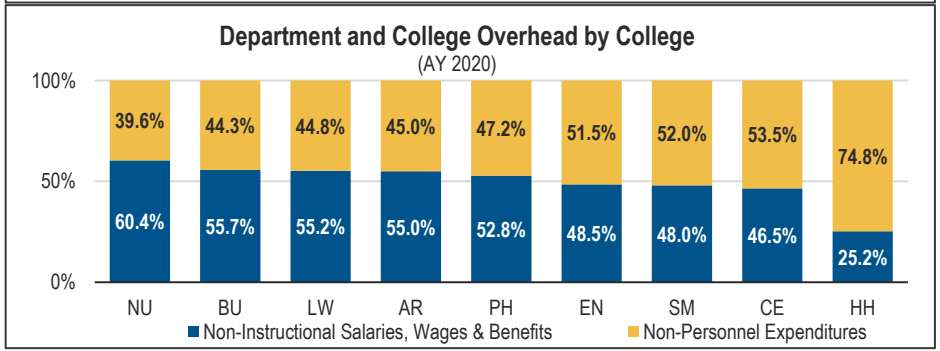
Notes: Chart excludes courses and completions without a department and in the Honors and University Colleges. Program completions include Associate, Baccalaureate, Master's, and Doctoral degrees; undergraduate and graduate certificates.

# Academic Overhead

Department and college overhead accounts for 60.9% of UToledo's total instructional costs. Assessing where the rate of overhead to department credit hour production varies may identify opportunities for cost savings.

- **Department and college overhead includes** other faculty effort as well as the salaries, wages, and benefits of other faculty effort and individuals who did not teach a course in AY 2020, including administrators, faculty, staff, and grad students. Non-personnel expenditures includes travel, supplies, materials, equipment, leases, and other costs.
- Total department and college overhead per credit hour varies widely across UToledo departments, **ranging from $31 to $831 per CHP.**
- 21 departments have **department and college overhead per credit in excess of the median;** if these departments reduced their ratio to the median, UToledo could save ~$18.7M.
- A reduction of even 10% across units with overhead above the institutional median per CHP **could save UToledo ~$6.1M.**
- To determine the **appropriate ratio of departmental overhead to CHP**, UToledo should integrate and assess differences in academic disciplines, college support service structures, and approaches to historical budget cuts.



# Informing Faculty Line Decisions

The model can provide insightful statistics to support leaders to effectively manage faculty effort and help inform hiring decisions, especially as student demand shifts instructional capacity.

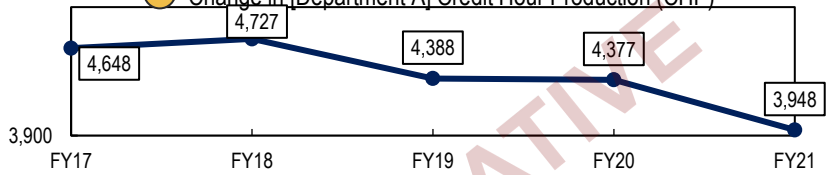
*Sample Use Case*: One scenario Deans are often faced with is whether to **add or replace a faculty line**

The model allows leadership **to make data-informed resource decisions** by answering the following questions when evaluating the current-state:

1. What is the **current demand of the program** and what does growth look like in terms of CHP?
2. How many **faculty members are currently aligned** to [Dept. A] and what is their CHP in courses related to [Dept. A]?
3. How are [Dept. A] faculty members being leveraged to **teach courses outside of the [Dept. A]** department?
4. How many **faculty members outside of the [Dept. A]** department are **teaching [Dept. A]** courses?
5. Is there an opportunity **to better leverage current [Dept. A] faculty capacity within** the home department?

The information presented on the right suggests **that existing resources could be shifted** by realigning instructional efforts [Dept. A] or rationalizing the current state with a clear growth strategy (e.g., new program or research direction) requiring a continued investment.

1 Change in [Department A] Credit Hour Production (CHP)




2 Instructors who taught an [Dept. A] Course in AY21

| Tenure Status | Primary Instructor Title[1] | AY21 CHP in [Dept. A] | AY21 Total FCLTY CHP 3 | [Dept A] FCLTY CHP outside of [Dept. A] | Total AY21 TCH |
|---|---|---|---|---|---|
| TTL | Professor – [Dept. A][2] | 587 | 587 | 0 | 35 |
| TTL | Professor – [Dept. A] | 217 | 301 | 84 | 16 |
| TTL | Assoc. Professor – [Dept. A] | 390 | 519 | 129 | 21 |
| TTL | Assoc. Professor – [Dept. A] | 246 | 481 | 235 | 26 |
| TTL | Asst. Professor – [Dept. A] | 405 | 570 | 165 | 24 |
| TTL | Asst. Professor – [Dept. A] | 366 | 366 | 0 | 15 |
| NTL | Lecturer in [Dept. A] | 654 | 654 | 0 | 24 |
| NTL | Lecturer in [Dept. A] | 648 | 648 | 0 | 24 |
| NTL | Lecturer in [Dept. A] | 372 | 702 | 330 | 27 |
| TTL 4 | Assoc Professor – [Dept. B]. | 63 | 586 | - | - |
| | Grand Total | 3,948 | 5,414 | 943 | |
| 5 | Mean CHP for *[Dept. A]* Faculty | 432 | 536 | | |
| | Median CHP for *[Dept. A]* Faculty | 390 | 570 | | |

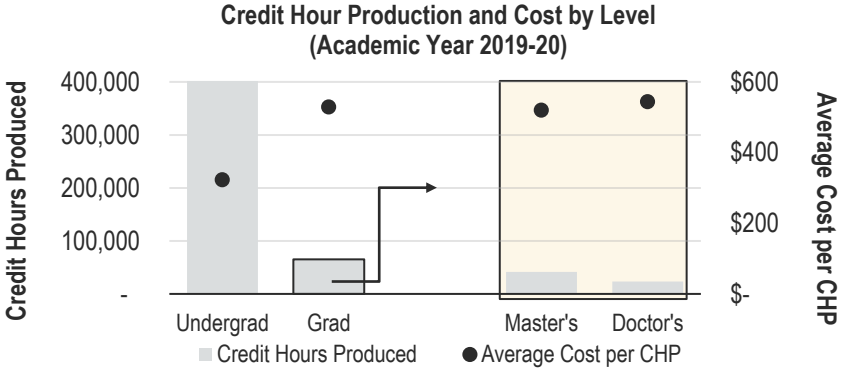
# Rationalizing Graduate Programming

Graduate level coursework at UToledo typically have fewer enrollments and credit hours produced, resulting in an average cost per credit hour that is 64% higher than the undergraduate average.

## Current State

- Low enrollment in graduate courses leads to low credit hour production per section offered, resulting in a **higher cost per credit hour** for each course and program, lowering overall margins.
- Graduate education is disproportionately expensive, producing **13.2% of UToledo's total credit hour production**, yet accounting for **31.4% of instructor compensation** and **19.9% of total instructional costs.**
- This is largely due to the **fact that smaller sections are inherently more expensive to teach** given instructional compensation is spread across fewer CHs, as well as the type of faculty typically assigned to teaching these courses.
- The average section size across course levels were:
  - Undergraduate: 26
  - Masters: 10
  - PhD: 6

## Key Metrics AY19-20

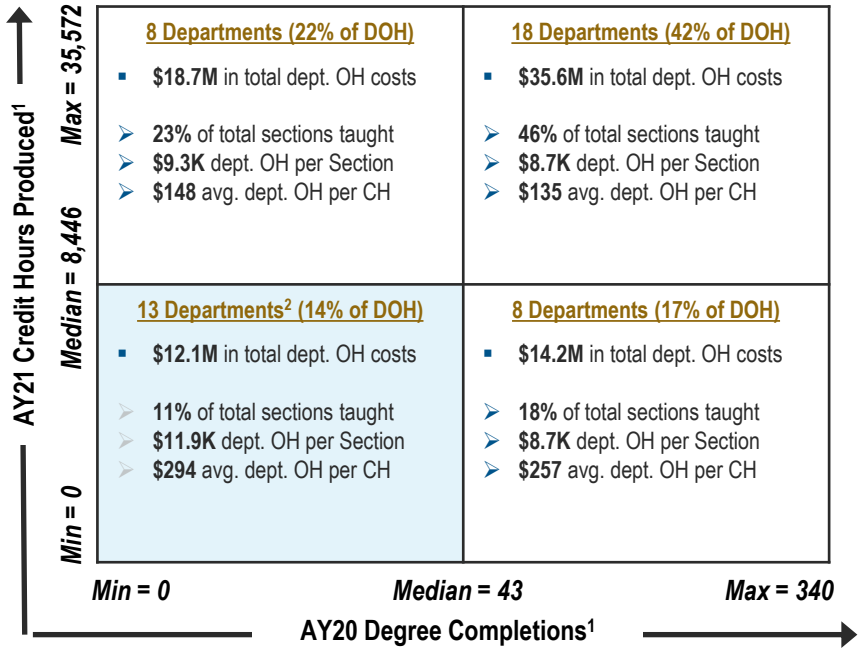



| | UG | Grad* | Total | Grad (%) |
|---|---|---|---|---|
| Sections Offered | 6,295 | 2,664 | 8,959 | **29.7%** |
| Instructor Compensation | $30.1M | $13.8M | $43.9M | **31.4%** |
| Total Instructional Costs | $138.6 | $34.5M | $173.1M | **19.9%** |
| Credit Hours Produced | 429,065 | 65,261 | 494.326 | **13.2%** |
| **Cost per CHP** | **$323** | **$529** | **$350** | — |

# Isolating Overhead Costs

Academic overhead is a key component supporting the instruction and support of students and faculty alike. Isolating the costs associated with this support allows leadership to adjust service levels to match demand.

- Generally, effective alignment of academic departments **minimizes costly proliferation and redundancy** by **grouping common resources to** improve service levels and increase efficiency.
- UToledo has 47 **academic** departments (including Dean's Suites) aligned to 10 colleges producing credit hours (excludes College of Medicine and non-academic units). Total academic overhead in FY20 amounted to $129M with **department overhead making up 66%** of this total.
- **Department overhead comprises 49% of the total cost-to-educate**, including other faculty effort, salaries for staff, faculty on sabbatical or with course releases, travel, supplies, and various other expenses.
- Smaller departments tend to be less efficient than larger departments and require disproportionate resources; as such, opportunities may exist to **reduce overhead by creating interdisciplinary units** through department integration.
- Reducing the number of departments, especially in the bottom, left-hand quadrant can **streamline processes, encourage collaboration, and realign or reduce administrative costs.**




[1] Excludes Honors College & University College Departmental Overhead
Totals may not foot due to rounding and absence of above departments

# Data and Analytics Capacity

The integrity, management and utilization of data is a driving force in an institution's ability to create and implement an effective organizational strategy.

**Nonexistent**

No recognition

*What data?*
*What issues?*

***UToledo Current State***

**Ad Hoc**

Rigid, Low Agility

*Data viewed as transactional byproduct*
- No governance or recognition of enterprise need
- Limited, proprietary tools
- Custom Code – project byproduct
- Roles defined within silos
- Controls applied variably, if at all
- Data quality issues not addressed
- Little, if any, Executive Support

**Fragmented**

Inconsistent, Redundant

*Data viewed as department asset*
- Tool Proliferation
- Cost "chaos"
- Emerging, siloed governance
- Some roles and processes defined
- Growing awareness of impact of data quality issues
- Funding project by project
- IT executive sponsorship

**Standardized**

Consistent, Efficient

*Data viewed as organizational enabler*
- Formalized initiative
- Competency center
- Standards and best practices sharing
- Formalized governance
- Information infrastructure roadmap
- Consistent, scalable processes & tools; reduction in manual processes
- Process outcomes, including data quality, are more predictable
- Business & IT executive sponsorship

**Managed**

Pervasive, Skill Leveraged

*Data valued as differentiator*
- Effectively used for driving business strategy
- Mature planning & governance
- Standards globally applied
- Management of risks related to data
- Data management performance metrics
- Data consistency and availability
- Measurable improvements in data quality

**Optimized**

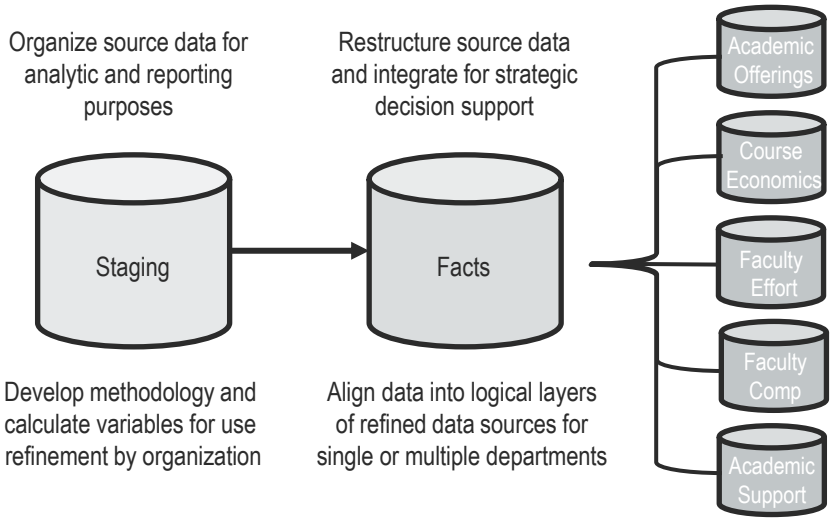
Flexible, Agile, Proactive

*Data utilized for transformation*
- Information is trusted and leveraged across the organization
- Automated data services
- Dynamic metadata-driven data management and integration environment
- Highly predictable processes
- Reduced risk
- Well-understood metrics to manage data and process quality

# Data and Analytics Capacity

In order to benefit from data as an organizational asset, UToledo should adjust its data management and reporting strategy to better serve the needs of the institutional community.

**How to get from source data to practical insights that enable forecasting and strategic decision making?**



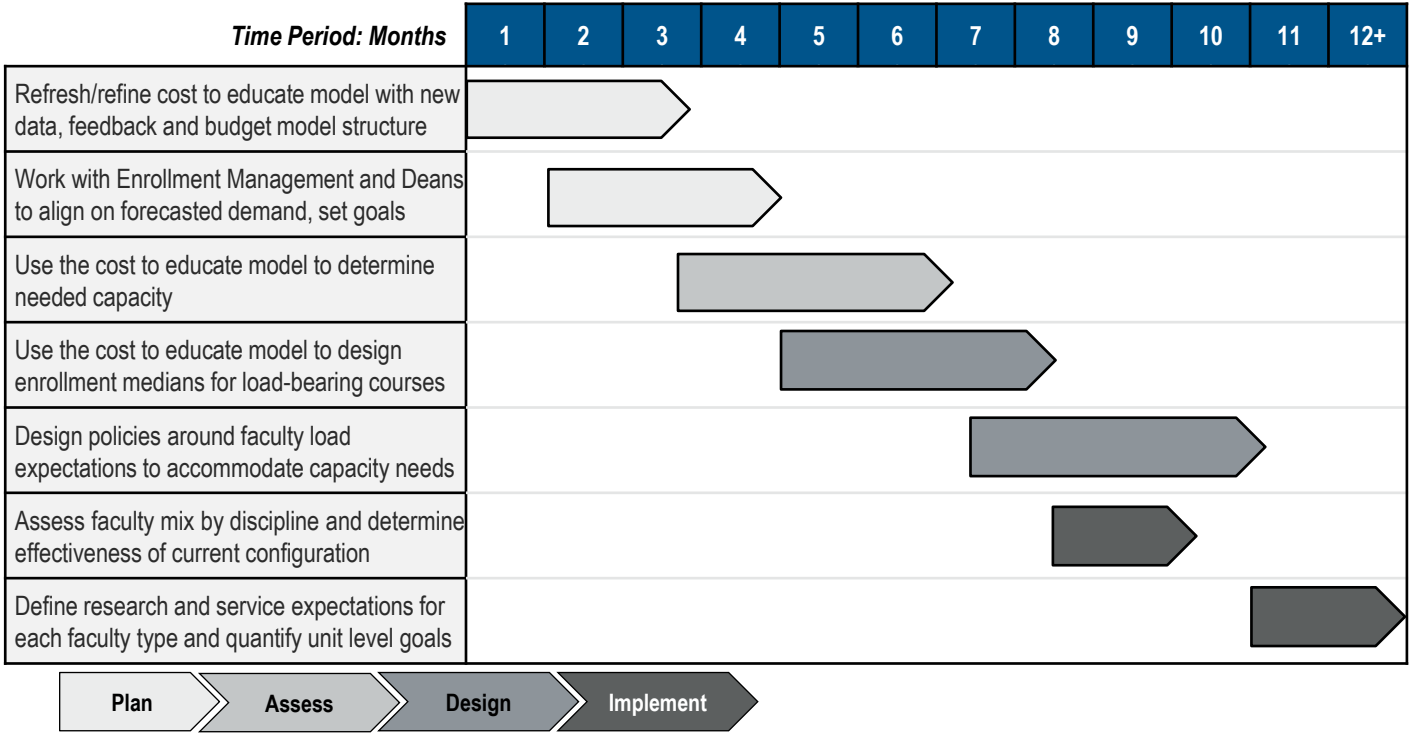

**Future State Decision Support Model**

| Activity | Objectives |
|---|---|
| Identify Key Metrics | • Refresh cost-to-educate model<br>• Select 6-8 metrics |
| Establish Analytic Support | • Provide access to all data sources<br>• Assign high priority to project |
| Develop and Disseminate Reports | • Select a reporting platform<br>• Include summary and source data |
| Assess Metric Usefulness | • Collaborate with Dean's Suite<br>• Assure periodic improvements |
| Use Feedback to Improve Process | • Improve data entry and maintenance<br>• Assess utility of current ERP |

**First step for all options will be to evaluate system capacity to allow the data model to support future state**

# Case Roadmap: Faculty Effort & Course Economics

Implementing changes across the academic portfolio of the University will require strategic and thoughtful planning using historical data and forecasted metrics to obtain an optimal balance for the University.

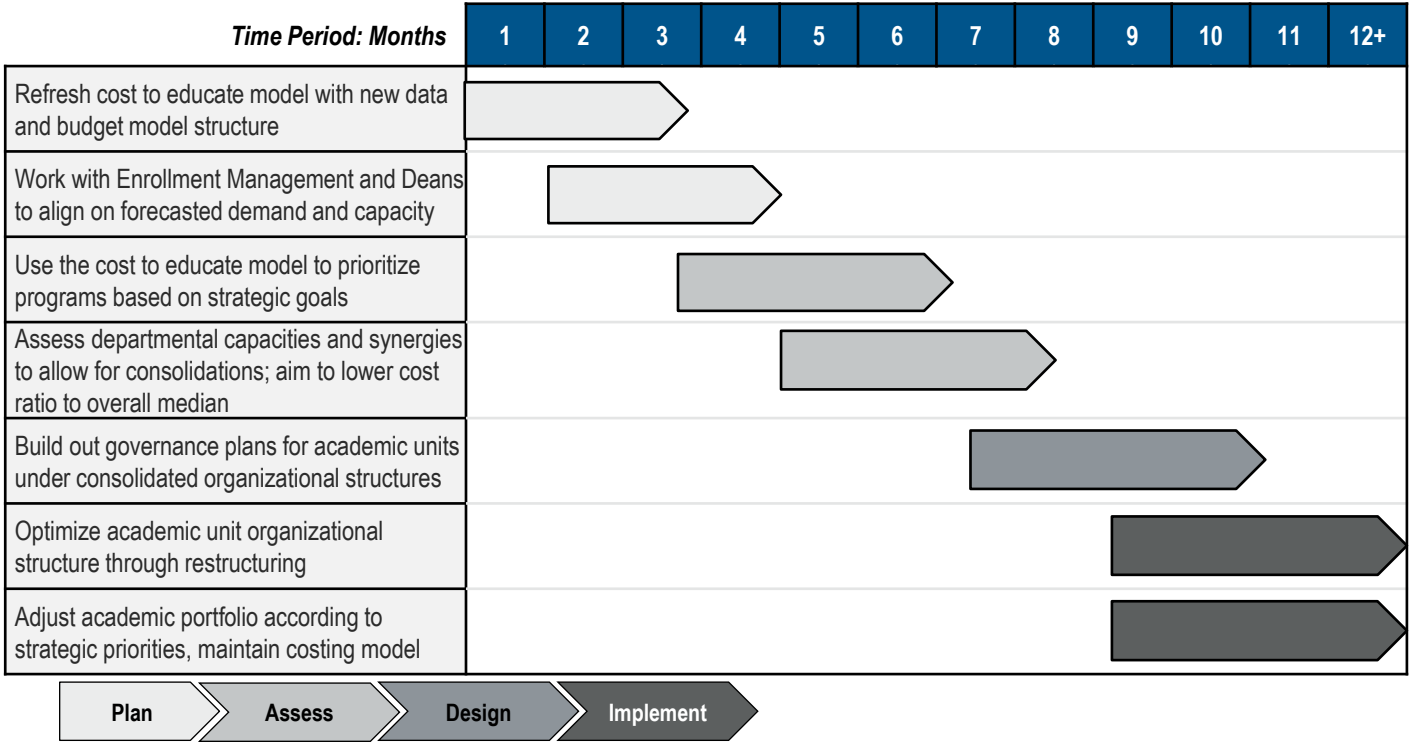



**Key Considerations:**

- Huron recommends a refresh of the costing model to account for changes to budgeting and the newest data
- An individual team or unit should be designated for the development and management of an integrated data warehouse in order to produce consistent and comprehensive decision support metrics and control access standardized data
- Policies around minimum enrollments and faculty productivity should reflect the needs and goals of the college and institution, and any exceptions to the policies should be approved and documented by academic leadership

# Case Roadmap: Administrative Overhead

Implementing changes across the academic portfolio of the University will require strategic and thoughtful planning using historical data and forecasted metrics to obtain an optimal balance for the University.




**Key Considerations:**

- Huron recommends a refresh of the costing model to account for changes to budgeting and the newest data
- Changes to the academic portfolio should consider student demand, financial viability, institutional mission/goals, and student success rates and outcomes
- Any changes made to programmatic offerings should allow for current cohorts to finish out programs within a pre-determined timeline to increase retention and student success
- Organizational structures for academic units should strive to reflect that of the administrative functions of the institution as closely as possible to maximize efficiencies

THE UNIVERSITY OF TOLEDO

# 4

## Healthcare Contribution

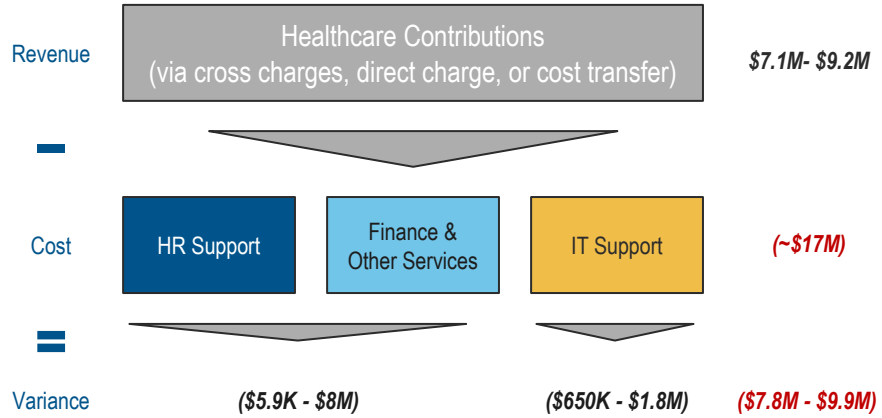
# Healthcare: Health System Contribution

Annually, the Health System consumes ~$17M in services from the University. There is a significant amount of cost recovery to be obtained after considering net cross charges and other recent agreements.

## Case for Change

- An audit was performed that identified **~$7.5M due to the University** for a variety of services provide to the Hospital.
- Additionally, as documented in cross-charges between the University and the Health System, a net of **~$5M in services**[1] were used by the healthcare enterprise related to **HR, Finance, and IT support and other various services** provided on an annual basis.
- After considering previous net cross charges as well as recent agreements to increase contribution for IT and HR services, there is **~$9.9M in outstanding monies** that should be evaluated to support covering the cost of services provided to the Academic Medical Center and other clinical entities.

## Analysis & Benchmarking




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Hospital | Services Contribution | $2.5M | $9.9M | ● | ◑ |

1. The Net amounts accounts for services provided by the clinical enterprise to support University operations

# Services Provided between Entities

The University and the Healthcare enterprise need to evaluate services and their true cost in order to align with service management best practices.

| University | Healthcare |
| --- | --- |
| • Facility Services<br>• Human Resources, Payroll, & Benefits Services<br>• Education Fringe /Tuition Waiver<br>• Finance Services<br>• Procurement<br>• Campus Policy & Safety<br>• Information Technology<br>• Print Services<br>• Insurance & Legal Liability Service<br>• President<br>• Dean, UTCOMLS / EVP, Clinical Affairs | • Environmental Services<br>• Food & Nutrition<br>• Infection Prevention & Control<br>• Pharmacy<br>• Facility Tech Services<br>• Student Health |

# Service Delivery Trends and Growth Trajectory

The higher education and academic healthcare landscape across the country increasingly follows a shared services model to improve service delivery, cost transparency, and cost management.

**Institutions are trending towards shared services in the higher education space to be more efficient / effective and gain economies of scale:**

- Increasing data visibility across all levels and departments
- Creating a consistent service experience
- Increase capacity for mission-driven activities
- Improve cost transparency and decision-making

**UToledo Context**

- Both the Healthcare enterprise and the University provide administrative services without consistent framework to support service delivery expectations or cost transparency
- Misunderstanding or lack of clarity of the true cost of each service
- Lack of codified service standards and governance

With these trends, highly efficient and collaborative operations that support the administrative integration of UToledo and the Healthcare system can create shared understanding and a competitive advantage for the enterprise.

# Service Delivery Levels & Costs

After reviewing the health system contribution opportunity and associated services, UToledo should consider different levels of service delivery to create full transparency about the true cost of each service provided.

# Service Delivery Success Factors

Maintaining consistent service delivery and cost transparency will need to build upon established people, process, and technology factors that exist; this will enable a service platform for scalable transformation.


| Governance | Service Agreement Structure | Performance Measurement |
|---|---|---|
| • Established structure for shared decision making<br>• Service delivery expectation setting and transparency<br>• Direct and oversee service continuous improvement | • Model designed to support organizational needs<br>• Service Design based on expectations<br>• Standard Service Level Agreements (SLAs) with clear accountability<br>• Financial / Budget Transparency | • Customer feedback mechanism<br>• System-wide Key Performance Indicators (KPIs)<br>• Standardized analysis and reporting |
| **People** | **Business Process** | **Technology** |
| • Aligned resources with common goals, roles and responsibilities<br>• Career growth opportunities<br>• Training and Expertise | • Standard, consistent business practices<br>• Automation of transactional tasks<br>• Implementation of leading practice business processes | • Mechanism for data collection towards KPIs<br>• Technology strategy to adopt changing and maturing technologies<br>• Expand technology footprint towards strategic goals |

# Industry Shared Service Examples

The higher education / academic medical center landscape across the country has seen increasing prevalence of shared services environments over the past five years.

Institutions are trending towards shared services in the higher education space to be more efficient / effective and gain economies of scale

- Increasing data visibility across all levels and departments within the University and medical center
- Creating a consistent experience
- Increase capacity for mission-driven activities

| | Shared Services Maturity | | |
|---|---|---|---|
| Institutions | Policies/Service Level Agreement? | Governance Model? | Shared Service Center? |
| University of Kansas | ✓ | ✓ | ▪ Info. Technology<br>▪ Facilities<br>▪ Police & Safety |
| Ohio State University | ✓ | ✓ | ▪ Human Resources |
| Washington University in St. Louis | ✓ | ✓ | N/A |
| University of Michigan | Undetermined | ✓ | ▪ Human Resources<br>▪ Finance |
| John Hopkins | ✓ | ✓ | N/A |
| University of Georgia | Undetermined | Undetermined | ▪ Human Resources<br>▪ Finance |
| Emory University | ✓ | Undetermined | ▪ Research Services |

# University-Health System Case Study Examples

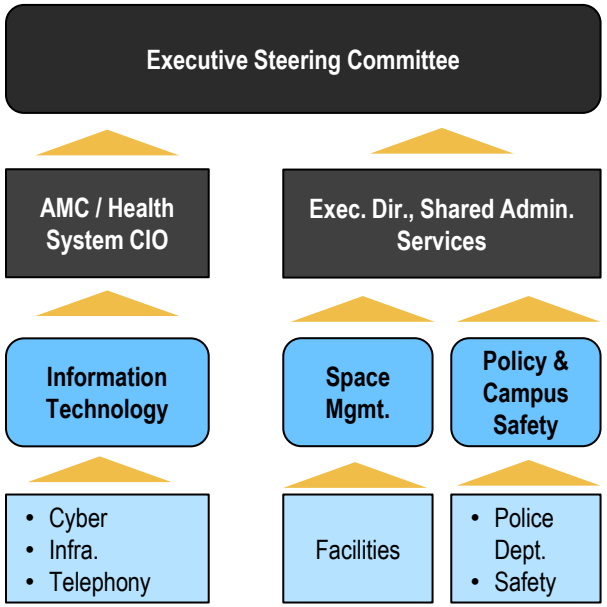
These four universities, who were also included in the comparison exercise, highlight different approaches to structuring shared services between the university and their associated healthcare system entity.

| KU THE UNIVERSITY OF KANSAS | THE OHIO STATE UNIVERSITY | UNIVERSITY OF MICHIGAN | Washington University in St. Louis |
|---|---|---|---|
| **University of Kansas** | **Ohio State University** | **University of Michigan** | **Washington University in St. Louis** |
| University of Kansas Health Authority (UKHA) and University of Kansas Medical Center (KUMC) **had services governed by shared services agreements** between entities and sought to achieve several goals, including reducing duplicative efforts, increasing service and resource efficiencies, and improving service delivery by implementing a **new governing and operational model** for improved decision making and funding transparency. | Ohio State University's Office of Academic Affairs provides direct support to affiliated units **though four shared service areas**: Fiscal Services, HR Service Center, Information Technology and Communications. **The Ohio State College of Medicine is included in the HR effort** with the goal of delivering an **exceptional employee experience for faculty, staff, and students.** | The University of Michigan has implemented a Shared Services Center (SSC) that is **focused in supporting human resources and finance administrative functions for the University**. The overarching goal is to ease and remove administrative burdens from faculty and staff. The center **serves all U-M Schools and Colleges as well as Michigan Medicine**, Centers, Institutes, Affiliates, and Auxiliaries. | Washington University in St. Louis and a non-owned regional health system has established a governance model to oversee and manage shared IT and HR services that are provided to the academic medical campus, inclusive of the school of medicine. |

# Case Study: University of Kansas

The University of Kansas created eight shared services centers across the organization to centralize some areas of service delivery while increasing service levels and achieving cost savings.

## KUMC / UKHA Governance Model




## Model Components

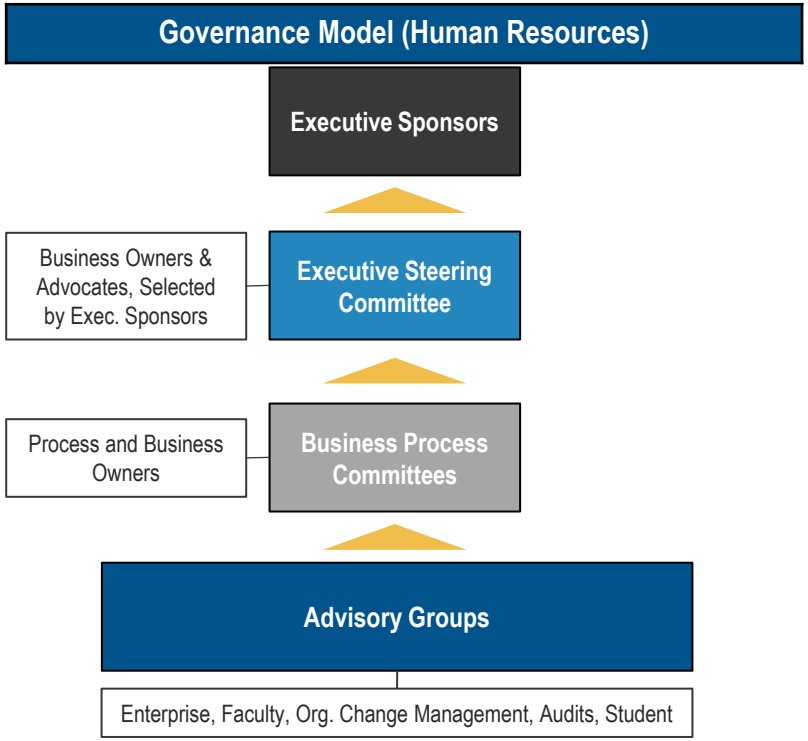
- Individual leaders oversee shared services agreements and the tracking and management of SLAs and KPIs
- Working Groups for shared operations are chaired by individual leaders of the shared administrative services
- Decision-making authority by level and escalation thresholds are codified in agreements via roles and responsibilities matrices

## Considerations

- Previously, UKHA and KUMC have operated under several shared service agreements to deliver various administrative and IT services to the shared campus
- The Intent of the current model is to form a unified governing body and develop two shared executive leadership positions:
  - Share Services: one to lead the shared administrative services in a matrixed reporting structure that maintains independent functional organizations in both UKHA and KUMC
  - Information Technology: lead IT services with direct reporting relationship to both UKHA and KUMC.

# Case Study: Ohio State University

Ohio State University created four shared service areas through the Office of Academic Affairs (OAA) that provide direct support to affiliated units helping with internal operations and key partnerships.




## Model Components

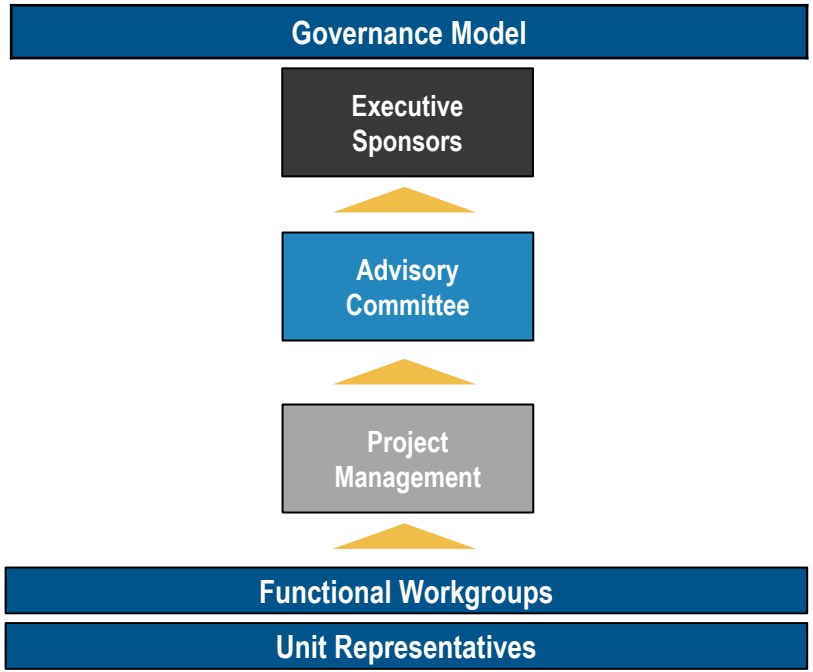
- **Business Owners**: Sit on committees and identify/articulate issues
- **Business Advocates**: Refines and implements owner decisions, ensures awareness
- **Executive Sponsors**: Made aware of issues and resolutions
- **HR Business Partners (HRBP) and Consultants (HRC):** Aligned to health system/college/business units to support standard HR processes and procedures, report directly to HR Leadership through Senior HRBP
- **Service Enablement:** Continuous improvement and project management for HR Operations, data analytics & reporting to centers of expertise

## Considerations

- Consolidated 11 service centers into one Shared Service model enabling a consistent employee experience and enabling transactional efficacy
- The previous model caused varying HR organizational structures across units, inconsistent employee experiences, and lack of clarity for faculty and staff on how to access HR Services
- Redesigned model is based on feedback, input and support of individuals throughout the HR and payroll community as well as unit, college and Medical Center leadership.

# Case Study: University of Michigan

University of Michigan implemented Shared Services for Finance and HR in December 2014 to focus on supporting the University's cost containment efforts and to provide high-quality customer service




## Model Components

- Shared Services provide certain HR and Finance transactional functions to its customers across the university.
- Teams met with multiple workgroups made up of experts on transactional process performed at unit level to have input in the overall process
- Michigan Medicine and all affiliated colleges/units in the institution have assigned HR Business Partners and service area generalists & specialists **located within Human Resources** for support on HR-related needs
- Human Resources also houses an Office of Patient Civil Rights Coordinator to aid the health system in complying with Affordable Care Act civil rights requirements

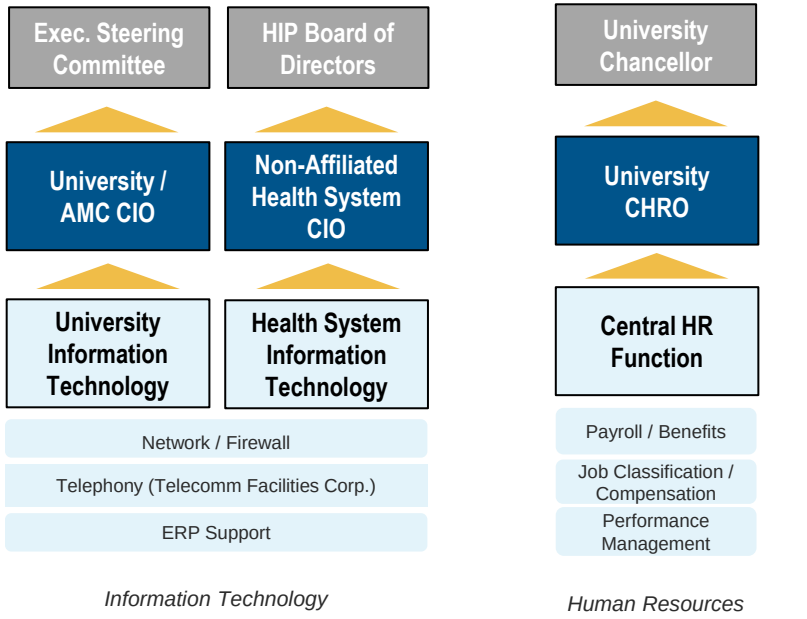
## Considerations

- The scope of Shared Services was expected to generate approximately $6M in savings in the first few years with increased savings expected over time
- University of Michigan created a facility that housed shared services that was an easily accessible location near campus and standardized processes and procedures
- Savings were realized though reorganizing and co-locating workforce, utilizing technology, increasing managerial span of control, standardizing processes, and eliminating non-value-added work

# Case Study: Washington University in St. Louis

WashU has created a governance model between the University, the Academic Medical Campus, and non-affiliated reginal health system for a variety of IT services. HR services are also provided to the Academic Medical Campus by the University.

## Governance Model (IT and HR)




## Model Components & Considerations

**Information Technology**

- A joint University and Academic Medical Campus CIO was created to oversee services delivered to the University and Medical campuses.
- The University / AMC CIO directly reports to both the Exec. Vice Chancellor, Administration and the Exec. Vice Chancellor, Medical Affairs
- The Telecomm. Facilities Corp. is the internal telephone and voice service provider to the Academic Medical Center and non-affiliated regional health system.

**Human Resources**

- The University centralized HR function also provides services to the Academic Medical Center campus employees and leaders for a variety of services
- No current formalized governance structure exists other than the management

## Considerations

- The Academic Medical Center also has a business relationship with a non-University affiliated regional health system
- Health Information Partners is the established governance entity that oversees the services between the regional health system and Academic Medical Camus

# Governance Foundation: Guiding Principles

The shared services structure between UToledo and the Healthcare System should be developed around several key guiding principles, including:

## Shared Governance

Various stakeholders from the University and Health System will have a clear and unified path for timely review and dialogue via strong shared governance structures.

## Enterprise-Wide Success

This initiative will advance enterprise-wide objectives and, through collaborative efforts, will align resources with the joint mission, vision, and strategy of the University and the Health System.

## Cost Transparency

The cost basis methodology for each service will be clearly established to enhance the transparency of the direct and indirect costs associated with the fair and reasonably priced services provided and received.

## Enhanced Customer Service

Customer service levels will meet expectations and will be monitored by clear and data-driven measures that establish baseline expectations and enable ongoing assessment and review of customer satisfaction.

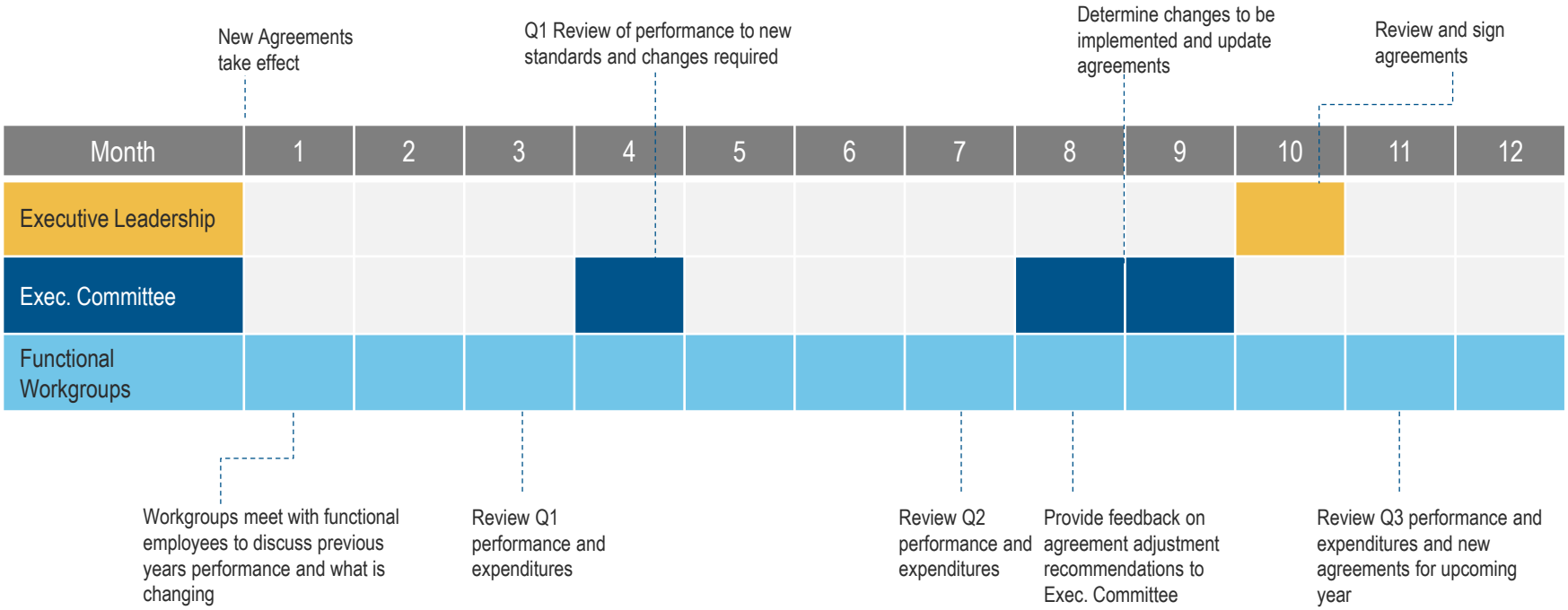
# Governance Foundation: Charter and SLAs

UToledo and the Healthcare enterprise should establish service level agreements and a governance structure based on best practices to codify the relationships between entities.

| Establish Governance | Establish Service Level Agreements |
|---|---|
| • Charter<br>– Establishes Governance Committee(s) and Work Groups<br>– Committee and Work Group Responsibilities<br>– Meeting Cadence<br>– Policies and Service Standards<br>• Executive Governance Committee Membership (*Illustrative*)<br>– Hospital CEO / President<br>– Vice Chancellor/Executive Vice President of Clinical Affairs<br>– CFO of Healthcare / Hospital System<br>– Vice Chancellor of Finance<br>– Joint CIO and other Shared Service Sr. Executive | • Type of Service<br>• Description of Services<br>• Service Location<br>• Term Period<br>• Key Performance Indicators (KPIs)<br>• Cost Calculation Methodology<br>• Total Estimated Fees Paid Annually<br>• University Contact<br>• Hospital / Healthcare System Contact<br>• Signatures |

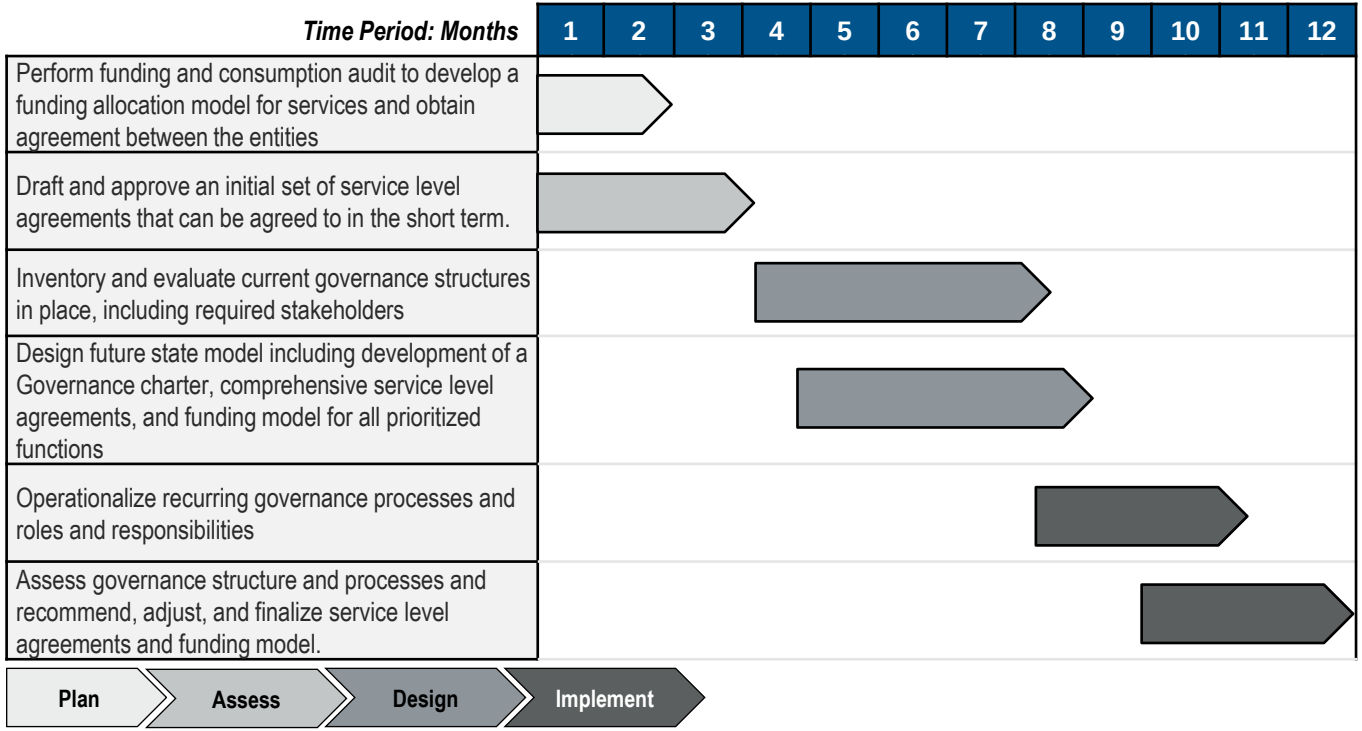
# Governance Foundation: Illustrative Process Timeline

Establishing a strong governance structure with consistent service level agreement review and renewal timelines will minimize financial & operational risk and enable functional leaders to solve problems and develop solutions.



# Case Roadmap: Healthcare Contribution

Implementing shared service improvements, based on best practices, will require shared understanding and agreement across a variety of leaders and stakeholders at the University and Healthcare system.




**Key Considerations:**

Short Term – SLAs and Governance

- Efforts should be made to establish a base; set up service level agreements for critical services that are well understood and easily agreed to and overseen by joint governance

Long Term – Shared Service Centers

- Shared Service Centers for HR, Finance, and Procurement are trends in Higher Ed.
- UToledo should consider shared service center models in areas of high transaction and strategic importance in order to obtain further cost savings and operational improvements

# 4

## Spend Diagnostic

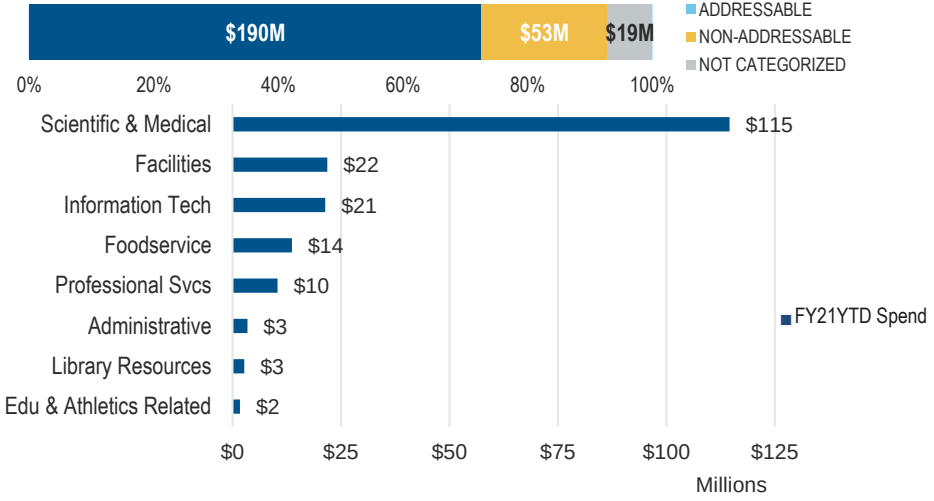
# Sourcing & Procurement: Spend Diagnostic

Analysis of UToledo's FY21YTD spend data indicates that savings opportunities exist through additional centrally guided strategic sourcing that would leverage total university purchasing volume.

## Case for Change

- Initial analysis indicates UToledo had an estimated **$261M in FY21YTD vendor spend**, about $190-210MM of which can potentially be addressed by strategic sourcing activities.
- Approx. 8% of FY21YTD addressable spend was through **PCard** with Verizon, GFS, Fisher, and Amazon as the top suppliers.
- An estimated **$2.5M-$4.0M in cost savings opportunities** can be achieved through sourcing activities including:
  - Leveraging buying power by aggregating volume
  - Demand management to modify consumption
  - Compliance to policy and utilization of contracts
  - Increased IT Software controls
  - Monitoring P-card usage
- Additional opportunities exist for **increased technology and automation**, workforce, and product delivery model.

## Analysis & Benchmarking

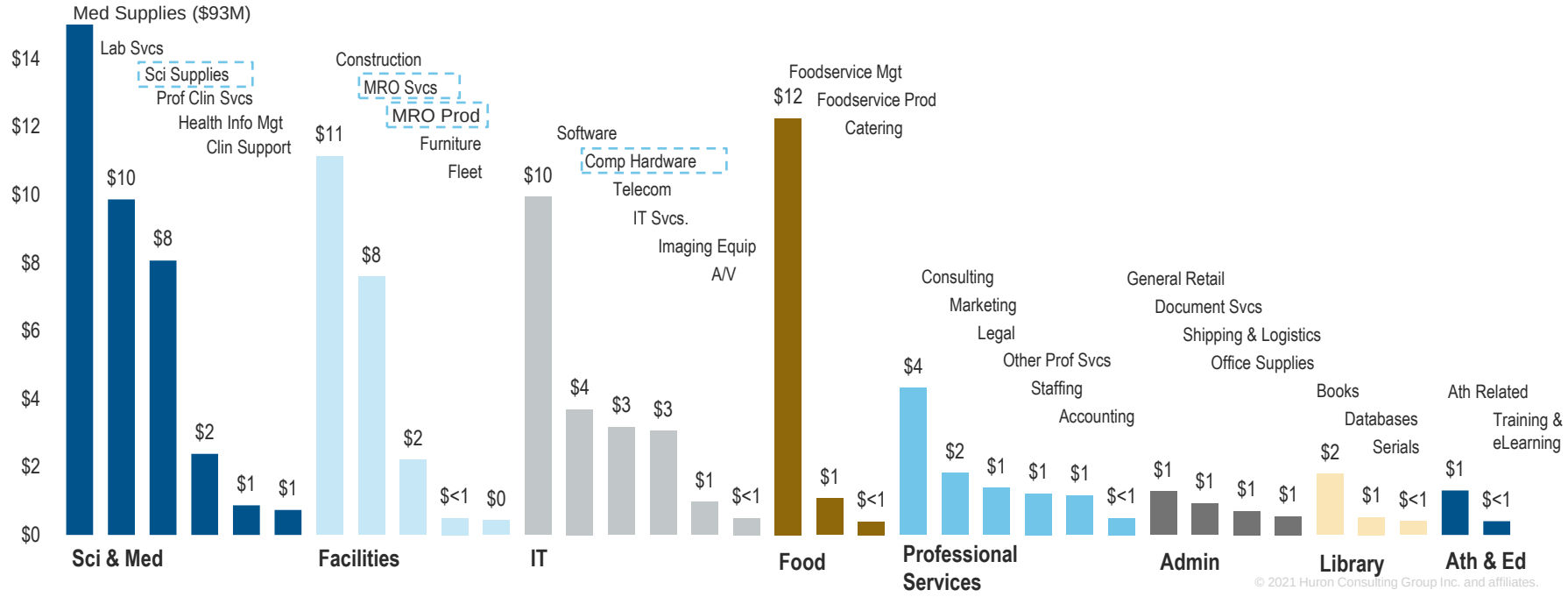



| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Sourcing and Procurement | Spend Diagnostic | $2.5M | $4.0M | ● | ◕ |

# Spend by Level II Category

Huron analyzed UToledo's FY21 level II spend to better understand subcategory spend distribution and identify four potential sourcing areas for savings opportunities.

## FYTD21 Level II Categories ($M)



# Sourcing Diagnostic Approach

Huron analyzed four categories to further define sourcing and savings opportunities based on interviews and contract data provided by UToledo.

| Industry Understanding | + | UToledo Spend Profile | + | Stakeholder Interviews | + | Huron Experience | = | Preliminary Opportunities |
|---|---|---|---|---|---|---|---|---|
| ▪ Industry trends<br>▪ Competitiveness<br>▪ Key players<br>▪ Leading practices<br>▪ Supplier costs<br>▪ Contract components | | ▪ Category level spend<br>▪ Supplier level spend<br>▪ Supplier base<br>▪ Spend concentration | | ▪ Current state information gathered during UToledo interviews | | ▪ Experiences at other higher education institutions<br>▪ Supplier negotiation experiences<br>▪ Industry benchmarking<br>▪ Understanding of higher education | | ▪ Estimated based on a variety and combination of cost drivers, including pricing improvement, standardization, consolidation, policy guidance, and demand management |

# Scientific Supplies

FYTD21 Invoice and PCard data indicates that UToledo spent $8.07M on scientific supplies with 25+ category vendors

| FY21 SPEND | # OF VENDORS | EST. SAVINGS | SAVINGS ENABLERS |
|---|---|---|---|
| $8.07M | 25+ | $242K – $484K | Price, Buying Power |

## Industry Perspective

- Overall, this industry has experienced strong revenue growth as demand from professional, scientific and technical service providers has steadily increased.
- Many universities have both Fisher and VWR in their eProcurement system, often as a primary and secondary, to provide researchers the freedom of choice at the expense of more competitive pricing.
- Supply chain disruptions and fluctuations in the cost of raw materials may lead to price volatility

## UToledo Observations / Recommendations

- Fisher Scientific represented 38% of overall scientific supply spend in FY21 and is the primary tier 1 distributor.
- UToledo has established agreements via an IUC contract with both Fisher Scientific and VWR that expires in October 2024.
- Ensure existing contracts contain competitive pricing for the most commonly purchase items. Conduct a sourcing event for tier I scientific supplies purchased under large distributors. Evaluate core list utilization and price; collect campus feedback. Conduct sourcing for remaining tier II suppliers.

| Huron Experience (%) | Est. UToledo Opportunity ($) |
|---|---|
| 3% – 6% | $242K – $484K |

## FY21 Category Top Suppliers

| No | Supplier Name | FY21 Spend |
|---|---|---|
| 1 | FISHER SCIENTIFIC | $3,054,179 |
| 2 | BECKMAN COULTER | $841,807 |
| 3 | INTEGRA | $580,221 |
| 4 | BECTON DICKINSON | $463,097 |
| 5 | ALLENTOWN LLC | $388,824 |
| 6 | OLYMPUS AMERICA | $295,704 |
| 7 | SIGMA-ALDRICH | $263,027 |
| 8 | AIRGAS USA LLC | $233,108 |
| 9 | FOM TECHNOLOGIES | $220,000 |
| 10 | 3M | $208,958 |
| 11 | OTHER (15) | $1,519,234 |
| | FY21 Supplier Total | $8.07M |

# MRO Services

FYTD21 Invoice and PCard data indicates that UToledo spent $7.59M on category with 46+ MRO services vendors

| FY21 SPEND | # OF VENDORS | EST. SAVINGS | SAVINGS ENABLERS |
|---|---|---|---|
| $7.59M | 46+ | $228K – $379K | Price, Buying Power |

## Industry Perspective

- MRO Services include Janitorial, Plumbing, Custodial, Painting, Security, Fire Safety, Roofing, Waste Disposal, Water Treatment, Electrical, and Ground Maintenance services.
- While some trade jobs can be performed by campus staff, others are often outsourced to local trades workers or major MRO service providers.

## UToledo Observations / Recommendations

- Due to UToledo's large campus size (1,037 acres) and variation in building age and condition, finding a select few providers for all MRO services can be challenging.
- Huron recommends that UToledo further develop key MRO relationships and form contractual agreements with preferred MRO service providers for allowable non-skilled trade work.
- Nine of the ten MRO service contracts reviewed expire in July of 2022. Review and compare existing contract pricing, service quality, and service delivery capabilities before established new contracts with MRO service vendors.
- Manage change orders requests and review to ensure tax exempt, markups, etc. are billed appropriately.

| Huron Experience (%) | Est. UToledo Opportunity ($) |
|---|---|
| 3% – 5% | $228K – $379K |

## FY21 Category Top Suppliers

| No | Supplier Name | FY21 Spend ($K) |
|---|---|---|
| 1 | RMF NOOTER INC | $942,195 |
| 2 | DUNBAR MECHANICAL INC | $854,552 |
| 3 | WESTFIELD ELECTRIC INC | $681,902 |
| 4 | M J WEIS ROOFING COMPANY | $506,100 |
| 5 | LAIBE ELECTRIC COMPANY INC | $361,154 |
| 6 | ACCEL FIRE SYSTEMS | $330,152 |
| 7 | SCHINDLER ELEVATOR CORP | $311,585 |
| 8 | BRYSON TUCKER ELECTRIC LLC | $255,790 |
| 9 | BOILER CONTROL & EQUIPMENT | $246,260 |
| 10 | GROSS ELECTRIC INC | $243,448 |
| 11 | OTHER (36) | $2,854,773 |
| | **FY21 Supplier Total** | **$7,587,911** |

# MRO Supplies

FYTD21 Invoice and PCard data indicates that UToledo spent $2.20M on MRO supplies with 25+ category vendors

| FY21 SPEND | # OF VENDORS | EST. SAVINGS | SAVINGS ENABLERS |
|---|---|---|---|
| $2.20M | 25+ | $110K – $220K | Price, Spec. Rationalization |

## Industry Perspective

- The MRO supplies market is a competitive and fragmented landscape; spend within higher education is typically spread out amongst large distributors and many local, specialty suppliers.
- National distributors are often the preferred or higher spend vendors for higher education institutions due to their large SKU offering and attractive pricing offered through GPO agreements.
- Smaller companies can compete effectively by providing specialized supplies or superior service.

## UToledo Observations / Recommendations

- Spend on general MRO products is primarily with Grainger, with high amounts of spend going toward specialized janitorial, HVAC, and electrical suppliers such as Allied Eagle Supply and Pump Systems LLC.
- Consolidate MRO line item spend detail to update core list of items tailored specifically to the University's spend patterns. Conduct a full cycle sourcing event on all MRO areas, including electrical, plumbing, HVAC, etc. supplies. Invite both specialty vendors and large distributors to participate for pricing and consolidation opportunities

| Huron Experience (%) | Est. UToledo Opportunity ($) |
|---|---|
| 5% – 10% | $110K– $220K |

## FY21 Category Top Suppliers

| No | Supplier Name | FY21 Spend |
|---|---|---|
| 1 | ALLIED EAGLE SUPPLY | $777,507 |
| 2 | WW GRAINGER | $569,757 |
| 3 | PUMP SYSTEMS LLC | $157,065 |
| 4 | CAMPBELL INC | $150,552 |
| 5 | ALLIED PLASTIC COMPANY | $93,936 |
| 6 | ROBINSON SALT SUPPLY | $85,098 |
| 7 | SUPERIOR UNIFORM SALES | $83,507 |
| 8 | IST OHIO INC | $74,503 |
| 9 | TANNER SUPPLY COMPANY | $64,650 |
| 10 | MCMASTER-CARR INC | $42,015 |
| 11 | OTHER (15) | $104,838 |
| | **FY21 Supplier Total** | **$2,203,426** |

# Computer Hardware

FYTD21 Invoice and PCard data indicates that UToledo spent $3.69M on computer hardware with 11+ category vendors

| FY21 SPEND | # OF VENDORS | EST. SAVINGS | SAVINGS ENABLERS |
|---|---|---|---|
| $3.69M | 11+ | $148K – $258K | Price, Spec. Rationalization |

## Industry Perspective

- The four industry leaders include Hewlett-Packard, Lenovo, Dell, and Apple; consumers can also purchase equipment through resellers, such as CDW or Connection.
- There was considerable growth in the computer hardware industry over the past year as organizations rearranged operations to comply with COVID-19 restrictions
- Growth of the server market has been reduced as organizations increasingly move storage to the cloud

## UToledo Observations / Recommendations

- Dell represented 75% of overall computer hardware spend in FY21 and the existing agreement is set to expire in July of 2022. Currently UToledo has established preferred pricing on 2 standard configurations of desktops and 3 configurations of laptops.
- Review existing suite of standard configuration desktops and laptops to ensure the end user technology needs are met.

| Huron Experience (%) | Est. UToledo Opportunity ($) |
|---|---|
| 4% – 7% | $148K – $258K |

## FY21 Category Top Suppliers

| No | Supplier Name | FY21 Spend |
|---|---|---|
| 1 | DELL INC | $2,738,830 |
| 2 | SENTINEL | $230,978 |
| 3 | GOVCONNECTION | $219,178 |
| 4 | CDW GOVERNMENT | $200,408 |
| 5 | APPLE COMPUTER | $196,322 |
| 6 | E TECHNOLOGIES | $56,538 |
| 7 | BEST BUY | $27,253 |
| 8 | EXXACT CORP | $6,796 |
| 9 | MOUSER ELEC. | $4,367 |
| 10 | NEWEGG | $3,179 |
| 11 | LENOVO INC | $1,200 |
| | FY21 Supplier Total | $3.69M |

# Opportunity Summary

Based on Huron's understanding of UToledo's current state in four sourcing areas and experiences in Higher Education, Huron estimates there is approximately $728M - $1.5M in savings opportunities through strategic sourcing initiatives.

| Level II Category | Supplier Count | FY21 Spend | Savings % | Savings ($ in 000's) |
|---|---|---|---|---|
| SCIENTIFIC SUPPLIES | 25+ | $8.07M | 3% - 6% | $242 - $646 |
| MRO SERVICES | 46+ | $7.59M | 3% - 5% | $228 - $379 |
| MRO SUPPLIES | 25+ | $2.2M | 5% - 10% | $110 - $220 |
| COMPUTER HARDWARE | 11+ | $3.69M | 4% - 7% | $148 - $258 |
| **Total** | **107+** | **$21.55M** | **3% - 7%** | **$728 - $1,503** |

# eMarketplace Overview

UToledo could benefit from an improved e-shopping experience and gain additional insight on spend through the implementation of an eMarketplace tool.

## Case for Change

- UToledo has leveraged software for basic contract management (ContractSafe) and a construction sourcing tool, but has not yet implemented technology for a modern e-shopping experience.
- An eMarketplace solution would allow UToledo users to easily find and purchase items from preferred suppliers using negotiated pricing.
  - Advantages: understood / proven integration experience with Banner, improved shopping interface, easier to direct spend to preferred suppliers, higher education experience, increased spend visibility and approval workflow capabilities.
  - Disadvantages: supplier interface would be a new integration, Implies some level of system ownership by UToledo.
- There are several P2P and eMarketplace solutions available in the market, however, given UToledo's preference for a lower cost solution to JAGGAER we have compared two alternate suppliers (Unimarket and Amazon Business) for consideration. Note: Unimarket has full procure-to-pay capabilities while Amazon Business is an eMarketplace solution only.

## Analysis & Benchmarking

| JAGGAER | unimarket | amazonbusiness |
|---|---|---|
| **OVERVIEW**<br>JAGGAER is the industry leader in P2P with strong credentials in higher education. | **OVERVIEW**<br>Unimarket is a proven P2P solution that offers tangible benefits at an affordable cost. | **OVERVIEW**<br>Amazon Business is an eMarketplace solution offering visibility into university spend. |
| **HIGHER ED EXPERIENCE**<br>Major, leader | **HIGHER ED EXPERIENCE**<br>Major, in mid tier | **HIGHER ED EXPERIENCE**<br>Major |

# Solution Comparison

In addition to JAGGAER, Huron has provided two additional providers for consideration to ensure UToledo has a broader picture with potential vendors.

## Case for Change

JAGGAER

- Excellent higher ed experience and solutions, poor success with Healthcare. Good ease of use in a very integrated platform, strong experience with Banner integration.

unimarket

- Provides equivalent functionality of JAGGAER. Lower cost option, highly focused on higher education, good functionality and ease of use, good selection of HE vendor catalogs. Strong AP automation.

amazonbusiness

- Amazon Business is a low-cost option to establish an eMarketplace that provides end users access to curated lists, preferred products and suppliers, and can promote supplier diversity initiatives while paying via PCard.

1) Estimated pricing based on unnegotiated directionally correct solution fees. Fees for Amazon Business may be up to $20K if UToledo utilized external support for implementation.

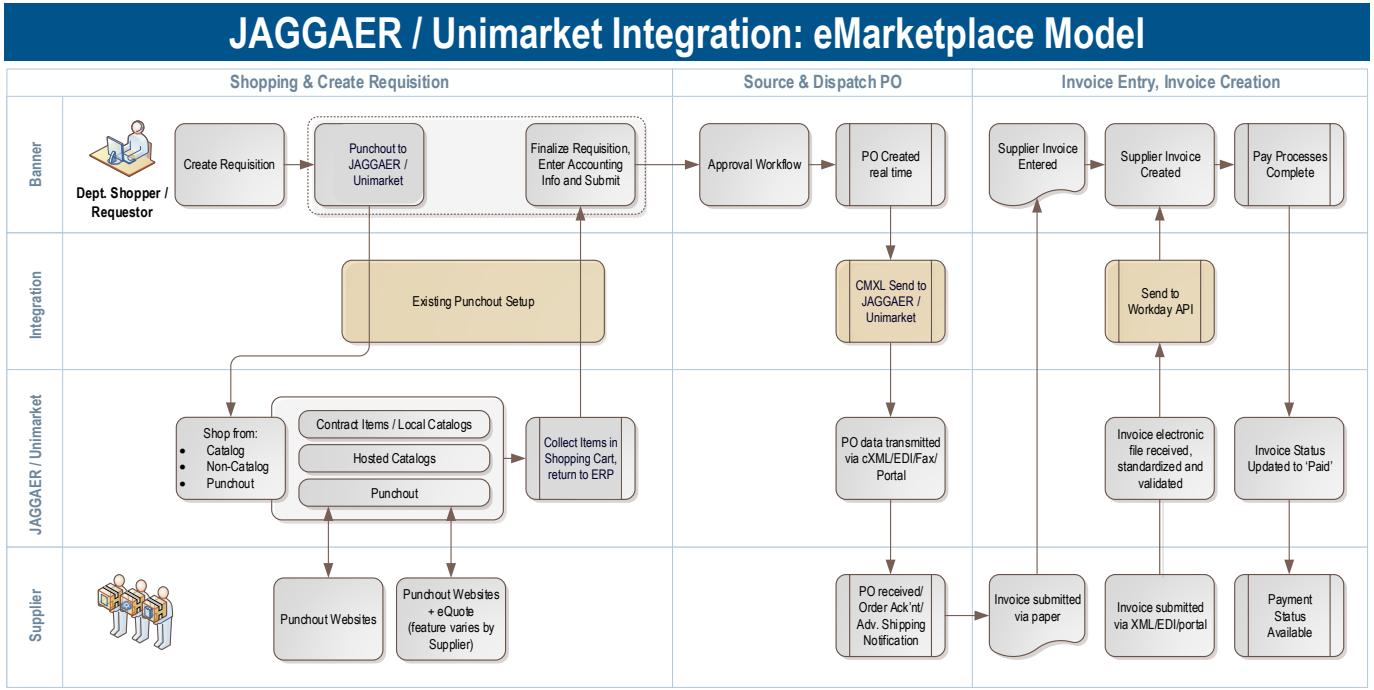
## Analysis & Benchmarking

| Functionality | JAGGAER | Unimarket | Amazon Business |
|---|---|---|---|
| Integration capabilities | ●●●●● | ●●●●● | ●● |
| End user shopping 'ease of use' | ●●●● | ●●●● | ●●●●● |
| Guided buying | ●●●● | ●●●● | ●●●●● |
| Custom forms | ●●●● | ●●●● | N/A |
| Content management | ●●●●● | ●●● | ●●●● |
| Hosted and local catalogs | ●●●● | ●●●● | ●●● |
| Punchout catalog enablement | ●●●●● | ●●●●● | N/A |
| Higher ed supplier connections | ●●●●● | ●●●●● | ●●●●● |
| ePO & eInvoice enablement ability | ●●●●● | ●●●●● | N/A |
| AP processing and automation | ●●●●● | ●●● | N/A |

| **Estimated Fees[1]** | | | |
|---|---|---|---|
| *Implementation fee (one time)* | *$120K* | *$55K* | - |
| *Licensing fee (ongoing)* | *$150-$200K* | *$75-100K* | - |
| **Total Estimated Fees (year 1)** | ***$270-$320K*** | ***$130K-$155K*** | **-** |

# Integration Model

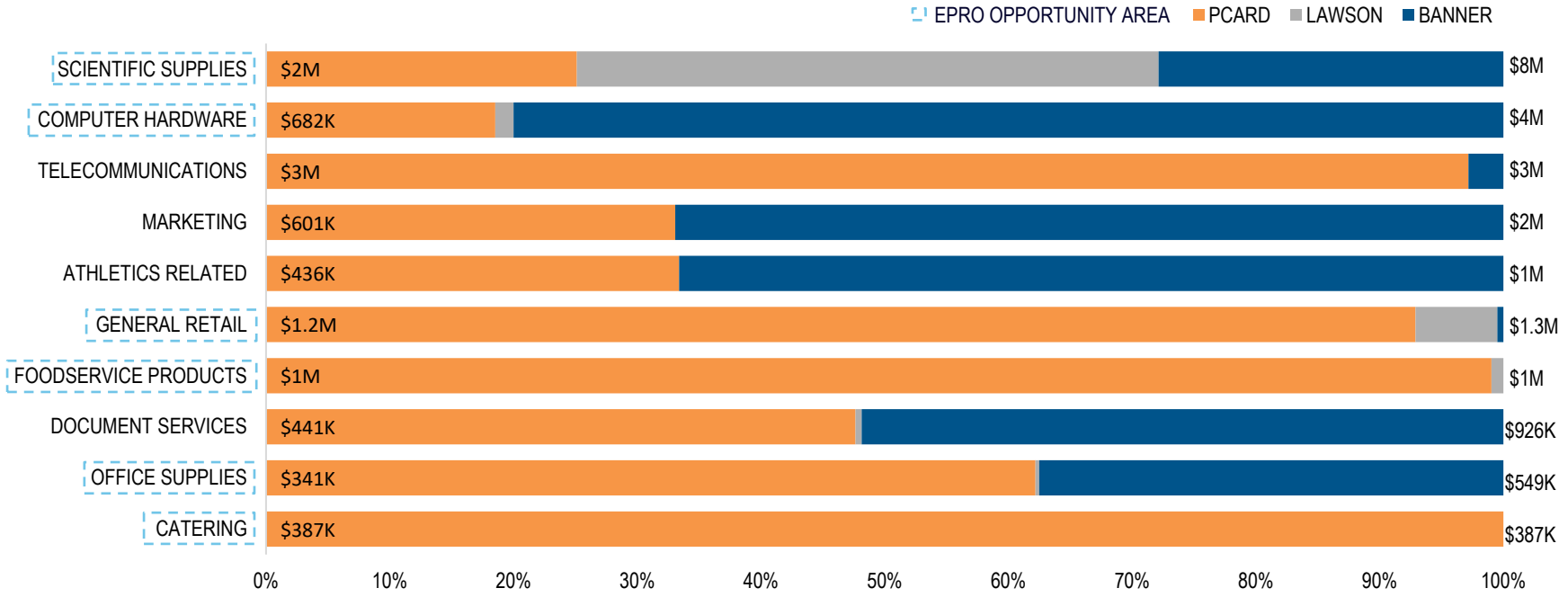
The diagram below shows the flow of the requisition to order to invoice process in an eMarketplace model with JAGGAER or Unimarket.



# PCard Category Analysis

UToledo used PCards for $20 million of purchasing in FY21YTD, 8% of total spend. Consider eProcurement guidelines to target strategic PCard usage and increase spend visibility.

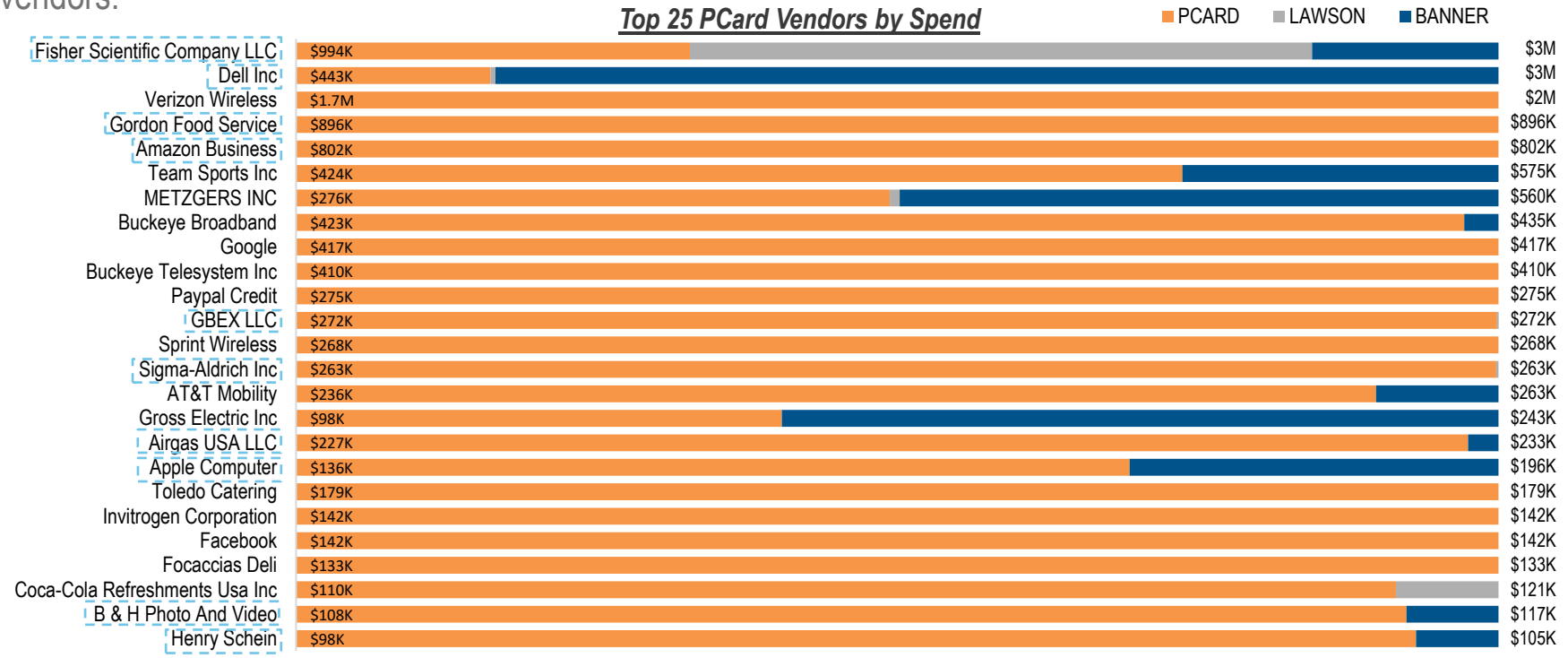
***Payment Method by Top 10 PCard Spend Category***




Source: UToledo Vendor Data

# PCard Vendor Analysis

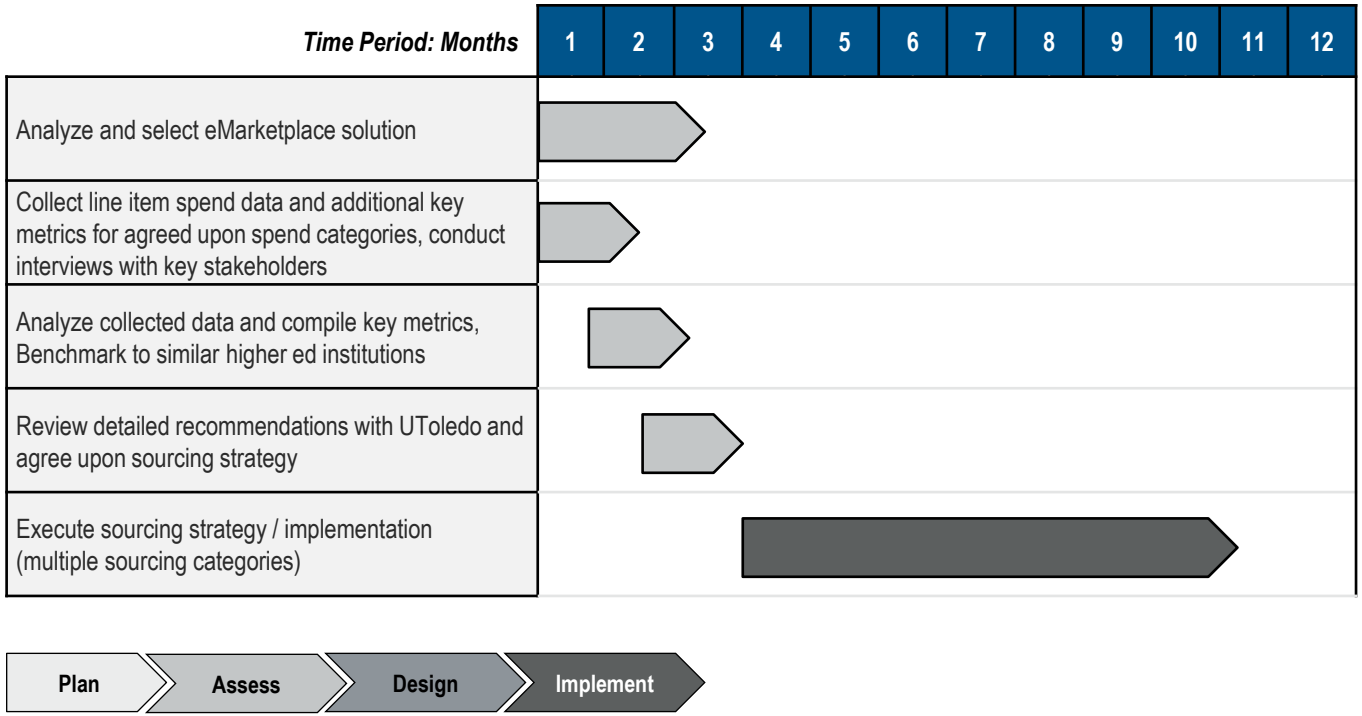
UToledo has the opportunity to move to eMarketplace model and leverage preferred payment methods with enabled vendors.




Source: UToledo Vendor Data

# Case Roadmap: Spend Diagnostic

UToledo can achieve cost savings through the execution of select sourcing strategies. An eMarketplace solution, if implemented, could further negotiation efforts and increase spend visibility.




**Key Considerations:**

- Analysis and selection of eMarketplace tool would be completed independently of the category spend business cases.
- eMarketplace implementation timeline varies depending on the software selected.
- UToledo and Huron to agree upon spend categories targeted for detailed business case development.
- Implementation includes sourcing materials development, supplier proposal analysis, vendor negotiations, and the creation of a memorandum of terms detailing business terms concluding negotiations.

# 4

## Enrollment Strategy

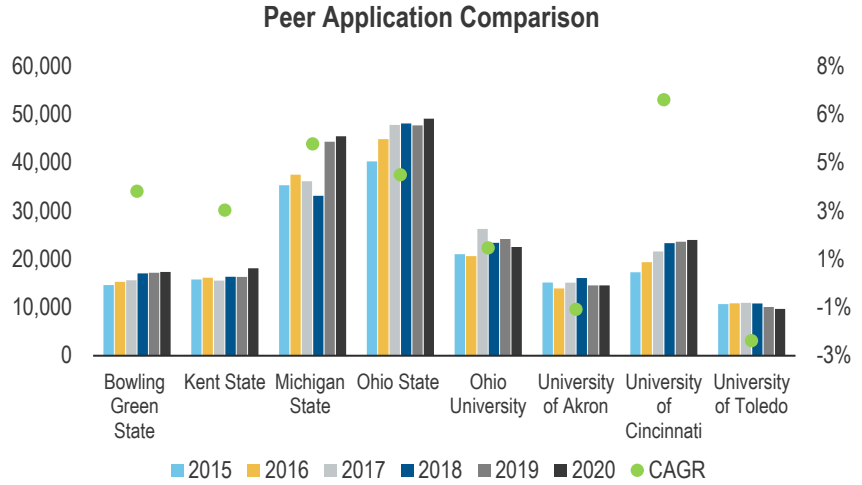
# Enrollment: Developing Integrated Strategy

Multiple turnovers of enrollment leadership and lack of long-term strategic enrollment focus at UToledo has resulted in declining net tuition revenue as well as decreasing undergraduate headcount.

## Case for Change

- The lack of **consistent enrollment strategy** has resulted in **variable outcomes** including declining first-time freshman application volume as well as declining first-time headcount.
- While transfer admit rates have increased to nearly 100%, the **number of applications has decreased** by more than 50% over the past decade.
- Aid discounting strategies have resulted in **declining net tuition revenue**. Between academic year 15/16 and 20/21, net tuition revenue has decline by more than $16M, while the **discount rate has increased more than 3.5%** in the same period.
- While first year retention has increased over the past 10 years from 64.4% to 78.1% overall, **under-represented minority students are retaining at significantly lower rates** (nearly 15% lower) than non-minority students.

## Analysis and Benchmarking




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Enrollment Management | Integrated Strategy | $1.7M | $6.0M | ● | ◑ |

# Net Tuition Revenue and Marginal Revenue Analysis

Enrollment, credit generation, and total net tuition revenue continue to fall. Margin per student fell more than 40% between AY 14/15 and AY 18/19.

| | AY 14/15 | AY 15/16 | AY 16/17 | AY 17/18 | AY 18/19 |
|---|---|---|---|---|---|
| Total Headcount | 23,343 | 23,132 | 23,248 | 22,945 | 22,439 |
| Total Credit Generation | 504,075 | 498,746 | 508,875 | 504,789 | 493,726 |
| Avg. Semester Credit Hours/Student | 21.59 | 21.56 | 21.89 | 22 | 22 |
| Avg. Cost of Instruction / Credit Hour | $464.17 | $494.90 | $480.90 | $459.81 | $476.28 |
| Net Tuition Revenue (NTR) | $206.3M | $197.7M | $200.0M | $196.6M | $196.1M |
| NTR/ Credit Hour | $409.25 | $396.51 | $393.02 | $389.42 | $397.10 |
| Average Annual Margin/Student | $(1,185) | $(2,121) | $(1,923) | $(1,548) | $(1,742) |

**Decreasing revenue from enrollment continues to pressure the financial sustainability of UToledo and should be addressed comprehensively; assessing headcount, average net tuition revenue per student and costs of delivery.**

*Source: IPEDS Database*

# Ohio Enrollment Landscape

As Ohio is projected to see declines in its college-aged student population over the next ten years, competition with regional and out-of-state universities will heighten due to declining high school graduates nationally.

### Regional Loss

Consistent with most of the country, the East North Central Census Division is projected to see a decrease in high school graduates, peaking in 2019 at ~510K and expected to fall to ~462K by 2037[1].

### The Buckeye State

Incoming college students in Ohio are expected to decline by 11%[1] between 2019 & 2037, for public and private schools.

### Lucas County

The college-aged population[3] in Toledo, located in Lucas County, is expected to contract by 4%[4] by 2031.

### Marginal Surrounding County Gains

Due to the regional declines, backyard recruiting will be difficult with increased competition. However, there is a slight increase in college-aged populations in some counties within a 120-mile radius from Toledo, with Delaware and Union counties seeing an increase of 16% by 2037[4].

### Increased Diversity

The market share of non-White public high school graduates is projected to increase from 33% to 40% by 2036[1].

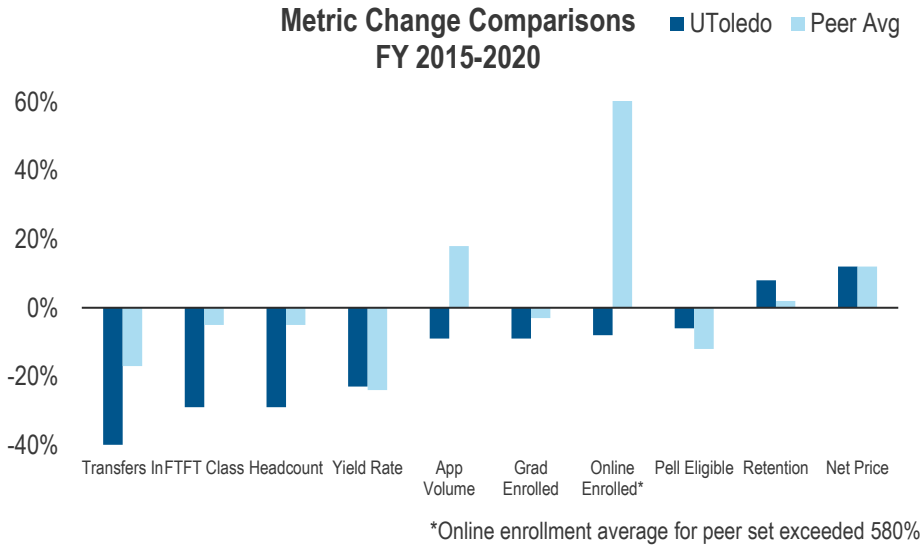
**With a shrinking population and the diversity of the incoming classes increasing, Ohio institutions will need to strategically demonstrate price sensitivity and student support services to remain competitive.**

Sources: 1)WICHE *Knocking at the College Door, 10th Edition, 2)*The East North Central Census Division includes IL, IN, MI, OH, WI, 3) Ages range for college-aged population is 15-24, 4)Source: EMSI

# Peer Comparison

While many peer institutions are also feeling enrollment pressures, UToledo has suffered declines on greater levels than many peers suggesting a need for a focused and intentional plan to address these challenges.

| Enrollment Metrics | UT 5-Year Change | Peer Avg. |
|---|---|---|
| Application Volume | (9%) | 18% |
| Yield rate | (23%) | (24%) |
| First Time Freshman class | (29%) | (5%) |
| Transfers-In | (40%) | (17%) |
| Graduate Enrollment | (9%) | (3%) |
| Online Enrollment (exclusively online) | (8%) | 582% |
| Net Price | 12% | 12% |
| Total Headcount | (29%) | (5%) |
| Retention (First Year) | 8% | 2% |
| Percent of Pell Eligible students | (6%) | (12%) |




*Online enrollment average for peer set exceeded 580%

**UToledo must identify priority areas for focus and investment of resource to drive the changes needed to reverse many of the negative trends identified.**

*Source: IPEDS*
*Peer set includes: Bowling Green State University, Kent State University, Michigan State University, Ohio State University, Ohio University, University of Akron, and University of Cincinnati*

# Enrollment Strategies: Yield by County

Below average first time student yield rates in some of the highest applicant counties suggest there is an opportunity to better focus on outreach, connecting with prospects, and developing focused yield events.

| | | Fall 2018 | | Fall 2019 | | Fall 2020 | |
|---|---|---|---|---|---|---|---|
| County | State | Enrollees | Yield Rate | Enrollees | Yield Rate | Enrollees | Yield Rate |
| Lucas County | Ohio | 1054 | 57.2% | 909 | 53.5% | 761 | 44.2% |
| Cuyahoga County | Ohio | 153 | 17.1% | 188 | 21.7% | 126 | 13.8% |
| Wayne County | Michigan | 127 | 17.6% | 91 | 21.8% | 61 | 12.9% |
| Monroe County | Michigan | 260 | 46.3% | 243 | 51.9% | 196 | 47.7% |
| Franklin County | Ohio | 62 | 13.7% | 61 | 13.0% | 56 | 11.3% |
| Wood County | Ohio | 169 | 52.0% | 150 | 47.5% | 134 | 48.0% |
| Lorain County | Ohio | 64 | 24.9% | 68 | 25.9% | 71 | 28.5% |
| Oakland County | Michigan | 39 | 16.7% | 59 | 25.8% | 27 | 11.3% |
| Hamilton County | Ohio | 38 | 17.4% | 36 | 16.3% | 16 | 9.7% |
| Summit County | Ohio | 55 | 21.2% | 48 | 22.1% | 38 | 20.0% |
| Montgomery County | Ohio | 52 | 26.1% | 34 | 17.2% | 27 | 13.6% |
| Washtenaw County | Michigan | 54 | 27.4% | 50 | 20.7% | 35 | 18.6% |
| Lenawee County | Michigan | 70 | 40.2% | 32 | 34.4% | 32 | 26.4% |
| Fulton County | Ohio | 75 | 56.4% | 76 | 50.7% | 60 | 50.8% |
| Stark County | Ohio | 31 | 21.5% | 29 | 23.0% | 9 | 12.5% |
| Medina County | Ohio | 34 | 28.8% | 33 | 26.8% | 32 | 28.1% |
| Lake County | Ohio | 29 | 23.8% | 28 | 26.9% | 18 | 21.7% |
| Macomb County | Michigan | 28 | 25.9% | 17 | 18.7% | 23 | 23.7% |
| Cook County | Illinois | 18 | 12.9% | 3 | 3.4% | 4 | 6.3% |
| Hancock County | Ohio | 36 | 34.6% | 46 | 40.7% | 37 | 33.3% |

Incremental yield increases in the following counties could drive significant revenue even if applicant volume did not increase.

| | Average Yield (last 5 Years) | New Students | NTR |
|---|---|---|---|
| Cuyahoga County | 18.4% | 42 | 329,233 |
| Wayne County | 17.7% | 23 | 177,000 |
| Franklin County | 13.7% | 12 | 95,210 |
| Oakland County | 18.4% | 17 | 132,424 |
| Hamilton County | 15.6% | 10 | 75,876 |
| Montgomery County | 22.7% | 18 | 140,796 |
| Washtenaw County | 23.3% | 9 | 68,804 |
| Stark County | 21.7% | 7 | 51,530 |
| Cook County | 8.6% | 1 | 11,045 |
| | | **Potential NTR Gain:** | **$1,081,919** |

Sources: Institutional Data

# Enrollment Strategies: Financial Aid Spending

The current financial aid model awards most dollars based upon merit, a common recruiting strategy. Shifting to a more balanced merit/need model may offer higher value through increasing overall retention and NTR.

| | | 2nd Year Retention | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Freshmen Paying In-State Tuition; Fall 2015 - Fall 2019 | | | | | | | | | | | | | | | | | | | |
| | | High School GPA | | | | | | | | | | | | | | | | | | | |
| | | Missing | | GPA <2.00 | | to 2.49 | | to 2.74 | | 2.99 | | 3.24 | | 3.49 | | 3.74 | | 3.99 | | GPA 4.00+ | | Total | |
| | | N | Ret. | N | Ret. | N | Ret. | N | Ret. | N | Ret. | N | Ret. | N | Ret. | N | Ret. | N | Ret. | N | Ret. | N | Ret. |
| Institutional Aid | Missing | 12 | 0% | 27 | 33% | 72 | 38% | 38 | 47% | 33 | 55% | | 57% | 19 | 26% | 17 | 71% | 7 | 86% | 14 | 64% | 262 | *45%* |
| | <$3000 | 49 | 24% | 119 | 38% | 664 | 42% | 576 | 50% | 747 | 55% | 626 | 55% | 351 | 52% | 214 | 49% | 85 | 49% | 41 | 73% | 3472 | *50%* |
| | $3,000 to $5,999 | 1 | 100% | 3 | 67% | 44 | 61% | 84 | 67% | 277 | 70% | 723 | 74% | 1127 | 78% | 1067 | 80% | 671 | 8 | 269 | 80% | 4265 | *78%* |
| | $6,000 to $8,999 | 1 | 100% | 1 | 100% | 4 | 0% | 3 | 67% | 29 | 86% | 104 | 77% | 327 | 84% | 781 | 90% | 1162 | 92% | 1276 | 96% | 3718 | *92%* |
| | $9,000 to $11,999 | 1 | 100% | 1 | 100% | 2 | 100% | 2 | 100% | 11 | 91% | 18 | 94% | 43 | 93% | 126 | 89% | 311 | 94% | 455 | 98% | 970 | *95%* |
| | $12,000 to $14,999 | 0 | | 0 | | 0 | | 0 | | 2 | 100% | 5 | 100% | 4 | 75% | 13 | 100% | 40 | 93% | 51 | 98% | 115 | *96%* |
| | $15,000+ | 0 | | 0 | | 0 | | 0 | | 3 | 100% | 6 | 100% | 4 | 100% | 9 | 100% | 22 | 100% | 43 | 100% | 87 | *100%* |
| | Total | *64* | *23%* | *151* | *38%* | *786* | *43%* | *703* | *52%* | *1102* | *60%* | *1504* | *67%* | *1875* | *74%* | *2227* | *81%* | *2328* | *88%* | *2143* | *94%* | *12889* | ***75%*** |

1. We can see that retention rates are very high for the highest awarded and qualified students, while rates fall below the institutional average for those students who are still high academic quality but do not receive significant awards.

2. Shifting dollars toward the middle of the model could potentially produce greater retention increases for this population.

Sources: Institutional Data

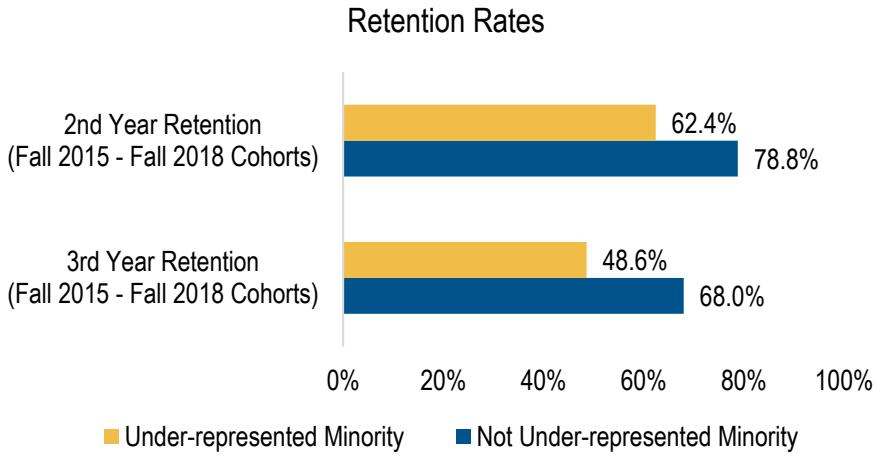
**Example of potential yearly gains from shifting aid**

| Current Population | # of Students | Retention Rate Adjustment | Yearly Gain/Loss |
|---|---|---|---|
| GPA of 3.24+, Receiving <$3,000 | 1,317 | +5% | ~$514,000 |
| GPA of 3.74+, Receiving $12,000+ | 178 | -5% | ~($69,500) |
| **Result** | | **+57 Students Retained** | **$444,780** |

# Enrollment Strategies: Retention

While underrepresented minority students represent approximately 20% of incoming Fall first time cohort, these students are retaining at significantly lower levels than their non-minority peers.

- While first year retention has increased over the past 10 years from 64.4% to 78.1% overall, **under-represented minority students are retaining at significantly lower rates** (nearly 15% lower) than non-minority students.
- Upon further review it appears that under-represented minority students on average have **HS GPA's that are 0.3 points below** their non-minority peers.
- Institutional Aid for under-represented minority students averages approximately **$1,000 less than non-minority students** most likely due to the current high merit aid model.
- Closing the retention gap between these cohorts, while challenging, could result in **nearly $1.3M in additional yearly NTR**.




**UToledo will need to identify additional support structures that can be utilized to ensure that under-represented minority students can be as successful as their peers.**

Sources: Institutional Data

# Elements of a Strategic Enrollment Management Plan

A strategic enrollment management plan should include the following elements:

| Critical elements of successful strategic enrollment plans | UToledo Current State |
|---|---|
| • Multi-Year, data-based enrollment goals included for all populations: First Time, Transfer, International, Online, Graduate | Nascent |
| • Purchased name analysis and search criteria that is refined based on outcomes | Developing |
| • Zipcode and territory analysis to identify like successful territories across the nation | Developing |
| • Labor and program demand analysis to identify programs of strength and promise | Nascent |
| • Yield activities tailored to population characteristics | Developing |
| • Dynamic communication and marketing plan that leverages segmented student communications | Developing |
| • Detailed transfer plan including complete articulation agreements with largest transfer credit providing institutions | Developing |
| • An optimized Financial Aid model that leverages all institutional aid sources and balances need and merit funding | Developing |
| • Onboarding and orientation plan focused on melt reduction and student engagement | Developing |
| • Parent and family programming and communications plan | Nascent |
| • Retention plan subdivided by demographic and socioeconomic factors | Nascent |
| • Clear governance and implementation structure identifying owner and supporting units | Not Identified |
| • Detailed action items and tasks for each strategic priority area | Not Identified |
| • Identified enablers to success across the institution | Not Identified |

**Nascent**
Early stages of development or focus;

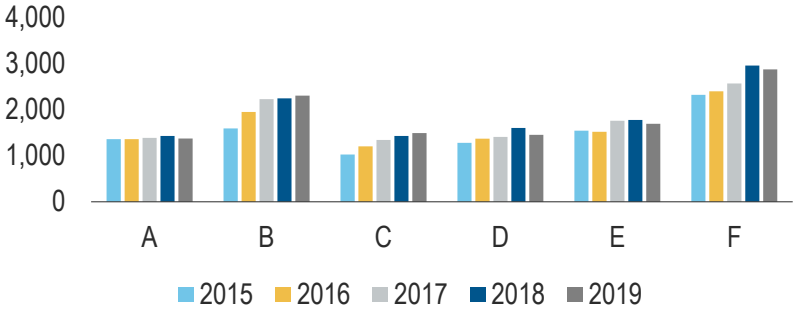
**Developing**
Foundational components in place, but not optimized

**Optimized**
Fully optimized and aligned with overall strategy

# Case for Change- Opportunity

UToledo has the opportunity to develop a holistic enrollment plan that would allow the institution to identify goals, tactics, and the resources necessary to deliver on building the enrollment mix that can sustain the institution.

**Undergraduate Enrollment Trends for Huron Clients, FTE Undergraduate (2015-2019)**




**Full-time Retention Rate for Previous Huron Clients (2015-2019)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | Change % |
|---|---|---|---|---|---|---|
| Institution A | 94% | 94% | 93% | 95% | 95% | 1% |
| Institution B | 79% | 82% | 84% | 82% | 83% | 5% |
| Institution C | 80% | 83% | 82% | 83% | 83% | 4% |
| Institution D | 68% | 71% | 67% | 72% | 70% | 3% |
| Institution E | 86% | 87% | 88% | 87% | 87% | 1% |
| Institution F | 77% | 82% | 81% | 79% | 79% | 3% |

**Institutions who have engaged in strategic enrollment planning have seen success in both enrollment headcount increases, but also retention increases which have yielded substantial financial gains.**

*Source: IPEDS*

# Key Enablers

These three critical enablers are the foundation upon which a Strategic Enrollment Plan for UToledo should be built; without these foundational elements, UToledo will struggle to achieve enrollment success.

## Cross-functional Teaming and Participation

- A successful strategic enrollment plan requires participation from **not only enrollment management leaders**, but also the **financial and academic leadership** of the institution.
- Bringing together all voices at the table when **determining goals and action items** is critical to ensure successful **implementation and accountability** of the plan.

## Data Strategy and Utilization

- **Integrated data sets and robust data analysis** are critical to creating both **short- and long-term plans** for managing student success.
- With the wealth of information found in publicly available sources, student information systems, CRM's, and other student engagement systems, UToledo must find ways to **harness the power of this data** to identify opportunities to impact both the short- and long-term success of students.

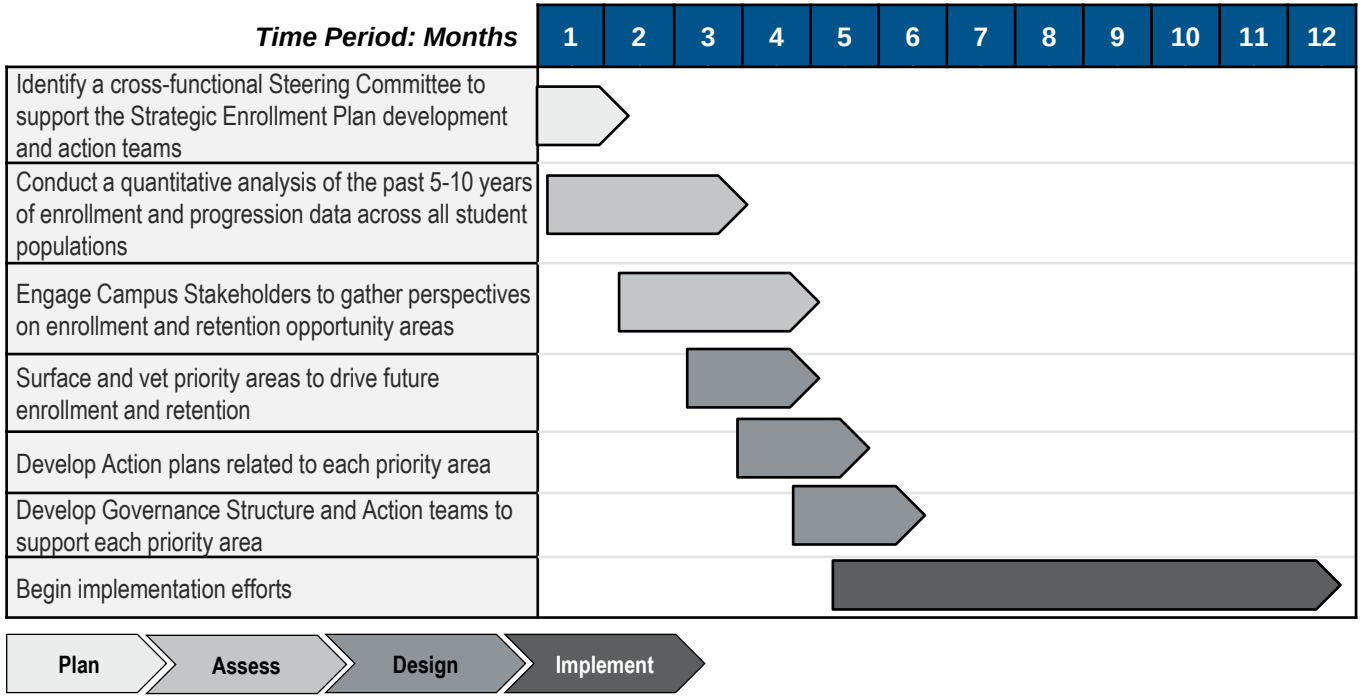
## Marketing and Communications Strategy

- A **unified brand and messaging strategy** and approach can help deliver the UToledo message to a larger audience.
- Sophisticated marketing approaches that allow for **prospect segmentation and targeting** based upon geography, student demographics, and expressed areas of interest can allow UToledo to deliver a more **tailored prospect experience** that will help grow a larger applicant pool.

**UToledo will need to address these topics in parallel to the implementation of any recommendations that come out of a Strategic Enrollment Plan to build traction, trust, and transparency across campus.**

# Case Roadmap: Strategic Enrollment Planning

UToledo has the opportunity to create a long-term strategic enrollment vision supported by an action plan that addresses the challenges of the current state and capitalizes on future state opportunities.




**Key Considerations:**

- Data assessment and analysis will be require clean data sets that can be utilized to create a baseline for assessment each year of the plan.
- Engagement from Deans, Academic departments, and student support units across campus is key to a successful plan.
- Utilizing the analysis from the Academic Portfolio assessment will aid in aligning programmatic opportunities with enrollment and retention tactics.

THE UNIVERSITY OF TOLEDO

# 4

## Differential Tuition

# Pricing Strategy: Differential Tuition

Differential tuition has gained popularity throughout higher education as demand continues to increase for high-ROI but expensive academic programs.

## Case for Change

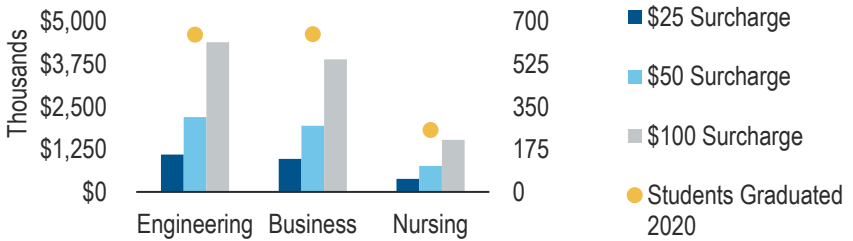
- Many universities have begun to adopt a trend in pricing that places a **surcharge on degree credits** taken over 60 in certain high-cost and high-value programs of study.
- Engineering, Business & Nursing courses are **particularly expensive at UToledo**, as well as across the nation, due to the cost of faculty and overhead associated with those areas of study.
- These courses tend to have higher ROI for the student with greater demand across the country, **allowing for some institutional pricing power.**
- Universities have large variation in how they apply differential tuition, from fixed semester fees to per-credit-hour ranges, there are **numerous options for how to best position the initiative** based on institutional needs.
- Strong state **relations can be leveraged to negotiate** flexibility on undergraduate tuition differentials if existing restrictions pose obstacles.

## Analysis & Benchmarking

### Examples of Universities with Differential Tuition

Metropolitan State University of Denver · Washburn University · Cleveland State University 1964 · Oakland University · WSU Wichita State University

### Additional Revenues for UG Tuition Differentials




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Bursar | Differential Tuition | $2.0M | $10.1M | ● | ● |

Sources: UToledo and peer websites

# Differential Tuition: State Restrictions

The Ohio Department of Higher Education sets certain restrictions and limitations on state institutions around changes in universal tuition and fees but does offer flexibility to propose new or increased special fees.

**UToledo already employs Special Purpose Fees in the form of:**

- **Upper Division Fees**
- **Infrastructure Fees**
- **Test Prep Fees**
- **Co-op Fees**
- **Practicum Fees**

| Type of Fee | Restricted | Annual Cap | Description |
|---|---|---|---|
| Instructional Fee | Yes | CPI (2%) | Uniformly charged to all students, educational & operational support |
| General Fee | Yes | CPI (2%) | Uniformly charged to all students, non-instructional services |
| **Special Purpose Fees** | **Case by case** | **None** | **Specific students or categories of students; not uniformly charged** |

*"Each board **may also establish special purpose fees**, service charges, and fines **as required**; such special purpose fees and service charges shall be for services or benefits furnished individual students or specific categories of students and shall not be applied uniformly to all enrolled students."*

*"Am. Sub. HB 166 of the 133rd General Assembly continued the special purpose fee restriction but **authorized the Chancellor to review and approve new special purpose fees** and increases in existing special purpose fees at universities and community colleges."*

Since the pricing differential would only apply to **categories of students** (by College and progression), it is not restricted in the same manner as Instructional or General Fees

Source: Ohio Department of Higher Education HB110 Fee Guidance Document

# Undergraduate Pricing: Differential Tuition

Of the 18 institutions across comparator sets that price differentiate for undergraduates, 7 (38%) price by college, 12 (66%) price by program, and 11 (61%) price by matriculation level; 9 (50%) price in multiple or overlapping student distinctions.

| Comparator | By College | By Program | By Level | Notes from University Tuition Webpages |
|---|---|---|---|---|
| **University of Toledo** | | | | *Does not have differential tuition at the undergraduate level* |
| Florida Atlantic University (P) | ☑ | ☑ | ☑ | This fee is charged to every undergraduate course and is included in the tuition per credit hour cost. This fee is used to fund undergraduate instruction and support services. |
| The University of Texas at Dallas (P) | | ☑ | ☑ | Differential tuition rates are changed by credit hour, for upper- and lower- division coursework within colleges and schools. |
| University of Cincinnati (O) | ☑ | ☑ | | Any full-time student who registers for 7 units/hours, or more, outside of their primary campus, academic program level and/or career. |
| Cleveland State University (O) | | ☑ | | Fee charged by credit hour for Engineering. |
| Case Western Reserve University (O) | | ☑ | ☑ | Tuition rates vary depending on level of study (undergraduate, graduate, or professional) or area of study |
| North Dakota State University (C) | | ☑ | | The assignment of the differential tuition rate is based on the student's declared major – it is not based on individual class selection. |
| Auburn University (C) | ☑ | ☑ | ☑ | Students are charged different rates based on student college, program, and year. |
| Cedarville University (C) | | | ☑ | Students are charged different rates based on number of credits taken and block tuition pricing model. |
| St Johns University (C) | ☑ | ☑ | ☑ | Students are charged different rates based on college, student program, year and block tuition pricing model. |

*(P): Peer; (A): Aspirational; (O): Ohio; (MAC): Mid-American Conference; (C): Comparable*
**Universities highlighted in yellow are private universities*

# Undergraduate Pricing: Differential Tuition

Of the 18 institutions across comparator sets that price differentiate for undergraduates, 7 (38%) price by college, 12 (66%) price by program, and 11 (61%) price by matriculation level; 9 (50%) price in multiple or overlapping student distinctions.

| Comparator | By College | By Program | By Level | Notes from University Tuition Webpages |
|---|---|---|---|---|
| National University (C) | | ☑ | | Students are charged different rates based on student program and courses. |
| Mercy College (C) | | ☑ | ☑ | Students are charged different rates based on student program and number of credits. |
| University of Alabama (A) | | ☑ | | Students are charged different rates based on student's program. |
| University of Houston (A) | ☑ | | | Students are charged different rates based on student's college. |
| University of Pittsburgh (A) | ☑ | | ☑ | Tuition rated are differentiated by student level and are further differentiated by school and attendance modes |
| Central Michigan (MAC) | | | ☑ | Students are charged different rates based on upper/lower student level. |
| Eastern Michigan (MAC) | | | ☑ | Students are charged different rates based on number of credits taken - block tuition pricing model. |
| Northern Illinois (MAC) | | ☑ | | Students are charged different rates based on student program. |
| Western Michigan (MAC) | ☑ | | ☑ | Students are charged different rates based on student college and number of credits. |

*(P): Peer; (A): Aspirational; (O): Ohio; (MAC): Mid-American Conference; (C): Comparable*
**Universities highlighted in yellow are private universities*

# In State Tuition: Baseline Tuition Differential Rate

UToledo falls below the average and median in-state tuition charges for Ohio peers, in part due to its inability to 'catch up' after the implementation of state-mandated limits on tuition increases.

| University | AY21 In-State Tuition | Baseline Tuition Difference from UToledo |
|---|---|---|
| Miami University | $16,704 | 47.1% |
| Ohio University | $12.840 | 13.1% |
| University of Cincinnati | $12,598 | 10.9% |
| Bowling Green State University | $12,547 | 10.5% |
| The University of Akron | $12,078 | 6.4% |
| The Ohio State University | $11,936 | 5.1% |
| Kent State University | $11,923 | 5.0% |
| **University of Toledo** | **$11,356** | **-** |
| Cleveland State University | $10,460 | -7.9% |
| Wright State University | $10,340 | -8.9% |
| Youngstown State University | $9,953 | -12.4% |
| Shawnee State University | $8,930 | -21.4% |
| Central State University | $6,996 | -38.4% |
| **Average** | **$11,442** | **0.75%** |

# Scenario Planning: Breakeven

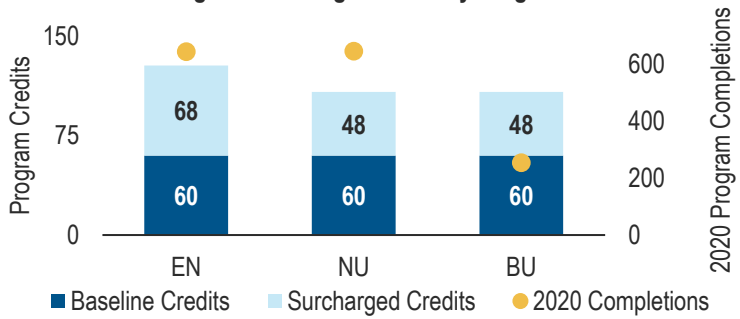
UToledo has seen increasing demand for the colleges of Nursing, Business and Engineering over the past few years that speaks to the institution's ability to command a pricing premium.

## Case for Change

- Since AY 2017-2018 completions of baccalaureate degrees in the Colleges of Engineering, Business and Nursing **have increased consistently along with demand represented by applications and credit hours produced through course delivery.**
- The cost per credit hour produced within these three colleges has benefitted from increasing enrollments, with **Business having the lowest CPCH of the academic colleges ($275) and Engineering ($479), & Nursing ($423)** falling not far from the University average, despite these disciplines' tendencies to dramatically outpace others in expenses. Existing course efficiencies show that these colleges have the ability to withstand small fluctuations in enrollment to achieve a strategic goal.
- **While it is unlikely that programs with consistently increasing demand would see an overall loss in future completions**, the scenario planning to the right represents the loss of students possible in order to break even with the differentials: anywhere from 11% to 45% of the 2020 class. Realizing zero growth or even minimal growth in completions, as projected, would yield significant additional revenue from net tuition.

## Scenario Analysis

**Eligible Surcharge Credits by Program[1]**




**Breakeven Loss of Students by Scenario[2]**

| Program | Scenario 1 $25 surcharge | Scenario 2 $50 surcharge | Scenario 3 $100 surcharge |
|---|---|---|---|
| EN | 111 | 221 | 442 |
| BU | 79 | 158 | 317 |
| NU | 38 | 77 | 153 |

[1]Removes 12 credits from total program requirements for Nursing and Business to account for Upper Division fee potential
[2] Assumes an average net tuition revenue of $10,500 per student, according to FY20 University financial statements and headcount

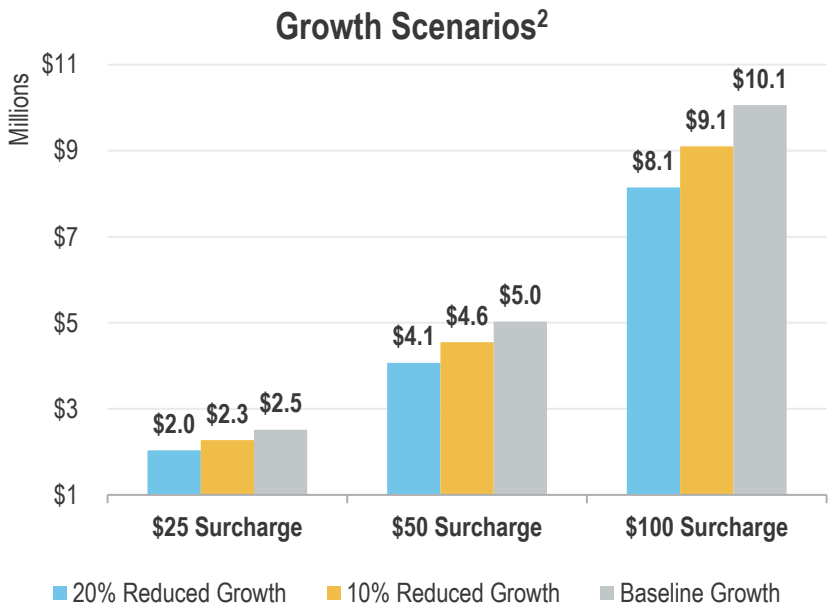
# Scenario Planning: Growth

UToledo has seen increasing demand for the colleges of Nursing, Business and Engineering over the past few years that speaks to the institution's ability to command a pricing premium.

## Case for Change

- Since AY 2017-2018 completions of baccalaureate degrees in the Colleges of Engineering, Business and Nursing **have increased consistently along with demand represented by applications and credit hours produced through course delivery.**
- The below figures represent the **3-year compound annual growth rates of baccalaureate completions** for each college, which are used as the status quo baseline to forecast completions for each scenario analysis:
  - Engineering: 2.8% CAGR
  - Business: 3.4% CAGR
  - Nursing: 14.6% CAGR
- Assuming that **national and institutional trends hold steady** in the upcoming years, UToledo can more likely expect to see **significant revenue gains** through increasing enrollments in these high-demand disciplines.

## Scenario Analysis[1]




[1]Removes 12 credits from total program requirements for Nursing and Business to account for Upper Division fee potential
[2] Assumes an average net tuition revenue of $10,500 per student, according to FY20 University financial statements and headcount

# Fees: Fee Itemization

The below list is a representation of the current outline of student fees by type and program, according to the University's website.

| Fee Name | Mandatory | Optional | Fee |
|---|---|---|---|
| Distance Learning Fee | X | | $25 per DL course |
| Health Insurance Fall | X | | $991 |
| Health Insurance Spring | X | | $1,537 Spring/Summer |
| Health Insurance Summer | X | | $665 (duplicative?) |
| International Student Services | X | | $50 per Semester |
| New Student Registration Fee | X | | $30 one-time |
| Living Learning Community | | X | $50 per semester |
| Legal Services | | X | $10 per semester |
| Legal Services Spring & Summer | | X | $20 per semester |
| Parking | | X | $129 per semester |
| Rocket ID Card | | X | $35 first time and replacement |
| Rocket Payment Plan | | X | $60 per semester |
| Rocket Payment Plan Summer | | X | $50 per summer |
| Student Green Fund | | X | $5 per semester |

| Program/College | Fee Type | Fee |
|---|---|---|
| Arts & Letters | Technology<br>Upper Division | $9/credit hour<br>$25/credit hour (12 max) |
| Business & Innovation | Technology<br>Upper Division | $13/credit hour<br>$26/credit hour (12 max) |
| Education | Technology | $9/credit hour |
| Engineering | Technology<br>Co-op<br>Infrastructure | $17.50/credit hour<br>$475/semester<br>$25/credit hour (12 max) |
| Honors | Honors Program | $25/semester |
| Health & Human Services | Technology | $12/credit hour |
| Natural Science & Mathematics | Technology | $13/credit hour |
| Nursing | Technology<br>NCLEX Prep<br>Upper Division | $13/credit hour<br>$260/semester<br>$50/credit hour (12 max) |
| Pharmacy | Technology<br>Practicum<br>Upper Division | $5.70/credit hour<br>$616/semester<br>$167.63/credit hour (12 max) |
| University College | Technology | $4.50/credit hour |
| School of Visual & Performing Arts | Technology | $8/credit hour |

# Fees: Fee Simplification Recommendations

UToledo has previously created an ad hoc committee in Fall 2018 to assess fee simplification with the goal of combining and reducing the number of lines on a student's bill.

**Recommendations**:

**Undergraduates**: Replace the facility, library information, special services, and UG career services fee to one miscellaneous service fee.

**Course and college fees**: Replace the upper-division and NSM course fees along with Engineering's infrastructure fee – all of which go centrally – with a college fee. Alternatively, combine all but the Nursing and Pharmacy upper-division fees into a single fee. Continue to charge the Nursing and Pharmacy upper-division fees.

**Technology fees**: Consider rolling the current rates into the proposed college fees. The technology fees would remain as designated funds controlled by the colleges.

**Fees that could be eliminated:** Conversations should be held to determine if pre-med/pre dental, Wall Street Journal, and nursing health record fees should be eliminated or repurposed.

| Before | After |
|---|---|
| Facility ($5.20 per cr hr) | Miscellaneous Fee ($14.15 per cr hr) |
| Library Information ($6.00 per cr hr) | |
| Special Services ($6.50 per cr hr) | |
| UG Career Services ($10.00 per cr hr) | |

| Before | After |
|---|---|
| Business (3000-4999) | College of Business Fee |
| Engineering Infrastructure fee | College of Engineering Fee |
| Nursing (3000-8999) | College of Nursing Fee |
| Pharmacy UD Fee | College of Pharmacy Fee |

"A wide array of other fees has given UT an 'à la carte' feel in which students pay for the education they select which means that students are, to some degree, selecting the education they can afford"

"I believe that our mission as a student-centered public university is to do as much as we can to level the playing field. This includes avoiding pricing disadvantaged students out of some fields of study"

# Ohio Institution Fee Comparison

In a comparison of eight fee categories across Ohio institutions of similar enrollment, the University of Toledo falls below the average total fees charged to full-time students.

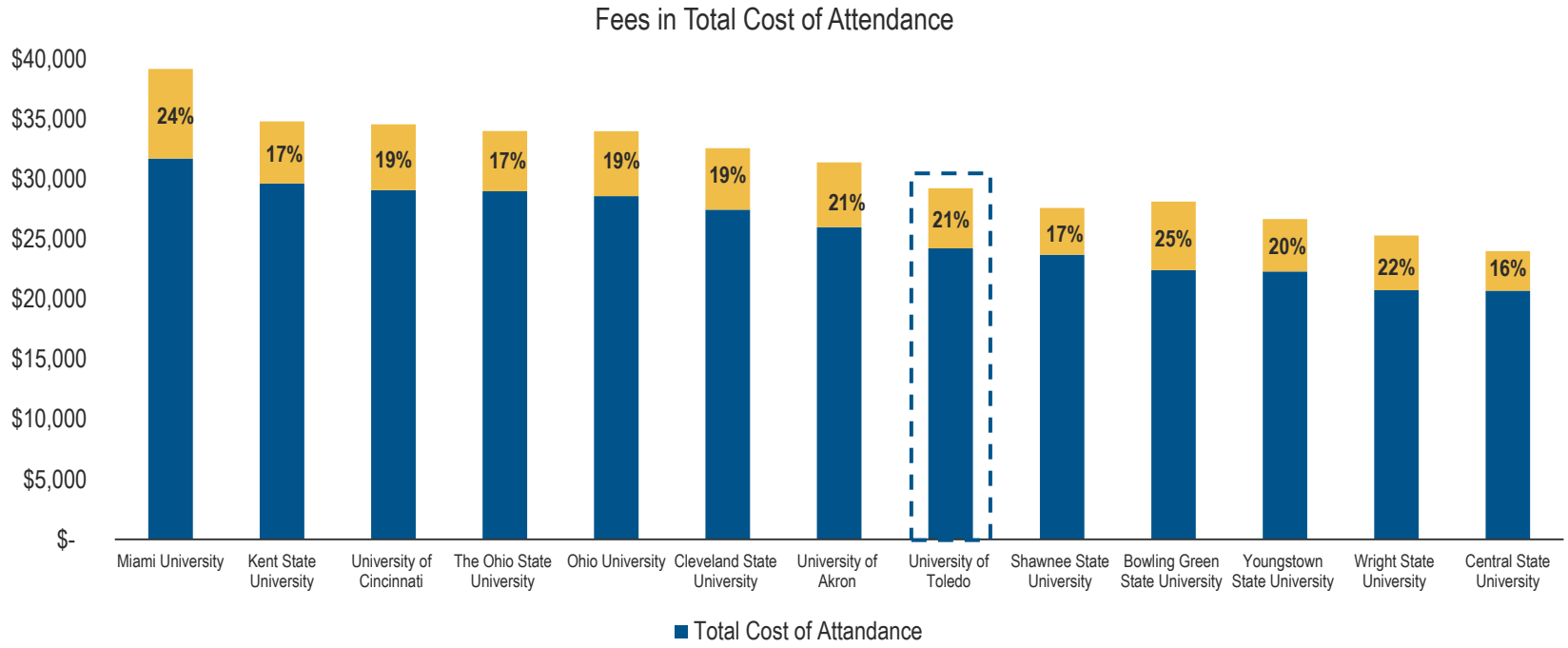
| Annual Survey of Student Charges, Fall 2020[1] | INSTRUCTIONAL FEE | GENERAL FEE | STUDENT ACTIVITY FEE | SECURITY/ FACILITY FEE | LIBRARY/ TECH FEE[2] | CAREER SERVICES FEE | TRANSPORTATION FEE | MATRICULATION/ REGISTISTRA-TION FEE | TOTAL NON-INST. FEES |
|---|---|---|---|---|---|---|---|---|---|
| Miami University | $ 6,072 | $ 968 | $ - | $ 192 | $ 119 | $ - | $ 69 | $ - | $ 1,347 |
| University of Akron | 4,309 | 428 | - | 223 | 206 | 36 | 175 | 30 | 1,098 |
| Bowling Green State | 4,732 | 774 | - | 60 | 102 | 60 | - | 8 | 1,004 |
| Kent State | 4,296 | 810 | - | - | - | 73 | - | - | 883 |
| Cleveland State | 4,270 | 665 | 36 | - | 78 | 48 | 40 | - | 867 |
| University of Cincinnati | 4,661 | 398 | - | 257 | 184 | - | - | - | 839 |
| **University of Toledo** | **4,189** | **619** | **-** | **62** | **126** | **10** | **-** | **7** | **824** |
| Ohio University | 4,732 | 640 | - | - | 33 | - | - | - | 673 |
| The Ohio State University | 4,584 | 186 | 161 | 74 | - | - | 14 | - | 434 |
| **Average** | **$ 4,649** | **$ 610** | **$ 22** | **$ 97** | **$ 94** | **$ 25** | **$ 33** | **$ 5** | **$ 886** |

- Between 2018 and 2020, UToledo's instructional and general fees increased 2% per year each, compared to peer group averages of 1.2% and 0.7% per year
- The 2019 Ohio State Budget designated 2% as the maximum fee increase for non-guarantee students attending state universities
- **According to this information, UToledo's current fee structure falls below the median and thus is more competitive with peer benchmarks than what might be perceived by the community**

1 Ohio Department of Higher Education
2 Technology Fee includes a minimum rate that varies by college.

# Ohio Institution Fee Comparison (Fee Percentage)

In a comparison of Ohio institutions of similar enrollment, on average, fees make up 20% of the total cost of attendance across the schools and University of Toledo's fees are 21% of their total cost of attendance[1].




1 Total Cost of Attendance from University websites; Fees data from Ohio Department of Higher Education

# Fee Governance Structure

The Board of Trustees is the sole authority for establishing all student fees at the University of Toledo.[1]

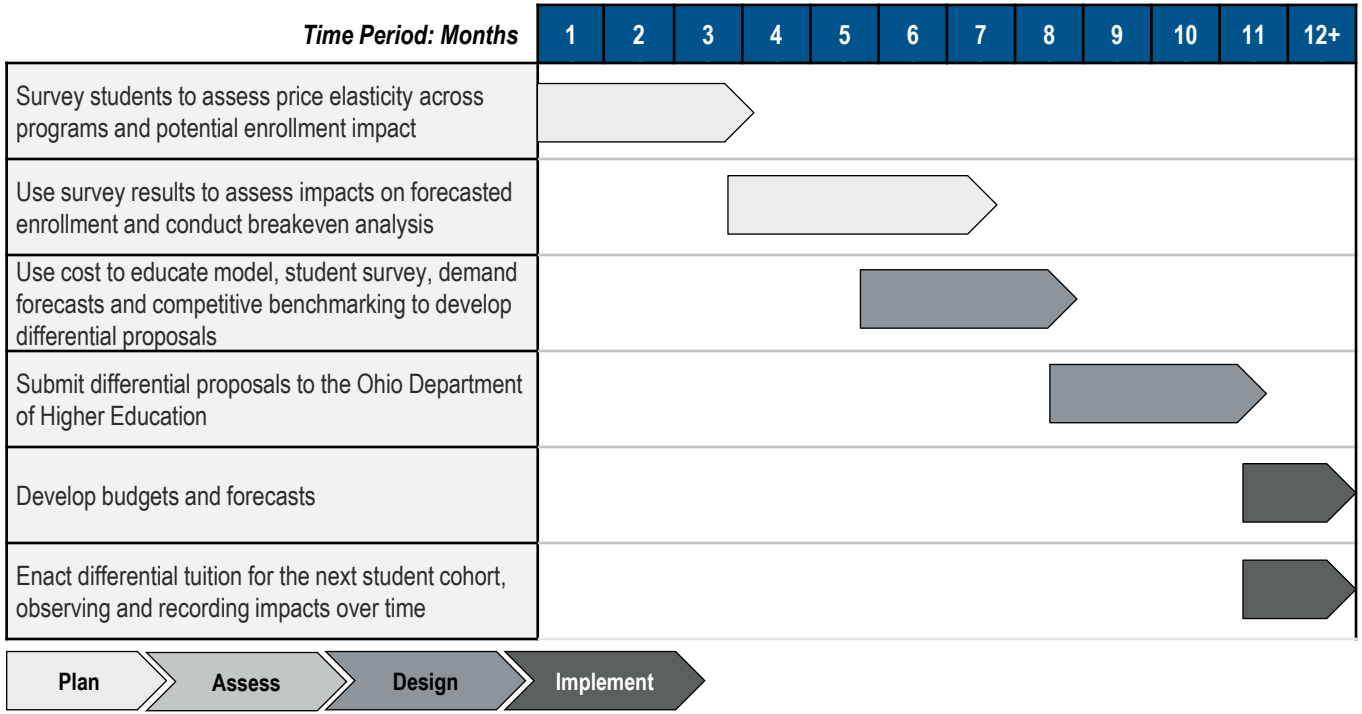
- Several peer institutions in Ohio have governance structures for bodies other than the Board of Trustees to submit and approve different types of university fees
- Decentralized fee governance structures allow for institutions to make decisions more agilely and respond to enrollment, program, and resource needs faster than a traditional Board-approved budget process

| Fee Structure Matrix | PLANNING UNIT HEAD | STUDENT FEE COMMITTEE | INTERNAL FEE COMMITTEE | BUDGET COUNCIL/ OFFICE | PRESIDENT/ BOARD OF TRUSTEES |
|---|---|---|---|---|---|
| **University of Toledo** | | | | | ☑ |
| Cleveland State University | | | | ☑ | ☑ |
| Miami University | | | | ☑ | ☑ |
| Ohio University | ☑ | ☑ | ☑ | ☑ | ☑ |
| The Ohio State University | ☑ | ☑ | | | ☑ |

[1] Student Fees and Accounts Policy

# Case Roadmap: Differential Tuition

UToledo should immediately begin efforts to develop differential tuition planning and to stay in line with the timeline for implementation.




**Key Considerations:**

- Higher cost programs will have higher margin contributions in their tuition
- May enhance the educational experiences by investing in new resources
- Strategic influencing of enrollment in high-demand programs allows for improved quality control

**Potential Risks:**

- State denies the differential tuition approval
- Enrollment revenue loss is more than what is gained
- For lower-income students, this could make majors cost-prohibitive

# 4

IT: Software

# IT: Software

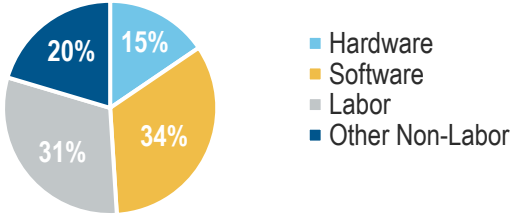
UToledo could benefit from an application and software utilization study focused on rationalizing the current footprint and reduce their overall software and support spend.

## Case for Change

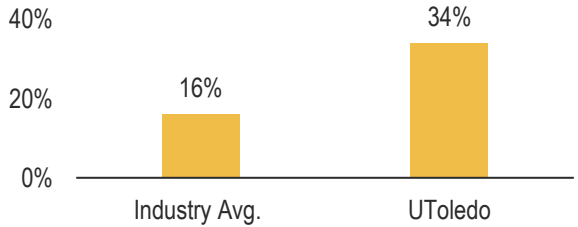
- UToledo IT currently spends an average of **$10.8M on software expenses** per year, accounting for ~34% of the total IT budget.
- The average spend on software in the **higher education industry is ~16%**[1], which leaves significant room for UToledo to streamline their current investment in software and applications.
- By reducing total software spend as a percent of total IT spend, UToledo could save up to **$5.4M per year.**
- Savings project would come through rationalizing software used across the institution. Additional personnel support could be reduced as well.
- It was noted during interviews that the **Epic implementation** project is expected to save a considerable amount of software and operations cost and that other enterprise systems have the functionality that current point solutions provide.

## Analysis & Benchmarking

**IT Spend By Type**




**Software Spend / Total Spend**




| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Information Technology | Applications & Software | $1.6M | $5.4M | ● | ◑ |

[1]Gartner IT Key Metrics Data (2020)

# Software Rationalization Value Drivers

Continuous review, dispositioning, and rationalizing software goes beyond creating management efficiencies and cost control. It also will enable opportunities to move to cloud-based technologies.

## Eliminate App Portfolio Clutter

Software, application, and system sprawl is a growing trend that has made it difficult for organizations to manage the eco-system of technology in an effective manner.

## IT Cost Optimization

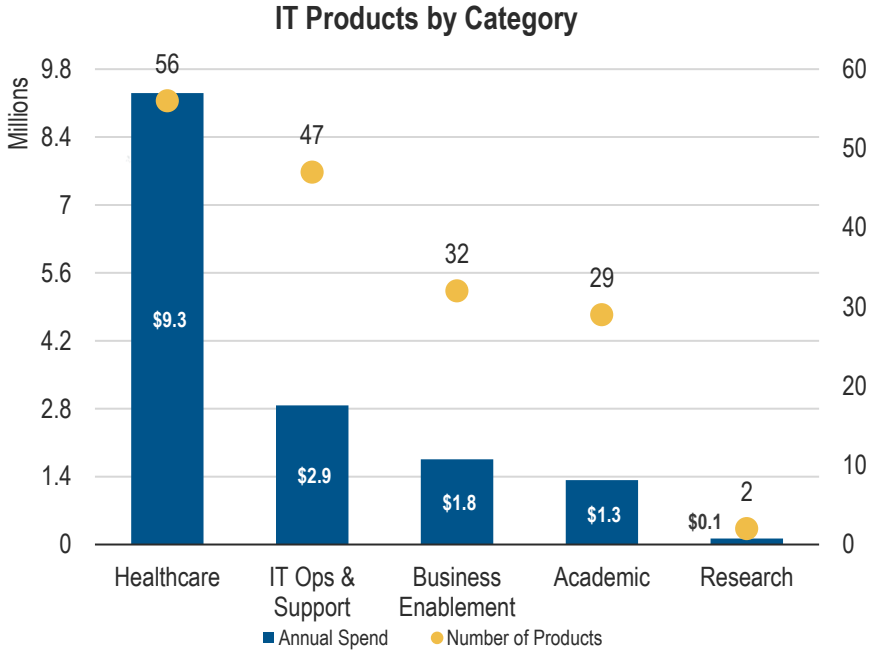
Application rationalization can reduce total cost of ownership by 30% if systems are under continuous review and dispositioning.

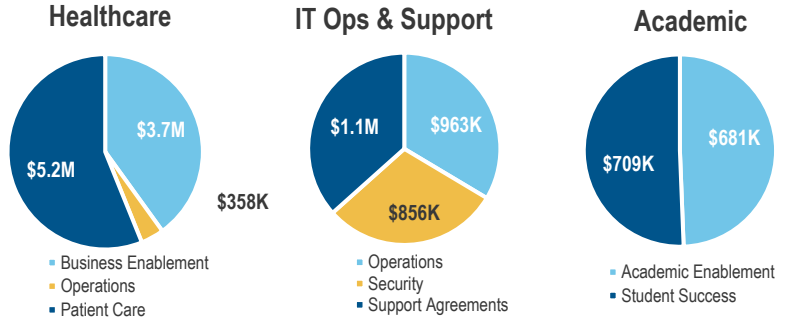
## Cloud Migration Readiness

Organizations need to catalog and assess applications to determine which capabilities can move from on-prem software solutions to cloud platforms that can be scaled and managed more effectively.

# Software Spend by Category

The University's annual spend of more than $15M is categorized below into five primary classifications based on product function. The highest spend and product count was recorded by the Healthcare category.




**Category and Subcategory Descriptions**

- **Healthcare**: Products/systems used primarily or exclusively by the UT health system for clinical purposes
  - **Business Enablement**: Enterprise-wide or category-specific products needed for employee productivity
  - **Patient Care**: Healthcare products needed for the care and treatment
  - **Operations**: Products needed for process and functional support to run Healthcare operations
- **IT Ops & Support**: Products/systems used primarily or exclusively by IT on behalf of the UT community
  - **Support Agreements:** IT Ops & Support contracts for product/system support and maintenance
  - **Operations:** Products needed for process and functional support within IT
  - **Security:** Products used by UT IT for system and asset protection
- **Business Enablement**: Enterprise-wide or category-specific products needed for employee productivity
- **Academic**: Products/systems used primarily or exclusively by Academic Affairs for academic purposes
  - **Academic Enablement:** Products needed for academic productivity
  - **Student Success:** Products aimed at supporting/forecasting student success and outcomes
- **Research**: Products/systems used primarily or exclusively by Sponsored Programs for scholarly purposes

# Current State: Software Rationalization

UToledo has already done considerable work analyzing their current application portfolio for opportunities to terminate contracts and reduce their application footprint.

- The institution's initial analyses identified 18 products for discontinuation **(canceled, will cancel, replace)** but remains active **(new, renewed & pending)** on 148 products spanning five categories.
- The products that are **planned for discontinuation** are estimated to yield a savings of approximately $4.1M on an annual basis. A total of 49 products, across all contract statuses, have **options listed for replacement or substitution.**
- Of the products to be discontinued, 18 are eligible to be **replaced or substituted with the new Epic system**, which alone may save the University an estimated $2.8M annually.
- Of the 165 total products, **38 are categorized as a usage level 1**, indicating that they have a narrow application at just the department level. **128 products are categorized as usage level 3**, signaling a broader infrastructure, up to enterprise-wide.

**Products by Contract Status**

| Status | Healthcare | IT Ops & Support | Business Enablement | Academic | Research | Total |
|---|---|---|---|---|---|---|
| **Active** | **56** | **41** | **23** | **27** | **2** | **149** |
| To be Rationalized | 18 | 2 | 4 | 7 | 0 | 36 |
| Rationalized | 0 | 6 | 9 | 2 | 0 | 17 |

**Annual Spend & Savings by Contract Status**

| Status | Healthcare | IT Ops & Support | Business Enablement | Academic | Research | Total |
|---|---|---|---|---|---|---|
| **Active** | **$9.3M** | **$2.3M** | **$1.4M** | **$1.3M** | **$124K** | **$14.5M** |
| To be Rationalized (Savings) | $3.1M | $25K | $51K | $330K | - | $3.5M |
| Rationalized (Savings) | - | $433K | $119K | $37K | - | $590K |

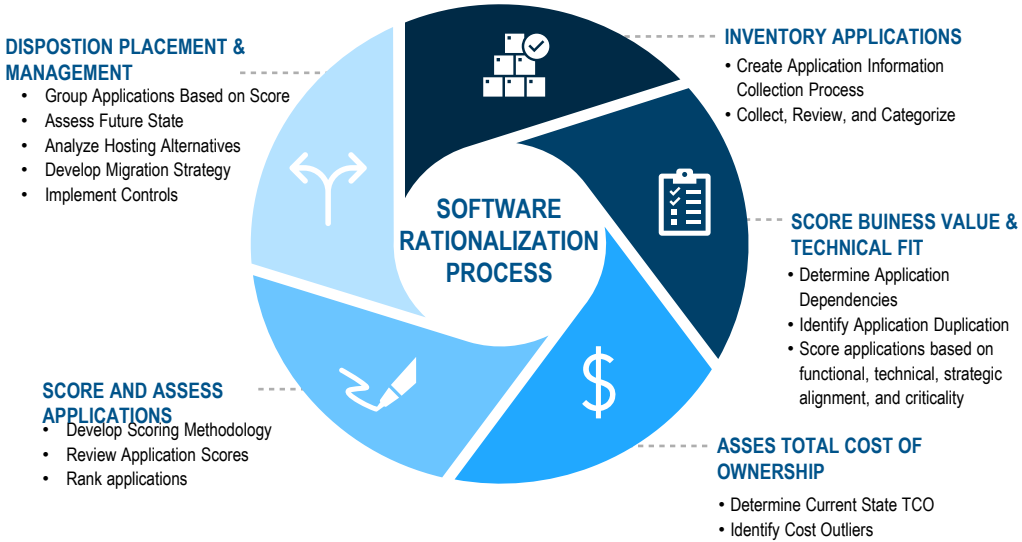
# Software Rationalization Assessment

The following process and guidance can be used to build upon the software disposition work that has been developed to further enhance analysis and support decision making.

## Assessment Best Practice Recommendations

- **Inventory**: additional data should be collected and cataloged to improve analysis and decision-making including software release, technology End-of-Life, vendor End-of-Service Life, user or usage data
- **Value and Fit Assessment**: enterprise applications should be assessed against functionall and technical adequacy as well as strategic alignment and business criticality.
- **Total Cost**: Hardware and personnel support cost should be reviewed to determine true total cost of ownership
- **Scoring**: determine data that should support dispositioning scoring and weight appropriately
- **Disposition**: Further develop disposition categorization, determine future state and timeline for implementation of disposition, and establish controls (purchasing, technology) to minimize future cost impact.

## Software Rationalization Process



# Software Application Disposition Approach

The following quadrant provides an overview of the characteristics related to applications within the portfolio to drive decision making for optimization efforts. Applications are assessed for both short- and long-term scenarios.

**Characteristics**

- Functionally/ Technically Healthy, but not particularly strategic
- May be *required* to run operations
- May be over-investing in this application

**Characteristics**

- May be redundant, difficult to maintain, or based on aging tech
- May contain functionality *required* to run operations


**Characteristics**

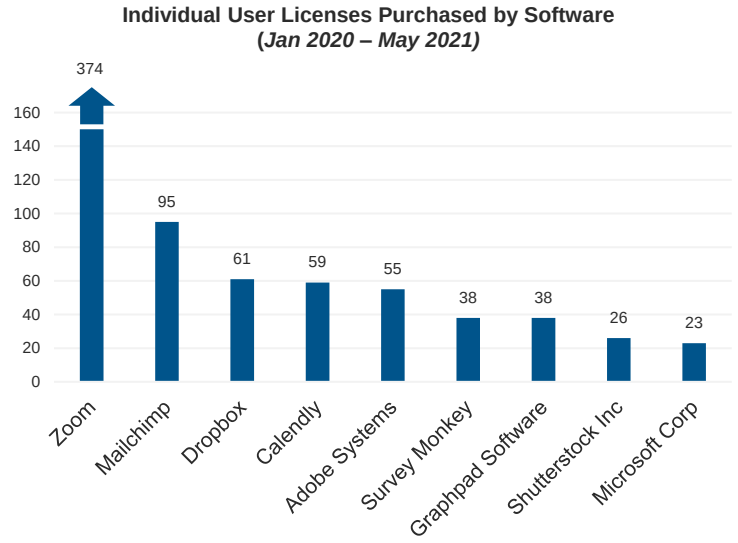
- Application is key to achieving strategic objectives and/or has been identified as long-term solution
- Application is functionally rich, well integrated, high-performing, scalable, and healthy overall

**Characteristics**

- Application plays key role in strategic objectives
- Functionally and/or Technically inadequate
- Application may be in the middle of deployment or upgrade

# Software: End User License P-Card Purchases

UToledo averages approximately $31K per month in off-contract software end user license purchases when analyzing purchase card transactions over the past 12 to 18 months.




| Top 10 Software Purchases by Total Cost | | |
|---|---|---|
| Software | Count | Cost |
| Qualtrics | 12 | 27,933 |
| Zoom | 374 | 20,351 |
| Microsoft | 23 | 18,369 |
| Graphpad Software | 38 | 17,636 |
| Prolific | 9 | 15,391 |
| Respondus | 4 | 11,700 |
| Mailchimp | 95 | 9,630 |
| Vernier Software | 4 | 8,819 |
| Survey Monkey | 38 | 8,431 |
| Articulate | 4 | 7,594 |

**Most of the purchased software are redundant solutions to those that the University already provides or are purchased piecemeal versus purchasing enterprise licenses or establishing purchasing agreements from software providers.**

# Purchase and Use Standardization

In several business enabling categories, UToledo has an opportunity to review current purchased software that can be standardized to one or a few solutions and enter into enterprise agreements that can minimize cost.

**Video, Communication, & Collaboration**
- Zoom
- WebEx
- Microsoft /Teams
- Slack
- Calendly
- Hootsuite

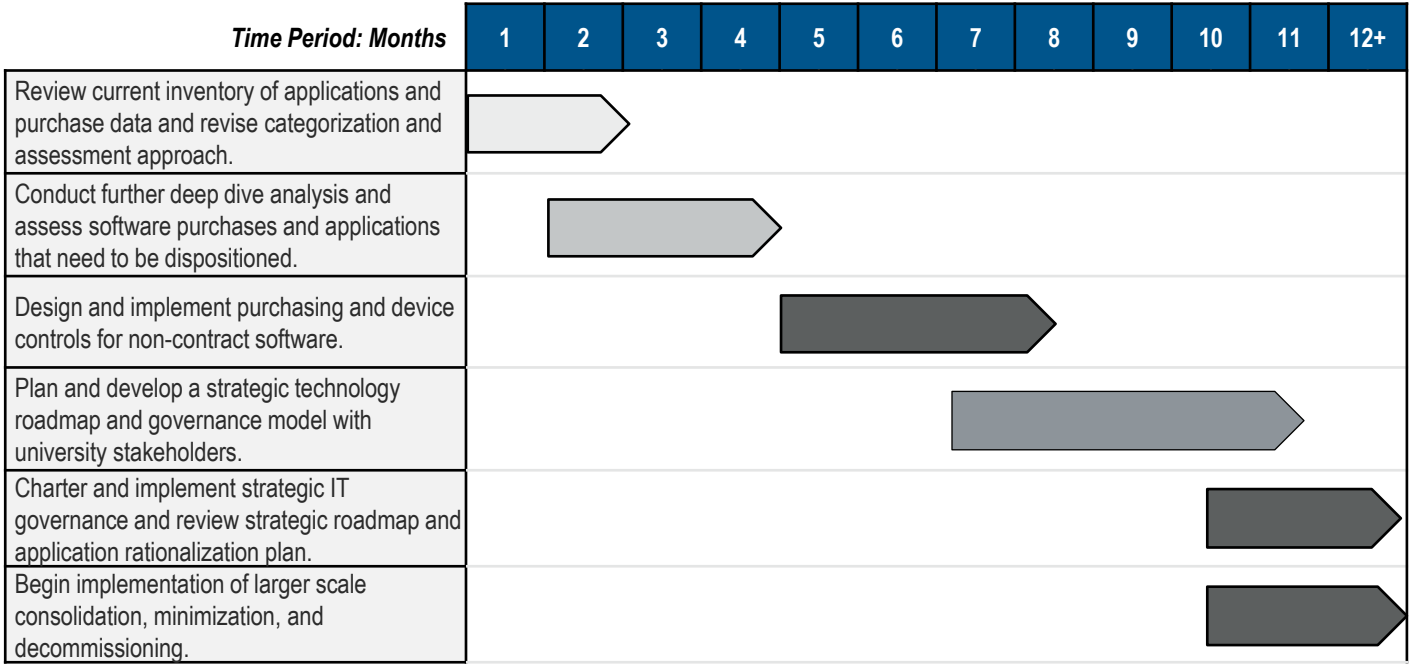
**Survey, Marketing, & Engagement**
- Qualtrics
- Survey Monkey
- MailChimp
- Canva.com

**Content Creation, Storage, & Management**
- Box
- Dropbox
- Microsoft / SharePoint
- Visio (SHI International)
- Adobe

**Teaching, Learning, & Research Enablement**
- Graphpad
- Prolific
- Respondus
- Vernier
- Grammarly
- Screensteps

# Case Roadmap: Software & Application Rationalization

UToledo should build upon the work already performed to assess the application portfolio and non-contract software purchases, which will aide in the development of a comprehensive technology strategic plan and rationalization effort.




**Key Considerations:**

- While there is a large-scale Electronic Health Records implementation underway, which is expected to yield considerable opportunities for application portfolio reduction and operational efficiencies, several core administrative systems should be considered for consolidation or standardization:
  - **Ellucian**: HR & Finance (except UTP)
  - **Lawson**: Procurement (enterprise-wide); HR & Finance at some hospitals
  - **ADP**: UTP Payroll
  - **Solomon**: UTP Finance

# 4

Athletics

# Athletics: Athletics Expense (Continued Analysis)

Huron's continued analysis identified that UToledo spends more per athlete compared to identified peer subset; however, expenses should be considered for their alignment with Department and UT strategic goals.

## Case for Change

- Coaching compensation, including **salary, fringe, and other benefits**, has been excluded from operating expenses to more accurately reflect actual operating expense savings opportunity.
- Based on avg. FB team expenses per athlete, a core driver of total Department costs, and avg. MAC finish from 2014-19, Huron determined a subset of peers to incl. **WMU**, **Miami**, **Ohio**, **Buffalo**, and **NIU**.
- UToledo **ranks 2nd in athletics operating exp. per athlete** when compared to subset of peers. UT Athletics' FY20 expenses totaled **3% of university budget**, compared to an **average of 5%** within the peer subset.
- Potential savings opportunities have been identified within **Game Guarantees Paid**, **Game Expenses**, **Travel**, and **Other Expenses**.[1]

## Analysis & Benchmarking

**FY 2020 Athletics Statistics**

| | Institution (MAC) | Athletics Exp / Student Athlete FTE | Number of Student Athletes | % of Students Particip. |
|---|---|---|---|---|
| 1 | West. Michigan Univ* | $58.5K | 450 | 3% |
| 2 | **Univ of Toledo** | **$54.5K** | **461** | **4%** |
| 3 | Central Michigan | $50.6K | 527 | 4% |
| 4 | Miami Univ.-Oxford* | $48.3K | 630 | 4% |
| 5 | Ohio Univ.* | $46.7K | 436 | 3% |
| 6 | Eastern Michigan | $44.5K | 494 | 5% |
| 7 | Univ. of Akron Main | $44.2K | 583 | 5% |
| 8 | Ball State Univ | $43.0K | 496 | 3% |
| 9 | Bowling Green | $40.3K | 461 | 4% |
| 10 | Univ at Buffalo*. | $39.8K | 513 | 3% |
| 11 | Kent State Univ | $39.0K | 575 | 3% |
| 12 | Northern Illinois Univ* | $39.0K | 440 | 4% |

*Indicates institution is included in Peer Subset used in analyses

| Function | Opportunity | Financial Impact (Low) | Financial Impact (High) | Financial | Complexity |
|---|---|---|---|---|---|
| Athletics | Athletics Expense | $690K | $1.1M | ◕ | ◕ |

1 - Further detail on specific opportunity within each area identified is available in the appendix. Source: The Equity in Athletics Data Analysis (2020 Data) and FY20 Annual Reports

# Huron's Understanding of UT's Athletics Philosophy

Through discussion with UT Athletics leadership, Huron has developed a thorough understanding of the priorities of the Department of Athletics, as described below.

UToledo **prioritizes holistic success** both on and off the 'playing field'. The pursuit of MAC championships and long-term success of UT student athletes are simultaneously prioritized, and on-field success will not be prioritized at the expense of student athletes.

Additionally, as an investment in UT student athletes, the Department **fully funds Cost of Attendance (COA)** scholarships.

UT **outpaces its MAC peers in attendance and ticket sales** resulting in a larger investment in game day expenses (security, ushers, etc.), as well as premium seating hospitality expenses.

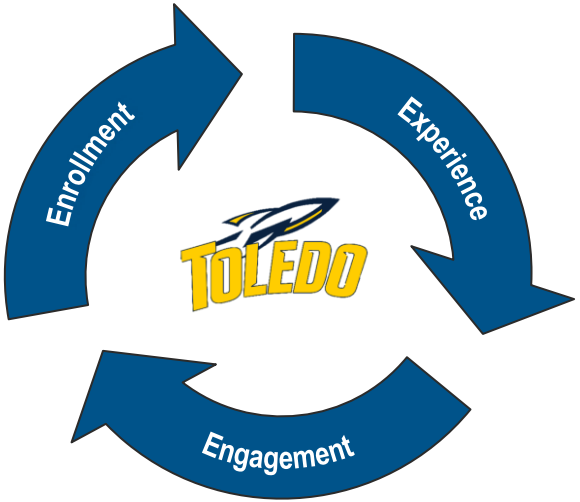
Due to UT's success in fundraising, media rights, and ticket sales, UT has adhered to a football scheduling philosophy of playing one "buy game" against a Power 5 opponent. Playing such "guarantee" games (>$1M/each) should remain a priority as it has both a positive revenue (~$500K more) and expense impact (~$500K less).

**Huron understands the holistic priorities of the Department and acknowledges the importance in considering these ideals when evaluating and pursuing potential savings opportunities.**

# Indirect Benefits of Athletics

While the focus of Huron's effort and analyses is on the financial aspects of the Department of Athletics, we believe the intangible benefits of the athletics enterprise to the University are as important to acknowledge.

- **Intercollegiate athletics play a significant role in raising brand awareness and visibility for universities**
- **There are documented cases of athletics success leading directly to increased applications and enrollments**



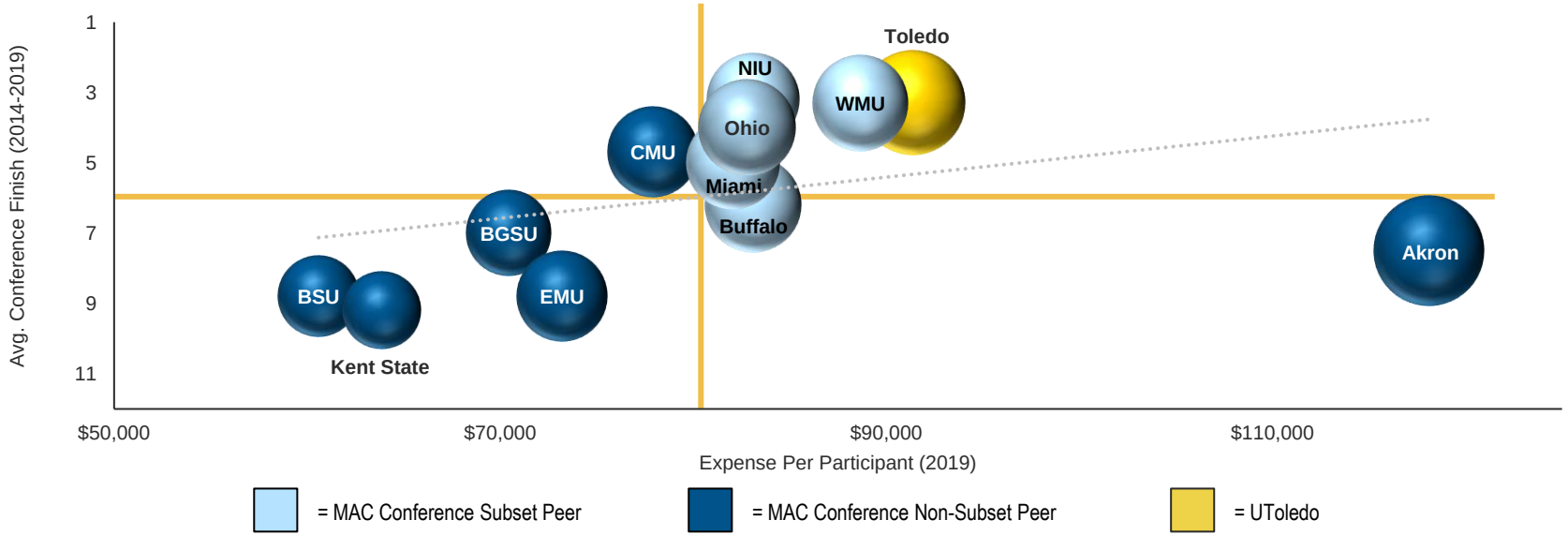

- **Intercollegiate athletics bring together athletes, students, alumni, and fans to celebrate the institution and the mission it pursues**
- **To the extent athletics helps to build a sense of belonging, student persistence and retention strategies can include experiences related to intercollegiate athletics**

- **Intercollegiate athletics is one of the primary ways that alumni and community members connect with their institution**
- **Maintaining engagement is crucial for increasing the likelihood that alumni will consider providing philanthropic support to the institution**

# Football Program Competitive Return on Investment

Aside from Akron, UToledo is slightly ahead of the rest of the MAC in terms of investment per participant, which has resulted in recent on-field success.

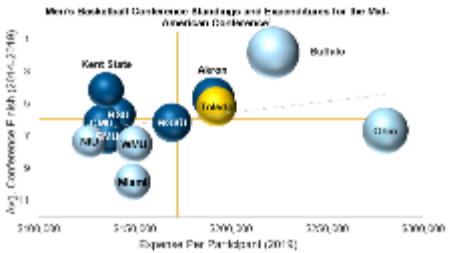
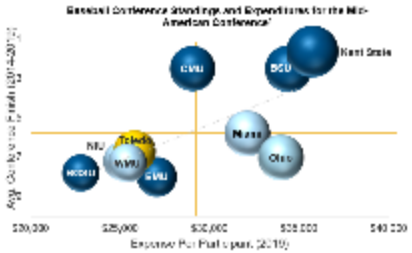
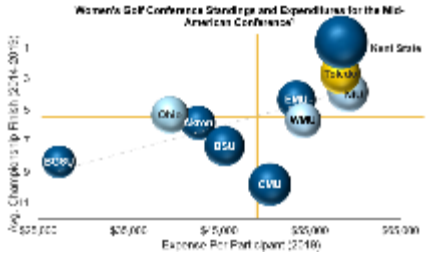
**Football Conference Standings and Expenditures for the Mid-American Conference[1,2]**




1 - Sources: The Equity in Athletics Data Analysis (2019 Data) and the Mid-American Conference website
2 – Bubble size represents FY19 total operating expenses and gold bars represent average spending per participant and average conference finish

# Summary of Bubble Chart Findings

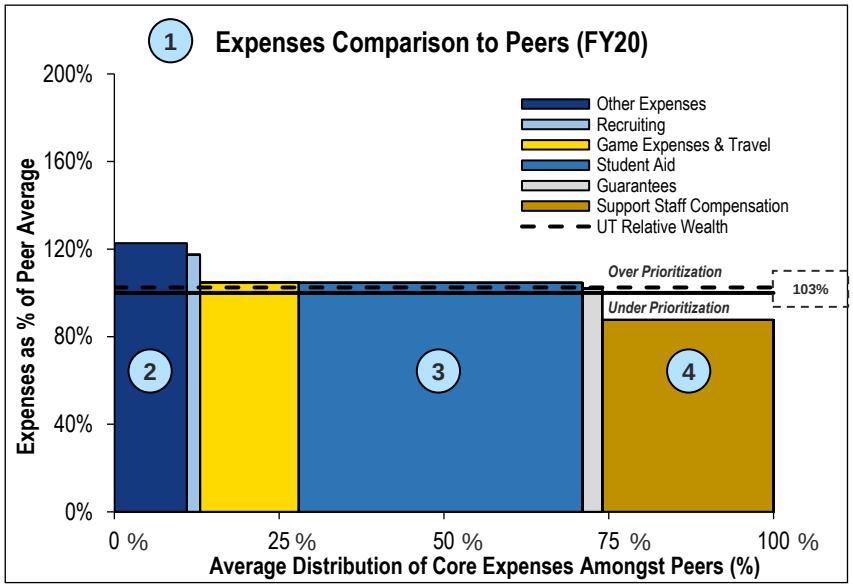
The team specific bubble charts often illustrate one of the three scenarios below, which places additional concern on the validity and ease of implementing potential savings opportunities:

| **Financial Opportunity Sport** (Example: Men's Basketball) | **Currently Underinvested Sport** (Example: Baseball) | **Strategic Investment Sport** (Example: Women's Golf) |
|---|---|---|
|  |  |  |
| • The sport represents a key revenue generating opportunity for the department<br>• Strong investment relative to peers is crucial to a high performing team and thus additional revenue opportunities (e.g., ticket sales and donor contributions) | • UToledo is already spending less than the conference average on a per participant basis<br>• In sports where spending has a high correlation with success, further spending reduction could hinder team improvement potential | • The sport that may not generate financial benefit, but UToledo is one of the conference leaders<br>• Sport shows strong correlation between spending and winning so reduction in spending could lead to UToledo rescinding its position of strength |

Bubble charts use FY19 operating expense data in order to align with FY19 and prior competitive results. FY20 competitive results were avoided due to irregular scheduling and conference championship cancelations.
Track and field and cross country are not included in program specific charts due to inconsistencies in total expense reporting by institution

# Peer Benchmarking

The analysis below highlights UToledo's reliance on various types of expenses compared to its peer set, adjusted relative to its size.




**Key Insights:**

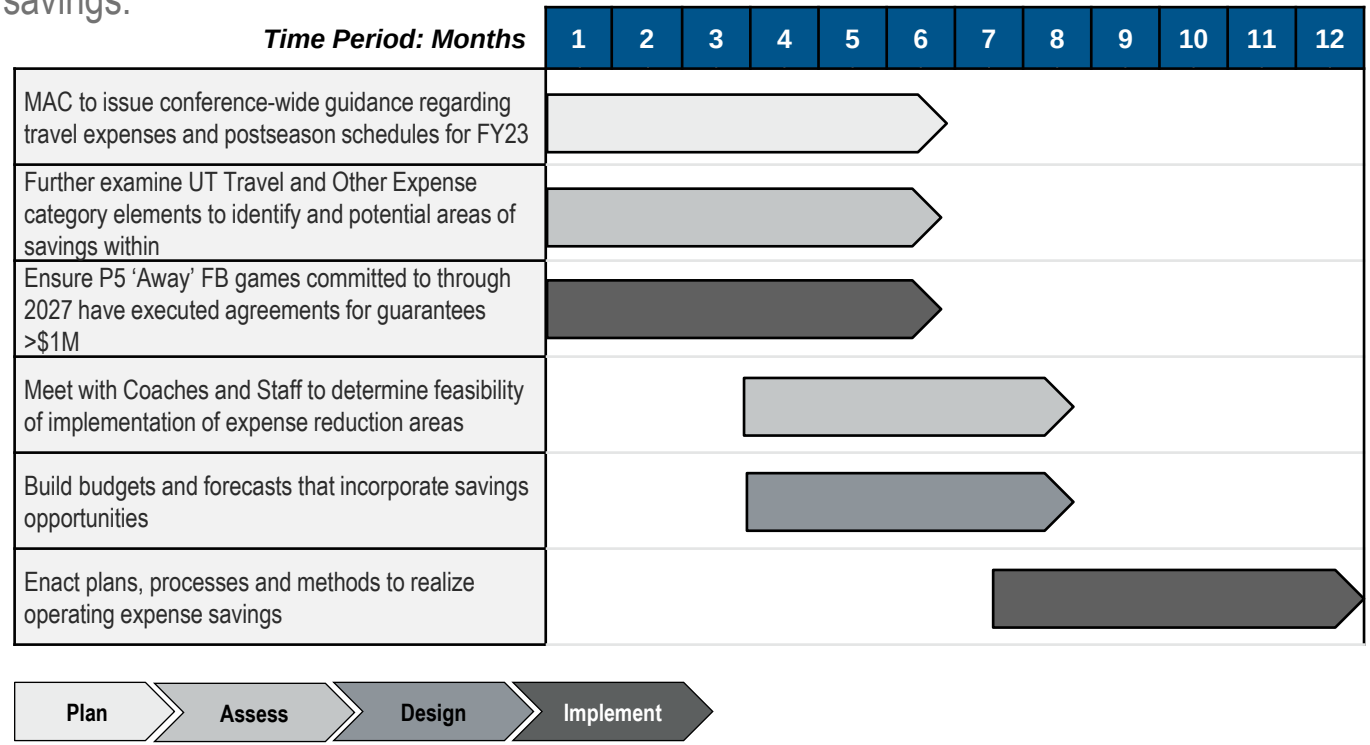
1. UT's operating budget (excl. coaches' compensation) is **$21M, which is 3% larger than the average of its peers.**
2. **Based on its relatively heavy investment into Other Expenses,** which includes team equipment and fundraising/marketing activities, this area could be an opportunity for potential savings. **A reduction of 5% would equate to $150K in savings.**
3. Student aid makes up 44% of operating expenses ($9.2M), however, **due to UT's philosophy towards holistic COA scholarships, it would be difficult to realize material savings by reducing this funding.**
4. **Relative to peers, UT invests 12% less into Support Staff Compensation,** indicating that it may be difficult to further reduce expenses.

**Compared to peers, UToledo invests similarly into Student Aid and Game Expenses & Travel and spends proportionally less on staff compensation (22% v. 26% of operating expenses).**

Source: MAC Financials File 2017-2020 (MAC peers used for comparison are Miami (OH), NIU, Ohio University, Buffalo, & Western Michigan), including NCAA report data
Note: Compensation expense does not include salaries, benefits, & bonuses paid to coaches

# Case Roadmap: Athletics Expenses

UToledo should immediately begin efforts to further evaluate institutional desire to pursue Athletics expense savings.




**Key Considerations:**

- MAC decisions will impact ability to sustain currently realized savings related to Travel
- Other Expenses related directly to fundraising solicitations will need to be identified/isolated
- FB Game Expenses/Guarantees Paid are investments directly related to scheduling decisions

**Potential Risks:**

- P5 conference realignment (SEC/KU) could impact guarantee game availability if not contracted

# 5

## Appendix: Additional Athletics Analysis

# Peer Benchmarking

UToledo sponsors 15 Division I programs, competing in the Mid-American Conference. UToledo participates in sports with strong MAC representation.

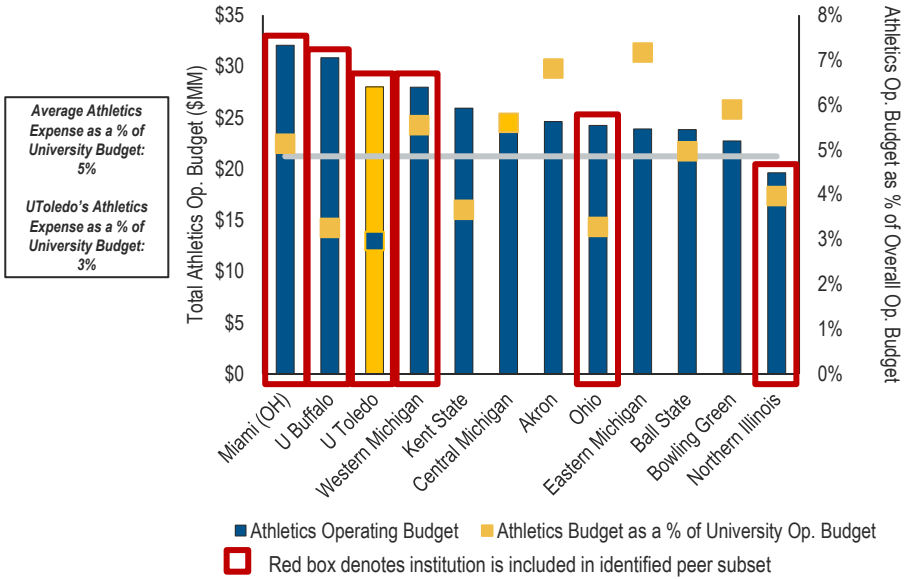
| | | West Division | | | | | | East Division | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | UToledo | Ball State | Central Michigan | Eastern Michigan | Northern Illinois | Western Michigan | Akron | Bowling Green | Buffalo | Kent State | Miami | Ohio | Total |
| Men's | Baseball | | | | | | | | | | | | | 11 |
| | Basketball | | | | | | | | | | | | | 12 |
| | Cross-Country | | | | | | | | | | | | | 8 |
| | Football | | | | | | | | | | | | | 12 |
| | Golf | | | | | | | | | | | | | 7 |
| | Soccer | | | | | | | | | | | | | 4 |
| | Swimming & Diving | | | | | | | | | | | | | 2 |
| | Tennis | | | | | | | | | | | | | 5 |
| | Track and Field | | | | | | | | | | | | | 5 |
| | Wrestling | | | | | | | | | | | | | 5 |
| Women's | Basketball | | | | | | | | | | | | | 12 |
| | Cross-Country | | | | | | | | | | | | | 12 |
| | Field Hockey | | | | | | | | | | | | | 5 |
| | Golf | | | | | | | | | | | | | 10 |
| | Gymnastics | | | | | | | | | | | | | 7 |
| | Lacrosse | | | | | | | | | | | | | 4 |
| | Soccer | | | | | | | | | | | | | 12 |
| | Softball | | | | | | | | | | | | | 11 |
| | Swimming & Diving | | | | | | | | | | | | | 8 |
| | Tennis | | | | | | | | | | | | | 8 |
| | Track and Field | | | | | | | | | | | | | 12 |
| | Volleyball | | | | | | | | | | | | | 12 |
| **MAC Sponsored** | | 15 | 17 | 15 | 15 | 16 | 14 | 14 | 16 | 14 | 17 | 16 | 15 | |
| **Total DI Sponsored** | | 15 | 18 | 15 | 16 | 16 | 15 | 16 | 17 | 14 | 17 | 18 | 15 | |

*Note: Non-Mac sponsored sports are Ball State – men's volleyball, Eastern Michigan – women's rowing, Western Michigan – men's hockey, Akron – men's and women's rifle, Bowling Green – men's hockey, Miami – men's hockey and women's synchronized skating*
*Source: Institutional websites and Mid-American Conference website*

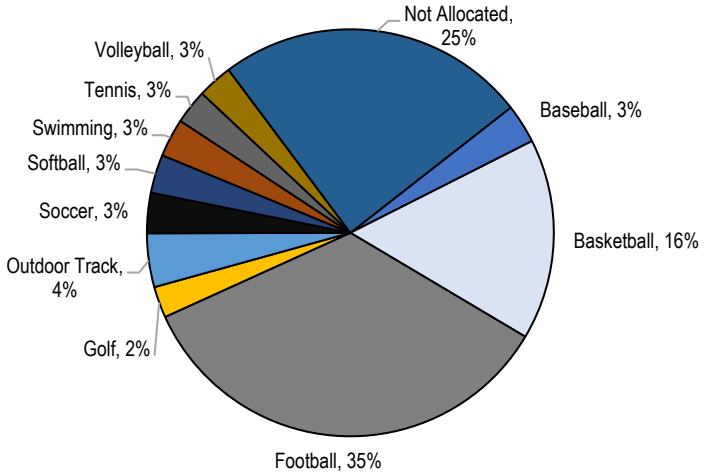
# Athletics: Peer Benchmarking

UToledo's athletics spend is in line with its Mid-American peers relative to overall operating budget in both absolute and proportional terms. Football represents the largest allocation of athletics resources.

**Athletics Spend as a % of Core Operating Budget (FY20)**



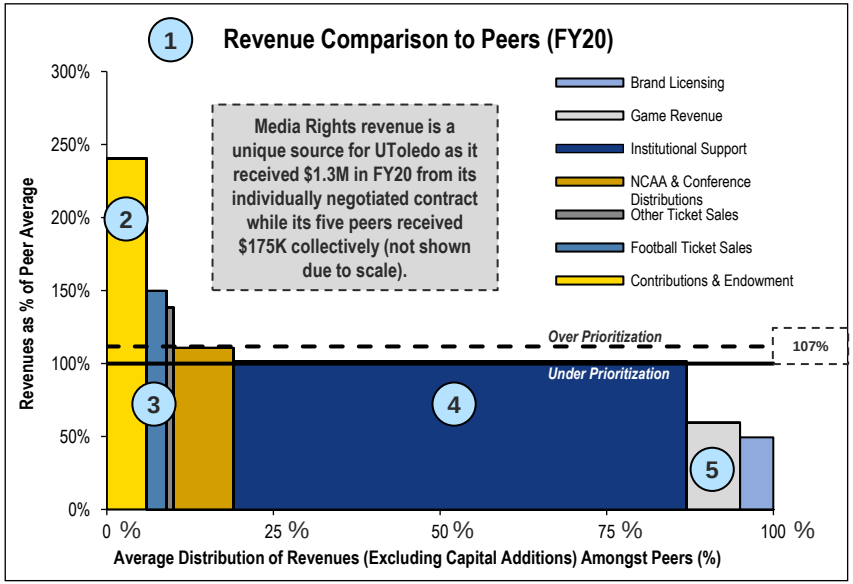

**UToledo Athletics Spend by Program (FY20)**




Source: MAC Financials File 2017-2020 including NCAA report data & Annual Financial Reports

# Athletics: Peer Benchmarking

The analysis below highlights UToledo's reliance on various revenue streams compared to its peer set, adjusted relative to its size.




**Key Insights:**

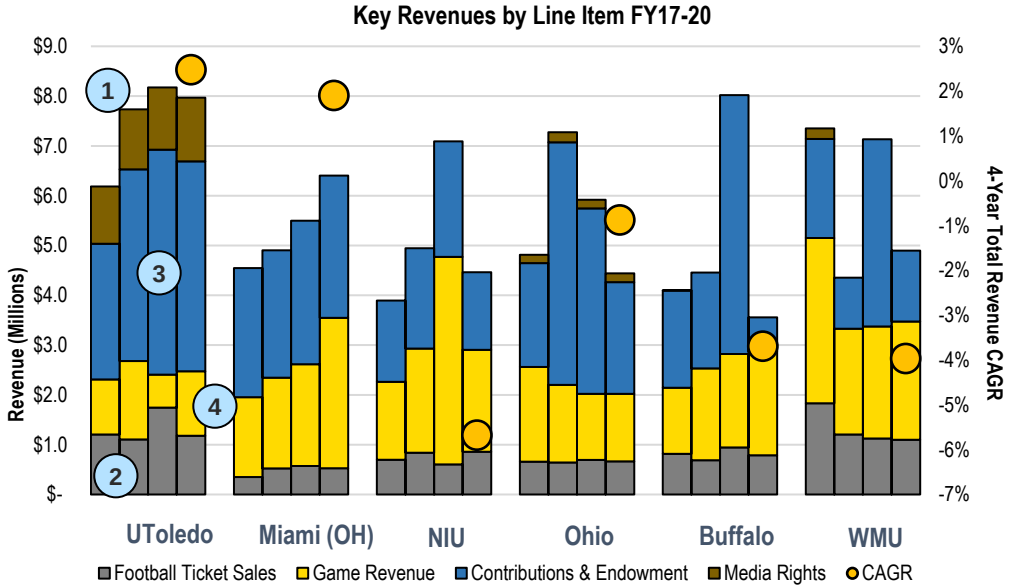
1. UT's operating revenues in FY20 were **$31.6M, which is 12% more than the average of its peers.**
2. **UT received $4.2M in Total Contributions in FY20,** which is significantly more than its peers and supports multiple areas of operations.
3. **A focus on fan gameday experience** is a significant factor into UT receiving more than 50% more revenue from Football Ticket Sales than peers.
4. **Relative to peers, UT is less reliant on Institutional Support,** indicating that athletics department operations financially outperform their peers.
5. **Game Revenue, which includes guarantees from playing road games, could be an area of opportunity** as UT only received $1.3M in FY20, which is 60% of its peer average.

**Compared to peers, UToledo is relatively less reliant on Institutional Support (65% v. 69% of operating revenues) while being more reliant on Contributions (13% v. 6% of operating revenues).**

Source: MAC Financials File 2017-2020 (MAC peers used for comparison are Miami (OH), NIU, Ohio University, Buffalo, & Western Michigan), including NCAA report data

# Athletics: Key Department Revenue Analysis

UToledo's success in securing Media Rights and exceeding peer results in Fundraising and Football Ticket Sales has provided flexibility in non-conference scheduling decisions.




1. UT Media Rights is a relatively unique revenue source, generating $1.3M in FY20
2. UT average Football Ticket sales exceeds peers by 50%
3. UT average Fundraising exceeds peers by 140% (and funds incremental expenses
4. UT Game Revenues (Guarantees Received) are 40% less than peers

**UT should sustain its approach in scheduling at least one FB game annually against a 'Power 5' opponent on the road for a guarantee >$1M.**