

What Does It Mean to Be an Efficient University?

By Alina Tugend JULY 14, 2019 PREMIUM



Heather Ainsworth for The Chronicle

Donald Loewen holds two vice-provost positions at Binghamton U., overseeing both enrollment (from his office at left) and undergraduate education (from his office at right). He acknowledged that it is unusual to have one vice provost responsible for two large areas. “You need to have a very strong team in place,” he said.

Paul Friga wants universities to become more efficient, and he says he can help.

For \$25,000 to \$75,000 (depending on size), universities can join the Academic Benchmarking Consortium (ABC Insights), provide their spending data to its researchers, and find out how their administrative costs line up with their peers’. So far 32 colleges and universities have signed up to be a part of the consortium.

"It used to be more resources per person was viewed as a positive, but to what end?" said Friga, chief strategy officer of the company, which he co-founded five years ago. He is also a clinical associate professor in the business school at the University of North Carolina at Chapel Hill.

In an era of diminishing state support and rising tuition, calls for higher education to be more efficient have become routine. But the goal isn't new. It dates back at least to 1910, when Morris Cooke wrote [a report](#) to the Carnegie Foundation called "Academic and Industrial Efficiency."

"The cost of university education has risen throughout the world," wrote Cooke — who is described in the report as an engineer specializing in the organization and management of industrial establishments — "but nowhere so rapidly as in the United States. ... Not only is this true, but the whole demand of the American university today is for more money." This growth, Cooke added, was unsustainable.

Debate over efficiency, and what the term really means for higher education, has waxed and waned over the years. Now that technology allows for the comparison of large data sets, colleges can [supposedly be measured](#) in those terms. *U.S. News and World Report*, for example, has three times ranked its "best colleges" by efficiency — in 2012, 2015, and 2017 — looking at how much each of the institutions at the top half of its overall rankings spends per student on "education-focused activities," and then dividing that by its rankings score.

Idea Lab: Academic Overhauls

But to be called a very efficient college is a mixed bag. Spending less per student can look like giving students short shrift. So those ranked "most efficient" tend not to boast about it.

"We try to optimize where resources get directed," said David Creamer, vice president for finance and business services and treasurer at Miami University of Ohio, which, with about 17,000 undergraduates, was listed as the most efficient college in the latest *U.S. News* rankings. "We believe we do tend to administratively be more efficient than most universities our size, but we do not under-resource undergraduate education. That's a priority for us. There are areas where we actually spend more than our sister institution in that area."

And certainly, the argument can be made — and is — that efficiency is another word for cutting faculty and student resources.

"Efficiency itself is not well-defined," said Hans-Joerg Tiede, a senior program officer with the American Association of University Professors. For example, he said, reducing instructional costs by replacing full-time faculty with part-timers is a way of becoming more efficient. "But how does that impact student learning? What are you trying to achieve?"

Friga — who pointed out that nine of the 25 universities that scored highest on operating efficiency in the *U.S. News* rankings, including Miami, are in his consortium — agreed that efficiency can be interpreted in many ways. His company focuses only on administrative costs, not academic ones, and it does that by taking payroll data and comparing how much is spent in administration as a percentage of total labor.

On top of the annual membership, his company charges a \$15,000 to \$25,000 implementation fee "to get data clean, organized, and benchmarked," he said. The price includes meetings to discuss the data and two annual summits.

Three of the main areas of inefficiency, he said, are: decentralization, and the redundant administrative resources that can cause; cultures that don't make decisions based on data and view changes as one-off, rather than as part of a system of continuing improvement; and failure to "reverse commitment to resources" — in other words to lay off people.

“The cost of university education has risen throughout the world, but nowhere so rapidly as in the United States.”

Universities "hire people for a campaign and never let them go," he said. "They put a new IT system in place and keep all the people who were necessary for the transition." Private industry, he said, is much better at looking at where departments are overstaffed and cutting back.

For Miami University, landing on the most-efficient list was no accident. A decade ago, during the Great Recession, the university embraced a "Lean" initiative, which stands for Leveraging Efficiencies and Aligning Needs, [a strategy](#) adopted from the business world. It focuses on how to deliver services in a thriftier way that doesn't negatively affect graduation rates — Miami's six-year rate in 2017 was 79 percent — and other measures of student success.

That has translated into reviewing and streamlining 1,400 projects, an endeavor that Creamer said has resulted in cost savings or new revenue of \$81.4 million over 10 years and enabled the university to increase tuition annually by just 1.2 percent, to \$13,533, since 2008.

A few examples: reviewing how the dining services operated and reducing the number of steps and time it takes to get food in front of a diner; using improved software to eliminate duplicate administrative work in the graduate and research office; converting lights to LEDs to decrease power consumption and reducing other energy expenditures; and designing more-efficient landscaping, such as lawns and trees to replace flowers that require a lot of upkeep.

About a dozen other universities have visited Miami to learn from its efforts, Creamer said.

The university employs 391 fewer administrative staff members compared with 2008, and there have been some complaints about understaffing. But Creamer blamed the losses on the difficulty of hiring people in the present job market, not the Lean initiative.

He also said Miami has expanded, not cut back, faculty over the decade to handle growing student enrollment. From 2014 to 2018, 87 full-time faculty were added, he said, with 42 of those tenured or on the tenure track.

At Binghamton University, ranked fifth on the 2017 *U.S. News* efficiency list, reforming its calculus program was a money-saving move, said Donald Nieman, provost and executive vice president for academic affairs. About a quarter of students in Calculus 1 and a third of those in Calculus 2 were withdrawing or getting a grade of D or F. With about 1,000 students taking those courses, that was a big problem.

"We made a significant investment in the complete overhaul of our calculus program," he said, hiring a director of calculus and breaking up the classes into smaller chunks that students could retake and flipping the classroom so students spend more time in class actually solving problems with the professors.

Now the percentages of students who perform poorly or drop out are down to 10 percent in Calculus 1 and 12 percent in Calculus 2. That means fewer classes have to be taught and the retention rate between the first and second year is higher, significantly reducing recruiting costs, Nieman said. The university's overall six-year graduation rate is 80 percent.

“I'd much rather have faculty members tell me we're stretched too thin than that we have administrative bloat.”

Binghamton, which enrolls just under 14,000 undergraduates, is also "very lean administratively by design," said Nieman, with only four vice presidents — an institution its size would typically have six or seven, he said. In the past four years, he has reduced the number of vice provosts to four from six by combining roles when they became vacant. For example, one vice provost, Donald Loewen, now handles both enrollment and undergraduate education.

The changes, Nieman said, have made the administration much more effective.

"Sometimes I have faculty members tell me that we're too administratively light," Nieman said, "because we've got one person doing two jobs. But I'd much rather have faculty members tell me we're stretched too thin than that we have administrative bloat."

Loewen was made vice provost for undergraduate education in 2010 and was asked to take on enrollment five years later. The idea, he said, was not simply to cut back on administrators but "to create a synergy that allows us to take insights from a number of areas to help us meet institutional needs."

He acknowledged that it is unusual to have one vice provost oversee two large areas. "You need to have a very strong team in place," he said, but the role "has provided me with a much bigger picture of the university — what it takes to recruit students and give them a meaningful learning experience on campus."

Arguments over efficiency are often framed as pitting faculty members

against administrators.

"The challenge to centralization is fighting faculty, pure and simple," said Friga, of ABC Insights. "Some faculty will resist any effort of centralization for fear of a decrease in quality in their local infrastructure. They believe that local gives better quality and faster services."

Christopher Newfield, a professor of literature and American studies at the University of California at Santa Barbara, disagreed. "It's kind of a canard that people in business love efficiency and people in academia are anti-efficiency," said Newfield, [who has written critically](#) about public disinvestment and corporatization in higher education. "I think that's totally misleading."

But Newfield, who co-founded [a blog](#) called "Remaking the University," said there's a reason faculty sometimes oppose centralization: because it often doesn't work as well.

He pointed to a systemwide centralization [program](#), UCPath, piloted last year, which is now being implemented in stages across the nine University of California campuses. It consolidates payroll, benefits, academic personnel, and human resources.

Earlier this year, *The Sacramento Bee* [reported](#) that many University of California employees were complaining about delayed or missed paychecks and improper tax or union deductions from their pay. Laura Muñoz, a graduate student at the University of California at Los Angeles, wrote an [essay](#) on *Medium* detailing the effect of her delayed and missed paychecks on her credit score and her peace of mind.

Sarah McBride, a spokeswoman for the University of California system, acknowledged problems, writing in an email that they would occur with any system upgrade "of this magnitude and complexity" and that the system continues to try to identify and resolve problems quickly.

ADVERTISEMENT

Newfield says this centralization removes the local administrator's discretion in how to process hires. "People will say it will reduce fraud and be more organized, but we're much less flexible in who we can hire and when they can start," he said. "We're potentially lowering efficiency in the name of raising it."

And while there is also a common perception that the latest focus on efficiency has been amplified by a spike in the number of businesspeople serving on university governing boards, the AAUP's Tiede said that's not true. The most pronounced increase in this area was from just after the Civil War until about 1930, he said. Currently, board members in business occupations make up about 40 percent of boards at public universities and about 55 percent of those at private universities, [according to](#) the Association of Governing Boards of Universities and Colleges.

RELATED CONTENT

Even Cooke, in his 1910 report, sounded an ambivalent note about efficiency, writing that "college is partly a business, and partly something very different from a business."

Friga agreed.

"We hear a lot that 'our university is different than other universities, which are different than corporations,'" he said. "I believe that is true in some regards, but it's also not true in other regards. Managing your business, your HR, IT, finance — I'm not so sure those needs are so unique."

One thing that may be different from 100 years ago is the business opportunities that the drive for efficiency presents. As Friga put it, consultants "are ready to enter this space in a big way."

Clarification (7/24/2019, 3:48 p.m.): An earlier version of this story misstated a professor's description of an effect of UCPath, a systemwide centralization program across nine University of California campuses. The professor, Christopher Newfield, still deals with a local administrator when hiring a research assistant, but that administrator has less discretion.

Alina Tugend is a freelance writer.