



E&E 2.0

***Initiative for enhancing the Effectiveness and Efficiency
of the University System of Maryland and Its Institutions***

Workgroup

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USM Board of Regents Initiative on Effectiveness and Efficiency 2.0

Introduction –

The University System of Maryland (USM) takes seriously its stewardship responsibility to ensure the prudent management of its resources. Over its 25-year history, the USM has consistently strengthened its stewardship role as its mission has expanded and environmental conditions have changed. Based on the outcomes of the fall 2014 Board of Regents Retreat, the challenges now facing the world of higher education in this era of disruption, and the leadership transitions now before us in both the state government and the chancellery, the Chairman of the Board of Regents has established a new workgroup, the Ad Hoc Workgroup on Effectiveness and Efficiency 2.0 (E&E 2.0).

Charge to Workgroup –

The Workgroup is charged with creating a framework for rethinking the USM's operating model with the goals of improving our overall academic quality and increasing the value and impact of higher education to the benefit of the citizens of Maryland, all while reducing its cost structure. Initiatives should support the pursuit of the priorities of USM's 2020 Strategic Plan.

The Workgroup is directed to lead a two-pronged E&E 2.0 effort. The first prong is the development of a near-term plan for identifying and initiating high-impact E&E initiatives that are currently under consideration or may be planned within the current fiscal year. Building on the near-term plan, the ad hoc Workgroup will work with the Chancellor to develop a longer-term E&E 2.0 framework to promote culture change toward innovation, entrepreneurship, performance, and accountability.

The second prong will include planning and implementation of additional initiatives that will be implemented over the next four years under the Chancellor's direction. The Workgroup will meet periodically to review results of the E&E 2.0 program.

Plan for the Ad Hoc Workgroup on Effectiveness and Efficiency – E&E 2.0

I. Overview

E&E 2.0 derives directly from the establishing legislation of the USM:

The Board of Regents shall develop policies and guidelines that:

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(ii) Establish and monitor high standards of operation, including meeting appropriate quality benchmarks, using resources wisely and efficiently, managing personnel equitably, adhering to institutional mission, and meeting the educational needs of the students¹;

The E&E 2.0 process will rely strongly on campus input from faculty, staff, students, and officers. The Workgroup will solicit ideas from all stakeholders, including citizens, business, government, not-for-profit organizations, and others. Additionally, it will review like programs and initiatives in other states and examine possible adaptations from the private sector. The USM website will provide a venue for gathering ideas and for informing stakeholders about the status of USM plans and the various initiatives.

The overall E&E 2.0 process will incorporate practical and effective means of monitoring and accountability. The Workgroup will work with the Chancellor to ensure success of the various initiatives by utilizing best practices to implement and apply proven monitoring and performance accountability measures.

¹ COMAR 12-104 (3)

II. Guiding Principles in Brief

As an expression of our E&E values, vision, and expectations, the Workgroup will be ever mindful of its guiding principles:

1. Honor USM's long-standing values—quality, access, affordability, and fiscal stewardship.
2. Focus on efforts and initiatives that advance the major strategic priorities of the System and its institutions and that benefit the state and the nation.
3. Emphasize collaboration and inter-institutional activities.
4. Use innovation and entrepreneurship to promote culture changes and new operating models that can advance institutional missions and programmatic outcomes.
5. In recognition of its strategic importance to organizational performance, commit to effective and optimal use of technology in support of all system-wide and campus operations.
6. Drawing upon the deep pool of talent that exists across the USM, assign campus leaders responsibility for the planning and implementation of selected USM-wide E&E 2.0 initiatives.

III. Workgroup Game Plan

The Workgroup plan is being submitted to the Board of Regents for its review and approval. The initial phase of this plan is expected to be completed during the 2015 legislative session. Once approved by the Board, the plan will go to the Chancellor for implementation. It is anticipated that it will be discussed with the Governor when feasible.

E&E 2.0 is actually the fourth generation of like initiatives in the system's 25-year history. Early on, the USM, like the rest of state government, followed the state's Cost Containment, which largely focused on ways to cut budgets in tough fiscal periods. In the late 1990's, the then "University of Maryland System" (or UMS) developed an "Efficiency Program and Reporting System" largely focused on ways to continuously improve operations, save dollars for internal reinvestment, and improve the university system's balance sheet. The "Efficiency and Reporting System" also demonstrated that the UMS was not wasteful; rather, it was a good steward of its resources.

In 2003, then Board of Regents Chairman Cliff Kendall created the USM Effectiveness & Efficiency Initiative. Here, the premium was placed on effectiveness, meaning successful outcomes for strategic priorities; thus, course redesign, buying consortia, and other improvements advanced. Since that time (FY2004 through FY2014) the System has saved \$462 million.

Organizational improvement efforts have their similarities, of course, and E&E 2.0 is no exception. But, E&E 2.0 has its distinguishing characteristics. This new campaign seeks to change fundamentally how and what we do to advance our most basic responsibilities like

ensuring student success (e.g., academic transformation) or promoting technology, given its criticality to re-inventing our business model (e.g., adopting some of the effectiveness recommendations from the recent ETTTI² Workgroup, as well as examining IT efficiency by moving to Software as a Service (SaaS), seeking network based shared services, or combining IT services on a broad scale). The effort will also help the USM realize the potential of more effective use of data and analytics in supporting innovation and operations. Finally, E&E 2.0 will help to optimize the growing capacity of the system to forge collaborations and leverage for the USM both internally and externally.

1. The Workgroup recommends the following near-term initiatives. The Chancellor will work with institutional leadership to prioritize the recommendations.
 - Procurement: Improve procurement policies and procedures, especially in the areas of sponsored research, technology transfer, and cybersecurity. These improvements can have substantial impact on effectiveness and efficiency.
 - Differential tuition: For campuses interested in applying differential (higher) tuition levels for select programs at the undergraduate levels, obtain proposals for differential tuition rates, related revenues, financial aid allocations, and program investments in the affected academic programs for Board of Regents consideration.
 - Expand analytics capabilities System-wide through a multi-institutional approach. Applying predictive analytics to increase student success will be a particular focus. Additionally, all USM institutions will use analytics to improve early recognition of individual student problems and provide early intervention.
 - New Academic Programs at USM's HBUs: Support USM's HBUs by increasing, on an incremental basis, attractive academic programs to generate enrollment growth and raise additional revenue while improving academic quality and performance. Collaborative programs between HBUs and other USM campuses are encouraged.
 - E.g., Coppin State University and the University of Baltimore are encouraged to expand their partnership.
 - Faculty Retirement Program: As appropriate within each institution, implement faculty retirement programs, as allowed under Board of Regents personnel policies, to renew faculty and take full advantage of new and emerging academic demands and opportunities.
 - Real Estate Management: Conduct a systemic analysis of USM real estate and other assets to identify potential *highest and best use* opportunities. This study should include the investigation of outsourcing real estate management.
 - Reorganization: Develop and implement intra- and inter-institutional plans for reorganizing current resources to increase effectiveness and efficiencies. (Among the long-term initiatives below is the elimination of inefficient service delivery.)

² ETTTI, *Enabling Transformation Through Technology and Innovation*, was a BOR Workgroup during the 2013-14 Academic Year. Its report can be found as Item 8 under the agenda, <http://www.usmd.edu/regents/agendas/2014/fb20140627.php>

- Outsourcing: Implement as appropriate outsourcing and privatization possibilities related to services and operations to include cost/benefit analyses and assessment of the effects on organizational performance.
2. The Workgroup also has identified a number of longer-term initiatives:
- Leverage University of Maryland University College's (UMUC's) expertise in the delivery of online education and technology to help other campuses offer select academic programs in a manner that benefits both UMUC and the partner institutions.
 - Identify recommendations from the 2014 ETTTI Report for implementation.
 - There were several recommendations related to student retention that have both positive academic and financial implications, including a flexible model for retention that could apply to the wide variety of USM institutions. There is also opportunity to improve student success outcomes through expanding enhanced classroom engagement building on the initial success of course redesigns throughout the USM.
 - While the near-term recommendations above discuss initiating pilot analytics projects, the ETTTI report had a wide range of potentially high-impact, long-term initiatives that should be explored. In particular, the Transfer Pathways and ACES (Achieving Collegiate Excellence and Success) initiatives can benefit from applying analytics methodologies.
 - Prepare the USM for utilization of cloud computing and IT outsourcing.
 - Take full advantage of the latitude offered by the USM's public corporation status to improve procurement processes. Pursue opportunities to automate aspects of the procurement process. Also, identify other activities that hinder effectiveness and efficiency due to state policies that need not apply to the USM.
 - Determine if the ratio of administrative staff to faculty at each institution is appropriate. In areas where there seem to be unusual increases in administrative staffing, investigate the causes of such increases and address as appropriate.
 - Break down silos. Pursue organizational changes that will allow academic and business processes that cross several organizational units to become more effective and efficient.
3. Big picture long-term desired outcomes
- A culture of continuous improvement
 - More multi-campus initiatives and enhanced collaborations
 - Privatization, Outsourcing, and Insourcing wherever appropriate
 - Improved IT security policy and practices
 - Intra-Institutional and Inter-Institutional consolidations, mergers, and reorganizations

This is a high-level perspective, with identified examples in bullet 2 above. To flesh out this list with additional workable projects, the E&E 2.0 Workgroup proposes that the USM hold a workshop in summer 2015, involving a broad range of stakeholders.

4. The E&E 2.0 Workgroup will report annually to the Board of Regents on the progress of the overall initiative.

IV. Proceeding with the Plan

1. While the BOR E&E 2.0 Workgroup can set the agenda and monitor progress, it will require leadership at the institutional and system levels to instantiate action. The Chancellor, working with the institutional Presidents, will have responsibility for implementing the plan.
2. The USM traditionally relies on the plethora of councils, ranging from the Presidents' Council to academic, research, business, and finance, student services and IT councils to examine ideas and assist in implementations. E&E 2.0 will particularly rely on the attention and dedication of the various institutional Vice President-level councils. Additionally it will engage faculty, student, and staff councils in its work.
3. The Workgroup recommends the formation of an operations group to connect the E&E process to campuses. Members of such a group would be the Campus Improvement Agents for E&E. These change agents will consist of campus leaders (e.g., chiefs of staff, chief operating officers, various vice president level officers, etc.) who are designated by the Presidents and authorized to lead E&E on their respective campuses. They will also serve as a System-level coordinating council for E&E.
4. Borrowing a best practice from the University of California System version of E&E, the "Working Smarter" Program, E&E 2.0 will expect the assignment of professional project managers to major initiatives. The intent is to increase substantially our ability to effectively manage projects to successful completion.

V. Keeping Score in E&E 2.0

The common denominator for measuring E&E impact with the state is financial: cost savings, cost avoidance, revenue, and strategic reallocation. These are defined terms that include standards for scoring. Additionally, academic transformation, as well as student success and retention are major areas for potential improvement under an E&E initiative. While there are financial aspects to these improvements, the metrics will be more intrinsic to those activities.

Results must be auditable. Scoring must be of the upmost credibility and integrity, and should be characterized in modest terms to obtain the optimal positive impact.