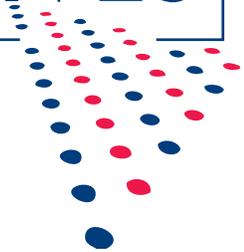


PRESIDENTIAL PERSPECTIVES



a higher education presidential thought leadership series

2011/2012 Series: **Strategies to Address the Rising Cost of Higher Education**

chapter

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A Call for University Leadership

Transitioning from a Process of Budget Cuts to Creating Ambition

Dr. Robert Davies: President of Eastern Oregon University

During my second annual “State of the University Address” for the 2010–11 academic year at Eastern Oregon University (EOU), I referenced the analogy of three rivers, each representing a theme of change in the academy, coming together in a confluence that will significantly alter the future for our University. These three rivers of change are technology transformations, increased accountability measures, and considerable reductions in revenues from state resources. At the confluence, these rivers are all coming together to create a substantial shift in the boundary conditions that surround our institutional planning and budgeting and resultant operations. I foreshadowed that our University would need to alter our current strategies in order to “shoot the rapids” caused by the confluence of these changes. I must admit that, while I projected that the force of these rivers would be tremendous, I clearly underestimated the “Class V waves” that were in store for us.

Eastern Oregon University is a regional University in the Oregon University System. We are relatively small with just over 4,000 students, more than half of whom are engaged in our off-campus programs—studying either online or at one of our 16 centers throughout the state. EOU has been very dependent on state appropriations that account for nearly 50 percent of our revenues (excluding auxiliaries).



We must have the resolve—we must hold ourselves accountable to see to it that our decisions are implemented, and we do not waiver.”



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In many respects, as a second-year president, I serve a University coming out of a tumultuous decade of near-constant leadership changes resulting in critical financial challenges, as well as multiple negative public relations issues and significant trust concerns. My ambitious goal has been to stabilize EOU by rebuilding trust and accountability, both internally and externally, and position it for the future by creating a financial model that is sustainable. This allows us to plan strategically for enrollment growth and the addition and strengthening of academic programs, rather than continued retrenchments and reactive measures in response to financial austerity.

I started my presidency on July 1, 2009, and am the fifth president to lead EOU since 2000. The millennium began with a standing president who left to assume another presidency followed by an interim, who was in place until his successor was hired. This successor left after three years, following a very contentious presidency and an overwhelming vote of no confidence. The former interim returned until I started in July 2009. With each standing presidency, the University pursued a separate and distinct direction. Throughout these leadership transitions, the financial standing of the institution was fraught with budget reductions and mistrust within the University as well as in the larger community. Because of these leadership issues, our accreditation was in jeopardy. These challenges had immediate and dramatic effects on enrollments, which dropped to unsustainable levels. This led to, a mere three years ago, a financial retrenchment process that eliminated more than 10 percent of the budget. As one prominent faculty member told me early on, “We do many things well here. One is to cut the budget!” Clearly, as I began my presidency, the ramifications of this retrenchment—symbolic and real—were still affecting the University. The staff was tired and weary, the faculty cautious, and factions and alliances were prevalent. Despite this, our campus community displayed a sincere sense of optimism—cautious optimism but optimism nevertheless—in new leadership.

Building on the selfless and committed work of the interim president, we continued to rebuild bridges and restore the confidence of the faculty, staff, and our community in our institution. This was enabled by an overt commitment on my part to be open, transparent, and inclusive in all of our work. Our enrollments have rebounded—to record levels—and public confidence in EOU is stronger than ever. We now receive incredibly positive press in the state’s largest newspaper and enjoy unflagging legislative support. And our accreditation has been reaffirmed, no small feat. As an indication of our success, applications for next fall are more than 30 percent higher than last year’s record level, enrollment is at record levels, and private gifts are at an all-time high.

Unfortunately, this progress ran headlong into the current economic realities of our state, exacerbated by our over-reliance on state funding as our primary revenue source. As a result, I found myself faced by the task of leading the University through yet another significant budget reduction, this one of twice the magnitude of the previous. The University Leadership Team and I were confronted with the question of how to lead EOU through yet another significant budget reduction without destroying the confidence and momentum that had been built over the past three years.



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Our impending state budget reductions made it clear that EOU had two choices: lead or manage. This was the transformative moment for EOU—we could choose to lead and embrace the challenges and in doing so, control our own destiny; or we could merely manage the situation and then have the whims and waves of the state and others control our own future. In choosing to lead, we knew it was the more difficult choice. This path would require us to honestly and openly analyze our business model in relation to our core values and overarching goals and mission. We would have to make difficult decisions that would affect people—our friends and colleagues. In doing so, however, we would be taking that crucial first step in shifting our mindset from being an austere organization to one that can develop and carry through a sustainable financial plan for the long-term, not just the immediate crises at hand. Or, we could manage our way out of the situation. We could cut costs in an expeditious way (such as, across-the-board cuts, focus on short term reductions) and hope for a continued rebounding in enrollments, and “hope for the best” in an economic recovery. We could continue to plea for meager funds from the state and live from one fiscal year to the next and cut at the fringes.

Fundamentally, this was our opportunity to create a sustainable financial model to support EOU not only now, and for the next budget cycle, but also for the foreseeable future. This was not just a cost-cutting exercise, rather it was a pivotal moment in our history. We embraced the need to fundamentally change our business model to support our core values and build a foundation for long-term stability in these turbulent times. We chose to lead and not just manage.

The budget forecasts made it clear that we had to change our business models to increase revenues and at the same time make cost reductions that would result in the reduction of academic and administrative programs. We had to do this in a manner that would maintain, if not strengthen, our trust and commitment within the University and community. At the same time we had to shift the mindset of our University relative to embracing changes to many longstanding practices and perspectives.

To frame the situation, we developed a business model based on a “triangle of key factors” to guide our planning and decision making processes. This triangle consists of three focal points: “Mission/Core Values” (such as what the University stands for and its goals—access, commitment to the liberal arts, service), “Quality and Expectations” (measures of accountability—such as student-to-faculty ratio, graduation rates) and “Fiscal Sustainability” (the balancing of revenues and expenditures). We knew that these three areas had to work together as the basis of our decision making process. We also knew that the triangle entailed inherent tensions—we could not be all things to all people—and that our decision to engage certain strategic efforts would also mean strategically choosing not to do certain things. Decisions affecting any given leg of our triangle would by definition affect the other two legs in fundamental ways.



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For example, one of our core values focuses on access for first-generation college students (mission), accompanied by the expectation for significantly higher four-year graduation rates (quality and expectations). Yet another need is to keep our tuition levels low despite budget reductions from the state, while providing the academic and student services needed for successful retention (fiscal sustainability). Any president can readily see the inherent constraints this example offers, including the expected views and expectations of both legislators and board members. Our triangle approach illustrated these competing perspectives and inherent tensions and helped us structure the forums needed to address these issues with our stakeholders.

In setting the foundation for fundamental change, the Provost and I held 37 meetings with all of our institution's stakeholders, including college and department level faculty, student leadership groups, our Faculty Senate and our Budget and Planning Committee and other shared governance bodies, and editorial meetings with local newspapers, legislators, and board members. In all of these meetings, the message was consistent and clear: Our state funding was going to be drastically cut and we needed to change our operating model. We used our triangle of key factors to explain our circumstances and our situation. We made sure to focus on realities and sugarcoated or glossed nothing over. And, at the same time, we did NOT provide solutions at these meetings. In fact, we did the exact opposite, as we asked our faculty, staff, students, and other stakeholders for solutions and ideas. We used the web and other technologies to receive constant feedback and suggestions. At first, this was slightly uncomfortable for many—they wanted to be told what to do and how to react. And we were doing the opposite—looking to them for creative solutions and feedback.

These efforts consumed more than three months and provided the foundation needed to understand specifically how we had to change. In early March, with the legislative budget cycle coming full circle, the need for a concrete plan was imminent. And, according to our collective bargaining agreement with the faculty, we had a specific process with a strict timeline to adhere to for any actions entailing faculty position reductions. In considering how to move forward, the provost and I set a distinct tone that is not often seen in higher education to develop our sustainability plan: We did NOT form a committee or task force to formulate the plan and present it to the University. Instead, in keeping with our standing commitment to openness, transparency, and inclusiveness, we initiated both an academic program review process and an administrative unit review process. This was not an effort to change our mission, values, and four core themes; rather, it was to reaffirm our commitment to them and fully understand how each area of the University contributed to the success of our mission, supported our values and enhanced our themes. Both review processes relied on templates and evaluative rubrics, which enabled us and the individuals in the academic programs or administrative units to tie current activities and resources concretely to our institutional mission and four core themes, offering a very detailed picture of how each of our academic programs and administrative units relates to EOU's mission and those core themes, helping us understand how to most effectively focus institutional resources on mission fulfillment.



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The process was very well articulated and communicated, painstakingly clearly, with the campus and stakeholders. The key aspect centered on us, the administration, depending on the campus community for direct and unfiltered input into the process. While the use of an ad-hoc committee may often appear to be in accord with shared governance, such committees also often introduce politics and convenient compromises, and by definition only recommend to the president. This was not a time for compromises; but for clear action and leadership. In communicating this decision—by not having a committee, by not creating a representative group that in of itself invites controversy—we, the provost and I, made it clear that, though we would be making the final decisions, we wanted the whole campus directly engaged in the planning and related dialogues and we did not want those discussions filtered, but directly discussed with us.

After all of the reviews were submitted, I hosted a meeting of the cabinet in which we analyzed the reviews and the provost, and I ultimately formulated the decisions. The provost and I wrote a draft of the plan and in early May held a University Hall Meeting in which we informed the University of the broad aspects of it. The presentation was simulcast on the web so those who could not attend in person could still participate. The draft plan was then posted on the web that included an automatic feedback process. Following this, we held an additional 27 meetings (and received and responding to over 150 emails) discussing the draft plan and seeking alternatives. Ultimately, we received many solid suggestions and revised the plan based on these suggestions and subsequent discussions.

In the end, we significantly altered the business model of EOU, and we began changing many strongly held convictions and beliefs rooted in past practices. For example, we will begin charging out-of-state tuition and recruiting internationally, both aimed at strategically increasing tuition revenues. While both of these decisions were at first resisted by students, in the end both were overwhelming endorsed by our student government.

As a key piece of our sustainability plan, we also developed a “Financial Scoreboard and Index” that contains 10 key financial ratios that will inform our planning and budgeting discussions as we move into the future. The key aspect to these ratios is that they speak specifically to EOU’s unique mission and goals. They add to the transparency of our financial modeling and, unlike many financial reports, are forward looking rather than historical and will be used to project impacts of planning and allocation decisions.

While we are just now beginning to fully implement our plan—a plan that affects and/or eliminates nearly 30 positions and reduces our budget by 20 percent—we can point to two significant outcomes that speak to how soundly the plan was developed and received by the campus. Under the faculty collective bargaining agreement, our faculty union had the opportunity to respond to the draft plan and did so by providing a supportive one-page memo noting six points, five of which had already been addressed as a result of our 27 follow-up meetings. This in comparison to the 20-plus-page memo they provided to express their concerns on the previous reduction. Similarly, our campus chapter of the state classified employee union (which lost nearly 15 positions in the plan) at the state- and system-wide bargaining table made several positive references to the manner and methods that we used to make the substantial changes at EOU.

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Clearly, reframing our time of budget cuts and retrenchment into a discussion shaping our University for financial sustainability in a new environment was essential to this process.

But what I learned most in this process is that our universities need true leadership, not management, in these difficult times. We must be accountable—our universities need us, as presidents, to stand up and hold ourselves accountable to lead during these challenging and stressful times. It is easy to form a committee, knowing that debate and rhetoric will follow, and that will give us cover that we can hide behind. Instead, we need to stand up and say, “I value your input and will sincerely seek it. But it is I who will need to make these difficult and unfortunate decisions—not a committee.” We need to communicate. This includes delivering difficult news, as well as listening to our constituents and responding and incorporating their ideas when feasible. We need to engage—we need to follow through on our commitment to inclusion and transparency. We need to act—we cannot be afraid to make those difficult decisions. And finally, we must have the resolve—we must hold ourselves accountable to see to it that our decisions are implemented, and we do not waiver.

Our institutions deserve nothing less.

Our complete strategic plan, entitled “Positioning Eastern Oregon University for Mission Fulfillment and Financial Sustainability” can be found on our website at at: http://www.eou.edu/pres/documents/EOU_FINAL_PLAN_2011.pdf



Dr. Robert O. Davies assumed the presidency of Eastern Oregon University on July 1, 2009. This was a return his “western” roots after his career in higher education lead him to the East Coast. Dr. Davies started his career in higher education at the University of Nevada, Reno where he served as the director of annual giving. He was then named as the executive director of the Boise State University Alumni Association. His career then moved him to the University at Buffalo where he was named the Associate Vice President for Advancement. Prior to his presidency, he was the Vice President of University Relations and Executive Director of the Foundation at Indiana University of Pennsylvania.

While never serving in the traditional role of a faculty member, he has always been a student of higher education and leadership, as his father, a former provost and president, and grandfather were educational leaders. “I grew up surrounded by discussions of the tenure and promotion process, the travails of academic freedom and the importance of a core liberal arts program in supporting professional programs. This was our dinner conversation.” His dissertation, entitled, “The New University President: How Non-Traditional Presidents Construct Their Presidencies,” is dedicated in their honor. This study and continued research in leadership guides him in his current role while his previous work experiences have proven to be invaluable in developing and strengthening community and legislative relationships, strategic planning and enhancing communication and university connections.

He earned his Ph.D. in Higher Education Administration from the University at Buffalo (SUNY) and his M.B.A. from the University of Oregon. His bachelor’s degree, in business, is from the University of Nevada, Reno.