Executive Summary / Final Report / Recommendations – Feb. 15, 2009

Academic Structure & Organization Budget Task Force

Guiding Beliefs

(1) Compared to peer institutions, most colleges at Clemson are very lean now – and we do not have the ability to cut costs as much as needed without also eliminating our capacity to generate revenue while maintaining quality.

(2) The activities of faculty, rather than state appropriations, are the primary drivers of the University’s budget. Other than state allotments and gifts from donors, there are only three activities at Clemson that bring in money: (a) tuition dollars when faculty teach classes, (b) grant dollars when faculty have extramural funded activities, and (c) revenues for services rendered in support of the work of the university. The state appropriation is a relatively small part of the overall budget and will likely decline over time, which makes the revenue generating capacity of faculty even more important to our future economic health.

(3) We must grow our way out of this situation. To grow, we must create a more entrepreneurial environment where colleges are rewarded for revenue generation, efficient operations, and fiscal responsibility, and where the supporting, overhead activities of the university are more directly aligned with the core academic work of the university. Each college is different and therefore may pursue these avenues differently and should be given the tools to succeed.

Recommendations for Academic Administration

(1) We recommend moving toward a model where all revenues flow directly into colleges – and colleges then pay a portion of revenues for administrative and student support services. The university’s budget system should provide incentives for generating more revenues in a cost-efficient manner. For example, no direct link currently exists between the number of majors or number of student credit hours taught by a college and the college’s budget. Our proposed model resembles the model followed by some colleges at the University of Virginia and the University of South Carolina and also resembles the model employed by Cornell University. For example, UVA College of Business pays 10% of tuition to the university and receives no additional state funds from the university.

   (a) We recommend conducting a complete “activity-based” assessment of all overhead and support functions of the university to determine demand drivers, (i.e., which units or groups are making use of the support functions) and the real costs of operating these support functions.

   (b) We recommend implementing an appropriate fee structure and charge-back method so that users pay for use of supporting functions. For example, the colleges with the most students, who then collect the most tuition, should pay for a larger proportion of student services. Similarly, the colleges with the most sponsored program activity should pay for a larger proportion of sponsored programs services. This alignment of interests will provide an incentive for higher quality and more efficient operations.

(2) We recommend moving the Experiment Station and Extension Service out of PSA and into CAFLS. This will improve efficiency, effectiveness and focus and lay a foundation for future cost savings.

(3) We recommend a full strategic audit of all centers/institutes including all sources and uses of funds, with the goal of achieving self-sufficiency within 3 years. In general, we believe that centers and institutes should be self-supporting. The Fund 15 balances fail to capture sufficient detail and nuance for us to make meaningful recommendations about where and how to cut costs. Potential cost savings goal: $12m.

Recommendations for Revenue Generation and Cost Management

(1) Charge additional tuition for all credit hours taken above 16. Potential revenue: $3.77m

(2) Grow the student body by accepting more out-of-state students. For example, every 100 additional out-of-state students accepted produces $2.4 million in revenue per year.

(3) Increase our teaching capacity. If needed, increase the number of well-qualified faculty lecturers, Ph.D. students (GTAs) and adjuncts and adjust faculty teaching loads in situations where it is warranted.

(4) Schedule classes during non-peak times to improve facilities utilization. Convert under-utilized storage spaces to classrooms, if needed.