



Ad Hoc Committee on Promoting Financial Health and Sustainability
DRAFT Executive Summary / May 2021

Executive Summary

In Fall 2020, President Christina H. Paxson convened the Ad Hoc Committee on Promoting Financial Health and Sustainability, appointing staff, faculty and students as members and Provost Richard M. Locke as chair. President Paxson charged the committee with developing recommendations to promote the long-term financial health and sustainability of the University. More specifically, she emphasized the importance of identifying opportunities to eliminate the University’s relatively small but persistent structural deficit so that the University would have the resources and flexibility to make strategic investments in academic excellence. At the outset, she emphasized that the intent of the committee was *not* budget-cutting in response to COVID-19. Rather, she wrote “...the committee will engage in the kind of long-range planning that is necessary if we are to reduce Brown’s reliance on tuition and fees and ensure continued growth in the quality of our academic programs.”

Accordingly, and with the COVID-19 pandemic prompting the need to rethink and reimagine the role of research universities in service to society, the committee undertook its work thinking expansively about actions that would position Brown to achieve ever greater levels of academic and operational excellence in a fiscally sustainable way.

Following several months of work, including the formation of subgroups to focus intensively in several key areas of opportunity, the Ad Hoc Committee is proposing a range of options that would yield an estimated **\$26M to \$57M** annually, over time, once fully implemented. This includes approximately \$6M to 7M in savings and \$20M to \$50M in new revenue that would be available for strategic investments in both people (enhanced salaries, start-up, financial aid, faculty growth) and infrastructure (technology, tools and equipment etc.). The committee also suggests that in addition to the specific proposed recommendations for cost savings and revenue enhancements, the University enact a mechanism to ensure that as it advances innovative and consequential teaching, research and service, it continually strives to be the most efficient and effective University possible over the long term.

What follows is a summary of the committee’s recommendations for consideration that meet the overall charge and objectives, and do so in cross-cutting ways that reinforce other priorities, such as contributing to the University’s commitment to environmental sustainability, and investing in people and systems to propel Brown forward as a highly effective and efficient institution that values each and every member of the community. The proposals undergird ongoing innovation, reinforce shared responsibility across the University, and draw on Brown’s strengths and mission to expand access and societal impact. If implemented, these recommendations would not only promote financial sustainability, they would position the University to achieve even greater

levels of academic excellence in fulfillment of its core mission.

Committee Charge

The Ad Hoc Committee was given the following two-pronged charge:

- (1) **Increase Revenue Growth:** Explore options for Brown to leverage its assets in technology, teaching and research to generate additional revenue.
- (2) **Reduce expense growth:** Develop strategies for slowing the growth of University expenses through the adoption of new operational practices.

Summary of Recommendations / Impact

Area of Focus: Personnel

Rationale: Brown has a total staff workforce of approximately 3,200 and seeks to be an employer of choice offering competitive salaries, benefits and a vibrant environment that invests in workforce and career development. Within this context there are opportunities to strengthen organizational policies and practices that would benefit employees and the overall organization.

Recommendations:

- Focus on improved services and increased opportunities for staff through piloting administrative support networks in departments based on metrics and affiliations, and expanding over time given experience.
- Create “centers of excellence” where departments engage a pool of shared staff skilled at a specific transaction (such as purchasing), which could expand over time to support multiple departments, and where staff benefit from their colleagues to incorporate best practices.
- Centralize operations and transactions in specific areas, such as cybersecurity, technology, and human resources.

Impact:

- Estimated that **\$800K** in savings could be realized over each of the next two years as a result of these recommendations.
- More and clearer paths for career development and enhanced operational excellence.

Area of Focus: Strategic Sourcing & Purchasing

Rationale: In FY 19, Brown processed over 213,000 transactions (including purchase orders, non-PO invoices, Pcard, expense reimbursements), spending more than \$580 million. Inroads have been made in recent years to maximize the University’s purchasing power and advance values in the process (such as buying locally, or through minority and women-owned businesses). Approximately \$150M in FY19 expenditures for goods and services has been identified for expanded strategic sourcing activities.

Recommendations:

- Strengthen the Strategic Purchasing, Contract and Insurance (SPCI) organization
- Implement eProcurement Technology Solution
- Expand strategic sourcing activities
- Update & enforce purchasing policies
- Optimize overall procurement processes
- *Establish University Travel Management Program (See next Subgroup for detail)*

Impact:

- Estimated annual operating savings of **\$1.4 million** over time, based upon pre Covid-19 expenditures for goods and services.
- Clear and enforceable procurement policies and processes will ensure a more accessible, efficient and equitable overall user experience and offer more opportunities for the University to leverage its purchasing power to reflect and advance values.

Area of Focus: Travel & (Non-critical) Events

Rationale: In FY19, Brown’s total travel expenses were approximately \$22M, yet travel booking and expense reimbursement are primarily self-directed, which is inefficient and labor intensive. Travel practices are decentralized, and while the University has a preferred travel agency vendor, it is not widely known.

The recent pandemic experience has demonstrated that in some cases, University meetings and non-critical events (that are not central to the academic mission) can be conducted virtually, saving travel, time and resources while often enhancing access.

Recommendations:

- Establish a University Travel Management Program (*Joint recommendation with Strategic Sourcing subgroup*)
- Incentivize reduced levels of University travel, where beneficial
- Reduce judiciously and thoughtfully (1) the number of in-person, non-critical events and (2) associated food and beverage budgets
- Develop and communicate clear policies related to travel and events

Impact:

- Taken together, these recommendations could yield an overall annual savings of approximately **\$5.15M**.
- Reducing non-essential travel and opting for engaging virtual tools will be beneficial for many faculty and staff, freeing time for other aspects of University life, and contributing to campus environmental sustainability efforts.
- Likewise, being more thoughtful about meetings and events will promote access, reduce travel time on and around campus. The committee acknowledges that a reduction in catering could have an impact on Dining Services, which will need to be addressed carefully and proactively in the implementation so as not to have unintended adverse effects on Dining Services.

Area of Focus: Diversifying Revenue

Rationale: Brown seeks to have an even greater impact in the world through teaching and research, and recent investments in online teaching tools and the growth of research activity and funding offer important opportunities.

Recommendations:

- Grow non-traditional academic program enrollments and offerings strategically to increase Brown’s reach and impact by:
 - Launching fully online master’s degree programs in areas of high capacity and high demand;
 - Increasing credit-bearing undergraduate courses offered in Summer & Winter Sessions, the annual number of entering early career master’s students in E&G programs 30-50%, and enrollments in Executive Masters programs 75%.
 - Expanding pre-college programs, primarily through increasing online enrollments, and non-degree executive education offerings.

- Expand research commercialization by “priming the pump” for new industry partnerships and royalty-paying startups and licenses to increase disclosures, agreements and entrepreneurial activity by:
 - Creating an innovation fund for physical sciences (modeled on Brown Biomedical Innovations to Impact fund).
 - Developing a database of current faculty research areas.
 - Launching a campaign to highlight activities and links between technology commercialization and Brown values.

Impact:

- Estimated revenue growth from the expansion of enrollments and programs could range from **\$14M to \$23M**. *(Note: To support the growth of these programs, a portion of this net revenue growth will need to support growth in faculty, staffing and infrastructure.)*
- Brown community is enhanced by reaching a broader and more diverse community of learners, and academic innovation could lead to more online options for all students.
- Successful commercialization of research will advance the overall profile and impact of research at Brown, and lead to local economic benefits in Providence and RI.

Area of Focus: Undergraduate student body growth

Rationale: One of Brown’s leading strengths is undergraduate education, and expanding the number of students who have access to a Brown education increases Brown’s reach and opportunity for impact in the world. Through a more strategic application of enrollment management tools, Brown can grow the student body to offset the 6% of undergraduates who currently opt to study abroad or engage in other experiential opportunities away from campus. Through this work, the University can accommodate modest enrollment growth without straining other University resources, or affecting the overall sense of community that is central to Brown.

Recommendation:

- Grow undergraduate population by 5-10% through careful enrollment management and increased participation in study away/experiential learning opportunities.

Impact:

- Estimated that over time the University could increase revenue net of financial aid by **\$13M to \$27M** annually.
- Carefully growing the undergraduate student body could contribute to efforts to cultivate diversity across many dimensions.

Taken together, these recommendations – if enacted - empower the University with greater financial capacity and flexibility while enhancing opportunities for innovation, excellence, access, reach and impact. They promote fiscal and environmental sustainability, invest in career development, and ensure shared ownership and responsibility for advancing success.