



Speed To Scale

A Strategy for Rapidly Advancing Central State University to the Effectiveness and Efficiency Levels of a Small-to-Medium Sized Public University

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OHIO BOARD OF REGENTS

Executive Summary

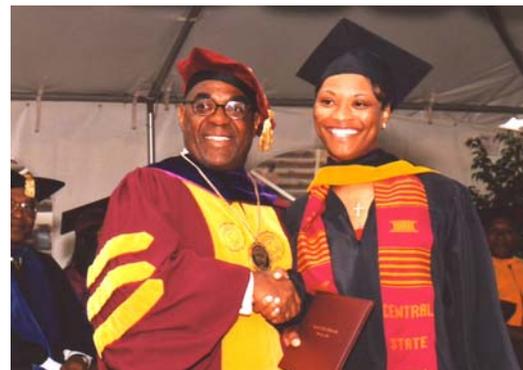
Central State University is the smallest public university in the state of Ohio. This small size results in high costs per student, a disadvantaged position for state funding and consequent financial difficulties.

To counter the institution’s financial challenges, the state provides an annual supplement beyond earned state instructional subsidy. The key to offsetting Central State University’s financial difficulties is to increase its enrollment so that the institution can reach a scale where the necessity for a supplement is removed.

The Board of Regents, Central State University and five participating state institutions have developed a plan, called *Speed to Scale*, to increase the size of Central State University from 1,800 to 6,000 students by 2017. The plan includes a one-time investment from the state over a period of three years and an extensive set of partnerships with the participating institutions.

With the plan, the university’s supplement will begin to decline starting in FY 2011 and by FY 2017 it will drop to zero. Over the decade from FY 2007 to FY 2017, \$54 million will be realized in reduced supplement cost. These funds will be redirected to programs across the state that educate additional students who will promote the state’s economic growth.

The successful completion of the plan will allow Central State University to more successfully fulfill its higher education access mission for underserved Ohio students, increase the number of Ohioans with a baccalaureate degree and remove the necessity for the annual supplement by 2017.



Background

Central State University was chartered in 1887 and is the third oldest public supported institution of higher education in the state of Ohio. As the only historically black public university in the state, Central State has a unique role in higher education. Not only does it provide a special access opportunity to higher education for African-American students, it also serves as an access point for a comparatively high proportion of under-prepared students from Ohio's low income, urban communities. Central State also serves a regional access role for students in southwestern Ohio. (See Appendix A for the mission and vision statements of Central State University).

At its current enrollment of 1,760 students, this historic institution is the smallest public university in the state. This small size results in high expenditure costs per student since the university must provide the basic structures that any larger university offers without the benefits of scale. In addition, its small size results in comparatively small classes, especially at the upper division level, again resulting in high costs per student (see Appendices B and C). This high cost structure, in combination with a state funding system that funds universities based on average cost per student across all state institutions, leads to significant financial problems for the university in its operational budget.

Central State also experiences significant problems in its capital budget. Its small size does not allow it to generate the level of monies through the state capital formula that are necessary for the construction of the necessary core physical facilities.

Finally, since Central State is an access institution that serves a student population with very limited financial resources, its students experience extensive financial aid challenges. With its operational budget problems, and the necessity to serve its access mission by keeping tuition levels low relative to other state institutions, the university is unable to sufficiently help students resolve their financial aid problems. This financial situation, coupled with a limited set of academic offerings and student amenities, restricts Central State's competitiveness and attractiveness to potential students.

As a consequence of these financial realities, the state of Ohio has provided an annual supplement to Central State to keep the institution viable. The provision of a supplement, however, is less than desirable since it necessitates ongoing legislative action and moves the institution out of the mainstream, subjecting it to public scrutiny and criticism in a manner not experienced by other institutions. This is especially problematic since the major financial difficulties of the university are a matter of institutional size and scale, rather than ones of ineffective resource management by the administration of the university.

With its current enrollment of 1,760 students, Central State is the smallest public university in the state. This small size results in high expenditure costs per student since the university must provide the basic structures that any larger university provides without the benefits of scale.

Given this situation, a crucial step in improving the financial stability of Central State University would be to increase its enrollment to a level that would allow it to have the same efficiencies of scale that exist at Ohio's other public universities.

Viewing this situation in a broader context, it is important to note that Ohio ranks low nationally in the percent of the population with a college degree, making the state less competitive for attracting new companies and creating new jobs. Analyses indicate that Ohio desperately needs to increase the educational level of its citizenry if it is to increase its competitive advantage in creating, attracting and retaining good jobs.

Some other states have developed very aggressive programs aimed at increasing the educational level of their citizens in order to create the kind of climate that is attractive to new businesses and industries. *One clear example of this strategy is the state of North Carolina.*

About a decade ago North Carolina established a program aimed at significantly increasing the number of individuals in the state who hold the baccalaureate degree. *This program was called Focused Growth.*

The main premise of Focused Growth was that the state needed to increase the number of students with baccalaureate degrees and to do so in a manner that made efficient and effective use of all of the state's public colleges and universities. North Carolina recognized that a number of its flagship institutions were at or near capacity while others had untapped capacity. Focused Growth was developed in a strategic manner at seven public institutions in the state to respond to this need for additional

college graduates. The Focused Growth institutions included the state's five Historically Black Colleges and Universities (HBCUs), one Native American institution and a university that served low-income communities in Appalachia.

The program went through three phases: (1) building the personnel infrastructure that would allow these institutions to sustain any enrollment growth attained; (2) expanding academic programs in a manner that made these institutions more attractive to potential students; and (3) increasing the retention rate. The Focused Growth institutions were also awarded higher priority in the development of capital projects to support the increased enrollment growth.

Financial Difficulties Have Prevented Central State from Increasing its Economics of Scale

Over the past decade, Central State has carried out careful long range planning (see Appendix D for a description of their Strategic Academic and Enrollment Management plan that has guided the institution over the past several years). As a result of this planning, the university has experienced steady growth, but its financial difficulties have prevented it from rapidly increasing its enrollment sufficiently to significantly increase its economies of scale. This slow growth also means that Central State is limited in achieving its important mission of attracting and educating those segments of Ohio's population that remain underserved in higher education. To let this situation continue results in a double loss for the state of Ohio.

The Focused Growth program was remarkably successful.

- Enrollment growth at the seven selected institutions was 36.3 percent from 1999 to 2004 – a total of almost 12,000 additional students.
- This increased growth was accompanied by increased efficiency at these institutions.
- Many new academic programs were created over this period of time to provide the kinds of specialized training (e.g., in teacher training, the sciences, health related fields, technology fields) that supported the goals of the state of North Carolina.

In addition, because Focused Growth supported the personnel infrastructure at the selected universities, these institutions showed a 64 percent increase from 2001-2003 in annual fund raising, as well as a 163 percent increase in research and sponsored program awards from 1999-2004 (*see Appendix E for detailed analyses of enrollment growth, state funding, capital improvements, new program funding, annual fund raising levels, research awards and sponsored program awards in the North Carolina Focused Growth program*).



To better understand the details of the North Carolina Focused Growth program and to study the characteristics of a set of aspirational peer universities for Central State University, a small group of individuals including representatives from the Board of Regents staff, Central State University and several Ohio colleges and universities visited three aspirational peer campuses in November of 2006. This visit provided useful insights into the recent success of these institutions in growing their enrollments. *A brief report of the findings of that visit is included in Appendix F.*

Speed To Scale

Speed to Scale Program

The key factor in improving the financial strength of Central State University is *to increase the enrollment to a level that would allow the university to operate efficiently and effectively within the Ohio system for funding higher education institutions*. The major key to accomplishing this goal is to increase enrollments steadily and substantially over a period of years.

This strategy to increase enrollments should include three major components. First, the university should obtain substantial new enrollments in the form of new freshmen and transfers. Second, the university should steadily increase the proportion of Ohio residents in its student population until it reaches 80 percent (which is consistent with the practice in North Carolina where the number is 82 percent). Third, the university should increase its first to second year retention rate from the present 49 percent to 75 percent by 2017.

The experience of North Carolina's Focused Growth program confirms that the goal of substantially increased enrollment at Central State University is possible with a well conceived and executed plan.

With this background in mind, the Ohio Board of Regents and Central State University, in partnership with five institutions of higher education – The Ohio State University, Cuyahoga Community College, Sinclair Community College, University of Cincinnati, and Cincinnati State Technical and Community College – have developed a strategy to significantly increase the enrollment at Central State University, thereby increasing its effectiveness and efficiency. *This plan, called Speed to Scale, is modeled in part after the Focused Growth program in North Carolina.*

Since Central State University's mission calls for it to serve underserved and economically stressed populations, it also is important that the university maximize its student financial aid in all forms. Maximizing student financial aid, while increasing the proportion of in-state students to 80 percent, helps both the students and the university.

The goal of *Speed to Scale* is to assist Central State in achieving an enrollment level of 6,000 students by 2017, which will allow it to benefit from the programmatic and operating efficiencies of a small to medium-sized public university. *Speed to Scale* is consistent with and a part of higher education's Compact 2012 concept, which means that, with the support described above, the University expects to meet its enrollment goal and no longer need supplemental operating funding by the beginning of Fiscal year 2017 (see Appendix G for a figure showing projected enrollment growth and supplement decline).

Since one of Central State's core missions is to provide affordable access to higher education for Ohio's underserved populations, some fiscal mechanism will need to be in place to ensure that Central State's tuition remains affordable for Ohio's most financially challenged citizens.

- *The Speed to Scale plan necessitates additional investments in the following areas:*
 1. Marketing, recruitment, developmental education and retention
 2. Student support personnel such as academic advisors, financial aid advisors, tutors, registrar staff and health staff
 3. Academic programs and faculty
 4. Student financial aid
 5. Core facilities such as classroom construction and renovation and the construction of a student center
- *The Speed to Scale program will rely on partnerships with participating institutions that can assist in:*
 1. The recruitment of both freshmen and transfer students
 2. The creation of 2+2 and 2+2+2 programs that create flow patterns from 2 year institutions into targeted programs at Central State and with flow patterns from Central State into graduate programs at partnering institutions
 3. The sharing of expertise and personnel in both academic and academic support programs between Central State and partnering institutions

The next sections of this briefing paper will explore the two major components of the *Speed to Scale* plan: a partnership plan and an investment plan.



Partnership Plan

The partnership plan calls for the establishment of numerous and varied partnerships among the five participating institutions that should increase the likelihood of meeting the goals of *Speed to Scale*. Some of these partnerships involve interactions with community colleges and others with participating universities. One such partnership is the Dual Admission and Enrollment Agreement between Cuyahoga Community College and Central State University that is in the final stages of development (*see Appendix H for a draft of this agreement*). Other partnerships that are being developed with participating community colleges and universities include the following:

Sinclair Community College

- Developmental education and retention partnerships to assist under-prepared students
- Degree completion programs in Criminal Justice and Hospitality Management
- Use of space on the Sinclair Community College for recruiting

Cincinnati State Technical and Community College

- General articulation agreement
- Degree completion agreements in Business Administration/Hospital Management and Business Administration/Management

Cuyahoga Community College

- Urban Teacher Education partnership that includes linkages with high schools and Central State University
- Degree completion partnerships in communication, manufacturing engineering, criminal justice, hospitality management, and water resources engineering

The Ohio State University

- Computer Science partnership with Central State University that provides research, classroom and mentoring interactions
- Recruiting and marketing partnerships with the Undergraduate Admissions Office and the College of Business
- Urban Education and Summer Research Opportunities Program partnerships

University of Cincinnati

- Greater Cincinnati Tech Prep Consortium opportunities
- Summer undergraduate research program, faculty exchanges and faculty research collaborations
- Graduate recruitment and articulation between undergraduate and graduate programs

Appendix I includes summaries of the partnerships programs that are being explored and developed at each of the five participating institutions. In addition to the participating institutions, other Ohio institutions also have indicated interest in developing partnerships with Central State University.



The Investment Plan

Character of the Investment. The *Speed to Scale* plan calls for a one-time investment of \$9.9 million in operational funds over a 3 year period. The description of how those funds will be expended is described below in the sections titled Personnel Infrastructure, Academic Programs, and Marketing, Recruitment, Retention, and Developmental Education Proposals. The effect of this investment will be to increase the financial strength of the university and allow for a phased reduction in the university's supplement beginning in Fiscal Year 2011. *Appendix J provides a table showing Central State University's projected enrollment growth, income and expenses from FY 2008 to FY 2017. This table also shows the projected Speed to Scale investment and projected supplement decline.*

The *Speed to Scale* plan calls for an investment in the next capital fund cycle of \$23 million to assist in the construction of a student center that is crucial for the successful completion of the *Speed to Scale* plan. Central State will eventually repay \$9 million to the state from various revenue resources, so the net investment will be \$14 million. A further description of this request is included below in the section titled Facilities.

Personnel Infrastructure. A key to the success of *Speed to Scale* is to ensure that the necessary personnel are available to serve the needs of an increased enrollment at Central State. This includes faculty, academic advisers, registrar staff, articulation and transfer personnel, recruitment personnel, developmental education staff, financial aid advisers and so on. Failure to insure the availability of such faculty and staff could result in an enrollment blip followed by a fall in subsequent enrollment if students are unable to successfully complete their education. *Appendix K describes the planned enrollment growth over a period of 10 years, the timing and costs of hiring the necessary faculty and support personnel, and justification for the proposed hires in student services and academic staff as this growth occurs.*

Academic Programs. A second key to the success of *Speed to Scale* is to ensure that a set of focused growth academic programs is in place that can both attract new students to Central State and meet state needs for educated citizens in areas of high need. New or expanded programs should be consistent with societal demand, be attractive to potential students, and be sensitive to overlap with programs already existing at other institutions within the state.

The focused growth academic programs would be initiated in two cycles – the first beginning in 2007-08 and the second beginning in the next academic year. The focused growth programs that will be initiated or expanded in these two years include urban education, criminal justice, educational administration, hospitality management and environmental engineering (*see Appendix L for details*).

Additional funds will be used to explore other new program possibilities (e.g., nursing, allied health and biotechnology).

Facilities. Some new facilities will be needed to accomplish the goals of *Speed to Scale*. In order to house the increased number of students, dormitory capacity will need to be increased in a systematic manner. *Appendix M lists the planned increase in enrollment and resulting need for additional beds.* This table provides a phased plan for the construction of new dormitory facilities to handle the increased enrollment. ***The new dormitory facilities will be privately constructed and leased by the university. The construction will not involve state funds.***

The increased enrollment will also necessitate the renovation and construction of some classroom facilities. Already planned and funded in the current capital bill is the second phase of the education and science complex. Some additional renovation of science laboratory facilities is anticipated. ***Requests for these facilities will be made through the normal capital funding process and involve no special Speed to Scale request.***

Finally, Central State does need a fully functional student center facility that is presently not available. Such facilities are not normally constructed under the capital plan. Central State's current enrollment and high proportion of students on financial aid does not make it feasible to construct such a facility using student fees alone.

A plan for the funding of such a facility at Central State has been developed. It would involve the use of state funds with the reimbursement of some of these funds over time from private fund raising and student fees. *The full plan for the student center is described in Appendix N.*

Marketing, Recruitment, Retention, and Developmental Education Proposals. Two kinds of activities are seen as crucial to the eventual success of Speed to Scale.

1. ***Marketing and Recruitment.*** As a result of limited resources, Central State has done only limited marketing of the University to potential students and faculty. Such marketing activities using print and broadcast media might be very effective in attracting a larger applicant pool for both its existing and new or expanded programs. A well designed marketing and recruitment plan that targets recruitment efforts to best match the academic program strengths and opportunities offered by Central State and that employs a variety of approaches should substantially increase the enrollment at Central State. *The details of this plan are provided in Appendix O.*
2. ***Retention and Developmental Education.*** Central State's mission and vision are focused on providing access to underserved populations. Being an access institution means that many potential students who enroll at the university come with limited academic preparation. Critical to achieving *Speed to Scale's* goals will be to ensure that these students are given every opportunity to succeed. The success of these students is dependent on an aggressive and thoughtful developmental education program.

Central State's current retention rate from the freshman to the sophomore year is 49 percent. This figure is substantially lower than that at Central State's aspirational peers, which is between 60 and 80 percent.

A marked improvement in the retention rate could add significantly to the enrollment at Central State. The goal is to raise the retention rate systematically over the next several years to 75 percent. A comparable increase of the graduation rate over the same time period is also a goal of *Speed to Scale*.

Several approaches will be used to accomplish these goals, including but not necessarily limited to the following:

- A substantial expansion of learning communities for entering students
- Partnerships with The Ohio State University and University of Cincinnati related to better preparation of incoming students
- Enhanced approaches to securing additional financial aid resources
- Partnerships with Sinclair Community College related to developmental education, individualized learning programs and enhanced Tech Prep programs (*see Appendix P for details related to retention and developmental education*).



Accountability Metrics

The *Speed to Scale* program commits state resources and the resources of Central State and the participating institutions to significantly increase the size and efficiency of the University's operations. It is crucial that identifiable goals are set and met so that Central State, the participating institutions and the state of Ohio realize the benefit of a larger and more efficient Central State University.

Assessment and Evaluation

In order to monitor the success of the *Speed to Scale* program, the Speed to Scale Task Force will meet semiannually to note progress on the accountability metrics, problems encountered and efforts undertaken. The Task Force also will monitor and support the development of partnerships with participating and other state institutions.

Every two years, Central State University will submit to the Task Force a detailed written report on the status of the *Speed to Scale* program.

For this purpose, the following accountability metrics will be used:

- *Enrollment by Year*
- *First to Second Year Retention Rate*
- *Graduation Rate*
- *Number of New or Enhanced Programs Implemented*
- *Number of Ohio Graduates*

Institutional Support for *Speed to Scale*

The five *Speed to Scale* participating institutions have active representatives on the Speed to Scale Task Force. These representatives have participated in deliberations about the program, traveled to visit the aspirational peer institutions for Central State University and helped in the development of the final report of the task force.

The presidents of these five participating institutions have indicated their support for the *Speed to Scale* plan in letters to the Board of Regents. *Copies of those letters of support are included in Appendix Q.*



Summary

The *Speed to Scale* program for Central State University involves an aggressive plan of enrollment growth supported by the development of the necessary personnel infrastructure, academic programs, faculty, capital facilities and marketing and recruitment as well as developmental education and retention programs.

The *Speed to Scale* plan calls for partnerships with other higher education institutions and a commitment of new state resources.

The consequences of the *Speed to Scale* program include (1) the strengthening of the university so that it no longer needs an operational supplement, (2) the provision of better access to higher education for Ohio's underserved populations, and (3) a substantial increase in the number of baccalaureate-trained individuals in the state.