

Part II: Strategic Conversations—Budget and Cost Efficiencies

Over the last month, over 150 of our UHWO ‘Ohana have contributed ideas to how we can meet the budget shortfall caused by this pandemic as well as what investments we can make now to ensure a more robust, sustainable campus. We are so grateful for all of your input and want to share the results of on-going conversations about the financial wellbeing of this institution. The purpose for today’s presentation is to inform our UHWO ‘Ohana of the decisions made and the next steps for this campus.

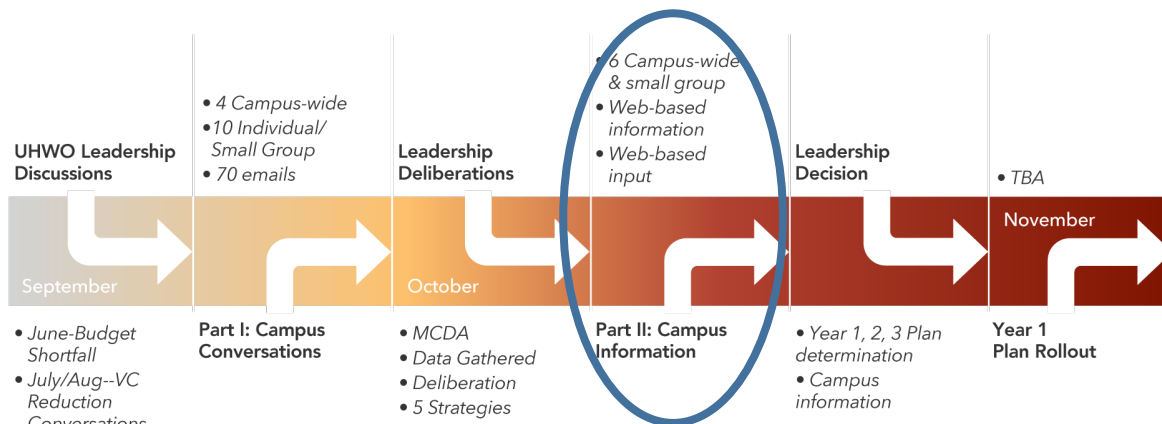
AGENDA:

today’s conversation intends to cover the following topics—

- Process overview—Use of Multiple Criteria (& Data) Decision Analysis [MCDA]
- Reduction targets
- Data used for Round 1 decision-making (cost-efficiencies, investments)
- Decision—5 Strategies to reduce costs for Year 1
- Current reductions
- Next Steps

Process Overview:

Given these difficult times, discussions that lead to cost reductions and investments can be both frustrating and fruitful. Here is a quick overview of where we began and are headed



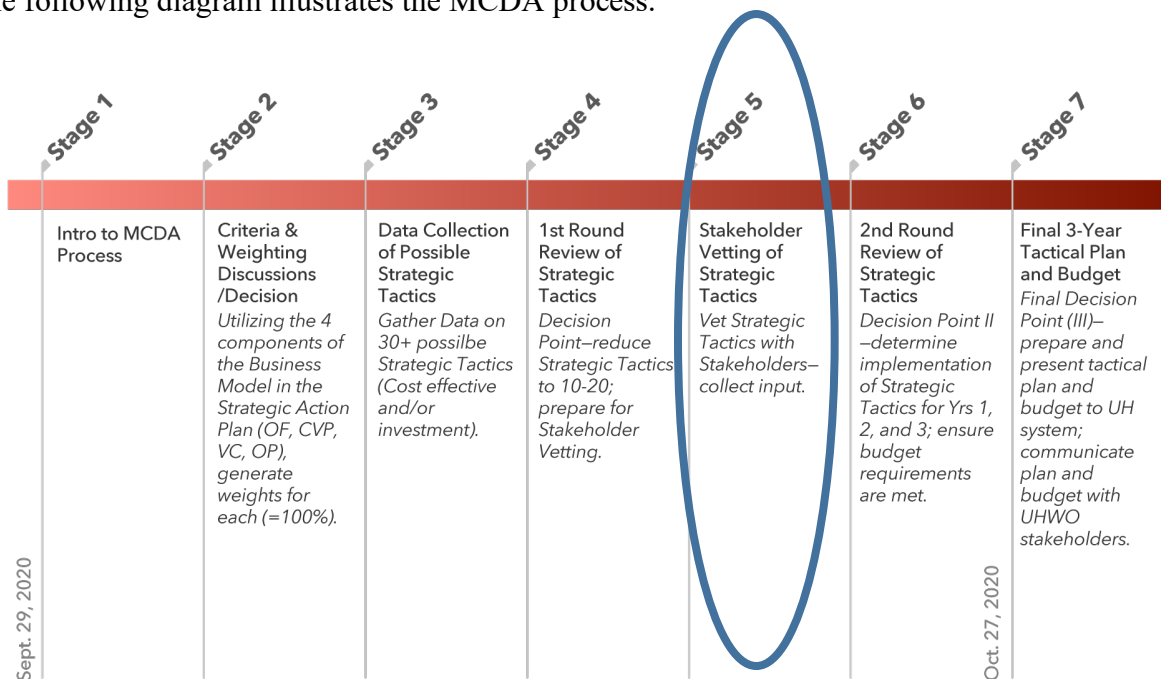
Instead of a closed, leadership driven decision making process, Chancellor Benham has encouraged the campus leadership to open opportunities to receive valuable input from UHWO’s stakeholders.

As the Vice-Chancellors were well into these discussions with their respective groups, the campus leadership began training on a decision-making tool called the Multiple Criteria (and data) Decision Analysis or MCDA. MCDA helps leaders employ an evidence-based and criteria approach to decision-making for targeted cost efficiencies, stabilization and maintenance efforts, and future invested growth areas. It asks leaders to address the following key questions:

- *What is the decision problem being addressed?*

- *What does the institution/organization define as success?*
- *What are the institution/ organization’s critical success factors/criteria for success?*
- *What is the weight of each criterion that collectively will help the institution/ organization best achieve success?*
- *How can (and what types of) data/evidence be gathered (quickly) to score all possible/appropriate strategic tactics—ways to solve the decision problem based on the criteria for success?*

The following diagram illustrates the MCDA process:



Our leaders recognized the importance of our Strategic Action Plan in determining the criteria to use and has turned to its Business Model’s (2018 UHWO Strategic Action Plan, p. 24) 4 key activities.

- **Optimization Formula [OF]**—use of resources on tactics that strategically align with UH System and UHWO plans and diversify to increase revenue streams.
- **Customer Value Proposition [CVP]**—support of educational experiences that enhance the 21st Century learner-leaders through engaging, dynamic, state-of-the-art collegiate environment.
- **Value Chain [VC]**—recognition of ways that reduce costs, optimize effort, eliminate waste, and increase prosperity.
- **Strategic Positioning [SP]**—maximize UHWO’s position through cost-leadership, improving differentiation/uniqueness, and advancing competitive advantage.

After discussion and application of these four criteria to an example of a possible cost-efficiency case, a weighted formula was operationalized for the decision-making.

In conjunction with these discussions, Chancellor Benham and her staff began stakeholder conversations in early September. There were 14 campus-wide, individual and small group sessions that produced over 250 ideas for cost-cutting, future investment, and other ideas to explore. A thematic analysis of these ideas generated 15 strategies.

Campus Discussions & Feedback
14 sessions
150+ (unduplicated)
participants
70+ emails
250+ ideas
15 Strategies

- *Academic Affairs' Program Consolidation, Sharing, Realignment, Elimination*
- *Student Affairs' Program Consolidation, Sharing, Realignment, Elimination*
- *Administrative Affairs' Program Consolidation, Sharing, Realignment, Elimination*
- *Chancellor's Office Consolidation, Sharing, Realignment, Elimination*
- *Salary, Stipends, Overload Reduction*
- *Infrastructure—Facilities, Maintenance, Equipment*
- *Reduce Barriers/Increase Student Access*
- *Class size/Credit hour charges*
- *Increase DE—courses, degrees, reach*
- *Increase partnerships & collaborations*
- *Expanding UHWO*
- *Real estate/ Commercialization/Enterprise*
- *Marketing/Advertisement*
- *Infrastructure Improvements*
- *Expand Programs/Centers*

Reduction targets:

The UH system has projected a minimum reduction of \$100 million this Fiscal Year 2021. This is a projection as UH has not yet received our FY21 budget, hence, the number may increase. Tactically, the system will endeavor to reduce costs while maintaining services and reshaping strategic priorities beginning FY21 and is redefining efforts FY's 21-24. Although the campus has reserve accounts, UHWO has been instructed not to dip into the reserves this fiscal year. In other words, just as we cut, we should also be looking at ways to improve our sustainability through a balanced set of investments—people, programs, and infrastructure.

Data used for Round 1 decision-making:

Key data was then gathered for all four units—Chancellor's, VCAA, VCSA, VCA—that provided critical historic, current, future, and value-based information for leadership to use in their decisions. Some of the data gathered included:

- Academic Program Prioritization

- Chancellor’s Office Balance Summaries
- Cost of Attendance
- Future Value Added Analysis—Markets, Employment, etc.
- Energy Analysis—Electricity, Gas, Sewer, Water

A total of 27 data points with multiple layers of analyses were submitted for leadership review.

Decision—5 Initial Strategies to reduce costs for Year 1:

On October 10, after using the MCDA process to score strategies most often discussed by stakeholders, campus leaders identified five initial cost efficiency strategies to begin to plan and implement now. It was also determined that the next campus leadership discussion will focus more on future investment strategies as well as cost efficiency strategies. A reminder that all campuses are delivering a FY21 projected budget that reflects cost efficiencies to the BOR by the close of this month, October.

Here are the five strategies in order of highest priority to execute:

Strategy	MCDA weighted aggregate score
Faculty Workload (Adjusted course load)	29.32
Streamlining/Centralizing Support Functions (Campus and System-wide)	27.34
Increasing Minimum Course Enrollment	24.96
Facilities—increase building temperature, telework, hybrid/distance education	23.98
Adjustment to Concentrations (Merging/Streamlining/Refocusing)	21.86

Current reductions: Already in place is the Executive Managerial Pay Reduction estimated at \$55,200 savings in FY21 and \$92,800 savings FY22 and beyond. With only 6 EMs (lowest EM to student ratio within the UH System), UHWO will not realize a large cost savings in this area.

Next Steps:

In light of this second round of campus conversations, campus leadership will develop tactical plans to initiate both cost reductions as well as future investments. Please note that some tactics will be achieved in partnership with other UH campuses and/or with the UH System. Campus leaders will hold conversations with their units concerning next steps. In addition, the future moves UHWO takes will start from the standpoint that everyone here is important to the welfare of this campus and its students. Maintaining services while utilizing UHWO’s Strategic Action Plan to determine how to move forward will be key to ensuring our future sustainability.

Strategy	Questions	Possible Next Steps
Faculty Workload (Adjusted course load)	<ul style="list-style-type: none"> • What is the plan? • How and when will the plan be implemented? 	<ul style="list-style-type: none"> • Calculations are being made to determine the cost savings.
Streamlining/Centralizing Support Functions	<ul style="list-style-type: none"> • Which functions (e.g. Administrative, Student support) will be streamlined (e.g. position and cost)? 	<ul style="list-style-type: none"> • Conversations at the UH system and with the State Legislature are occurring;

<p>(Campus and System wide)</p>	<ul style="list-style-type: none"> • Which functions will help UHWO reduce costs? • How will the streamlining/centralizing be executed? 	<p>determination of streamlining-centralizing will be sent to us.</p>
<p>Adjustment to Concentrations (Merging/Streamlining/Refocusing)</p>	<ul style="list-style-type: none"> • How will the merging/streamlining help us to be unique and more self-sustaining? • How will determination of which concentrations to be merged/streamlined/re-focused be made? • How and when will the plan be implemented? 	<ul style="list-style-type: none"> • Conversations to determine which of the concentrations will be impacted will occur soon; more information to come.
<p>Increasing Minimum Course Enrollment</p>	<ul style="list-style-type: none"> • What are the general guidelines for this strategy to occur? • Will there be extenuating circumstances that could alter the guidelines? • What is the minimum course enrollment threshold and how will this guide be implemented? 	<ul style="list-style-type: none"> • Calculations are being made to determine the cost savings at various levels of course enrollment. • Leadership discussions with units and at the campus level will continue.
<p>Facilities—increase building temperature, telework, hybrid/distance education</p>	<ul style="list-style-type: none"> • What is the optimal building temperature—during the pandemic, beyond the pandemic era? • How will telework be implemented? How will this impact the functioning of our facilities? • How will hybrid and distance education work to reduce costs and increase our value to our students and their families? 	<ul style="list-style-type: none"> • Already occurring is a facilities/energies cost analysis; the report should be available to leadership soon. • Telework and Hybridity analyses will soon start.

We hope you find this information helpful and informative. Please join us for one of six Strategic Conversations being held in the next few days.