RECOMMENDED STRATEGIC DIRECTION FOR CSU

REPORT OF THE
PATH TO 2020 PROGRAM TEAM

APRIL, 2017

Cleveland State University

April 19, 2017

Dr. Ronald M. Berkman
President
Cleveland State University
2121 Euclid Avenue, AC 302
Cleveland, OH 44115

Dear President Berkman:

Strategic Direction for CSU

We are writing as the Team for Cleveland State's Path to 2020 Program to transmit one of the major end products of our work: **a recommended overall strategic direction for CSU** based principally on a synthesis of the conclusions and recommendations of the 16 individual projects that have been part of the Program since it was launched in August, 2015. This letter serves as both a summary of that strategic direction and an introduction to the report that follows. That document is organized in six main chapters, and the graphic on the facing page summarizes the direction that the Team recommends.

I. **Cleveland State's Twin Challenges: Renewing the University While Making Ends Meet.** As is well known, the forces at work in higher education today require fundamental changes in the way that four year public universities have operated – nothing short of a major reshaping of course offerings, delivery models, faculty roles, and economic structure. We at CSU understand the challenge of self-renewal and are well along in that multi-year journey.

At the same time, we face intense and chronic economic pressures from a combination of student demographics, heightened competition from other institutions, and State of Ohio funding policies – most particularly tuition freezes and restricted State Support for Instruction. As a result, Cleveland State University simply does not have the money required to invest in the arduous renewal

Tier II

4. Reenergize **Graduate Education,** making it a significant contributor to the University's growth and reputation

5. Sustain steady growth in the number of **CSU Research proposals** by building on current STEMM capabilities and strong programs in the Arts, Humanities and Social Sciences; by investing in industry partnerships; and by further encouraging a supportive research culture

6. Steadily increase the University's importance as an **Anchor Institution** for the Greater Cleveland area, with special emphasis on 5-10 high impact partnerships

IV. **Organizational Capacity Building Requirements.** To deliver against a demanding set of substantive strategic priorities, any enterprise must have the commensurate and aligned organizational capacities – the individual talents, institutional skills, processes, organization, and culture to get the job done. Because this is especially true in the complex ecosystems of a university, the Path to 2020 Program asked each of the project teams to think through the specific capacities required to implement their recommendations.

Chapter IV of the document sets out the four capacities - summarized below – that are a synthesis of this work, and explains what is needed to put them in place.

Organizational Capacity Building Requirements

1. Maintain a set of **University Level Forums and Processes** that effectively integrate organizational entities and bring both collaboration and a CSU perspective to strategic and operational decision making and execution

2. Migrate CSU's information technology platform to a **Cloud-based ERP**

3. Continue to improve **Fundraising Effectiveness and Results**, grounded on the growing impact of a "culture of giving"

4. Maintain the University's current **P C669.2z691 184.2Q 0.24y.**

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Exhibit 1

I. Cleveland State's Twin Challenges: Renewing

The Path to 2020 Team's judgement is that CSU's Fiscal Year 2017 total budget of roughly $300 million would need to increase by roughly ten percent – or $30 million – to fund our full list of such transformational requirements while achieving a breakeven operation.

The circumstances that prevent such an investment are straightforward from a **revenue** standpoint.

- For Fiscal Years 2016 and 2017, the State of Ohio mandated no tuition increases for in state undergraduate students. Our revenues for Fiscal Year 2018 beginning July 1, 2017 would have been $4 million higher with a modest two percent annual increase. The current version of the biennial budget proposes a continuing freeze, which – if enacted – will result in tuition revenue $8 million below Fiscal Year 2015 going into Fiscal Year 2020.

- State Support for Instruction (SSI) has declined from 38 percent of CSU's operating budget in Fiscal Year 2011 to 30 percent in Fiscal Year 2017. The comparable absolute dollar amounts are $73.4 million and $75 million respectively, and we are told to expect little or no increase for Fiscal Year 2018. Had CSU's SSI allocation matched our productivity increase of 17.1 percent in undergraduate degrees, the University would have received some $12 million more in SSI in our current Fiscal Year.

On the **cost** side of the equation, CSU's total current dollar unrestricted operating expenditures have risen by an average of 2 percent annually over the last five years, and – in turn – most of that increase has been in employee salary and benefits, barely keeping pace with inflation. On a 2011 constant dollar basis, CSU's budgets have been practically flat

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The substance of this overall direction which was summarized graphically in the previous letter to the President is shown again on **Exhibit 2**. The 2020 Team believes that with determined implementation it will represent a successful second five years of CSU's renewal journey and will result in a Cleveland State in the early 2020's which is even more impactful than today in serving our students and the Northeast Ohio community.

II. Reenergized Building Blocks:
Mission, Vision, and Values

Mission, Vision, and Values represent an enterprise's core identity, and – as shown earlier - are

Accordingly, a 2020 Project Team was charged to "Develop updated Mission, Vision, and Values statements with content that energizes the University and is engaging to the broader community."

The Results

The Team designed its process in Summer, 2016 and conducted its first workshop with the Senior Leadership Group at the President's Retreat on August 10. The 30 leaders were divided into five groups which each developed a recommended mission by "telling a story" about CSU when "we

- **Incorporate the new Mission, Vision, and Values in the University's many communications vehicles,** both print and electronic. These elements of CSU's core identity may well merit a broad-based communication program developed by the leadership of the Marketing & Communications Division in collaboration with the Office of Program Management and then endorsed by the President's Cabinet and Senior Leadership Group. At a minimum, however, they should be used to update the language currently on CSU's websites and in printed materials across the University.

- **Consider a series of workshops with key stakeholder groups.** Experience shows that Mission, Vision, and Values come to life when discussed in small groups of employees, volunteers, and external constituents – with a focus on what they mean in practical terms for day – to –

Most significantly, an institution – wide focus on Student Success has resulted in impressive gains. Six year graduation rates for IPEDs freshmen cohorts have increased from 30 percent for the cohort to graduating in 2011 to 40 percent for the cohort graduating in 2016 – an improvement of over one third. An important contributor to increased freshman graduation is steady increasing retention rates from the freshmen to sophomore years – from 66 percent in 2011 to 71 percent in 2016.

The table below (**Exhibit 5**) shows a broader picture: historical results for ten cohorts of both entering freshmen and transfer students, summing to an overall weighted average graduation rate of 48.7 percent in 2015 – close to a one fourth increase since 2006.

role in these, and supporting their major programs is an essential part of this highest strategic priority. These efforts include:

- Career Services, including internships
- Counseling Services
- Food self-sufficiency
- Access to health care and health insurance
- Affordable student housing
- Access to child care services

The list of other CSU departments that support Student Success is long. To mention just several, the International Division has countless services to meet the particular needs of our some 1,700 international students; Financial Aid and Treasury Services administer approximately $50 million annually in grants and scholarships; the Athletics Division provides a range of academic advising and other services to help enable over 300 intercollegiate athletes enjoy

The Committee began its work in Fall 2015, under the leadership of a newly appointed Director of General Education. Among many other activities, the Committee organized a summit on Undergraduate Education in the 21st Century, held in April 2016 with both outside and CSU experts.   Summit attendees responded to directed questions and provided numerous suggestions

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At least partially as a result, CSU today is behind competitors in providing such an offering and in capturing the revenue opportunities it can provide.

With the aim of addressing this shortfall, a team of faculty, staff and administrators was assembled in Spring 2016 with a 2020 project charter to develop strategies for 1) Building and expanding on current continuing education initiatives as CSU's adult learning centerpiece; 2) Supporting CE academic units' efforts to build relationships with local employers, and 3) Marketing customized, high-quality, research-based non-degree programs and professional certificates for adult learners.

The Team produced w

3. Drive Recruitment Across all Student Segments

The third of the Tier I substantive Strategic Priorities calls for a continued and concerted University level effort to be a winner in the highly competitive battle to recruit new students to CSU. The underlying rationale for recruitment – together with its companion, Student Success reflected in retention and graduation – is compelling: to fulfill the University's mission to provide a high quality, accessible education for the largest possible number of Northeast Ohio residents; to generate sufficient revenue to

To execute CSU's new student segment strategies the Group has recommended a number of individual expense investments totaling roughly $800,000 annually. The payback from those is rapid and substantial, reflected in the tuition generated by more enrolled students – and to date a significant portion of these investments have been approved.

Implementation plans also include a variety of steps to improve the impact of CSU's countless recruitment and retention efforts in each student segment, under the umbrella of effective cross-functional coordination for the first time in the University's history. If the targets for each segment are met, the University's enrollment efforts will generate significantly more students in a tough competitive environment, but with only modest additional expenses. As the 2020 Team sees it, sustaining these efforts are clearly one of CSU's top three strategic priorities over the next five years.

Tier II – Graduate Education, Research and Anchor Institution

Making up the remaining three Strategic Priorities are the urgent need to reenergize Graduate Education, to further strengthen Research, and to implement a comprehensive Anchor Institution Strategy.

4. Reenergize Graduate Education

Ten years ago in 2006, Graduate students numbered 5,617 and were roughly 37 percent of CSU's overall student population. The University was distinguished for the large number of Northeast Ohioans who furthered their education and careers. In Fall 2016 there were 4,135 graduate students, and the comparable percentage was about 24 percent. Student Credit Hours have generally mirrored this decline, with the accompanying significant loss of tuition revenue to the University.

In this context, the Strategic Enrollment Task Force's

enrollment and to strengthen the role and effectiveness of the Graduate School. In particular, the Project's charter had three principal objectives:

- Develop a comprehensive approach to increase graduate student recruitment and retention

- Identify programs and certificates with the potential for increasing enrollment and/or enhancing

Indeed, according to the Chronicle of Higher Education Almanac, CSU led all U.S. universities for increases in research spending in science and engineering between fiscal years 2004 and 2013. CSU was first in the nation for the greatest increase in total research spending, with a 298% increase;

6. Increase CSU's Importance as an Anchor Institution

Cleveland State's Mission includes "Empowering **Communities**" and our Vision asserts that "We will be an **anchor institution**". Making good on these is therefore a Strategic Priority: "Steadily increase the University's importance as an anchor institution for the Greater Cleveland area, with special emphasis on 5-10 high impact partnerships".

As CEOs for Cities has written, "anchor institutions" as a term was developed in 2002 by Harvard

- Local capacity building through educational training, incubator space, and in kind resources provided by the College of Business and the Law School

- Community economic development, principally in the Campus District and Central neighborhoods

- Commercialization of research shown by the close working relationship with Parker Hannifin and other companies

- Contributions to public policy thinking and decision making as evidenced by the studies and projects curved out by the College of Urban Affairs

- Support of minority firms, now reaching 8 pė0. bySU's total pu 504 0 Thasm /TT1 1s and closm /TT

- Have a close working linkage with the Division of Engagement and particularly its Vice President.

- Include the senior academic and research leaders of the University to ensure that anchor institution work is deeply embedded in CSU's curricula and research programs.

With such a mechanism in place, the Team's work plan calls for a completed report and recommended strategy in Fall 2017.

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In summary, all six of the recommended Strategic Priorities for the five years ahead are consistent with those that the University has pursued – on balance with excellent results – in the years past, certainly since 2010. Explicitly or implicitly followed they have served CSU well, and the 2020 Team believes that staying the course will result in a yet stronger Cleveland State in the early 2020's.

IV. Organizational Capacity Building Requirements

As is well known, even the best of substantive strategies often fail for lack of execution. This is typically due to an institution's failure to put in place the elements of "organizational capacity" required to implement the strategic priorities which have consumed most of the time and energy

As a Path to 2020 project, the Group (SEMWG) was chartered to develop detailed strategies for each of the six student segments that the Task Force recommended as the building blocks of CSU's overall recruitment game plan. That work was completed and documented in a Path to 2020 report in January 2016. For each segment, the SEWG recommended recruitment and retention strategies, and the actions and supporting investments needed to implement them which were subsequently endorsed by the Executive Committee.

Although far from perfect, the SWEG has brought previously fragmented efforts across the University into a stronger and more forceful attack on CSU's formidable enrollment challenges. The 2020 Team believes that ensuring the effectiveness of similar cross-cutting leadership bodies and their supporting processes should be an ongoing matter for senior leadersT6. (or 72.28 260.6cm BT 50 0

2. Migrate to a Cloud-based ERP

Information technology permeates nearly every aspect of a university's administrative and academic operation, and is steadily increasing in its potential impact and importance. Cleveland State's legacy PeopleSoft IT platform is viewed by the entire University community as a steadily growing burden.

- Non-productive system maintenance and upgrades consume 75% of Information Technology's budget and people.

- CSU is facing an estimated 5-year requirement for $4.5 million in legacy system upgrades, starting with at least $1 million in Fiscal Year 2018.

- The hundreds of efficiency ideas generated during the 2020 Administrative/Institutional Support Cost Management Project documented the continuing drag of CSU's large proportion of paper-based business processes and called for IT-based solutions.

- The University struggles with inefficient, ineffective tools for key IT activities and functions – notably mobile enablement, business continuity, and data analytics.

The 2020 Team believes that migration to Cloud is an imperative for CSU, and the only question is when. Nearly all industries – including Higher Education – are moving away from on-premises hardware/software because of compelling benefits. Most important is productivity improvement and cost reduction from redesign and complete automation of business processes. Other benefits include lower long term IT costs, enhanced security, greater technology flexibility, and strengthened business continuity capability.

Moreover, software companies are therefore on the same aggressive path, and will make it very difficult for those organizations who stay with outmoded on-premises capabilities by imposing frequent expensive upgrades for legacy systems, such as PeopleSoft/Oracle. Within as few as five years, many industry experts believe these companies will refuse to support on-premises capabilities altogether.

The Team further believes that while the estimated $15 million in required investment is considerable, it is manageable over a 4-5 year period and paybacks are potentially attractive. Such a payback depends on using implementation of the ERP as way to "force out" an annually recurring cost reduction through the process redesign and automation which is an integral and essential part of the migration. A target of an annually recurring savings of $5 million woul 0.2 (urri) 0.2 (ng

3. Continue to Improve Fund Raising Effectives and Results

Until recent years, raising philanthropic funds was a relatively low priority for Cleveland State, in common with most public universities. This changed in 20__ which saw the launch of a major effort to build up the University's capabilities in the Advancement Division – both to raise annual giving and to launch and successfully complete a major fund raising campaign.   For the latter, the result was the $100 million ENGAGE Campaign publically announced at Radiance in May 2015 - with a rallying theme of significantly improving student access and success through both spendable and endowed scholarships.

ENGAGE has been a success in communicating the need for private sector support and expanding CSU's donor base. The $100 million goal is in sight

4. Enhance the University's physical infrastructure

In the last ten years, Cleveland State has steadily improved its physical campus to the great benefit of all in the University community and to the appearance and vibrancy of the Campus District and the City of Cleveland. A critical fourth capacity building requirement is first to sustain this infrastructure through required ongoing maintenance and catch ups on deferred projects, and second to invest in further physical
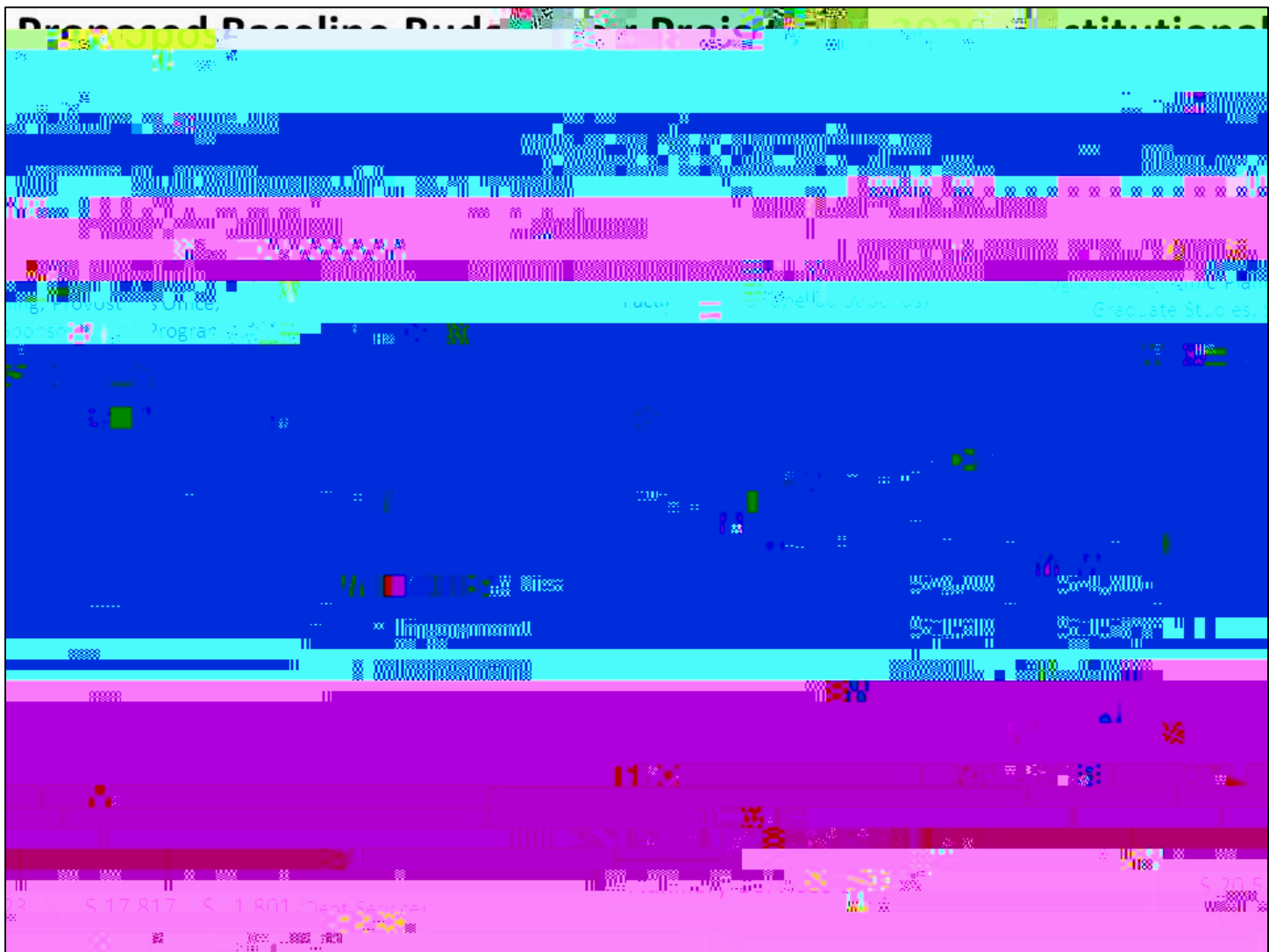
Exhibit 6

The project also made recommendations on reserve designation, on guidelines for funding and approving individual projects, and for assessing the impact of reserve usage on the State of Ohio Senate Bill 6 financial ratios and the Higher Learning Commission's Corporate Financial Index (CFI)

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The actions above are daunting, but essential for Cleveland State's success going forward. As underscored at the beginning of this chapter, all the other components of CSU's strategic direction depend on a strong and stable financial foundation.
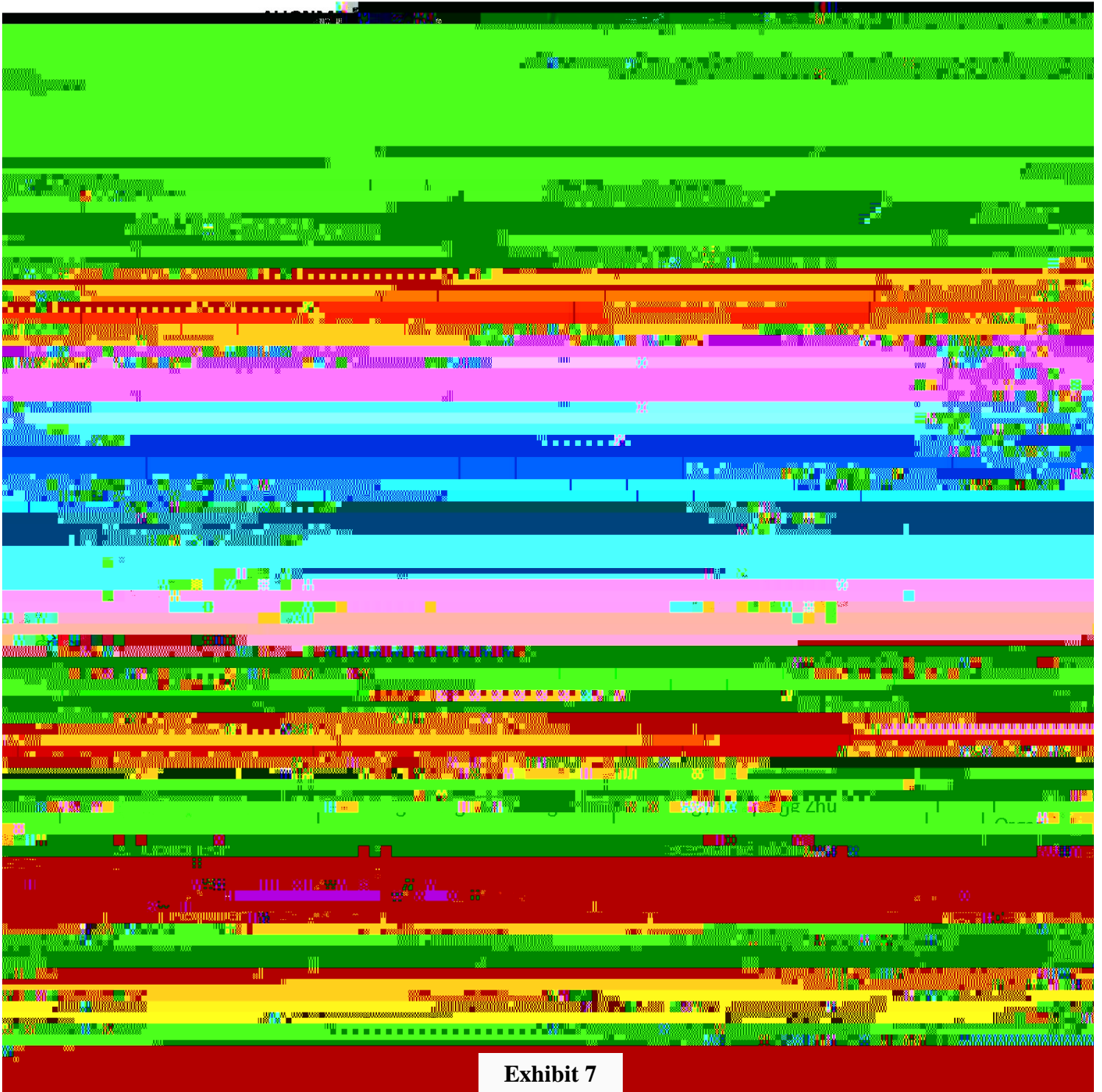
Exhibit 7

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VI. Strategy Implementation

With the writing of this document, the Path to 2020 as a temporary project-based organization will formally end. More specifically, on May 1, 2016 the oversight and support of ongoing implementation actions will become the responsibility of the Office of Performance Management – taking on this role on behalf of the President and the

3. **Fund Raising Effectiveness** leadership lies clearly with the Vice President - Advancement

4.