Memorandum

To: Provosts and Financial Vice Presidents
From: Selena Grace and Matt Freeman
Date: May 17, 2013
RE: Academic and Administrative Program Prioritization

At the Board retreat in May 2011, the Board identified academic program review as one of its highest priorities. There was recognition at the time, however, that Board policy III.Z. (Planning and Delivery of Postsecondary Programs and Courses) needed to be revised. In June 2011, the Board approved amendments to III.Z. including: clarifying sections of existing policy, incorporating statewide program responsibilities, reducing the eight-year plan cycle to a five-year plan cycle, and amending the process for crafting institution plans.

For the Board's retreat on May 15-16, 2013, Dr. Robert Dickeson, author of *Prioritizing Academic Programs and Services: Reallocating Resources to Achieve Strategic Balance*, was invited to facilitate a discussion on setting priorities for the Idaho higher education system. The Board spent the entire afternoon of the first day discussing why and how to set priorities and reallocate resources. Attached are a copy of the slide deck and supporting documents that were provided to the Board. In short, Dr. Dickeson walked the Board through the process of how to plan and structure a program prioritization effort, including alignment of leadership from the Board down to the institutions, selection of evaluation criteria, and key decision points along the way. The use of the term program encompassed more than academic programs. It included all programs and services. In particular, it encompassed any activity or collection of activities that consumes resources (dollars, people, time, space, equipment).

The following morning (May 16) we helped lead a Board discussion on next steps. Selena started out by explaining that Board staff would like to increase the use and application of the NWCCU's accreditation Standards among Board members and for reporting requirements. The five Standards for accreditation, best understood within the context of the seven-year accreditation cycle, introduce a new level of rigor and relevancy in a recurrent evaluation of: Mission, Core Themes, and Expectations; Resources and Capacity; Planning and Implementation; Effectiveness and Improvement; and finally, Mission Fulfillment, Adaptation, and Sustainability.

Matt then spoke about the Governor's mandate for zero base budgeting. He provided a brief recap of discussions and meetings on the initiative and DFM's involvement, leading up to the February 20, 2013 ZBB workshop at which BAHR, presidents, financial vice presidents and budget directors all met to deliberate an appropriate course of action which would be responsive to the mandate. One of the conclusions reached at that meeting was to explore with DFM whether program review may be used to fulfill, in whole or in part, the institutions' obligations under ZBB.

Selena and Matt met with DFM three weeks ago to discuss ZBB fulfillment. The discussion centered on the accreditation Standards and how those should be given some credence as part of the ZBB analysis. DFM was skeptical, especially given the seven-year cycle, but they agreed to at least consider a proposal. The Board's retreat topic of program prioritization was also discussed which generated a much higher level of interest on DFM's part in terms of meeting the spirit of ZBB.

What Matt posed to the Board was the possibility of leveraging the Board's desire to implement program prioritization and using it to fulfill the ZBB requirement. There was significant discussion on

this point, but in the end, the Board determined that not only is program prioritization desirable, it is also a more meaningful and relevant analysis, and they are confident DFM will agree. It is important that we not characterize program prioritization as "in lieu of" or "a proxy for" ZBB. Rather, program prioritization (complimented by accreditation Standards) is our ZBB response. Mike and Matt are meeting with the DFM administrator and David Hahn on June 3 to present this approach and request their consent.

The Board, with input from several institution presidents and provosts, agreed to a framework for initiating program prioritization on each of the campuses. The institutions will develop proposed outcomes (i.e. overall goal of what they hope to achieve from the program prioritization process) and targets for each outcome (e.g. a specific reallocation of resources in support of the outcome). For example, an institution could propose faculty and staff salary increases as an outcome, with a target of x% savings generated from program prioritization to reallocate towards salaries. The use of the term program as defined by Dr. Dickeson includes any activity or collection of activities that consumes resources (dollars, people, time, space, equipment). In addition, institutions need to develop proposed criteria to be used to evaluate programs and the weighting for their criteria. Dr. Dickeson discussed using one or more of the following criteria (in no priority order):

- History, Development & Expectations of the Program
- External Demand*
- Internal Demand
- Quality of Inputs & Processes
- Quality of Outcomes*
- Size, Scope & Productivity
- Revenue and Other Resources Generated
- Costs and Other Expenses*
- Impact, Justification & Overall Essentiality
- Opportunity Analysis (i.e. what would happen if funding for a program was augmented)

    * criteria Dickeson said that governing boards and institutions have consistently selected as appropriate for program prioritization, and also received the most votes from the Board and other meeting participants

Proposed Outcomes, Targets, Criteria and Weights are due to the Board Office by <u>Wednesday, June 12, 2013</u>. Institutions will present their proposals to the Board during a work session on the afternoon of Wednesday, June 19.

Below is the motion approved by the Board:
M/S (Lewis/Terrell): I move to direct the institutions to institute a prioritization of programs process consistent with Dickeson's prioritization principles and that in the June meeting the institutions identify for the Board the framework and targets associated with such process; and to direct the institutions to use a quintile prioritization approach and communicate to the Board the criteria and weighting to be used after consultation with their respective campuses.   The motion carried unanimously.

As a point of explanation, from a process standpoint Dr. Dickeson recommended that instead of ranking programs in numerical priority order, programs be grouped into quintiles such that those in the top 20% may be eligible for reallocated funds while those in the bottom 20% may be on "probation" or a watch list.