

DATE: March 11, 2011

TO: W. Randolph Woodson, Chancellor
North Carolina State University

FROM: Warwick A. Arden, Provost and Executive Vice Chancellor
Charles D. Leffler, Vice Chancellor for Finance and Business

RE: **Recommendations for Strategic Realignment to Increase
Organizational Efficiency and Effectiveness**

In response to your charge of January 18, 2011, the following is a set of recommendations that we believe will more closely align NC State University for maximal effectiveness and success in current and future budgetary environments.

As you have noted, funding of public, higher education is challenged across the nation. Indeed, the Center on Budget and Policy Priorities, in their January 21 update, noted that 44 states are facing shortfalls totaling \$125 billion for FY2012 and 22 states are still projecting shortfalls totaling \$70 billion for FY2013. This is in addition to the more than \$430 billion in shortfalls closed in fiscal years 2009, 2010 and 2011 combined. Higher education will not be exempt from the impact and these shortfalls will accentuate the declining role public funding has played in the overall budget of many large public universities. In North Carolina we have been the beneficiaries of the long held will of citizens and legislators to direct significant resources to public education, because of the clear understanding that education plays a vital role in the future economic vitality of the state and in our transition to a knowledge-based economy.

We should emphasize that the following recommendations, if implemented in a timely manner, will result in significant and measurable savings for the coming fiscal year. Most of the savings, however, will be realized over subsequent budget years. Moreover, the most critical element of any proposed program restructuring is not simply the short-term budgetary advantage, but the establishment of a more effective, responsive and resilient academic environment where both efficiency and synergy can be realized. Many of the recommendations emerged from our concurrent Strategic Planning process. As you are aware, this open process has involved nine task forces and the hard work of more than 160 students, staff and faculty during the past fall semester. Indeed, overarching themes of organizational efficiency, interdisciplinarity and integrated, multifaceted support of our students and faculty are key themes resonating throughout these recommendations. A draft of the Strategic Plan was posted for campus input on March 2, 2011 at <http://info.ncsu.edu/strategic-planning>.

We believe the implementation of these recommendations will yield an institution that retains and builds on its historic strengths and commitments, while aligning us for optimal success in a challenging and competitive educational environment. We recommend the following:

1. ADMINISTRATIVE CONSOLIDATION AND REALIGNMENT

Recommendation: Elimination of the Office of the Vice Chancellor for Extension, Engagement and Economic Development (EEED).

The Office of the Vice Chancellor for EEED was formed in 2001 to provide central coordination for, and visibility to our campus-wide outreach efforts. We believe our national leadership position in extension, engagement and economic development can continue to be supported centrally by delegating this oversight to other senior offices including the Provost and Vice Chancellor for Research. In addition, many of the programmatic and administrative functions assigned to extension are already housed in colleges with reporting lines directly to the appropriate dean. We recommend the following reallocation of responsibilities from the current Office of Extension, Engagement and Economic Development:

- **Extension activities should remain within their respective college units.** Additional university-wide coordination will be provided within the Office of the Provost.
- **Move Economic Development activities (including SBTDC) to the Office of the Vice Chancellor for Research and Innovation.** The unit would be renamed the Office of the Vice Chancellor for Research, Innovation and Economic Development. This consolidation capitalizes on the natural synergies between discovery, translation, technology transfer and economic development.
- **Move Continuing Education to the Office of the Provost.** This would provide a natural continuity between undergraduate and graduate for-credit education, and not-for-credit education. All are essential to individual student and professional success and form a vital link in the development of a highly educated and globally prepared workforce.
- **Consolidate student leadership programs within the new Division of Undergraduate Student Programs (see below) under the Office of the Provost.**
- **Move management and operation of the Jane S. McKimmon Center facilities to the Campus Enterprises Division.** Assigning operational responsibility for the Jane S. McKimmon Center to Campus Enterprises is recommended in order to consolidate the management of all major meeting facilities on campus, including the McKimmon Center, Talley and Witherspoon student centers, and the future Centennial Campus Conference Center and Hotel. The resulting organizational

structure would provide a one-stop customer service approach for the variety of meeting and conference options found on campus, and would create operational efficiencies. It is important that these operationally compatible facilities function in a consistent and coordinated way and not in competition with each other.

- **Reconfigure the Extension Operations Council to form an Extension and Engagement Council** to be co-chaired by the Provost and VC for Research, Innovation and Economic Development to bring together the campus leaders on a regular basis to insure coordination of programs and synergy among units.

It is important to emphasize that this proposed restructuring enhances our commitment to our historic missions of Extension and Economic Development. By creating efficiencies and synergies, we will be able to more effectively direct limited resources toward these goals. This restructuring would result in the elimination of one Chancellor's Cabinet level position (Vice Chancellor for EEED) and several supporting administrative positions.

Timeline: This initiative would be implemented by December 31, 2011.

Recommendation: Merge the Division of Student Affairs (SA) with the Division of Undergraduate Academic Programs (DUAP) to form a combined, coordinated Division of Undergraduate Student Programs within the Office of the Provost.

This recommendation is a response to the work of the Task Force on Undergraduate Student Success, which emphasized that supporting our students for optimal success (retention, timely graduation, educational and personal growth) requires a more coordinated, integrated and flexible administrative structure that emphasizes both the academic and non-academic student experience. A small working group was recently convened to evaluate options for the organizational structure of such a unit. Their report titled "Proposal for the Reorganization of the Division of Student Affairs and Undergraduate Academic Programs" can be found at the Provost's web site www.ncsu.edu/provost. While ongoing discussion should occur before finalizing the details of the organizational structure, we recommend that the current five divisions within Student Affairs and 12 programs within DUAP be combined into the following four divisions (including examples of suggested programmatic groups):

- **Health, Wellness and Student Development** (Student Health, PE, ROTC, Campus Recreation, Counseling, Student Conduct and Career Services/Co-op)
- **Campus Life** (Residential Life, Greek Life, Leadership Programs, Campus Activities, Student Media, Chaplain's Cooperative, Parents and Family Services)
- **Academic Services and Programs** (Advising, Orientation, Summer Start, TRIO, First Year College, Transition, First Year Inquiry, Honors and Scholars, Pre-college Programs, Undergraduate Research, ASPSA)

- **Arts NC State** (Center Stage, Crafts, Dance, Gregg Museum, Music, Theater, Ticket Central)

This recommendation will result in the consolidation of leadership in one senior administrative office reporting to the Provost with overall responsibility for student success and will focus administrative support in four divisions.

Timeline: This reorganization would be completed no later than July 1, 2012.

Recommendation: Merge the Offices of Equal Opportunity and Diversity and Inclusion to form a new Office of Institutional Equity and Diversity.

Our equity and diversity programs are currently distributed across multiple administrative units. Implementation of this recommendation would serve to significantly enhance and coordinate our strong institutional commitment to equity and diversity. It is aligned with the findings of the Task Force of Campus Culture and Community and will advance our journey along the pathway to being a “best place to learn, live and work.” The current program in Multicultural Student Affairs and possibly the GLBT and Women’s Centers would be moved from Student Affairs to this office. Disability Student Services may be moved from the Office of Equal Opportunity (OEO) to the new Division of Undergraduate Student Programs (Health, Wellness and Student Development). This recommendation will result in the consolidation of leadership in one senior administrative officer reporting to the Provost and streamline accompanying administrative support positions.

Timeline: This initiative would be effective July 1, 2011.

2. ACADEMIC PROGRAMS

2A. Recommendation: Review the administrative structure for academic science programs.

Other than in the College of Engineering and the College for Veterinary Medicine, most science programs are housed in one of three academic colleges: the College of Agriculture and Life Sciences (CALS), the College of Physical and Mathematical Sciences (PAMS) and the College of Natural Resources (CNR). We believe this academic structure should be revisited. As the flagship science and technology university in North Carolina, we have an institutional responsibility to provide efficient, flexible and dynamic structures, which continue to support historic mandates while encouraging natural synergies between faculty and disciplines. To cling to historic administrative structure does a disservice to our students, faculty and stakeholders. Any realignment should include a thorough evaluation of the intra-college departmental structure with a view to merging departments and creating larger, more efficient academic units that promote cohesion and interdisciplinary. For example, Environmental Science programs currently in all three colleges could be merged into a single academic unit within one of the colleges. Many of the Life Science programs could be merged into a larger academic

department as Biological and Genomic Sciences. We recommend the formation of a task force including faculty and relevant administrators to review possible structures and recommend a course of action that is aimed at having fewer but stronger academic units.

Timeline: An implementation strategy to be developed by December 2011.

2B. Recommendation: Review of low-enrolled courses and academic degree programs.

A small working group was recently convened and charged with performing a preliminary analysis of academic courses and degree programs to identify low-enrollment and low-productivity programs. Their report titled “Toward Greater Effectiveness and Efficiency in Academic Courses and Programs” includes details of the methodology employed and preliminary recommendations and can be found at the Provost’s web site. The key findings are presented below.

Low enrolled courses:

Approximately 600 courses were identified in the university course catalog as not having been taught in the last five years. In addition, the analysis of 2010-11 data flagged 173 undergraduate courses taught in sections of fewer than 10 students and 106 graduate courses taught in sections of fewer than five students.

Recommendations:

- Inactivate all courses in the catalog that have not been taught in the last five years. Prior to inactivating these courses, departments would be given until June 1 to justify continued listing of any course in the course catalog. This justification would necessarily include a schedule indicating when the course would be offered during the next three years and estimated enrollment. Recently approved courses would not be inactivated.
- Re-establish minimum class sizes. Additional research would help establish appropriate minimums. However, the following guidelines are suggested as an example:
 - Lower division courses, undergraduate courses numbered 100 through 299, with enrollments less than 15 will not be offered.
 - Courses numbered 300-499 with enrollments less than 10 will not be offered.
 - Graduate courses numbered 500-699 with enrollments less than 7 will not be offered.
 - Graduate courses numbered 700-899 with enrollments less than 5 will not be offered.
 - Agricultural Institute classes with enrollments less than 15 will not be offered.

- The following types of courses do not count toward faculty course obligations and are not subject to the course minimums: independent studies, internships, research, and thesis and dissertation preparation.
- Departments will be notified of courses below the minimum and those courses will be canceled prior to the first day of class. The Office of the Provost must approve any exceptions to the minimum requirements each semester.

Timeline: Departments to respond by June 1, 2011.

Undergraduate Degree Programs:

Table 1 lists the undergraduate programs by colleges that were flagged for further evaluation. That is, they were in the lower quartile in two or more of the five variables evaluated. The variables evaluated were enrollment, number of applications, degrees awarded, SAT scores (total of math and verbal) and selectivity (admitted/applications).

Table 1: Undergraduate Programs Identified for Further Evaluation

College	Program Areas
CALS	Agricultural Institute Science Technologies/Technicians, Other Turf and Turfgrass Management Agricultural Mechanization, General Agriculture, General Botany/Plant Biology Poultry Science Agricultural and Extension Education Services Food Science
Design	Landscape Architecture
CED	Technology Teacher Education/Industrial Arts Science Teacher Education/General Science Teaching Sales, Marketing and Distribution Teacher Education
COE	Environmental/Environmental Health Engineering Engineering, General
CNR	Environmental Engineering Technology/Environment
CHASS	Liberal Arts and Sciences, General Studies French Language and Literature Women's Studies African-American/Black Studies German Studies Religion/Religious Studies Multi-/Interdisciplinary Studies, Other
PAMS	Geology/Earth Science, General Applied Mathematics Oceanography, Chemical and Physical Statistics, General
DUAP	Environmental Science

Graduate Degree Programs:

The goal of this review was to identify the graduate programs that are relatively less effective compared with other programs at NC State so that actions may be taken to improve the overall effectiveness of academics at the university. The analysis identified the programs in Table 2 that appeared in the bottom quartiles of five or more of the rankings by variable in the overall analysis and/or were identified as programs of greatest concern in the analysis of specific attributes of programs. The variables used in the overall analysis were: enrollment, enrollment /faculty, applications, applications per faculty, degrees awarded, degrees awarded/faculty, GRE verbal scores, GRE quantitative scores, GRE writing scores, selectivity (admitted/applications).

Table 2: Graduate Programs identifies for Further Evaluation

College	Doctoral Programs	Master's Programs
CAL S	Agricultural and Extension Education	Crop Science
	Animal Science/Poultry Science	Extension Education
	Biological and Agricultural Engineering	Entomology
	Crop Science	Family Life and Youth Development
	Entomology	Functional Genomics
	Horticultural Science	Nutrition
	Nutrition	Plant Biology
	Physiology	Plant Pathology
	Plant Pathology	Poultry Science
	Soil Science	
CED	Technology Education	Elementary Education
		Human Resource Development
		Instructional Technology
		Technology Education
CNR	Forest Biomaterials	Forest Biomaterials
	Parks, Recreation, and Tourism Mgt.	
CVM	Physiology	Specialized Veterinary Medicine
		Veterinary Public Health
COT	Textile Technology Management	Textile Engineering

It should be emphasized that this is a preliminary evaluation designed to highlight programs for further scrutiny. Further discussion with faculty and administrators involved with these and other programs will be necessary to 1) More fully evaluate the appropriate criteria to be utilized for ongoing program productivity evaluation, 2) Determine which, if any, programs should be curtailed, consolidated or eliminated and 3) Plan for effective degree completion of any students currently participating in these programs and reassignment of effort for faculty teaching these programs.

Timeline: This more comprehensive review of programs identified by the current study will occur during the 2011-12 academic year for implementation during the 2012-13 academic year.

2C: Recommendation: Develop a new structure for academic planning.

To more effectively evaluate the productivity of existing programs on an ongoing basis, and integrate this evaluation with enrollment planning and proposals to develop new academic programs, we recommend the development of a new academic planning structure.

Our current process for developing new academic programs involves minimal academic planning; it is based almost entirely on individuals (faculty, department heads, deans) submitting proposals independent of other current or future plans at the institutional level. Accordingly, we recommend the creation of a new university-level council, the **Academic Planning Advisory Council (APAC)** that will be charged with overseeing the academic planning process (all on-campus and distance education curricular activities including degree programs, certificates, minors, etc.) at NC State in order to ensure coordination of the institution's academic plan with the existing enrollment planning and strategic planning processes. Specific responsibilities will include:

- facilitating the development of interdisciplinary programs in our proposed focus areas of excellence,
- working with faculty to facilitate the development of academic programs,
- recommending to the provost those programs that should be further developed through the existing planning and approval process,
- communicating with the Enrollment Planning Committee to ensure that enrollment increases associated with proposed new academic programs are incorporated into the institution's biennial and long-term enrollment planning,
- evaluating annually the viability of current academic programs, and
- recommending elimination of programs that are no longer viable or have outlived the need that generated them.

This council would be advisory to the provost. It will forward all proposals that are approved for academic planning to the proposing unit for further development prior to being routed through the existing approval process to the University Courses and Curriculum Committee (UCCC) or Administrative Board of the Graduate School (ABGS). The approval processes beyond these two groups will remain unchanged.

Timeline: This council will be formed during the 2011-12 academic year.

2D: Other Academic and Student Success Initiatives

Recommendation: Review Distance Education (DE). Several strategic planning task forces addressed the need to reevaluate the manner in which we conduct and administer Distance Education. Over the past 10 years we have grown very high quality, high

demand distance education programming that serves both on-campus and distant students. Distance education offerings permit broad access to cutting edge educational programs and serve a role in building flexibility into on-campus offerings. A task force led by Vice Provost Tom Miller and Associate Vice Chancellor Steve Keto has recently been formed and charged with addressing three critical issues: 1) the disparity in tuition charged to on-campus students for regular term, on-campus courses versus the tuition for DE courses, 2) to review the distribution of resources generated from on-campus versus DE course offerings, 3) to review the distribution of on-campus courses versus DE courses with regard to faculty load and compensation. The task force has been asked to provide a report by the end of the semester with a goal to implement recommended changes in the Fall of 2012.

Recommendation: Review Summer Education. As with Distance Education, the strategic planning process drew attention to the role that summer course offerings can play in increasing the efficient use of our physical and human resources while helping students make timely progress toward degree completion. Further, there appears to be “competition” between DE and on-campus summer course offerings, with departments choosing the mode of delivery based on the financial incentives in place for each. A task force led by Vice Provost Louis Hunt and Associate Dean Jo-Ann Cohen has been asked to provide a set of recommendations by the end of the semester that would accomplish the goals of increasing summer course offerings, more effectively coordinating DE and on-campus summer offerings and increasing student enrollment while efficiently enhancing undergraduate student progress toward degree completion. The task force has been asked to provide a report by the end of the semester with a view to implementing recommendations by Summer 2012.

Recommendation: Review Student Leadership Programs. Many excellent student centered leadership programs exist across campus. These are frequently housed in different divisions, both academic and non-academic. Drs. Mike Davis, Director of the Shelton Leadership Program, and Mike Giancola, Director of the Center for Student Ethics, Leadership and Public Service (CSLEPS), have provided a preliminary report identifying all student leadership programs and suggesting ways they could be more effectively coordinated. Their report is posted at the provost’s website.

3. CONSOLIDATE AND REALIGN BUSINESS SERVICES

Recommendation: Realign Reporting Relationships & Accountability for Management of Campus Financial and Human Resources Transactions

In order to provide consistent high quality business and administrative services at NC State, as well as consistency in structure of responsibility and accountability, changes in current reporting relationships should be implemented.

1. Lead representatives of each college/executive officer division for financial and human resource transactional activities – It is recommended that there be a direct reporting relationship to the Finance & Business Division, with strong

secondary relationship to the dean/vice chancellor of the college or division being served. All college/division representatives will have a consistent job description and position title.

Timeline: Lead college/division personnel reallocation of positions and related salary lines to align with the new reporting structure should be completed by July 1, 2011.

2. College/Division-Based Support Personnel - It is recommended that the reporting lines of central college/division-based staff positions who currently perform financial transactions (accounts payable/receivable activities, travel, purchasing, budget management and contract/grant administration) and HR transactions (employment hiring/appointment actions, employment status changes, and employee time/effort reporting) have a direct reporting structure to the lead college/vice chancellor division representatives.

Timeline: Identification of current support staff activities to determine effort committed to Financial and HR transactions should be completed by October 1, 2011. Restructuring of college/division reporting structures should be completed by January 1, 2012.

Recommendation: Establish Business Operations Centers Across Campus

NC State's current highly decentralized business structure is characterized by many transactional activities scattered thinly across dozens of departments. A reduced number of generalist support staff are challenged to administer a broad range of financial and personnel transactions that often require significant knowledge of sophisticated technology and policy structures.

In an attempt to catch and correct departmental transaction entry errors, the University applies varying layers of college/division and central-office reviews and audits after-the-fact. This inefficient process results in repetition, delays, and re-work of transactions. The Strategic Planning Resources Strategies Task Force recognized these inefficiencies and suggested that consolidated business operations centers could better serve both departmental and institutional needs.

We recommend that the business support staff positions in all units of the campus be organized into Business Operations Centers that at minimum support an entire college/executive officer division and, where possible, centers should be organized to support more than one similar campus unit/division. The minimum volume of a center should be at least \$75 million annually for all funding types and transactions, preferably larger.

The Business Operations Center model is intended to:

- Maintain and improve customer service as the primary focus
- Offer enhanced depth, breadth of expertise and continuity of service

- Provide services more cost-effectively by reducing the cost of errors and re-work
- Increase efficiency (reduce processing time and meet UNC key performance indicators)
- Reduce the total number of personnel involved in processing financial and human resources transactions

A university-level director of business operations would have oversight authority and responsibility for successful coordination of all the business operations centers. Financial and personnel content experts in each center would manage the work of center staff and would collaborate closely with the campus units to which they are assigned. An advisory structure for the centers will be established to receive and respond to ongoing input and quality measurements from the customer units being serviced. A number of factors will require consultation with the colleges, divisions, and departments in order to effect this recommendation.

Timeline:

1. Determine the portfolio of activities that move to centers vs. remain within departments and the inventory of current staffing by October 1, 2011.
2. Determine the optimal number and staffing of business operations centers to most efficiently and effectively serve the campus considering the type and volume of transactions by January 1, 2012.
3. Implement of first-phase centers by July 1, 2012 and remaining centers by July 1, 2013.

4. REDUCE ORGANIZATIONAL BUREAUCRACY

Over the past 13 years, the university has adopted more than 650 new Policies, Regulations and Rules (PRRs). The PRRs were created under the authority of federal or state law, the Code of the UNC Board of Governors and the UNC Policy Manual. In some areas, there are layers of bureaucracy that may not be essential. Redundant or unnecessary policies and regulations will be eliminated or consolidated. This organizational bureaucracy review should be broader than PRRs and include an ongoing examination of all facets of the university processes, challenging current assumptions and reducing organizational structures that contribute to inefficiencies. The NC State Board of Trustees is reviewing its committee structure and is considering reducing the number of its committees from six to five. Efficiency, effectiveness, simplification, and reduction are key priorities in the reduction of bureaucracy.

Recommendation: Complete the extensive review that has been initiated of all existing PRRs with each division spearheading the examination by subject matter or topic. The Office of General Counsel is advising on matters relating to legal authority and compliance.

Timeline: This review is to be completed by the end of 2011 calendar year.

As indicated in the Strategic Planning Task Force on Resource Strategies Report, continued focus on processes is also critical. That report indicated NC State should develop a continuing structure focused on simplifying administrative processes; evaluating and making recommendations concerning the restructuring of its academic and business units; and for identifying new opportunities for efficiency improvement and cost reduction.

Recommendation: The Chancellor reconstitute the Administrative Process Review Committee with a charge of evaluating and making recommendations to streamline and simplify university practices and procedures.

The Administrative Process Review Committee will be the primary conduit for faculty and staff to suggest changes in administrative processes and will have the authority to ensure that its recommendations are seriously evaluated and implemented if appropriate.

Timeline: Initiated by July 1, 2011.

5. IMPLEMENTATION OF RECOMMENDATIONS

We approached this charge considering what should be the “fundamental changes in the way we operate” that would allow North Carolina State University to be more flexible, more responsive and ready to accept the strategic and budgetary realities going forward. We feel confident that, if enacted in a timely manner, these recommendations will improve organizational efficiency and effectiveness. The result not only will be in ongoing cost savings, but more importantly, an increased capacity to direct limited resources to core functions and an increase in overall organizational flexibility and responsiveness.

Several of the above recommendations can be implemented starting in July of this year, in time to begin realizing potential cost savings in the 2011-12 fiscal year. Many will require a more deliberative process involving faculty, staff, administrators, students and, where appropriate, external stakeholders, to more fully define the implementation strategy and timeframe. In all cases, we have recommended implementation timelines that are no later than July 2013.

This document contains recommendations that, when implemented, will change NC State for the better and when blended with the priorities of the final Strategic Plan, will allow the institution to achieve the full measure of its mission. Thank you for the opportunity to submit this set of recommendations.