

Magis Operational Excellence Steering Committee Diagnostic Report

August 2016

Introduction

In February 2016, University President Fred Pestello announced the Magis Operational Excellence (MOE) Program. The Program's objectives, scope, timeline and decision-making process were described to the university community through a series of forums, small group meetings, one-on-one discussions and a special website. Working according to the plan, an 18-member Steering Committee entered a diagnostic phase to review data and guide analyses so focus areas for improvement could be identified, recommended by Provost Nancy Brickhouse and CFO David Heimburger, and selected by Dr. Pestello for further development.

This report to the university community summarizes the focus areas for improvement that have been selected for the next phase, during which specific solutions will be designed. We present key facts and figures

reviewed by the Steering Committee that contributed to our current understanding of the university's operations, both academic and administrative, and support the direction being taken by the Magis Operational Excellence Program.

For more information about this report and the ongoing work of the Magis Operational Excellence Program, please visit the project website or contact the coordinators:

Website

<http://www.slu.edu/operational-excellence/>

Coordinators

Eric Armbrecht, PhD

Associate Professor

Mickey Luna, JD

Vice President Human Resources

magisoperationalexcellence@slu.edu

Contents

- *Why do we need to change now?*
- How did we conduct the diagnostic phase?
- What key facts did we learn?
- What opportunities will we pursue and when?
- What should we expect in the next phase?

We are a community in pursuit of an educational mission, deeply rooted in our Jesuit Catholic tradition.

We rely on efficient and responsive operations, both administrative and academic, to teach, conduct research, and support our talented students. Our operations also impact high quality, compassionate health care provided across the region.

The landscape of higher education is changing.

Needless to say, times are tense for colleges and universities. The problems are compounded in the Midwest, where the population is declining. We, like universities across the country, are being called upon to make education more accessible, more affordable and more responsive to employers. The pressure is real.

Today the pressure on how we fulfill our mission can be felt in many ways, including financial. Revenue has declined due to many interwoven factors, including enrollment, tuition discounting, external grant funding, and donations. But, there has not been a corresponding reduction in costs. Costs have risen, particularly total compensation (wages and benefits) paid to our most valuable resources – our people. Purchased goods and services have ticked up too.

Without implementing significant changes, an annual loss in the range of \$10 to \$20 million is projected through our bicentennial year (2018) and beyond. Cumulative financial losses over time constrain our ability to pursue strategic plans, address academic needs, invest in our people, and serve the St. Louis region. The financial situation adds to work-related stress and threatens retention of our talented faculty and staff.

Inefficient and ineffective processes are expensive, time consuming and divert resources away from the academic experience and environment.

When organizational structures fail to empower people in decision-making, bureaucratic processes propagate and costs escalate.

Before we face a crisis, we must change. We must act intentionally, guided by data and community input, to become the innovative, nimble organization called for by the strategic plan and required in the changing economy of higher education.



Creativity and innovation are at the heart of our identity as an educational community. We must use these attributes, individually and collectively, to make change happen soon.

Over time we must build a culture and organizational structure that sustains the improvements that will be implemented.

The planned approach of the Magis Operational Excellence Program, shared openly since the onset, promotes collaboration rather than silos to solve major problems.

We seek to re-engineer processes and re-define policies so a distinctive, excellent academic program can thrive. Our ability to attract students, faculty, staff, and benefactors depends on excellence being found in all that we do.

University leadership initiated this program to disrupt the status quo. And so, many people are anxious about the changes that may result from the Magis Operational Excellence Program. While change is a goal, openness is too. Everyone is encouraged to be informed and contribute feedback throughout the process.

This report describes broadly a set of **improvement**

focus areas that have been selected for further development in the forthcoming solution design phase. It is estimated that implementation of the full set of proposed opportunities over time could improve the operating margin by \$40 to \$80 million annually. The subsequent sections of this report describe in detail how the Steering Committee approached the diagnostic phase that surfaced the focus areas (Section 2), the findings that informed them (Section 3) and the next phase of work – detailed solution design (Section 4). During this next phase, specific actions, process changes, and refined estimates of financial impact will be developed.

For nearly two centuries, our faculty, students, staff, alumni and benefactors have carried forward the university's mission by adapting to changes in society. The specific challenges may be different today, but building a university for uncertain times is what our community has the opportunity to do again.



Higher education institutions are facing common challenges

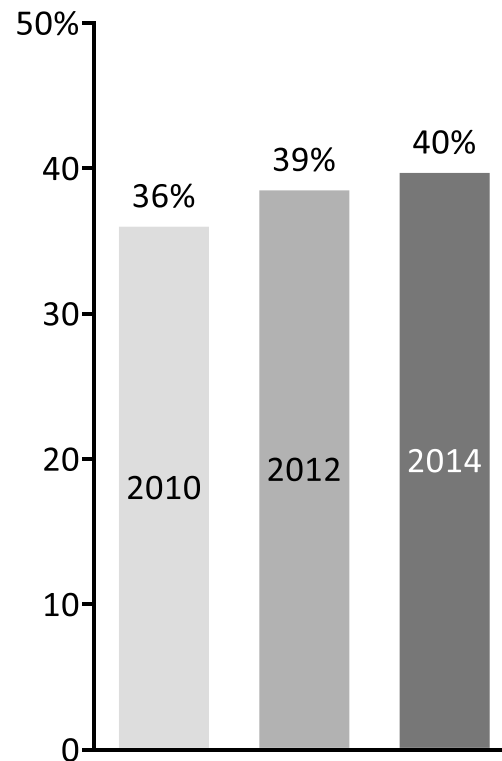
ENROLLMENT LEVELS ARE STAGNATING

2-year average growth rate in total enrollment



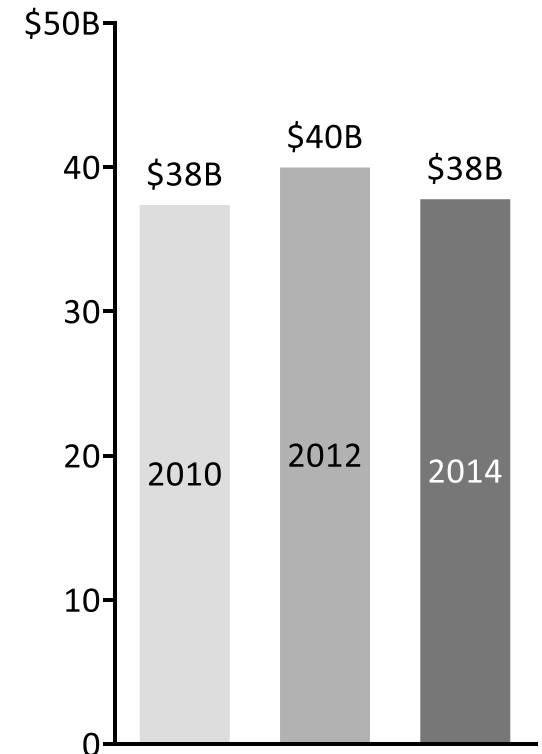
INSTITUTIONAL AID DEMANDS HAVE RISEN

Undergrad scholarships & grants as % of tuition and required fees



FEDERAL FUNDING FOR RESEARCH HAS NOT GROWN

Federal government spending on research & development

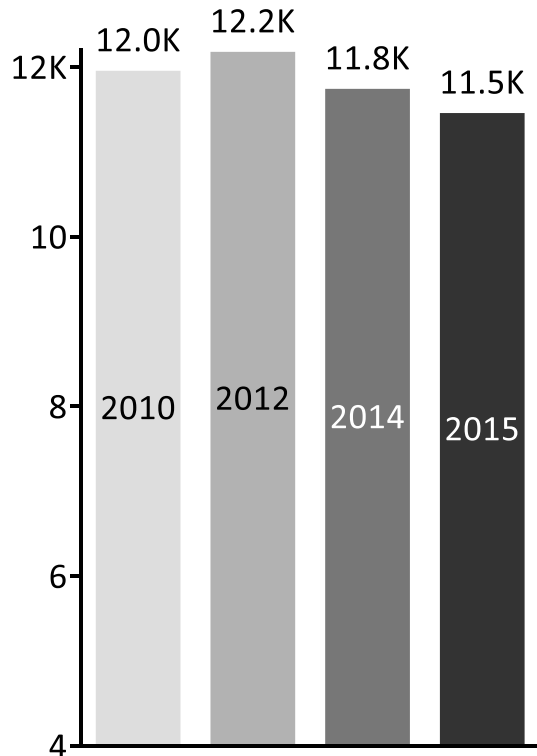


Note: Enrollment growth reflects total enrollment for all levels in degree-granting postsecondary public and private institutions, excluding for-profit entities. Years reference fiscal years. Institutional aid is average amount of grant and scholarship aid awarded to undergraduate students at private not-for-profit 4-year institutions. Federal spending on R&D primarily devoted to science and engineering
Source: National Center for Education Statistics; NACUBO

SLU is experiencing similar trends

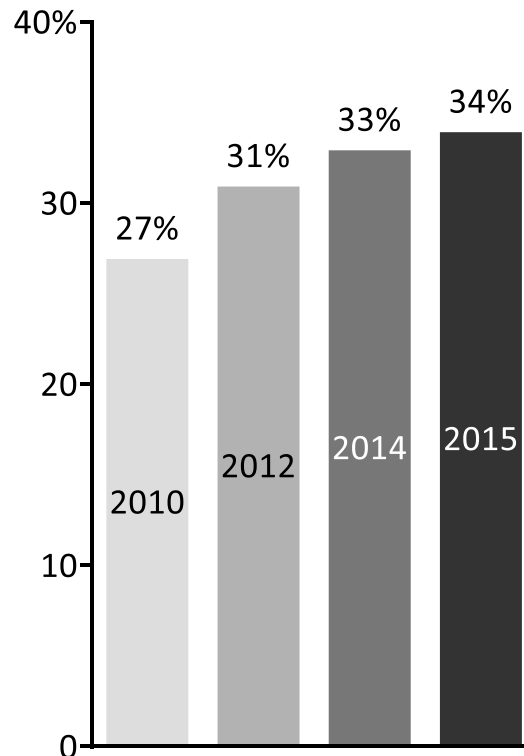
ENROLLMENT HAS DECLINED IN RECENT YEARS

SLU fall FTE total enrollment
(all levels*)



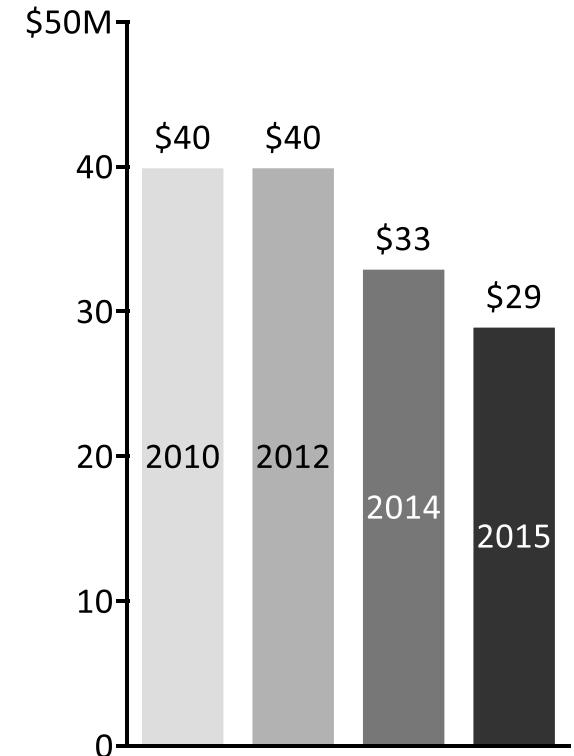
INSTITUTIONAL AID HAS INCREASED YEAR OVER YEAR

SLU scholarships & grants as % of
tuition and fees (all levels)



FEDERAL RESEARCH GRANTS HAVE DECLINED

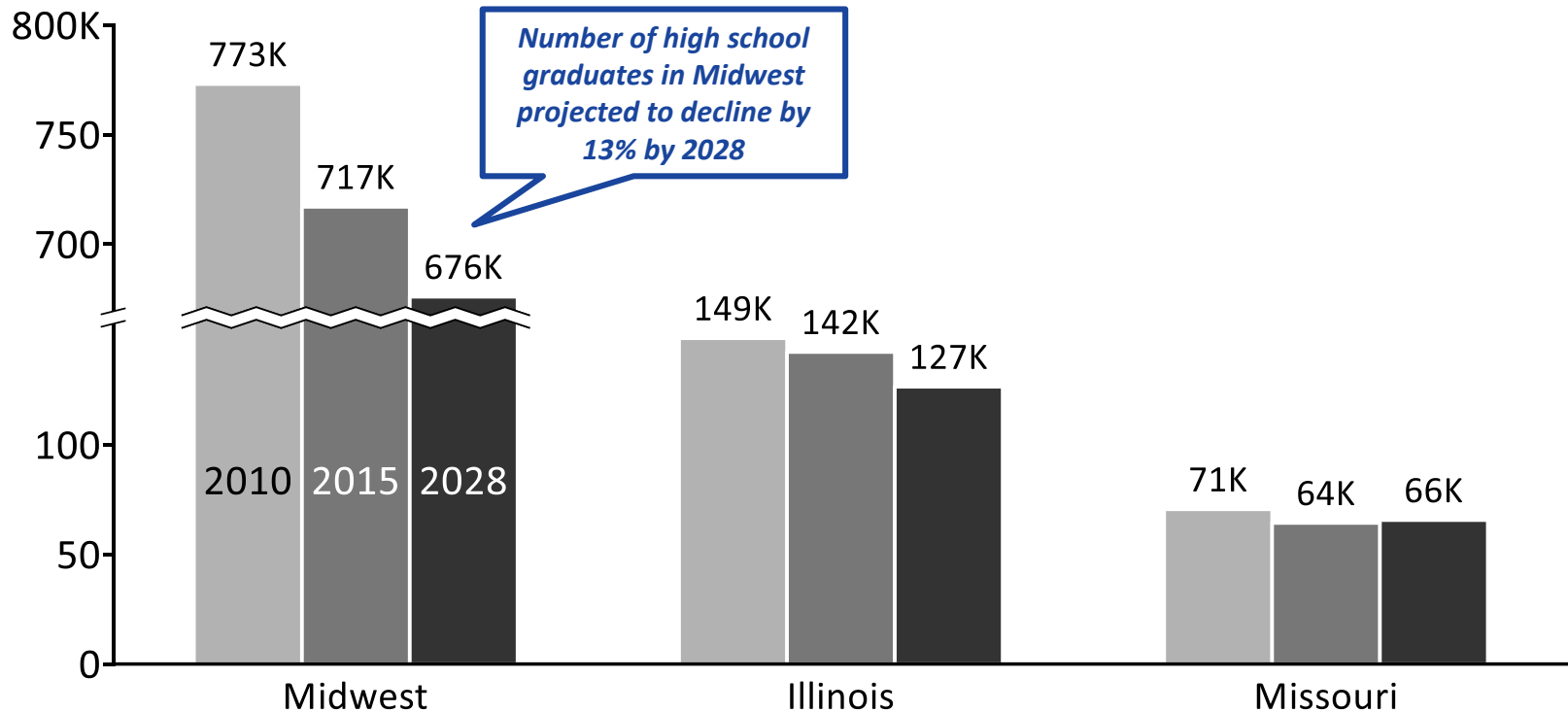
SLU federal government research
grants and contracts



Note: *FTE total enrollment includes students at all levels, including ESL students. FTE (full-time equivalent) is calculated by dividing part-time student headcount by 3. Fall 2015 part-time/full-time mix adjusted to reflect Fall 2014 mix due to FT definitional change. Scholarships & grants include both need-based and merit-based financial aid provided by SLU.
Source: OPS011a Management Income Statement Summary Audit FY10-15. OIR Census reports.

SLU faces additional headwinds particular to the Midwest region

Projected high school graduates
(in thousands)



Note: Data reflects high school graduates of public and private high schools. Midwest includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, Wisconsin
Source: Western Interstate Commission for Higher Education, 2012.

Our *Magis* strategic plan sets the stage for change

The Five Strategic Planning Initiatives

Initiative One: Being a National Exemplar of Transformative Educational and Research Excellence

Initiative Two: Being a Market Leader in Health Promotion and the Highest Quality Medical Care

Initiative Three: Being a Leading Catalyst for Groundbreaking Change in the Region, the Nation, and the World

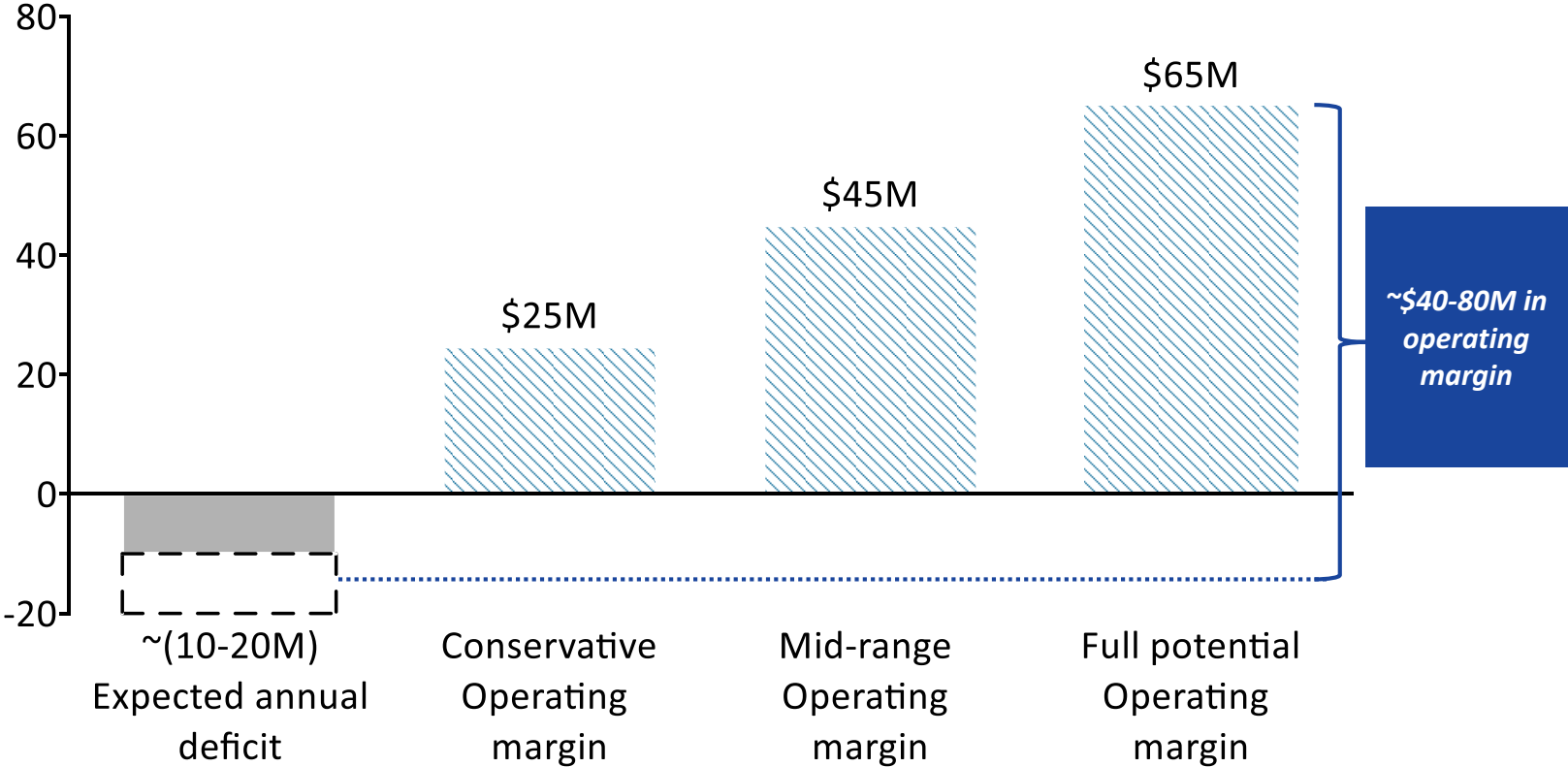
Initiative Four: Being an Innovator and Entrepreneur in All That We Do

Initiative Five: Fostering a Culture of Excellence, Effectiveness, and Efficiency Deeply Rooted in Our Institutional Mission and Catholic, Jesuit Values

Diagnostic findings suggest we can reverse current trends through MOE

Does not include one-time costs or ongoing investments;
Range assumes not all initiatives will be executed

Operating margin (\$M)



Note: conservative range and high end of mid-range represents assumption of 2/3 of focus areas being pursued/achieved
Source: FY16E 5 year projection v2

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- Why do we need to change now?

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- What key facts did we learn?
- What opportunities will we pursue and when?
- What should we expect in the next phase?

Per the process described at the onset of the Magis Operational Excellence Program, an 18-member Steering Committee was convened to review data collected by the consulting team and university faculty as well as staff from many academic and administrative divisions and to guide analyses of the data during the diagnostic phase.

Analysis was an iterative process between the consultants and university staff and faculty to maximize accuracy and relevance.

One-on-one interviews, small group discussions, community fora and the website provided insight into areas of strength, complex and burdensome processes, approval layers for decisions and cultural attributes across campus.

We are grateful to the hundreds of people who contributed to the quantitative and qualitative fact base assembled, especially university staff and faculty who worked under tight timelines.

The Steering Committee met seven times to discuss hundreds of facts and figures, ask questions, provide insight, and guide

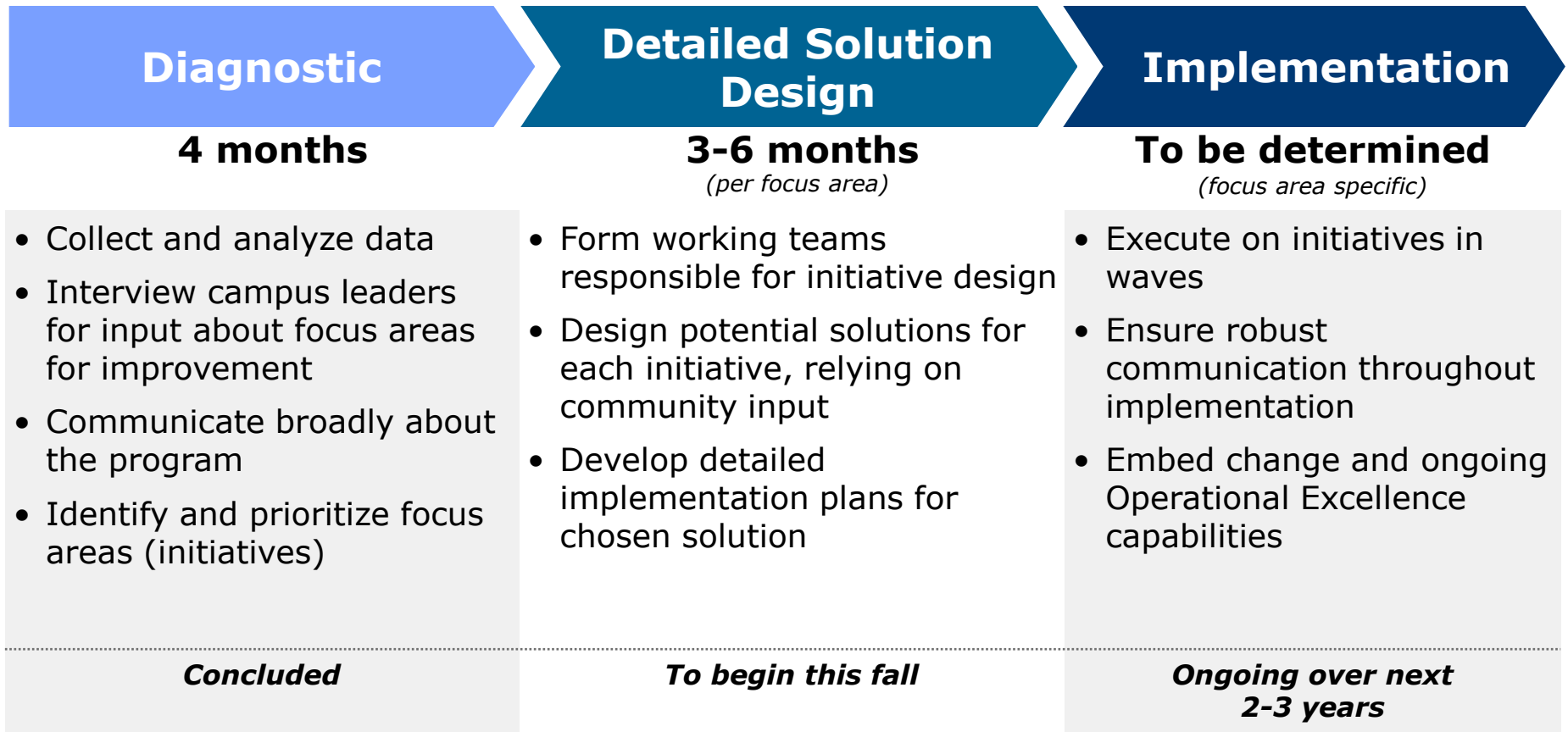
analyses.

Members were asked to approach their role by taking a university-wide perspective while bringing their professional expertise and experience as a member of the university community. Between meetings, the project team adjusted analyses based on feedback and explored a variety of issues raised by the Steering Committee.

Committee member discussions informed the recommendations made by co-chairs Provost Brickhouse and CFO Heimburger regarding the improvement focus areas to be pursued during the next phase -- solution design.



The diagnostic phase was the first of three phases in MOE program execution



We built a clear program structure to support selection of high priority areas to pursue

STAKEHOLDER GROUP

ROLE

Staff, Faculty,
Students, broader SLU
stakeholder community

- Shared insights in **community fora**
- Participated in **in-depth interviews**
- Gathered and shared **data** from their respective areas
- Submitted ideas and feedback **via the MOE website**
- **Sought out MOE leadership** to share ideas on focus areas for improvement

Steering Committee

- Reviewed diagnostic findings and **provided input** and **expertise** in evaluating potential focus areas and implications

Nancy Brickhouse and
David Heimburger

- **Recommended** improvement focus areas to President Pestello

President Pestello

- **Decided** which improvement focus areas to explore

The Steering Committee agreed to these guiding principles throughout the MOE process

- Wear your SLU hat and optimize for the University as a whole, not your specific unit
- Be open, honest and direct with your views with the consulting team and each other – potential tensions and disagreements must be addressed head-on
- Bring high energy and low emotion to the conversation – assume positive intent, build on what is said, and hold own views lightly
- Follow the facts and not the folklore – discussions should be as objective as possible
- While there should be multiple voices in the room, there should be one voice to the campus
- Transparency around objectives, scope and process must be balanced by confidentiality around interim findings, decisions and individual comments

Our Steering Committee includes a broad group of stakeholders



Eric Armbricht
Associate Professor,
SLUCOR



Nancy Brickhouse
Provost



Steve Buckner
Professor,
Chemistry



Ronald Clark
VP of Finance
Student Government
Association



Ruth Evans
Professor, English



David Grabe
Assistant VP &
Controller



David Heimburger
VP & Chief
Financial Officer



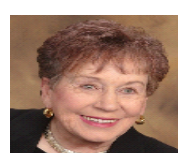
Mark Higgins
Dean, Cook School
of Business



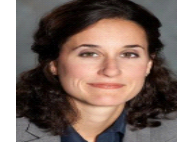
Bill Kauffman
VP & General
Counsel



Mickey Luna
VP Human
Resources



Norma Metheny
Professor & Associate
Dean, Nursing



Lauren Schwarz
Associate Professor,
Neuropsychology



Jonathan Smith
Asst. to the President
for Diversity &
Comm. Engagement



April Trees
Associate Professor
& Chair,
Communication



Doug Williams
Professor, Law
& Faculty Senate
President



Gary Whitworth
Associate Dean of
Finance, School
of Medicine



Mardell Wilson
Dean, Doisy College
of Health Sciences



Cyn Wise
Member, Staff
Advisory Committee

The Steering Committee welcomed the participation and contributions of three advisors throughout the diagnostic:

- Clayton Berry (Assistant Vice President for Communications)
- Ellen Borowiak (Senior Contract Management Specialist & Assistant Project Coordinator)
- Stacey Barfield Harrington (Assistant Provost)

The diagnostic review was holistic in nature and relied on an extensive set of inputs

REVIEW FOCUS

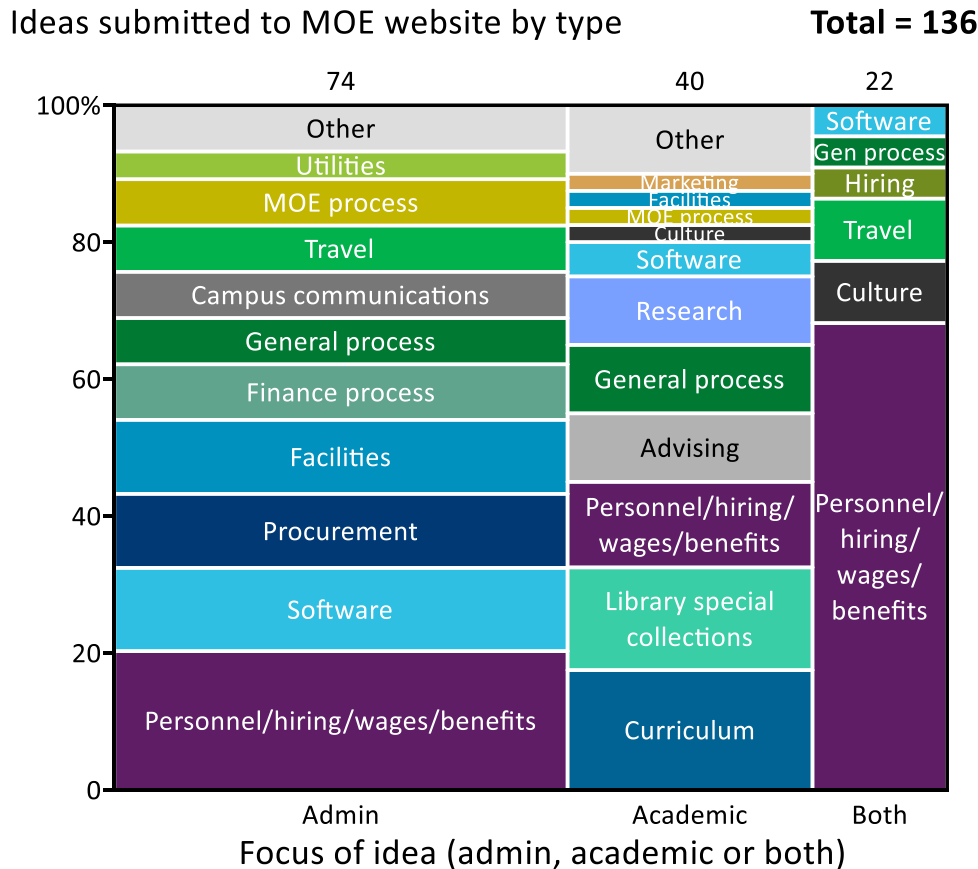
| | |
|-------------------|---|
| Scope | Academic & Administrative functions <i>(out of scope: clinical operations)</i> |
| Opportunity areas | Revenue growth |
| | Cost savings |
| | Process simplification |
| | Cultural/community enhancement |

SOURCES UTILIZED

- We gathered **subjective community input**...
 - ~100 interviews
 - 136 ideas submitted to MOE website
 - ~27 community fora
- ...and anchored it in **objective data analysis***
 - Course registration data
 - Banner/COGNOS financial reports
 - Finance payroll
 - HRIS (Human Resource Information System)
 - SLU factbook
 - Office of Institutional Research (OIR) Census

The SLU community was extensively involved throughout this process

MOE SUBMISSIONS HELPED IDENTIFY IMPROVEMENT FOCUS AREAS



COMMUNICATION EVENTS USED TO INFORM AND COLLECT INPUT

- ~1,100 attendees at informational fora
- Mid-diagnostic report video viewed 1,800+ times
- President Pestello's kickoff memo sent to full campus
- Two updates to the Board of Trustees



Source: MOE website submissions

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In this section we present a summary of key facts, reviewed by the Steering Committee, which contributed to the identification of improvement focus areas described in Section 4 of this report.

During the diagnostic phase, the Steering Committee reviewed hundreds of facts and figures that were prepared by the consulting team data analysts with substantial input from university staff and faculty.

Appendix A includes an assortment of additional slides chosen by the Steering Committee for inclusion in this report.

Key facts

| CATEGORY | DIAGNOSTIC FINDINGS |
|--------------------|--|
| Undergrad Pricing | <ul style="list-style-type: none"> • Undergrad enrollment yield varies by program, suggesting potential to adjust non-need based aid/scholarship levels |
| Graduate pricing | <ul style="list-style-type: none"> • Low net tuition rates for some professional and non-PhD programs could represent opportunity for optimizing effective price |
| Enrollment | <ul style="list-style-type: none"> • Accepted applicant yield (number of students admitted that matriculate) and retention metrics represent largest drivers of enrollment • Summer courses have declined, and many students transfer credits into SLU |
| Sponsored research | <ul style="list-style-type: none"> • Sponsored research has declined significantly over last few years |
| Development | <ul style="list-style-type: none"> • Private giving has declined in recent years; some fundraising metrics are below benchmarks |
| Student fees | <ul style="list-style-type: none"> • Published student fees are below peers and have remained roughly flat |
| Athletics | <ul style="list-style-type: none"> • Ticket prices have remained flat for many years |
| Room & Board | <ul style="list-style-type: none"> • Residence hall occupancy levels have declined, and many exemptions are given • Higher demand on-campus apartments are effectively priced below residence halls due to low meal plan penetration |
| Parking | <ul style="list-style-type: none"> • Slight drop in revenue in recent years driven by decline in visitor, premium permit, and resident parking |

Key facts

| CATEGORY | | DIAGNOSTIC FINDINGS |
|------------------------|----------------------------------|--|
| Procurement | | <ul style="list-style-type: none"> While general expenses are in line with peers, price varies for similar products and procedures to manage demand and enforce supplier compliance can be enhanced |
| Organization Structure | | <ul style="list-style-type: none"> Nearly all administrative functions have fewer direct reports (spans) than benchmarks; the number of organization levels from bottom to top (layers) are in line with benchmarks Many support roles are performed in both central functions and distributed units |
| Faculty impact* | Full-time faculty | <ul style="list-style-type: none"> 20% of full-time faculty (without admin roles) are teaching below 100 credit hours/year |
| | Adjuncts | <ul style="list-style-type: none"> SLU spends approximately \$8M per year on adjunct professors, many of whom teach low-enrollment courses |
| | SLU-funded scholarly activity | <ul style="list-style-type: none"> SLU spends an estimated ~\$22M per year on scholarly activity funded by the university in the form of faculty compensation to non-clinical faculty |
| Programming | Academic programs | <ul style="list-style-type: none"> SLU offers more undergraduate majors and graduate degree programs than some peers and aspirants In ~25% of departments, department-specific expenses exceed revenues |
| | Student credit hour requirements | <ul style="list-style-type: none"> SLU generally has significant credit hour requirements for core/general education, and lack of consistency across colleges makes switching majors difficult |
| | Course offerings | <ul style="list-style-type: none"> Curricula overlap between colleges and course proliferation has resulted in ~40% of undergraduate sections having fewer than 10 enrolled students |



*Excludes clinical faculty in the School of Medicine

Major processes review

| PROCESS | PAIN POINTS |
|----------------------------|--|
| Academic advising | <ul style="list-style-type: none"> • Students often have multiple advisors across departments & programs, and most advisors have limited visibility across a student's full set of needs • High turnover/churn rates within advisor staff |
| Research process | <ul style="list-style-type: none"> • SLU has a significant number of internal requirements to manage the research process • Perceived inconsistency in service levels, timing, and areas of focus |
| Graduate School admissions | <ul style="list-style-type: none"> • Additional burden on colleges/departments resulting from de-centralization; centralized activities not optimal for several schools • Confusion from applicants on process and proper contact points |
| Hiring | <ul style="list-style-type: none"> • Complex decision structure with many approval steps • No differentiation in process rigor based on role type |
| Travel | <ul style="list-style-type: none"> • Multiple pre-travel approvals with long time-lag to complete • Extensive documentation required for reimbursement |
| Budget model | <ul style="list-style-type: none"> • High degree of frustration and confusion about the budget model & process <ul style="list-style-type: none"> - Lack of understanding about how budgets are set - Lack of clarity and communication around how funding decisions are made - Concern about misalignment of incentives - Definition of "budget model" varies across campus/groups - Layers of approval required for groups to reallocate funds - Process for spending allocated budgets frequently onerous & lengthy |
| Facilities | <ul style="list-style-type: none"> • Desire for greater focus on academic needs/wants in room and technology changes • Perceived difficulty to get requests filled |

Culture review

SLU's culture is turning a corner...

- Increased transparency
- Excitement about the new strategic plan
- Support for current leadership
- Support and engagement for Magis Operational Excellence Program from faculty and staff
- Desire for excellence in academics and all that we do

...and faculty and staff are hopeful that more can be done

- Break down silos
- Build more trust both across units and within units
- Strive for more consistent delivery of excellence, efficiency, and effectiveness across colleges and departments
- Overcome bureaucracy and feeling powerless to take action, do not settle for mediocrity instead of excellence
- Reduce defensiveness and fear of blame
- Increase clarity of decision making and empowerment

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A set of 25 improvement focus areas have been selected for further development in the forthcoming solution design phase.

The Steering Committee reviewed and discussed each focus area, providing input during and between meetings to Provost Brickhouse and CFO Heimburger, who made recommendations to President Pestello. Items on the list in this report have been selected by President Pestello for further development. One small opportunity to increase revenue – parking fees – was not advanced for further consideration.

During the diagnostic phase, the Steering Committee viewed data and opportunities for change according to revenue, cost, and process improvement opportunities, split by administrative and academic categories. For each improvement focus area, we estimated the potential financial impact and degree of complexity to design and implement potential actions. **During the solution design phase, SLU-led teams will refine the estimate of financial impact and develop specific actions.** Through this process, we may discover there is a smaller or larger opportunity than initial assessments.

Some of the focus areas delve into academic matters.

Initiatives related to academic issues will work in concert with ongoing efforts of the Provost, Deans, the Faculty Senate and the academic assemblies of the respective academic units. They will proceed in conjunction with SLU's commitment to shared governance and in compliance with the *Faculty Manual*.

One focus area relates to our organization design, which has a significant impact on the culture of efficiency and effectiveness as well as total operating costs. The Steering Committee discussed attributes of well-designed organizations, such as few levels of employees as possible between the President and the front line (layers) and an optimal number of people reporting to each supervisor (spans) and the effects of these attributes. **When organizations are not well designed, people can experience a lack of empowerment, confused decision making roles, frustration with complex processes, and other issues.** Interviews, community fora and website comments revealed these issues exist at SLU.



What opportunities will we pursue and when?

Section 4

At the beginning of the diagnostic phase, the Magis Operational Excellence Program sought to identify a few *quick wins*, or improvement areas that could generate cost-savings or process change fast. No such opportunities were identified. It seems SLU has already tackled many of the easier changes.

Focus area work will be mobilized in waves, beginning in September 2016. Initiatives related to the first wave will launch between September and December 2016. The second and subsequent waves will begin January 2017 and later. The solution design phase will move forward promptly to determine specific actions and implementation timelines. Staging the initiatives helps strengthen a culture for process improvement and contribute to durable organizational change.

Initial work on one early focus area – the travel process – began in mid-August. **In light of the consistent feedback across the university about frustrations with the travel process, the decision was made to move quickly to**

improve it. A cross-functional team was launched to begin identifying potential solutions (description of initiative teams and how they will be created detailed in Section 5). Jeff Gfeller (Psychology Department) and Dave Grabe (Finance) will sponsor the team, while Fred Winkler (Finance) will lead with support from Andrew Doeschot (Athletics), Beth Simon (Medical Center) and Donna Brown (Provost Office). In order to develop a solution, this team will engage the SLU community over the coming weeks. Updates will be provided as the team's work continues.

Notes to remember when reading Section 4

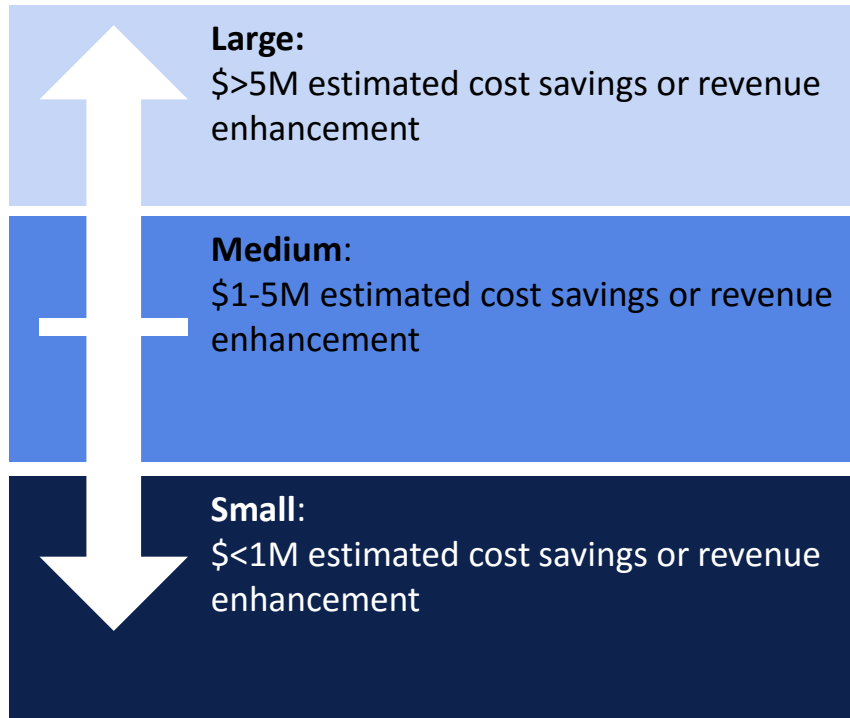
- The diagnostic phase included a **holistic review** to improve operational excellence across the University, including academics and administration (excluding clinical operations)
- The decisions made to date are the **focus areas for improvement** that we will pursue
- There are **no predetermined solutions** for these focus areas – initiative teams that involve faculty and staff will explore and design those recommendations in the next phase
- Initiatives and teams will be **SLU-led**, with support from the MOE program coordinators and our consulting team
- We will pursue **academic initiatives** in a manner consistent **with SLU's shared governance** and with respect for **faculty responsibilities specified in the Faculty Manual**
- We will initiate work in selected focus areas in a **series of waves** over the next 18 months, with ongoing program coordination

Our diagnostic phase tackled challenging questions to identify focus areas for improvement

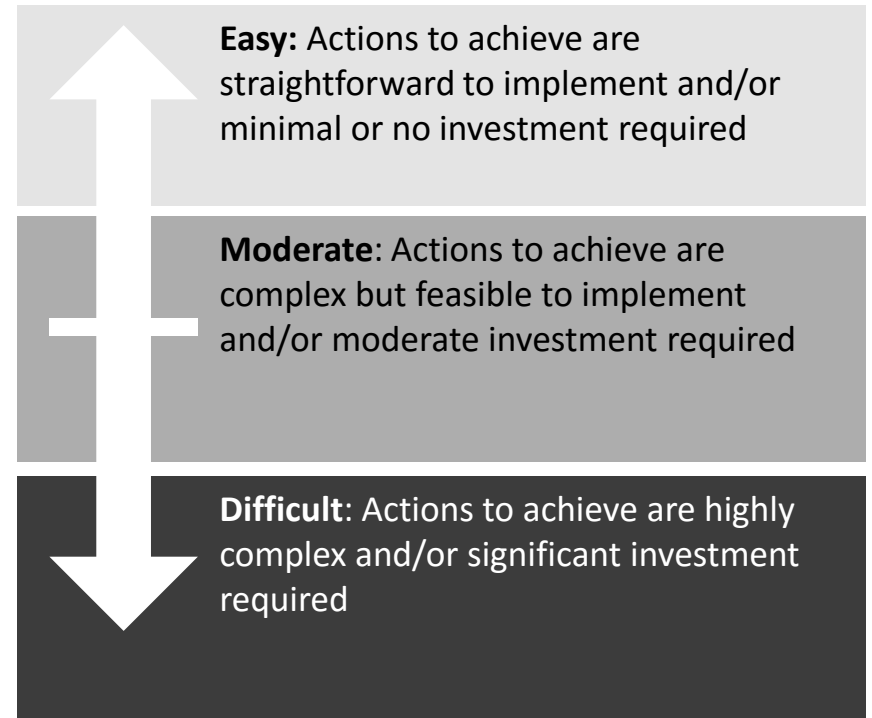
- 1 *What are sources of additional revenue and growth?*
- 2 *How do we maximize the value we create and impact we have through our investments in faculty and the research enterprise?*
- 3 *What opportunities exist to improve the way we provide administrative support and infrastructure to the University?*
- 4 *How can we improve our management capabilities to become more nimble and innovative?*
- 5 *What are the consequences of not changing?*

For each focus area, we estimated the likely financial benefit and complexity to design and implement potential actions

FINANCIAL IMPACT



COMPLEXITY TO ACHIEVE



Overview of improvement focus areas: Wave 1 initiatives

To begin between September and December 2016

| Initiative | Actions to explore in design phase... | Potential \$ impact* | Degree of complexity |
|--|--|----------------------|----------------------|
| Travel process <i>(initiated in mid-August)</i> | <ul style="list-style-type: none"> Reduce approval layers and simplify process steps | Neutral | Easy |
| Budget model (phase 1) | <ul style="list-style-type: none"> Increase shared understanding of current resource allocation process | Neutral | Easy |
| Organization design | <ul style="list-style-type: none"> Improve decision-making and employee sense of empowerment by adjusting organizational layers and average numbers of direct reports (spans) via position eliminations as well as streamlined processes Adjust functional service levels across the university to balance distribution of support (while maintaining quality) Review centralized vs. distributed location of functional support activity | Large | Difficult |
| Course enrollment levels** | <ul style="list-style-type: none"> Continue to accelerate ongoing efforts by Provost and Deans to minimize low enrollment course offerings | | |
| Student credit hour requirements** | <ul style="list-style-type: none"> Review total credits required to graduate to create more flexible pathways for undergraduate students, promote retention and ensure on-time graduation | | |
| Academic program portfolio** | <ul style="list-style-type: none"> Allocate resources to programs with strong contribution to SLU's mission, reputation for excellence, and attractiveness to students, faculty and benefactors | Large | Moderate |
| Faculty impact** | <ul style="list-style-type: none"> Promote/accelerate ongoing efforts to implement the Workload Policy to achieve greater impact from faculty time (students, scholarship, service) | | |
| Undergrad enrollment | <ul style="list-style-type: none"> Invest in additional strategic efforts to increase undergraduate applicant yield | Large | Difficult |
| Sponsored research | <ul style="list-style-type: none"> Improve research infrastructure and pre- and post-award support Attract additional faculty with a track record of sponsored research | Medium | Moderate |
| Alumni giving | <ul style="list-style-type: none"> Invest in efforts to increase alumni giving participation rates and nurture large gifts | Large | Difficult |

*Some focus areas are expected to be neutral in their financial impact and make significant improvements to processes

**We will pursue academic initiatives in a manner consistent with SLU's shared governance and with respect for faculty responsibility for curriculum

Overview of improvement focus areas: Future waves

To begin in or after January 2017

| Initiative | Actions to explore in design phase... | Potential \$ impact* | Degree of complexity |
|--------------------------|---|----------------------|----------------------|
| Hiring process | <ul style="list-style-type: none"> Reduce complexity to improve SLU's ability to make hires effectively; improve coordination of faculty and staff hiring processes | Neutral | Easy |
| Budget model (phase 2) | <ul style="list-style-type: none"> Adjust resource allocation model, strategically aligned to SLU's areas of excellence, to incentivize growth, collaboration and innovation | Neutral | Moderate |
| Corporate partnerships | <ul style="list-style-type: none"> Increase contributions and support from corporations through sponsored programs and partnerships | Medium | Difficult |
| Athletics ticket pricing | <ul style="list-style-type: none"> Increase ticket pricing to sports entertainment market rates Increase dynamic nature of pricing based on fluctuations in ticket demand | Small | Moderate |
| Facilities utilization | <ul style="list-style-type: none"> Optimize use of space across the university | Neutral | Moderate |
| Procurement | <ul style="list-style-type: none"> Consolidate spending with fewer vendors to leverage volume discounts | Medium | Moderate |

continued...



*Some focus areas are expected to be neutral in their financial impact and make significant improvements to processes

Overview of improvement focus areas: Future waves

To begin in or after January 2017

| Initiative | Actions to explore in design phase... | Potential \$ impact* | Degree of complexity |
|---------------------------------|---|----------------------|----------------------|
| Summer enrollment | <ul style="list-style-type: none"> Expand summer program offerings where student demand exists | Medium | Moderate |
| Online programming | <ul style="list-style-type: none"> Expand online program offerings where student demand exists | Medium | Moderate |
| Student advising | <ul style="list-style-type: none"> Improve student experience with academic advising process | Neutral | Difficult |
| Student retention | <ul style="list-style-type: none"> Increase undergrad retention rate through building more flexible pathways and improving advising | Small | Moderate |
| Graduate assistantships | <ul style="list-style-type: none"> Reduce assistantships/fellowships for Masters students (not pursuing a PhD) where current assistantship levels are higher than peer institutions | Small | Moderate |
| Graduate admissions | <ul style="list-style-type: none"> Increase coordination between central admission and college support and processes | Neutral | Easy |
| Student fees | <ul style="list-style-type: none"> Streamline and unify student fee structure and billing process Optimize student fees to reflect market conditions and student experience | Medium | Difficult |
| Room and board | <ul style="list-style-type: none"> Optimize on-campus residency requirements Increase appeal of on-campus dining to students living off campus | Small | Moderate |
| Undergraduate institutional aid | <ul style="list-style-type: none"> Decrease institutional aid for select majors with high job market-demand, student-demand and/or capacity constraints, as supported by market conditions | Medium | Difficult |



*Some focus areas are expected to be neutral in their financial impact and make significant improvements to processes

Contents

- Why do we need to change now?
- How did we conduct the diagnostic phase?
- What key facts did we learn?
- What opportunities will we pursue and when?
- *What should we expect in the next phase?*

The next phase – detailed solution design – is when **SLU-led teams address selected focus areas.**

For many focus areas, the Provost and CFO will jointly appoint two senior sponsors (one staff, one faculty), an initiative manager, and team members (size will vary depending on initiative needs).

The leadership of focus areas that involve matters of academic programming or faculty workload will be led by the Provost, who will **advance ongoing collaborative efforts with Deans, the Faculty Senate and faculty assemblies of the respective academic units**, in a manner consistent with SLU's **commitment to shared governance**, including compliance with the *Faculty Manual*.

While timeline and goals will vary, **each initiative will follow the same three-step process.** (1) First, initiative teams review the current state and develop solution options. Options are compared using many criteria including financial trade-offs, implementation risks, impact on the community, interdependencies, and alignment with SLU's mission. Community stakeholders provide input via focus groups, surveys, etc. (2) Second, initiative teams develop an implementation plan for the approved solution. Stakeholder input is invited to maximize success and

minimize unintended negative consequences during implementation. (3) Third, we implement, track progress and ensure we have the infrastructure in place to sustain the improvements.

At President Pestello's request, 8 Trustees have formed a Board subcommittee to provide input to the President, Provost, and CFO. **The full board will continue to receive regular updates.**

Decision-making roles remain the same. The Steering Committee provides input to initiative teams; Provost Brickhouse and CFO Heimburger make recommendations; and President Pestello selects solutions and approves their implementation plans.

Open communication will continue. **Initiative team membership, progress and results will be shared** on the program website.

Consider attending an upcoming community fora to learn more, ask questions, or offer input. Dates, times, and locations are on the program website:

Website

<http://www.slu.edu/operational-excellence>



We are transitioning into the detailed solution design phase

Diagnostic

4 months

- Collect and analyze data
- Interview campus leaders for input about focus areas for improvement
- Communicate broadly about the program
- Identify and prioritize focus areas (initiatives)

Concluded

Detailed Solution Design

3-6 months

(per focus area)

- Form working teams responsible for initiative design
- Design potential solutions for each initiative, relying on community input
- Develop detailed implementation plans for chosen solution

To begin this fall

Implementation

To be determined

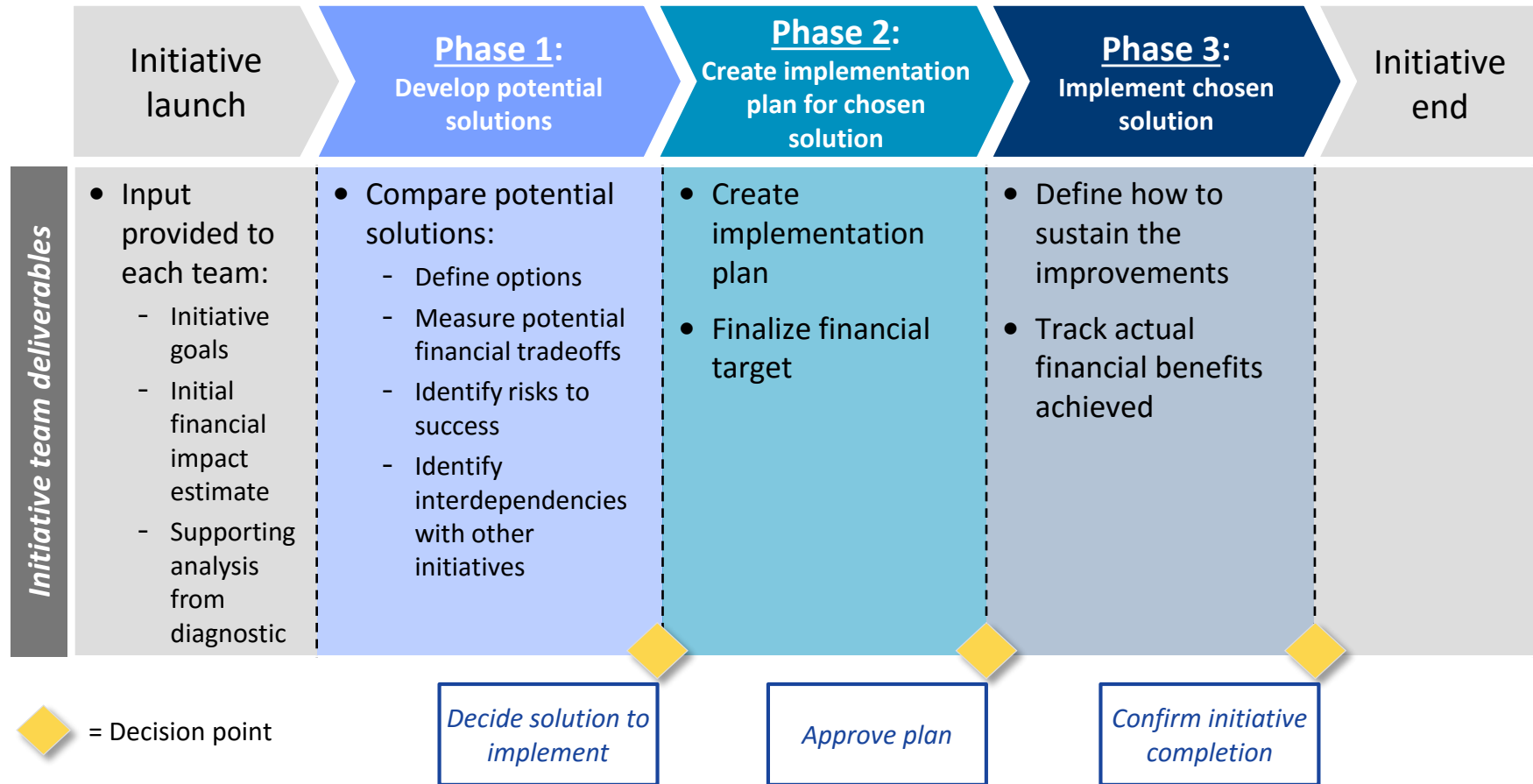
(focus area specific)

- Execute on initiatives in waves
- Ensure robust communication throughout implementation
- Embed change and ongoing Operational Excellence capabilities

Ongoing over next 2-3 years

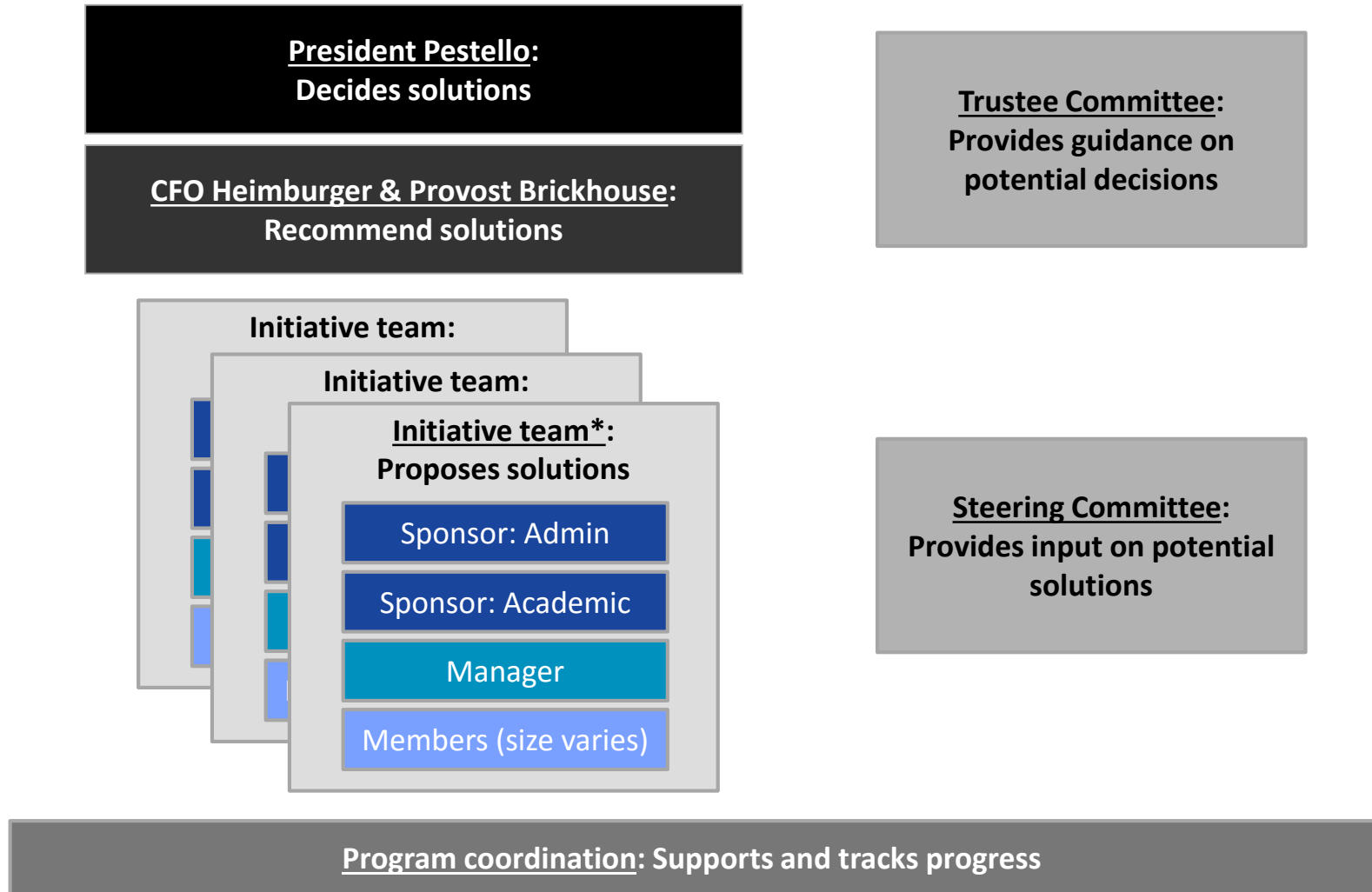
Each initiative will follow a standard process

SteerCo input provided in each phase
 Opportunities for community to contribute
 via focus groups, surveys, etc.



Timeline will vary by focus area

Roles remain consistent, with the addition of initiative teams and a Board subcommittee



Roles remain consistent, with the addition of initiative teams and a Board subcommittee (*detailed overview*)

STAKEHOLDER GROUP

ROLE

Staff, Faculty, Students

- Participate in **community fora, support initiative teams, etc.**
- Submit ideas and feedback **via the MOE website**

Initiative teams

- **Propose solutions, implementation plans, and confirm initiative completion** following the standard initiative process

Program Coordinators

- **Support initiative teams and program communication**
- **Track and report** progress

Steering Committee

- **Provide input and expertise** to guide initiative team work

Nancy Brickhouse and David Heimburger

- **Recommend** solutions and plans to President Pestello

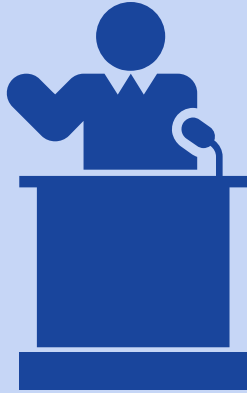
President Pestello

- **Decides** which solutions to pursue, and approve plans

Board of Trustees

- **Subcommittee** provides guidance to President Pestello, Provost Brickhouse, and CFO Heimburger
- **Full Board** receives regular updates and provides accountability

Throughout the design phase, we will have opportunities for the community to stay involved and informed



Attend community fora

- Hear from project coordinators
- Ask questions and raise concerns



Support initiative teams



Submit ideas via website

- Visit MOE website:
slu.edu/operational-excellence

Please join our upcoming community fora to discuss and raise questions regarding this report

| Date | Location | Campus | Time |
|--------------------------|--|--------|-------------------------|
| Wednesday, Aug 31 | Busch Student Center St. Louis Room (3 rd Floor) | North | 10-11am |
| Thursday, Sep 1 | LRC Pitlyk Auditorium A | South | 10-11am |
| Friday, Sep 2 | AB Auditorium (Cook Hall) | North | 11am-12pm |
| Tuesday, Sep 6 | Pitlyk Auditorium A | South | 4-5pm |
| Wednesday, Sep 7 | Tegeler Auditorium | North | 1-2pm |
| Thursday, Sep 8 | Education Union Auditorium | South | 10:30-11:30am |
| Thursday, Sep 8 | St. Ignacio Hall Conference Room (3 rd Floor) | Madrid | 4-5 pm (Madrid time) |
| Friday, Sep 9 | Scott Law Center | Law | 12-1pm |

Closing

After completing the diagnostic phase, **the Magis Operational Excellence Program enters the next phase of work – solution design.**

As summarized in this report, the Steering Committee reviewed and discussed key facts and improvement focus areas. **Now initiative teams led by SLU staff and faculty will develop solution options for each focus area.**

Information about initiative teams, including team membership, will be posted to the project website, as they are launched. By staging the work in waves, we manage change in a deliberate way that contributes to durable organizational change.

We recognize our operations and culture exist within an organization that has evolved over time. Achieving a transformation will not be a matter of making simple changes. There is a complex interplay between structures, functions and culture, across our academic and administrative areas.

As we transform to a more nimble, innovative organization, our strengths as a community can unify us. There is a deep commitment, shared widely among faculty and staff, to SLU's mission for academic excellence and social justice.

The changing landscape of higher education demands that we are excellent, efficient and effective in all that we do. We have the opportunity to **grow stronger by learning how to**

change ineffective processes/policies quickly and collaboratively. The next phase of the Magis Operational Excellence Program will help build-up capacity for ongoing improvement.

By addressing the 25 focus areas selected by Dr. Pestello, the Magis Operational Excellence Program will enable us to **put more resources into SLU's academic experience and environment** and **gain recognition** for our academic excellence, distinctiveness, and commitment to Catholic, Jesuit ideals.

The Magis Operational Excellence Program depends on faculty, staff, and students working together. **We are grateful for the ideas and information already contributed by so many people.** Our process, analyses, and communications have been, and will continue to be, shaped by input received.

We encourage faculty and staff to stay informed, be engaged and contribute to the transformation underway. Attend community fora or reach out to project co-coordinators, Steering Committee members, and initiative team leaders with questions and ideas. All feedback is welcome.

For More Information

Project Website: <http://www.slu.edu/operational-excellence/>
Email: magisoperationalexcellence@slu.edu



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— EST. 1818 —



Appendix A – Key facts detail



Consider the scope and purpose of facts and figures selected by the Steering Committee for the diagnostic report

This section provides detail on the analyses that informed the focus areas for improvement selected. The Steering Committee chose the most impactful analyses that shaped their perspective throughout the diagnostic to include in this report.

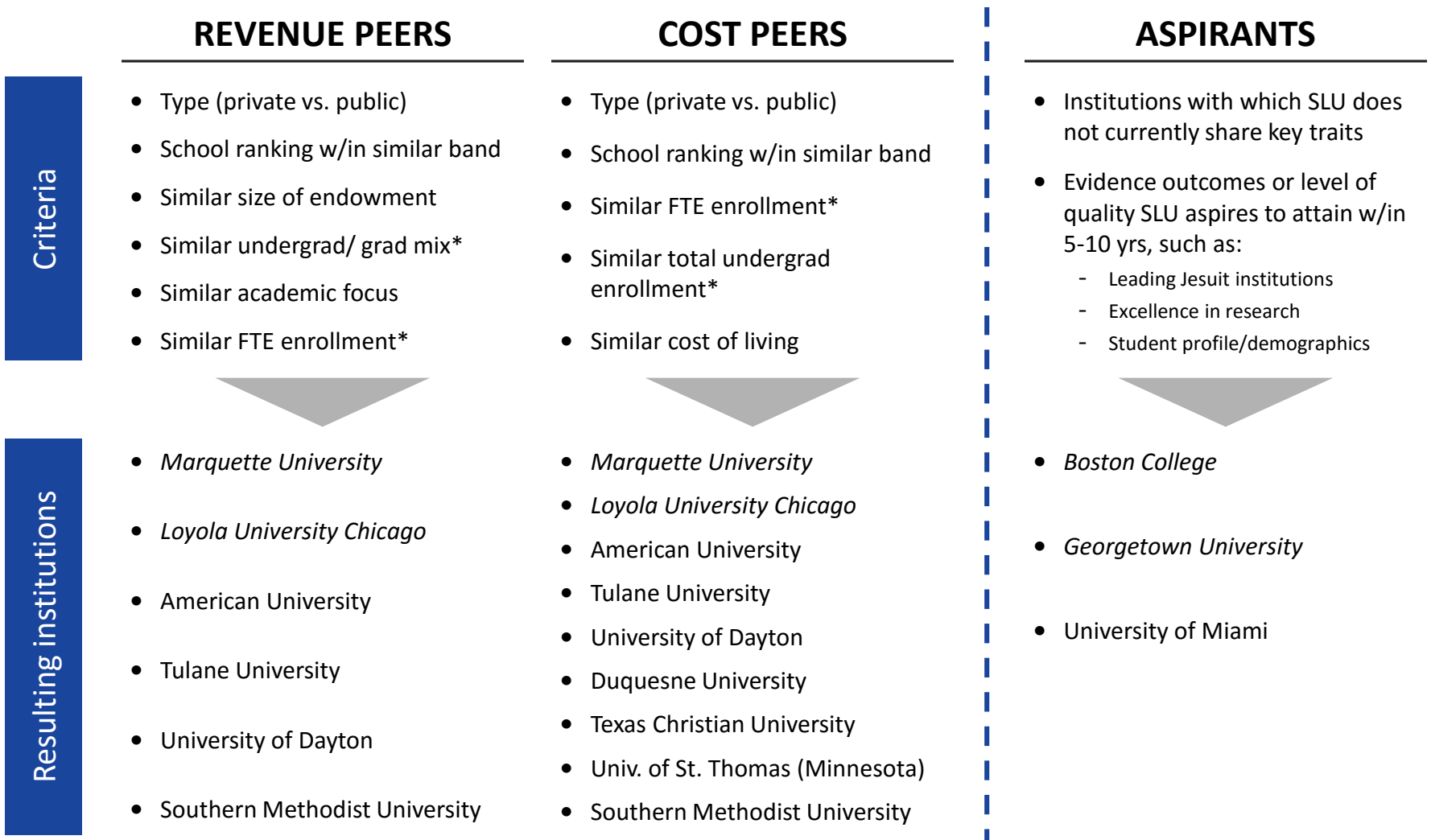
The findings are meant to provide a high-level, holistic view of the SLU's current state. Findings are **not** meant to imply specific actions or lay blame on any group within the University. Deep dives are required to more fully understand the reasons underlying the facts and trends shown.

The analyses presented to the Steering Committee were generally oriented around three key areas: financial performance and related drivers (e.g., revenue, costs), organizational structure and processes, and academic programming. The Steering Committee and our consulting team analyzed and reviewed all findings to ensure they were accurate reflections of current trends.

In some areas, we relied on benchmarks to understand our performance relative to a comparable set of national institutions. Most benchmarking analyses use data from the Integrated Postsecondary Education Data System (IPEDS), the core postsecondary education data collection program for the National Center for Education Statistics. We used this source because it has the most comprehensive data set for the metrics and time periods collected for each institution. An overview of the criteria to select institutions and the specific ones we reviewed are included on the next page.

We used several criteria to create sets of national peers and aspirants against which to benchmark

Note: This set may not be comprehensive but provides directional view of comparison



Note: *italicized* schools are Jesuit; *Excludes 4,057 1818 dual enrollment students from 2013 academic year; "Full time equivalent" is 1 per full time student, .392857 per undergrad part time student, .382059 per graduate part time student and .545454 per first professional part time student)

Source: "Guide to Benchmarking in Higher Education 2015," IPEDs 2013 – 2014 data, US News Comparison Tool, US News 2016 College Rankings, 2015 Cost of Living Index

In some areas, we use acronyms to describe data sources or specific terminology

| | Acronym | Full name | Overview |
|-------------|---------|--|---|
| Sources | CAE | Council for Aid to Education | <ul style="list-style-type: none"> • Non-profit organization that supports education institutions measure and improve learning outcomes for students • Source for alumni giving benchmarking analysis |
| | IPEDS | Integrated Postsecondary Education Data System | <ul style="list-style-type: none"> • Core postsecondary education data collection program for the National Center for Education Statistics • Source for majority of benchmarking data |
| Terminology | CAGR | Compound annual growth rate | <ul style="list-style-type: none"> • Average annual growth rate over a specified period of time |
| | CAPEX | Capital expenditures | <ul style="list-style-type: none"> • Funds used to acquire or upgrade physical assets such as property, buildings or equipment |
| | FTE | Full-time equivalent | <ul style="list-style-type: none"> • Standard measure of student enrollment based on full study loads vs. total headcount (to adjust for part-time students) • Definition of FTE varies by source: <ul style="list-style-type: none"> - OIR census data: full-time = 1 ; part-time = .33 - IPEDS: full-time = 1; undergrad part-time = .392857; graduate part-time = .382059; professional part-time = .545454 |
| | FY | Fiscal year | <ul style="list-style-type: none"> • SLU's fiscal year starts July 1 and ends June 30 • For example, FY2016 ended June 30, 2016 |

Contents of Appendix A

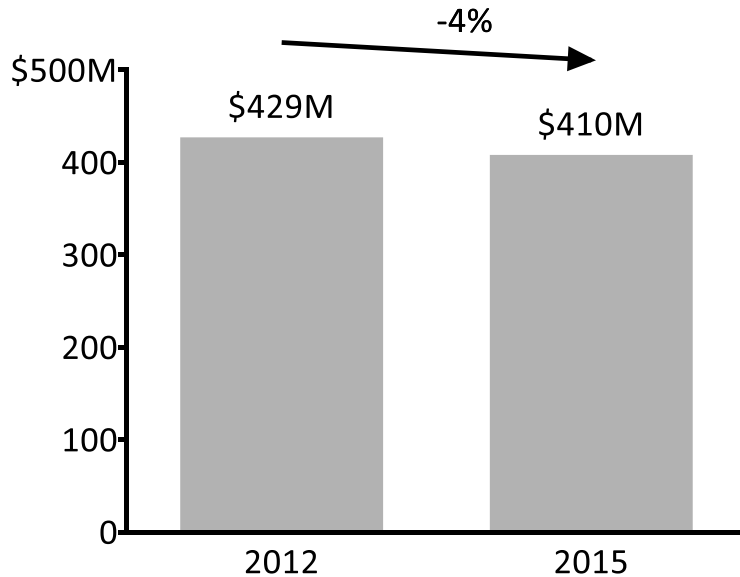
- Summary of financial trends

- Overview of academic programming diagnostic

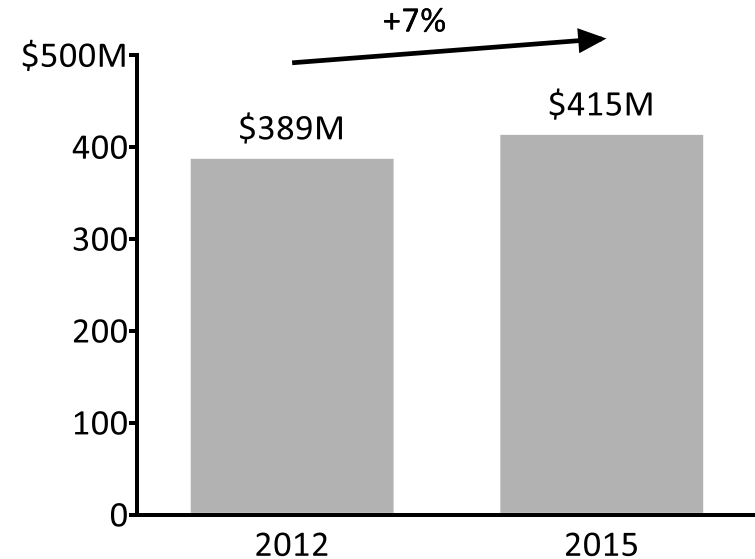
- Overview of organization diagnostic

Revenue has dropped ~4% in recent years while costs have risen ~7%

SLU Operating Revenue (excluding patient care, endowment & investment income)



SLU Operating Expense (excluding out-of-scope patient care, depreciation/amortization/interest)



Revenue has declined due to a number of inter-related factors:

- Drop in enrollment seen since 2012
- Net tuition revenue is flat given sticker price increase offset by enrollment decline and increased institutional aid
- Decline in government grants and aid
- Decline in private grants and contributions

Costs have risen over this same period:

- While overall employee headcount has declined slightly, total wages and benefits have increased
- General expenses have risen in nearly all categories



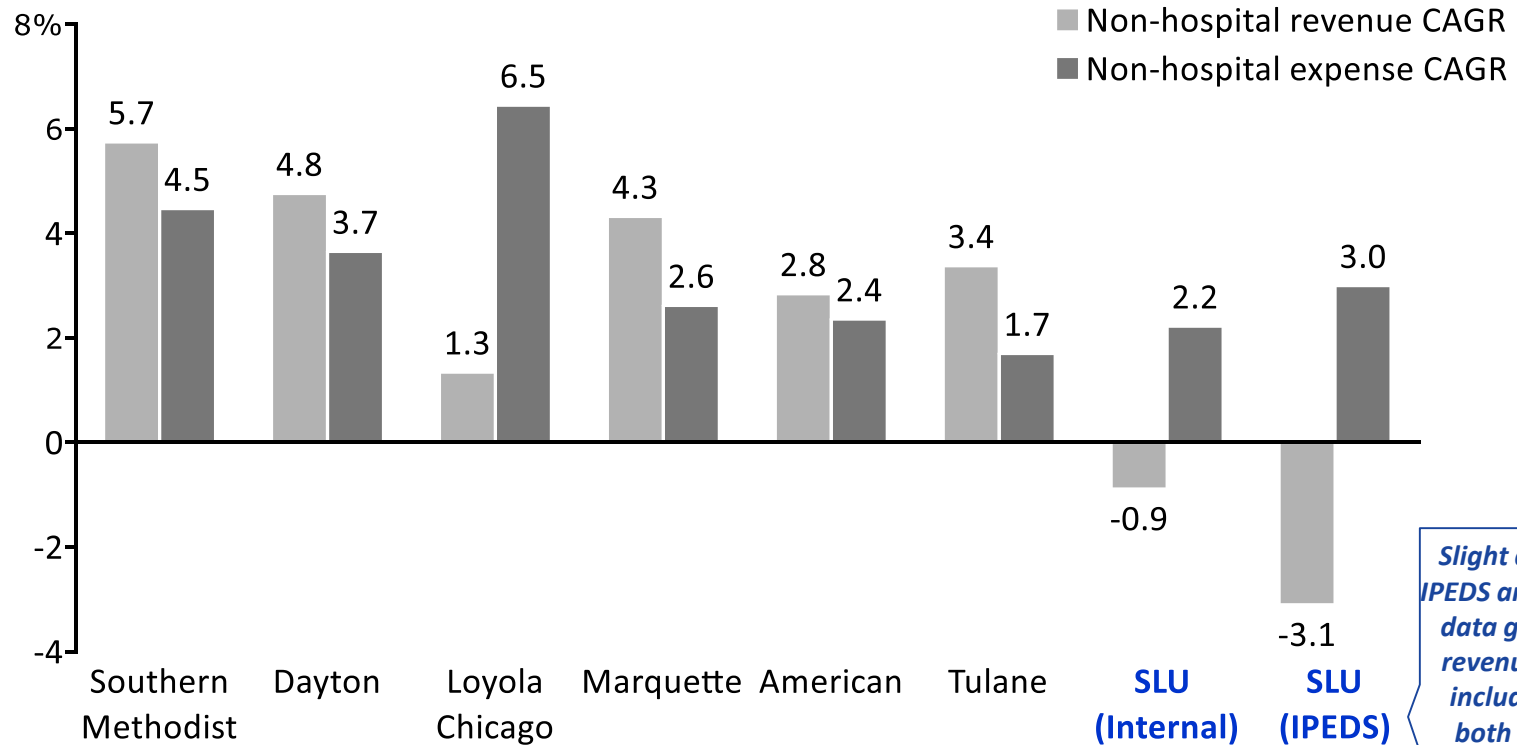
Note: Includes Spain elimination; CAPEX excluded from general expenses; VERP removed from Wages and Benefits for 2012-2015 (\$0.3M in 2015, \$21.5M in 2014); In scope patient care expenses include select general expense account codes and non-patient facing fund groups from 2xxxxx and 8xxxxx ledgers

Sources: OPS011aManagement Income Statement Summary Audit FY11-15

Relative to peers, SLU has seen similar growth in expenses but a more significant drop in revenue

Excludes revenues and expenses from patient care, investment return, and sale of educational activities

Revenue and expense % annual change from FY12 to FY14 excl. patient care, via IPEDS



Slight differences in IPEDS and SLU internal data given scope of revenue/cost items included in IPEDS; both included for clarity

Note: CAGR refers to annual growth over multiple years (for ex., a 5% revenue CAGR from 2010 – 2015 assumes revenue grew 5% every year until 2015); For SLU internal figures, 1) All patient care revenue excluded, 2) All non-operating private gifts contributions excluded; 3) Patient care expenses excluded (select gen exp account codes and non-patient facing fund groups from 2xxxx ledgers and entire 8xxxx ledger (excludes SLUCare/CADE bade debt exp), 4) VERP excluded; For SLU IPEDS figures, 1) All hospital revenues are excluded, 2) Sales and services excluded due to partial overlap with patient care revenue for school with medical schools & hospitals, 3) Investment return excluded because it includes both non-operating and operating investment return; 4) Private gifts and contribution restricted non-operating revenue AND operating revenue included, 5) Spain figures excluded, 6) Hospital service expenses excluded

Source: IPEDS data 2010-2014; OPS011aManagement Income Statement Summary Audit FY11-15

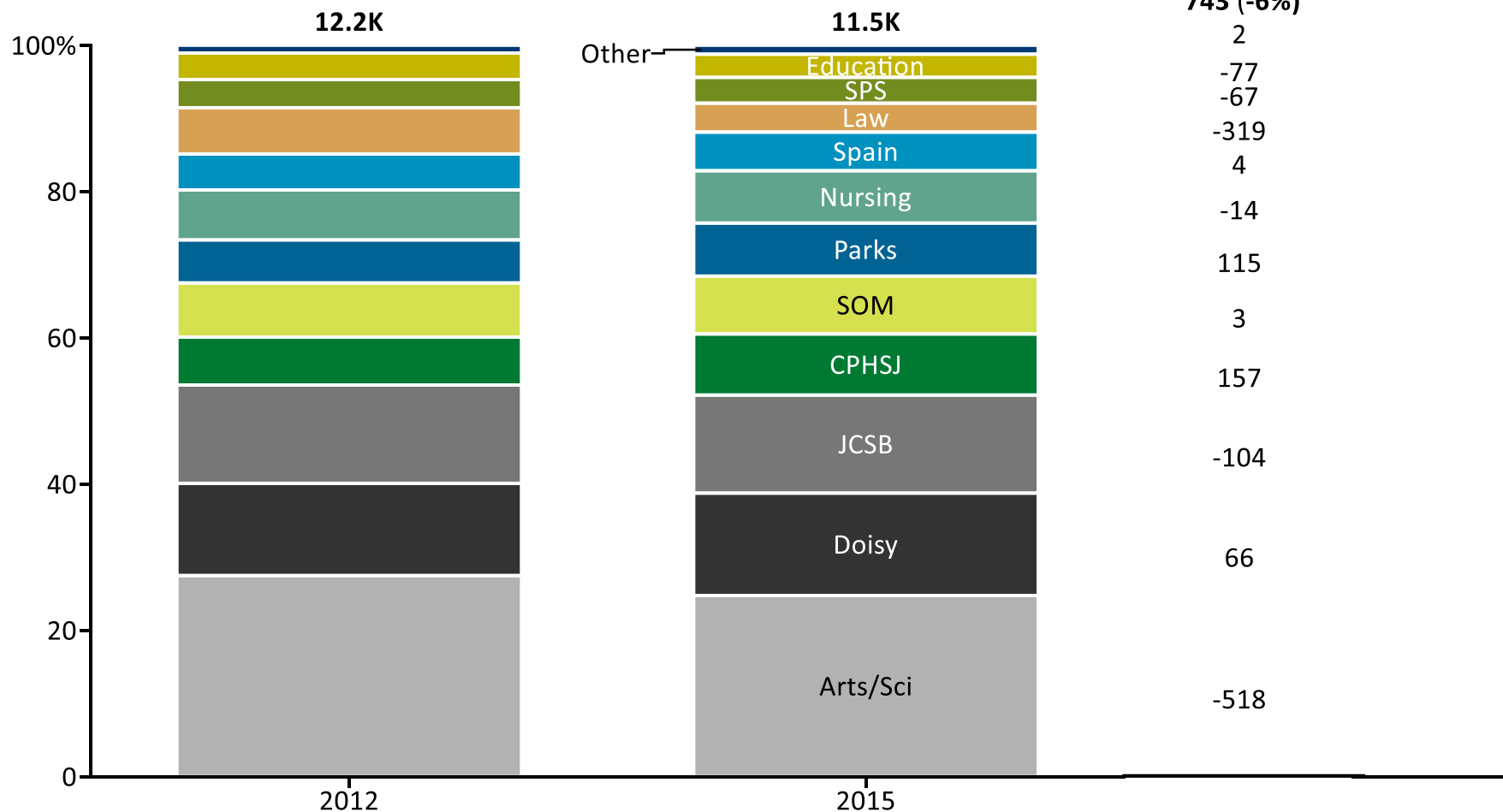


Overall enrollment has dropped by 743 FTE students since high point in 2012

Fall FTE enrollment 2012 and 2015 (undergrad, graduate, professional programs)

Total change in FTE enrollment

(Fall 12-15)

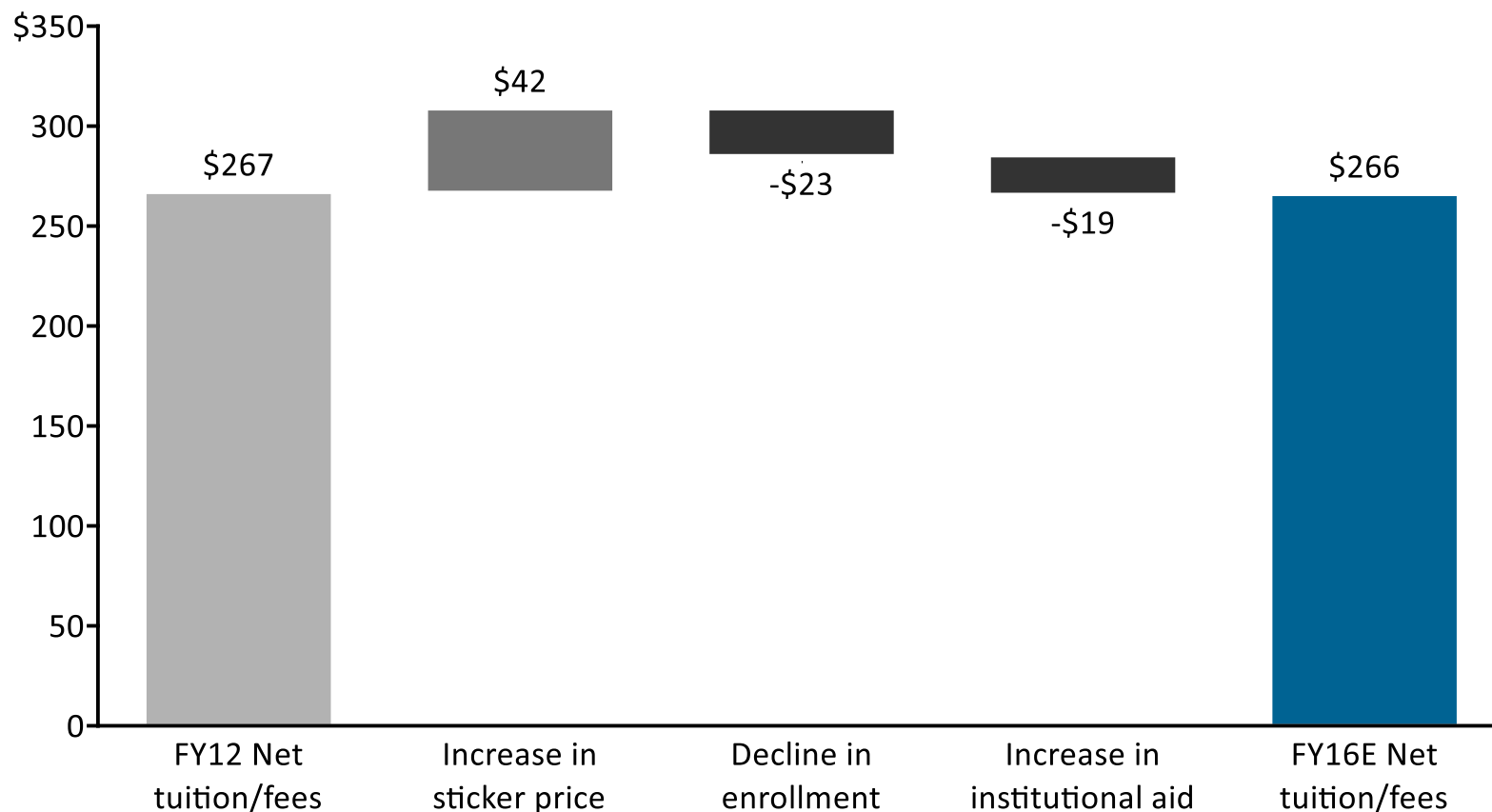


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Note: FTE divides PT headcount by 3; fall 2015 PT/FT mix adjusted to reflect Fall 2014 mix due to FT definitional change. A&S includes ESL, University College, Graduate Undecided; other includes Philosophy & Letters, inter-university; includes adjustments where programs shifted between colleges as captured in OIR data
 Source: SLU Fall 2013 and 2015 Census Reports

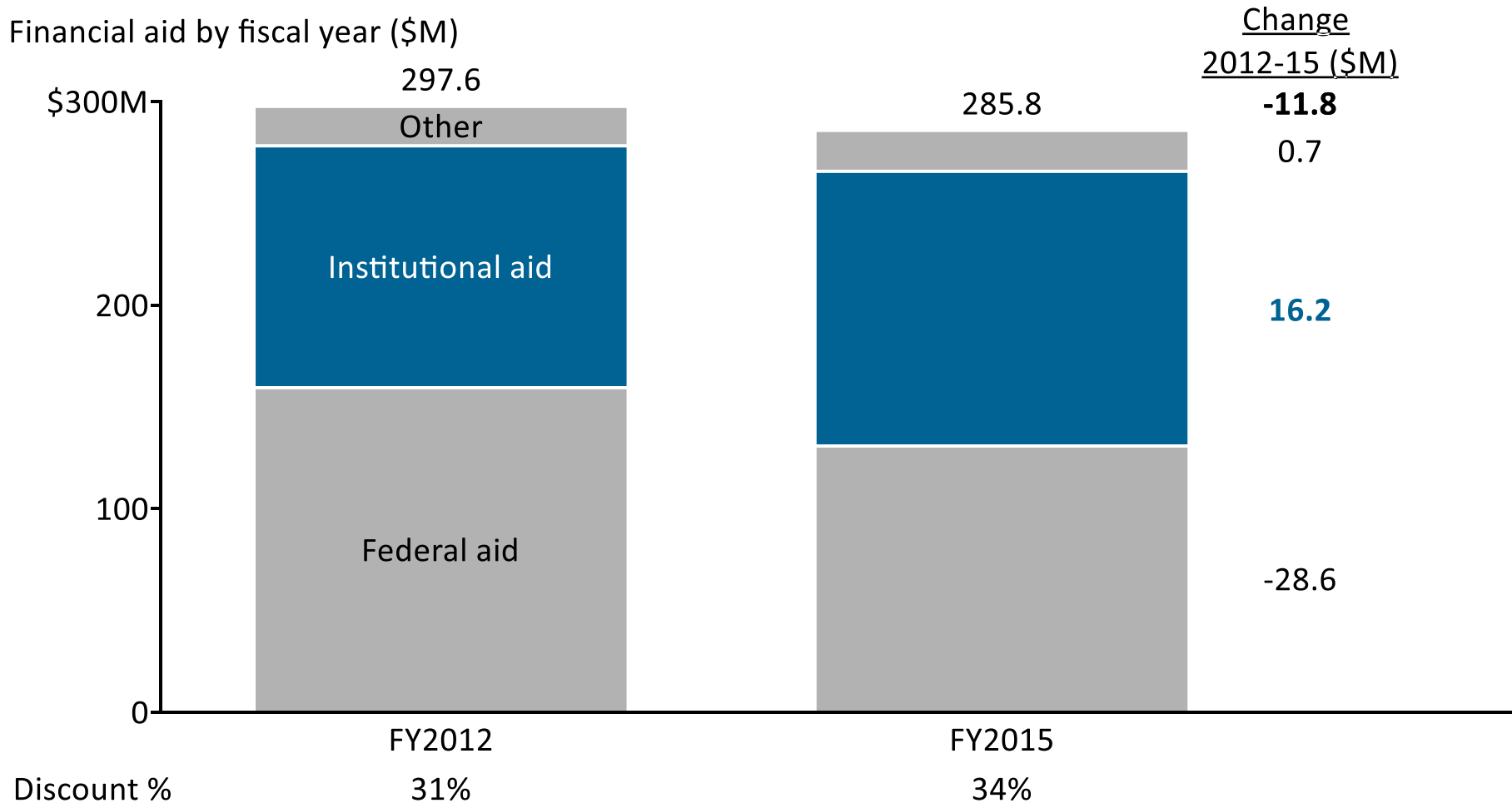
Net tuition has been flat, as sticker price increases were offset by declining enrollment and increases in institutional aid

Net Tuition/Fees (\$M)



Note: Mix shift in undergraduate/post-BA is included in sticker price impact. Institutional aid includes the following aid types: grant, loan, scholarship, work study, benefits; excludes discounts classified as employee benefits.
Source: Institutional aid per stuaccts1112, stuaccts1213, stuaccts1314, stuaccts1415, stuaccts1516, Gross tuition/fee revenue per FY16E 5 year projection - Current Live

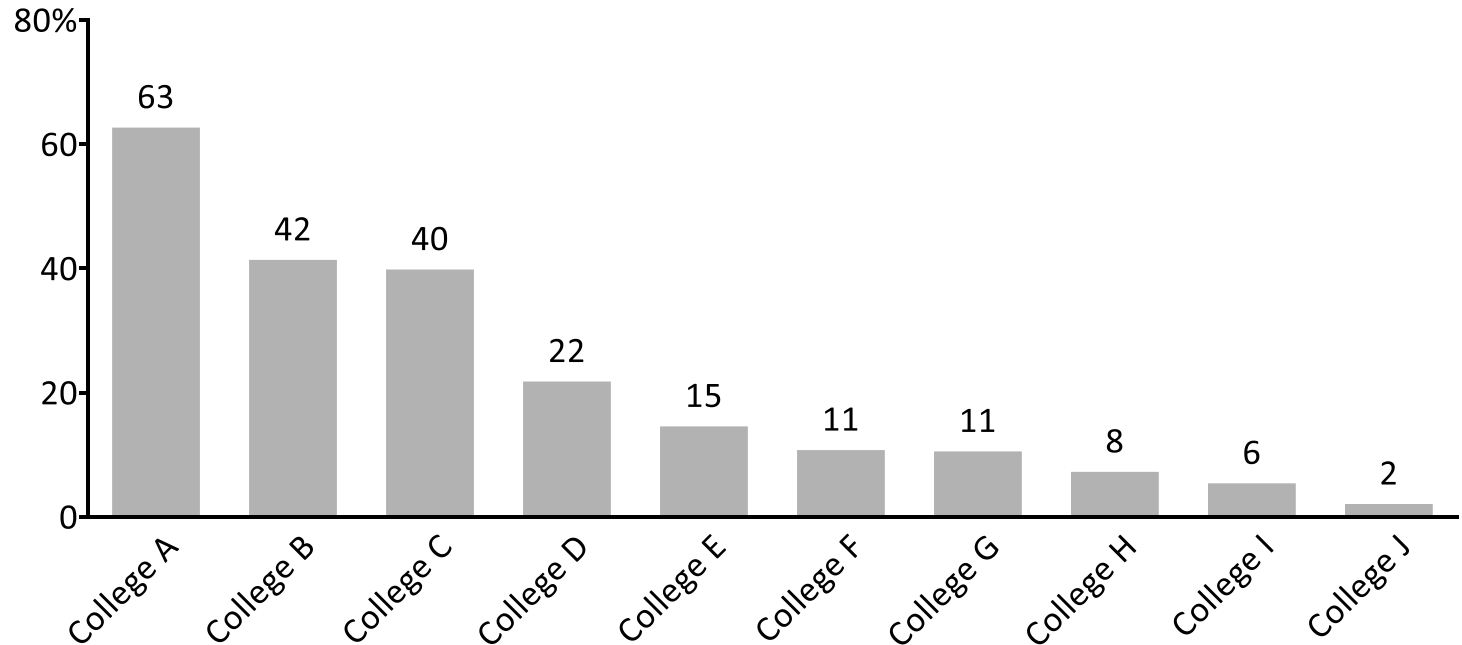
SLU-provided institutional aid has grown since 2012



Note: Includes the following aid types: grant, loan, scholarship, work study, benefits; Other category includes private, state and other miscellaneous financial aid sources; Institutional aid excludes discounts classified as employee benefits. Degree seeking undergraduates that qualify for financial aid (per FAFSA) is down -1% CAGR FY12-15, while Degree seeking undergraduates that qualify for financial aid (per FAFSA) and receive SLU scholarships has increased by 12% CAGR FY12-15
 Source: Financial aid per stuaccts1112, stuaccts1213, stuaccts1314, stuaccts1415, stuaccts1516, Gross tuition/fee revenue per FY16E 5 year projection - Current Live

In some colleges, SLU provides significant discounts to non-PhD graduate students

Graduate student discount rate by college (FY 2016)



Non-PhD students
as % of grad students

48% 100% 54% 23% 92% 91% 96% 84% 100% 62%

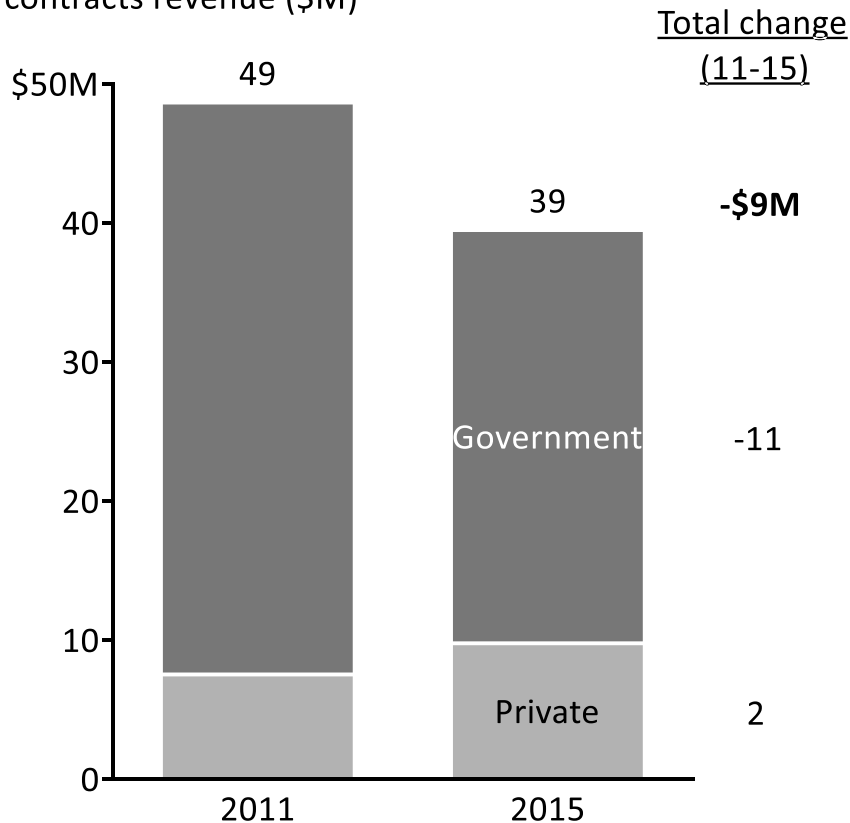


Note: Non-PhD student percentage based on Fall 2015 student census and includes all graduate students except those designated as "Graduate Doctoral"; Masters students indicated here are not doctoral students during coursework phase of PhD program
Source: FY 2016 billing data; Fall 2015 census

Sponsored activity decline at SLU was driven by decrease in government funding

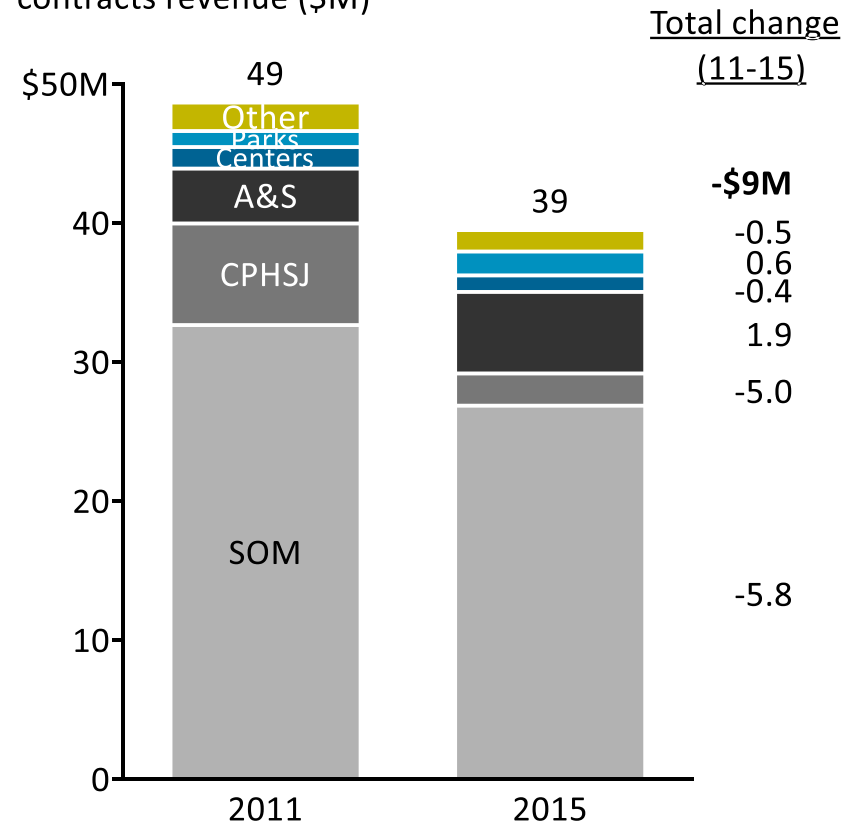
SPONSORED RESEARCH \$ BY SOURCE

Research grants and contracts revenue (\$M)



SPONSORED RESEARCH \$ BY COLLEGE

Research grants and contracts revenue (\$M)

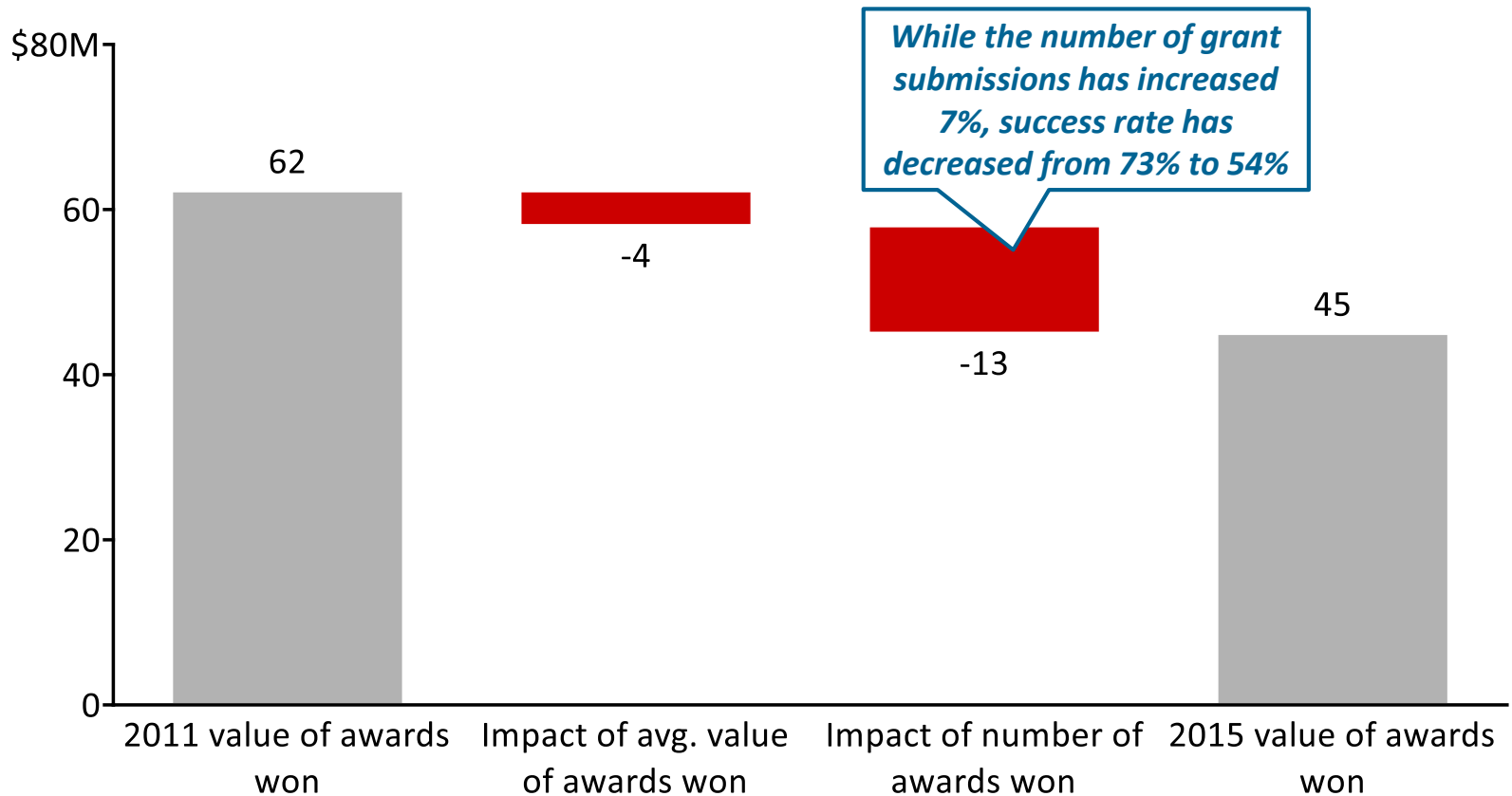


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Note: Includes federal and private sources of grants/contracts
Source: OPS011 Income Statement Summary Audits – Fund group 3 (sponsored programs)

Sharp drops in win rates have contributed to a decline in value of total awards won

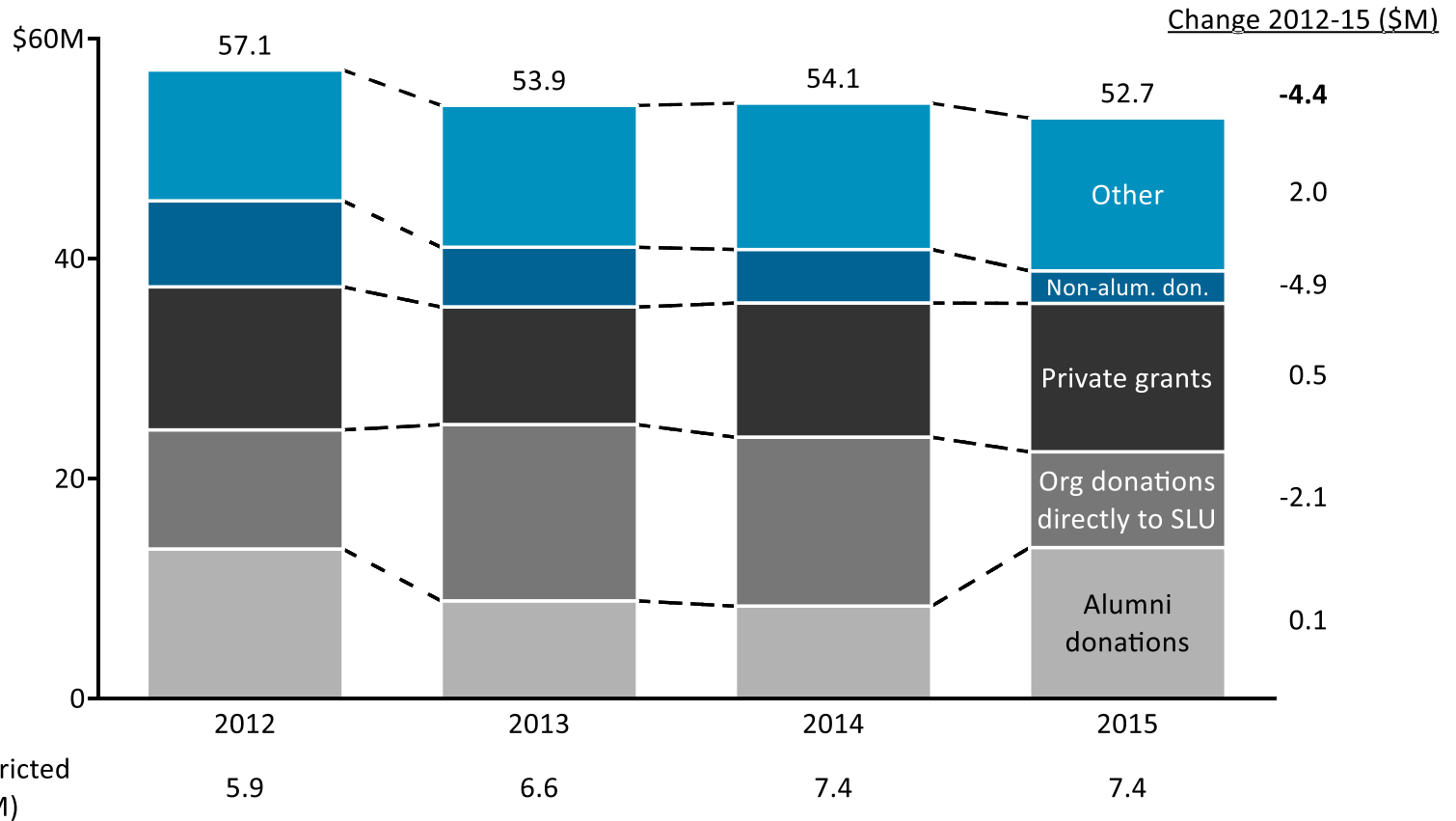
Value of total awards won (2011 vs. 2015)



Note: Includes both private and federal awards; value of total awards won in a year differs from revenue of awards expended per year; number of submissions increased by 36 (from 645 to 681), but success rate on submissions went from 73% to 54%
Source: Office of research award and submission data

Overall private giving has declined since 2012

Historical private grant & contribution dollars raised by source (\$M)



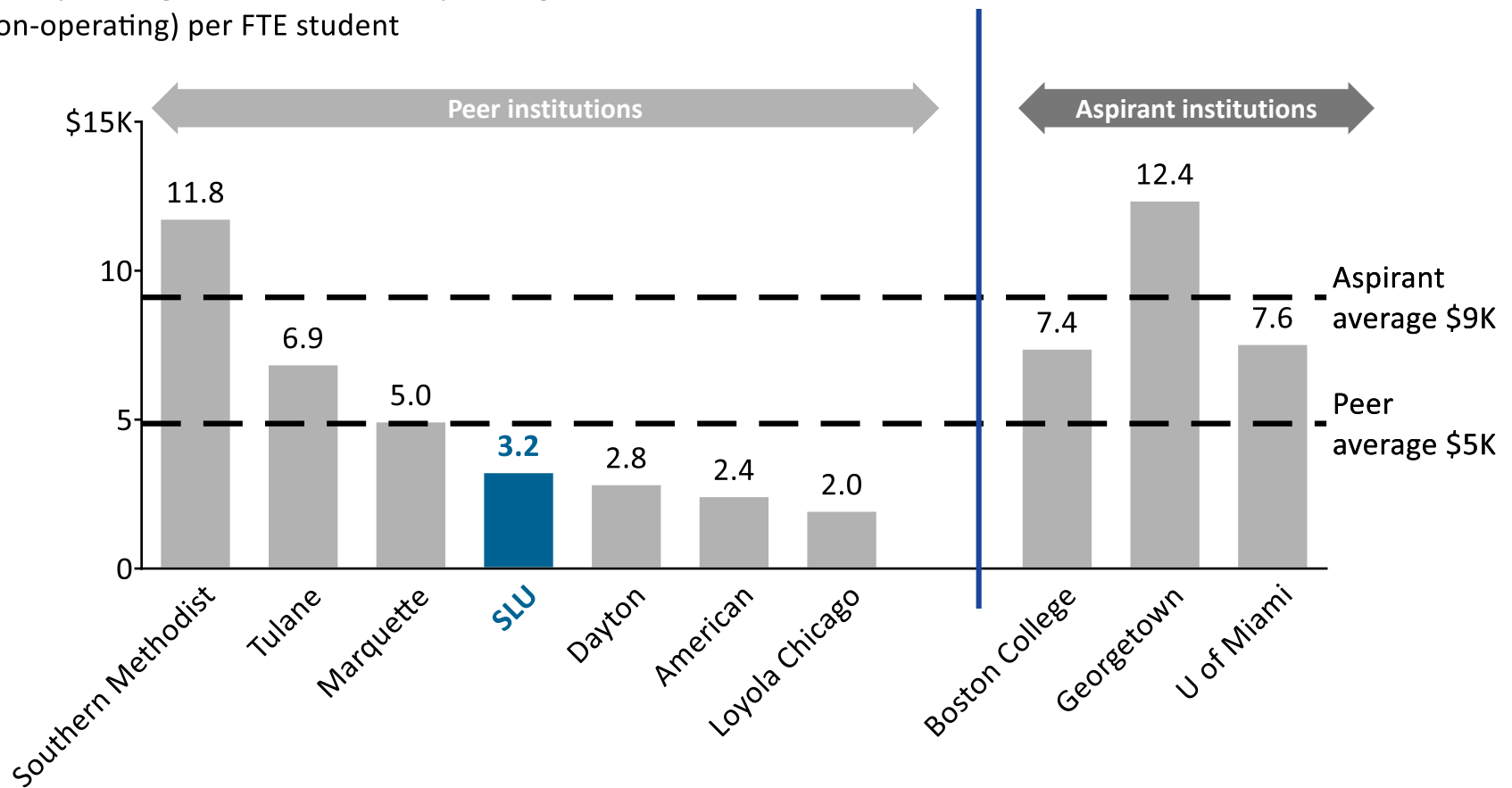
Permanently restricted contributions (\$M)

Note: Includes permanently restricted donations to endowment; Non-alumni include family, friends, teachers, etc.; Other includes Tenet Mission Support Gift to the School of Medicine; Overall totals are different from Development yearly fundraising totals because GAAP accounting standards required exclusion of \$6M Aramark rebate, re-categorization of \$6M Everest grant, addition of yearly Tenet Mission Support Gift to the School of Medicine, and reporting of private grants fundraising on a yearly as earned basis NOT a total cash in basis
 Source: FY11-FY15 Alumni Giving and Private Donations data; OPS011aManagement Income Statement Summary Audit FY11-15



SLU's private gifts and contributions per FTE student are ~\$2K below peers

FY14 private gifts contributions (operating + non-operating) per FTE student

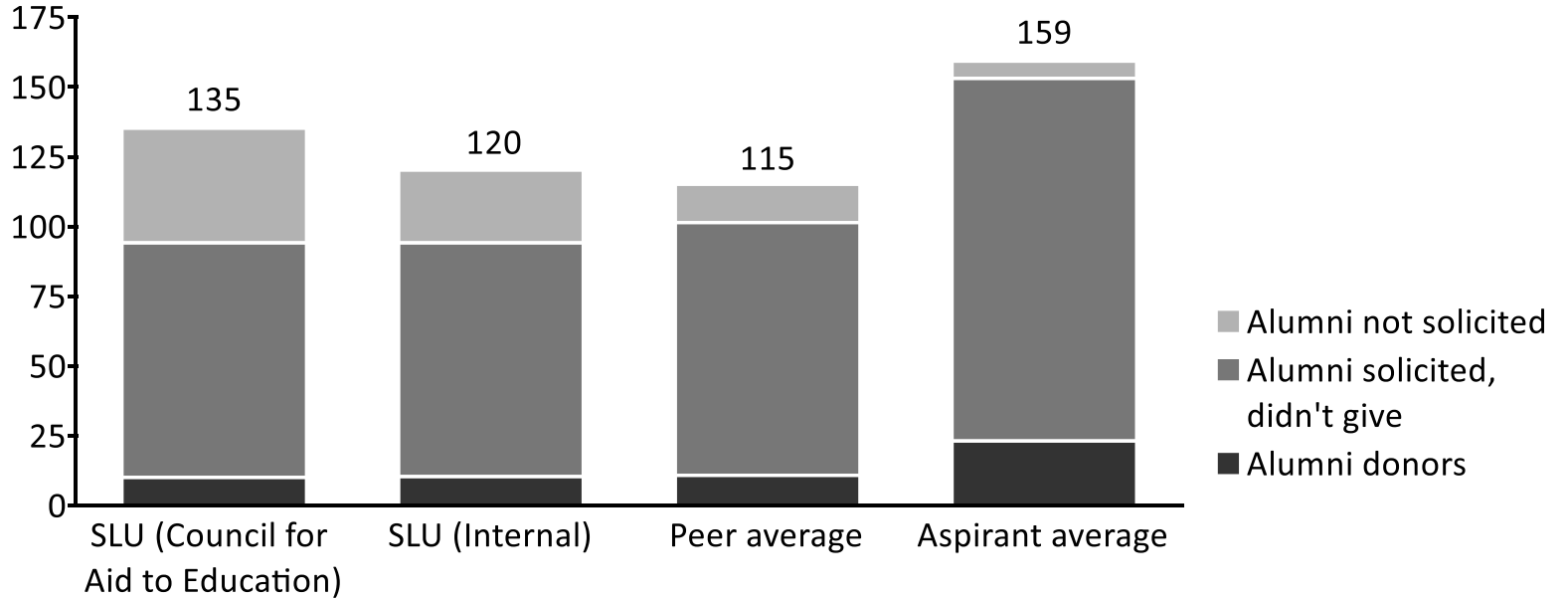


Note: "Full time equivalent" is 1 per full time student, .392857 per undergrad part time student, .382059 per graduate part time student and .545454 per first professional part time student); SLU FTE figures exclude 4,057 1818 dual enrollment students; Spain figures excluded from IPEDs data; Includes contributions to operating revenue + restricted endowment contributions

Source: IPEDs data 2013 – 2014; US News and World Ranking Indicators

Benchmarks suggest SLU could tap a larger portion of the alumni donor base

Average alumni donor count, FY2014 (K)



| | | | | |
|--------------------------------|--------------|--------------|-------|-------|
| Donors (% of all solicited) | 10.7% | 11.0% | 11.3% | 15.1% |
| Donors (% of all) | 7.4% | 8.6% | 9.5% | 14.2% |

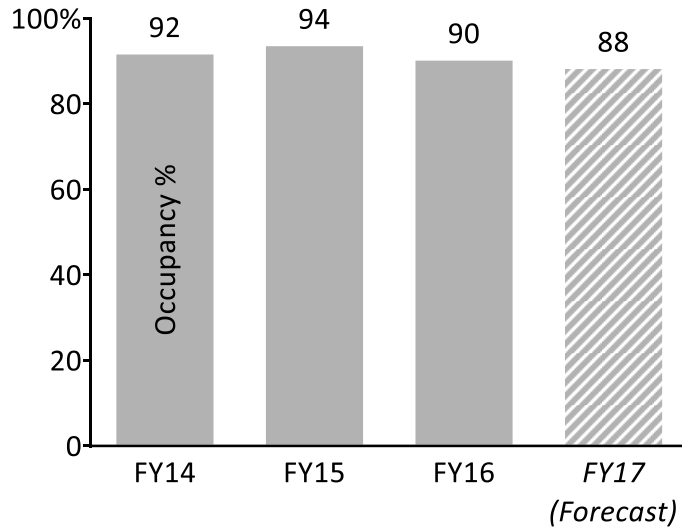
Note: Council for Aid to Education (CAE) total alumni of record numbers include non-degree receiving alumni with less than 24 credit hours as students at SLU (excluded from SLU internal alumni of record numbers); SLU CAE numbers include adjustment to accurately reflect "Alumni solicited" values; Peers include American University, Loyola University Chicago., Marquette University, Tulane University, and University of Dayton; Aspirants include Boston College, Georgetown University, University of Miami
 Source: Council for Aid to Education, SLU FY11 – FY15 Private gifts and Contributions data



Housing occupancy is declining, driven by a large number of study abroad and commuting exemptions

HOUSING OCCUPANCY DROPPED FROM 92% TO 90% BETWEEN FY14 AND FY16

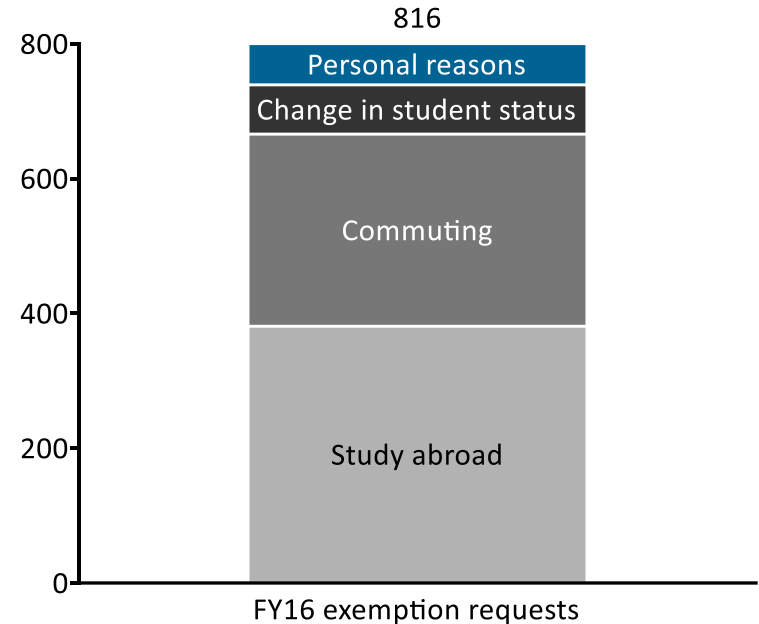
Historical semester bed occupancy for all SLU owned housing



| | FY14 | FY15 | FY16 | FY17 (Forecast) |
|----------------------------------|------|------|------|-----------------|
| Total capacity (K semester beds) | 7.0 | 7.0 | 7.0 | 7.6 |
| Occupied (K semester beds) | 6.5 | 6.6 | 6.4 | 6.7 |

STUDY ABROAD & COMMUTING DRIVE HOUSING EXEMPTIONS

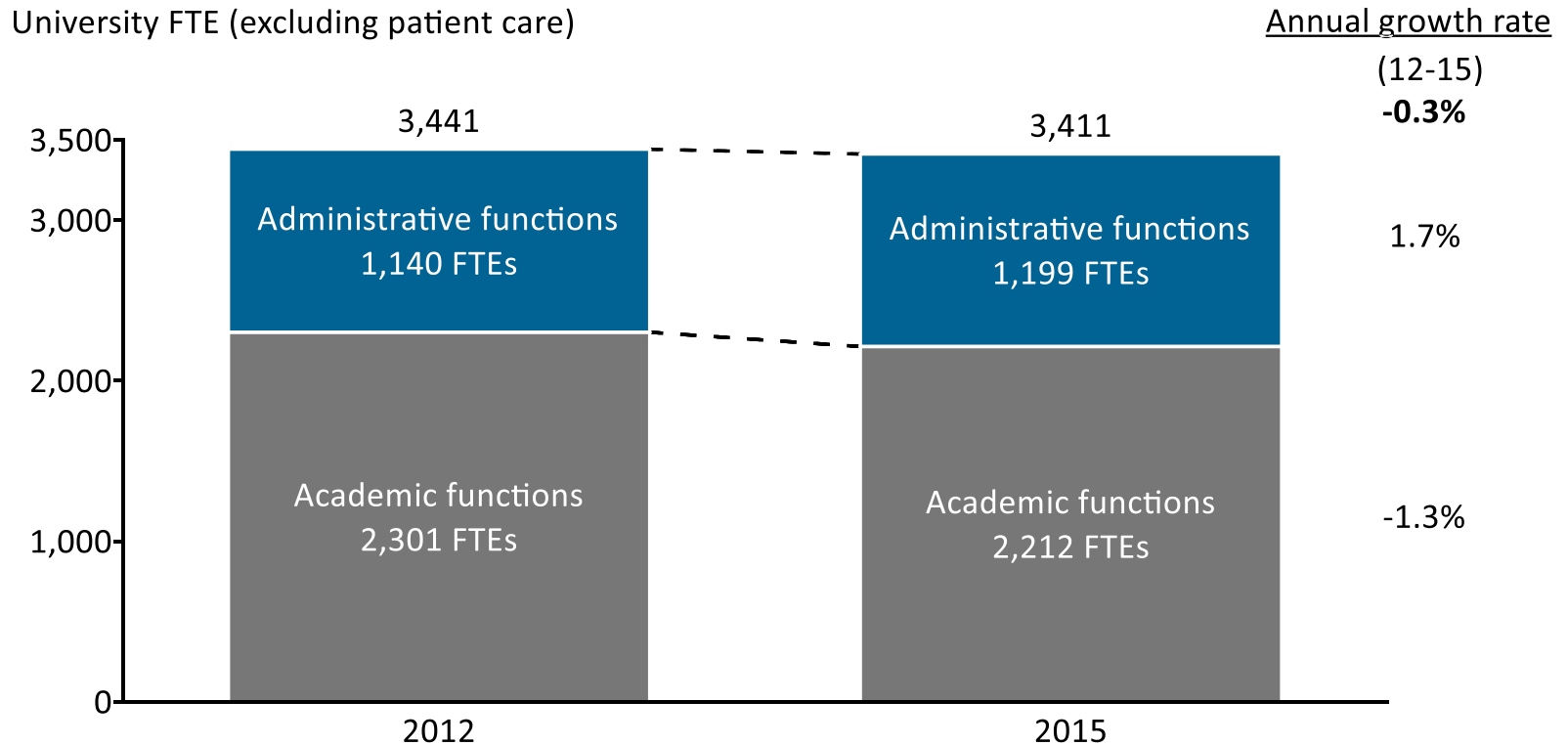
FY16 Exemption requests by type



Note: SLU owned housing includes campus apartments and residence halls; FY17 (Forecast) 1) Removes 334 beds from total capacity (142 from Pruellage Hall due to entire building being taken offline, 118 from Reinert hall due to de-densification, 74 from Walsh hall due to lower level being taken offline), 2) Adds 908 units to total capacity based on new residence hall, 3) Assumes occupancy shortfall to budget will be filled by INTO enrollment (~250 students); Total capacity and occupancy in semester beds (2 semester beds to 1 full year bed); Occupancy figures include RAs (trained students that supervise individuals living in campus housing in exchange for subsidized/free housing); Exemption requests includes all submitted requests (93% of all FY16 requests were approved, 6% were denied); Exemptions includes post-contract cancellations and pre-contract exemptions; Change in student status includes exemptions due to withdrawals, transfers, internships, and exchange student status; Personal reasons include medical, financial, marriage, child in care of student, military, or over 21 years in age

Source: Housing Occupancy FY14 – FY17B, Finance occupancy projection model based on May 18 completion rates; Housing contract releases and exemptions FY12 – FY15 60

Overall University headcount has decreased slightly since 2012



Administrative functions

- Admin staff
 - IT, Development, Finance, President, HR, Legal, etc.
- Academic support staff
 - Enrollment, Student Development

Academic functions

- Departmental staff
 - Deans, Assoc Deans, Academic Affairs, Admin Staff in Depts.
- Faculty
 - Full-time and part-time faculty, excluding clinical

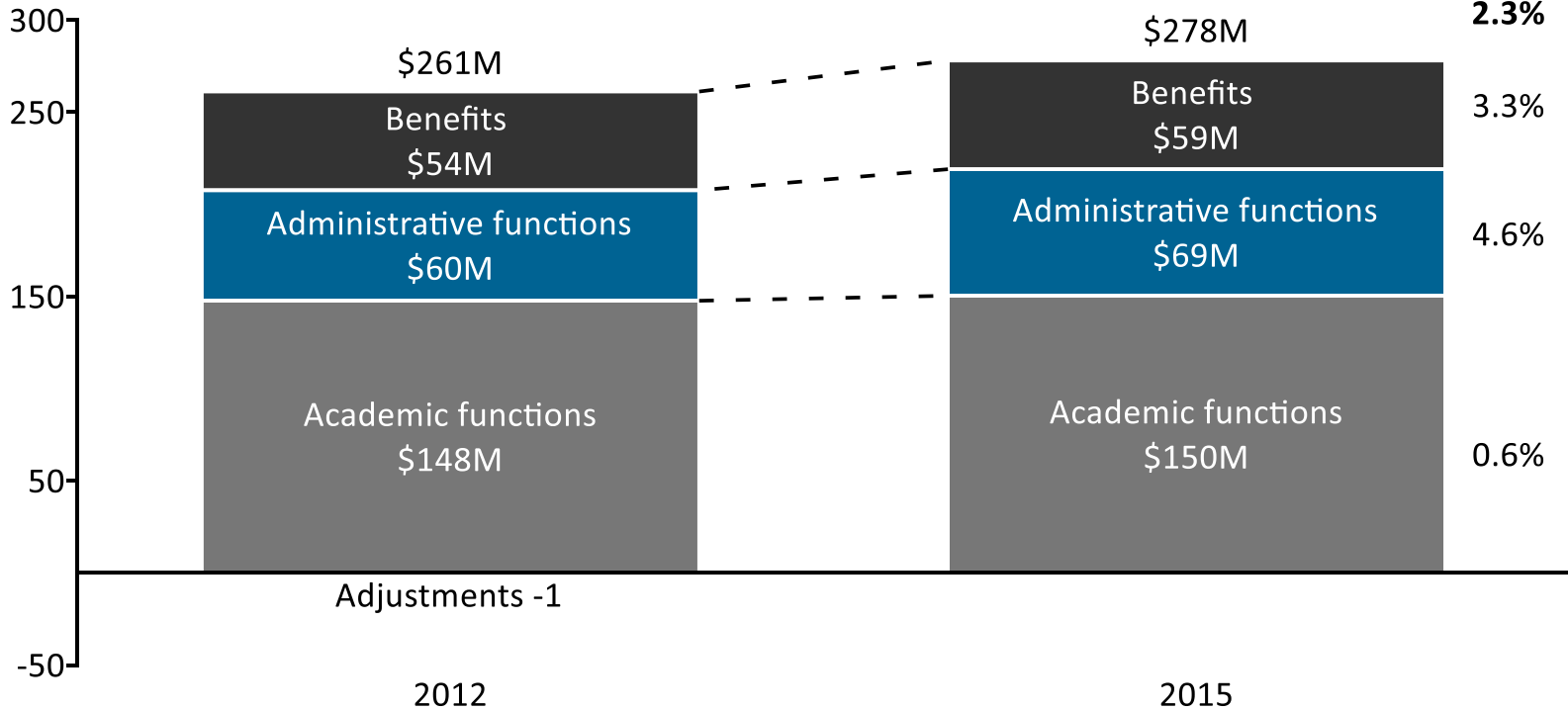


Note: SLUCare faculty and staff FTE not included; 1/3 FTE for Deans and Associate Deans included in Departmental staff, with remaining FTE included in Faculty
 Source: Four Year Report June 2012-2015 Finance payroll FTE summary (used for all staff FTE); Faculty FTE per SLU fact book, FTE Enrollment per OIR Census Report - FT enrollment for FY15 adjusted to reflect consistent definition of FT (used for faculty FTE)

Total wages & benefits have grown 2.3% per year since 2012

Salary and benefit expenses (excluding patient care)

Annual growth rate
(12-15)
2.3%



Adjustments -1

2012

2015

- Administrative functions**
- Admin staff
 - IT, Development, Finance, President, HR, Legal, etc.
 - Academic support staff
 - Enrollment, Student Development

- Academic functions**
- Departmental staff
 - Deans, Assoc Deans, Academic Affairs, Admin Staff in Depts.
 - Faculty
 - Full-time and part-time faculty, excluding clinical

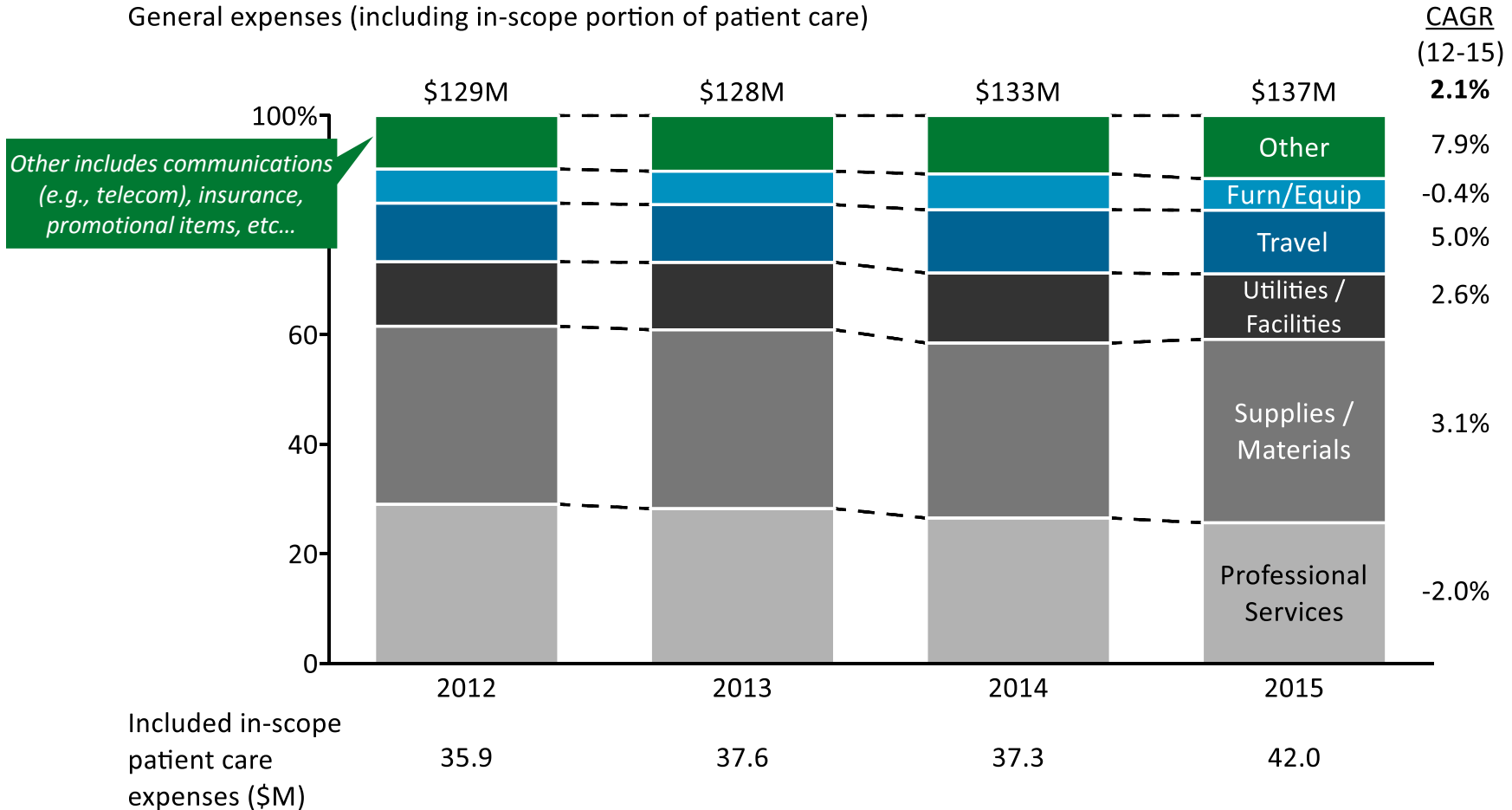


Note: Patient care wages and benefits excluded entirely; VERP excluded from 2012-2015 (\$0.3M in 2015, \$21.5M in 2014); Institutional account wages removed from admin staff wages and included in separate series

Sources: OPS011aManagement Income Statement Summary Audit FY11-15

Addressable general expenses have increased in nearly all categories

General expenses (including in-scope portion of patient care)



Note: "Other" includes general expense buckets for Communications (e.g., telecom), Insurance, and Other operating expenses (e.g., Promotional items); Includes Spain elimination and bad debt elimination); Employee fringe benefits netted to 0 and remaining recoveries reallocated proportionally; In scope patient care expenses include select general expense account codes and non-patient facing fund groups from 2xxxxx and 8xxxxx ledgers; CAPEX general expenses excluded; Non-addressable general expenses include CAPEX, out-of-scope patient care expenses

Sources: OPS011aManagement Income Statement Summary Audit FY11-15



Contents of Appendix A

- Summary of financial trends

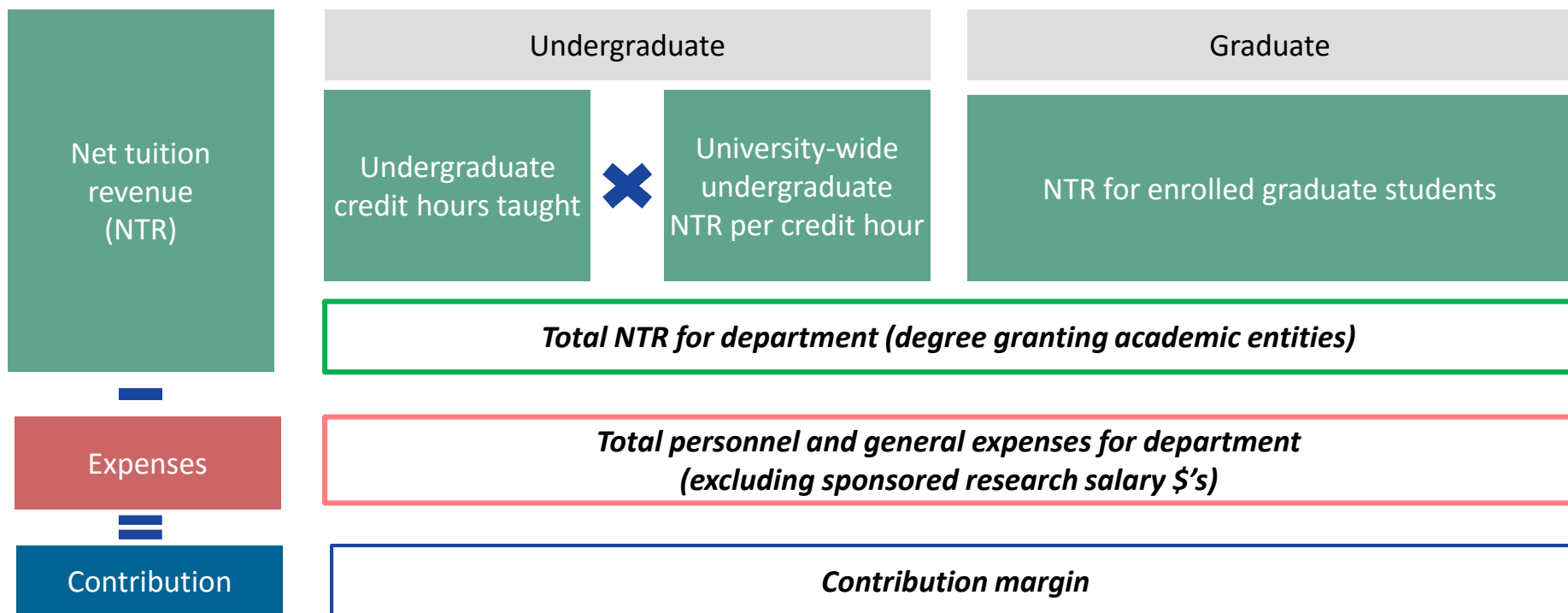
- Overview of academic programming diagnostic

- Overview of organization diagnostic

Approach to academic programming diagnostic

- The diagnostic phase focused on an initial review of the drivers of current financial contribution, exploring a few key areas:
 - 1 What is the current contribution margin of each department?
 - 2 How many degree programs are offered?
 - 3 What are enrollment levels across programs?
 - 4 How is current total faculty compensation spread across teaching, service and research/scholarship?
- Financial contribution is only one way to evaluate an area's contribution to SLU; financial measures need to be reviewed alongside mission/reputation and other factors to come to a full picture of contribution

1 Contribution margin provides a view of financial sustainability (taught/taken methodology used)



What is included?

- **Revenue:** Net tuition revenue
- **Cost:** Department faculty & personnel costs; direct general expenses; central college functions (e.g., Deans)

What isn't included?

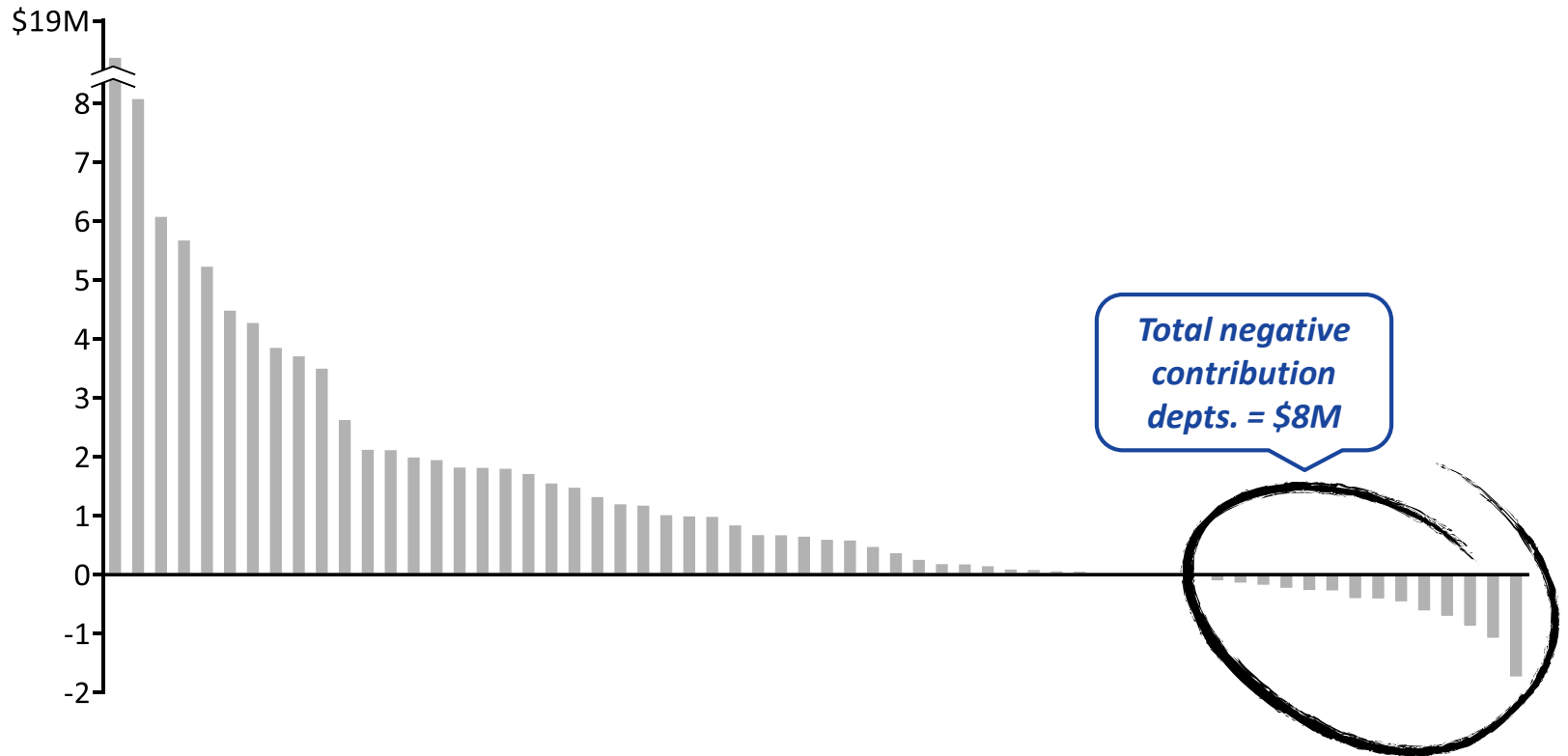
- **Revenue:** External sponsored program revenue & salary funding; designated and restricted revenue
- **Cost:** Central university costs (e.g., administrative overhead, etc.), designated and restricted expense



Note: Central college functions allocated to individual departments based on revenue
 Source: Departments based on billing and finance data where revenue and expenses are allocated

1 Today, academic contribution margin varies across departments, with 25% at negative contribution

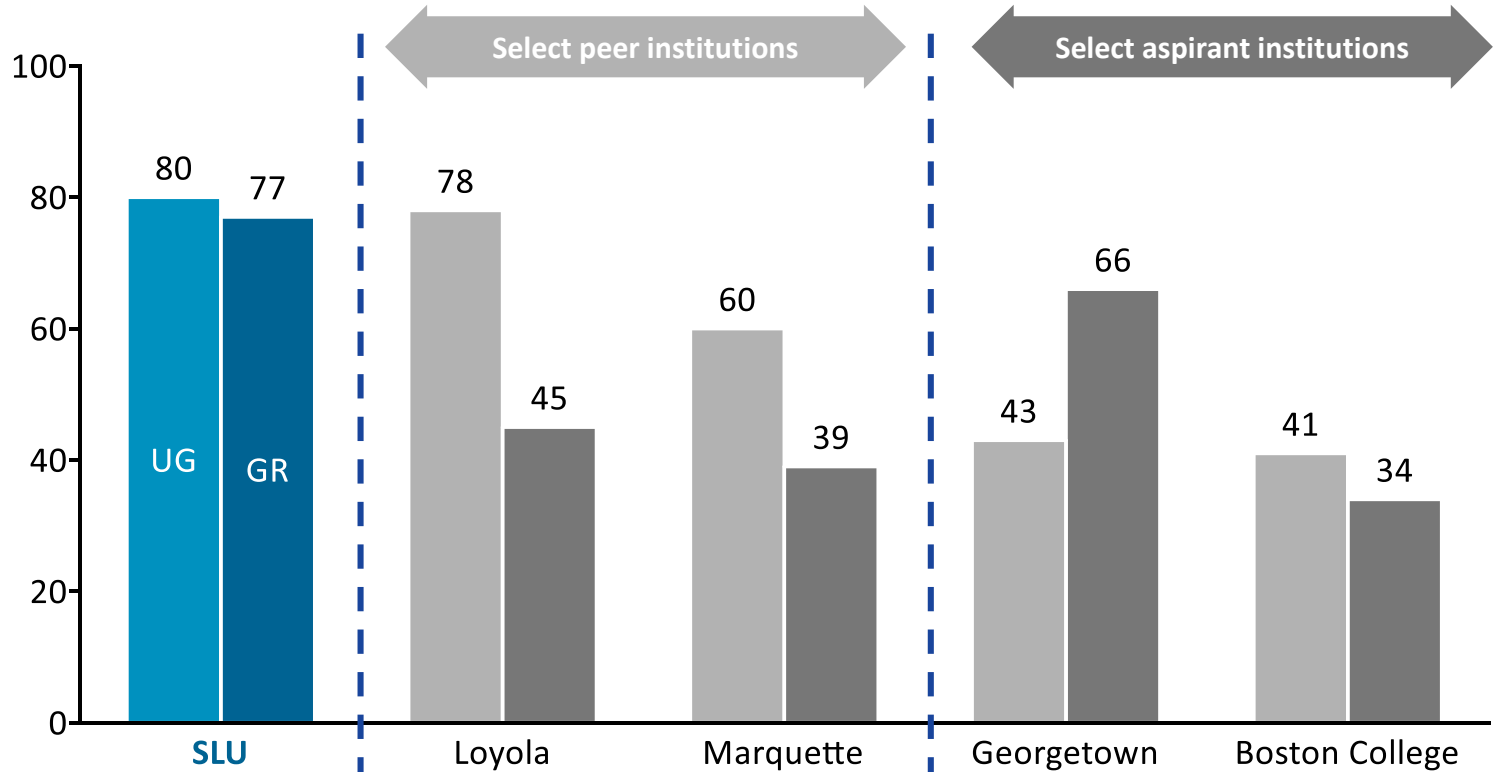
Contribution margin - courses taught-taken methodology (FY 2016 annualized)



Note: Funded research and central university cost allocations (e.g.: utilities, HR, etc.) are not included in the calculations; Departments based on billing and finance data where revenue and expenses are allocated
Source: FY 2016 billing data, YTD FY 2016 operating ledger data, Fall, Spring and Summer 2015 Final Census Reports

2 SLU offers more undergraduate majors and graduate academic programs than select peers and aspirants

Number of undergraduate and graduate academic programs



Undergrad student headcount/major
 Grad student headcount/program

108
61

Lower avg enrollment per program than peers

132
124

140
85

177
155

241
132

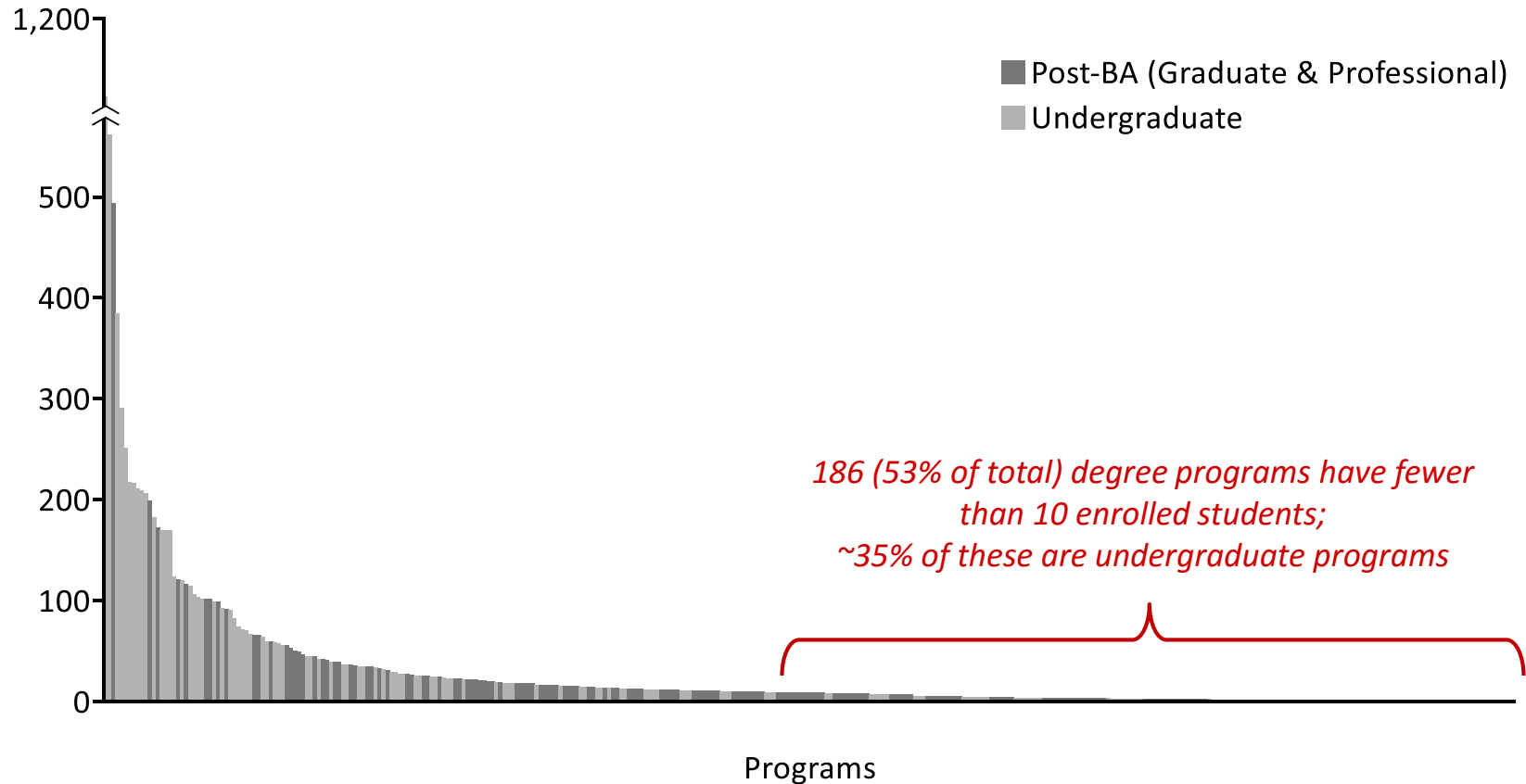


SAINT LOUIS UNIVERSITY

Note: Only select peer/aspirant institutions cataloged in dataset; Total headcount Fall 2014
 Source: 2011 SLU OIR major crosswalk analysis; IPEDS enrollment data

3 SLU has a large number of degree programs with low enrollment

Fall 2015 total enrollment by degree program

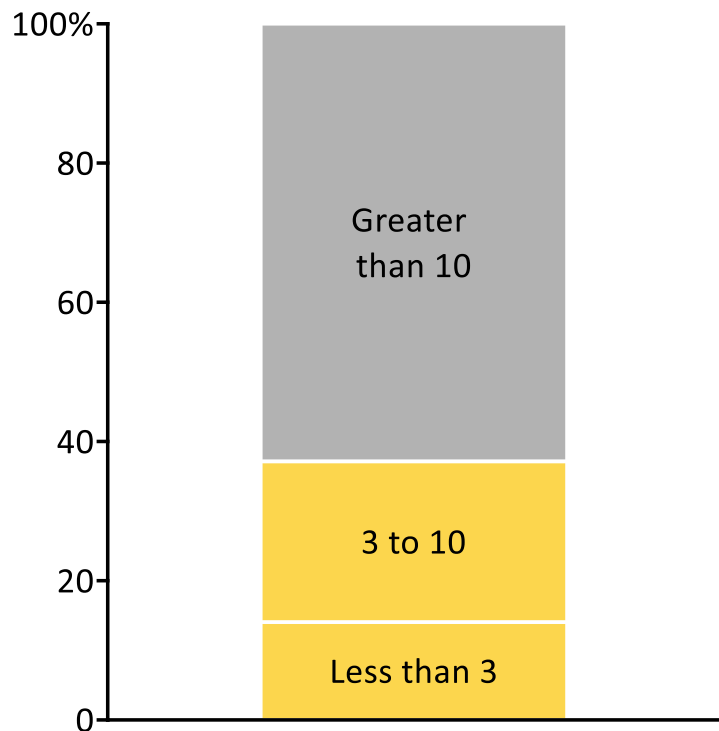


Note: Total enrollment used because FTE enrollment data not available by program; excludes 34 programs labeled as non-degree, undecided, unclassified, undeclared. Does not include Madrid and Accelerated Bachelors/Masters offerings as distinct programs. Combines “like programs”, e.g. BS BA Accounting and BS BA Finance
Source: Student Academic Data

3 ~40% of undergraduate sections and ~70% of post-BA sections have 10 or fewer enrolled students

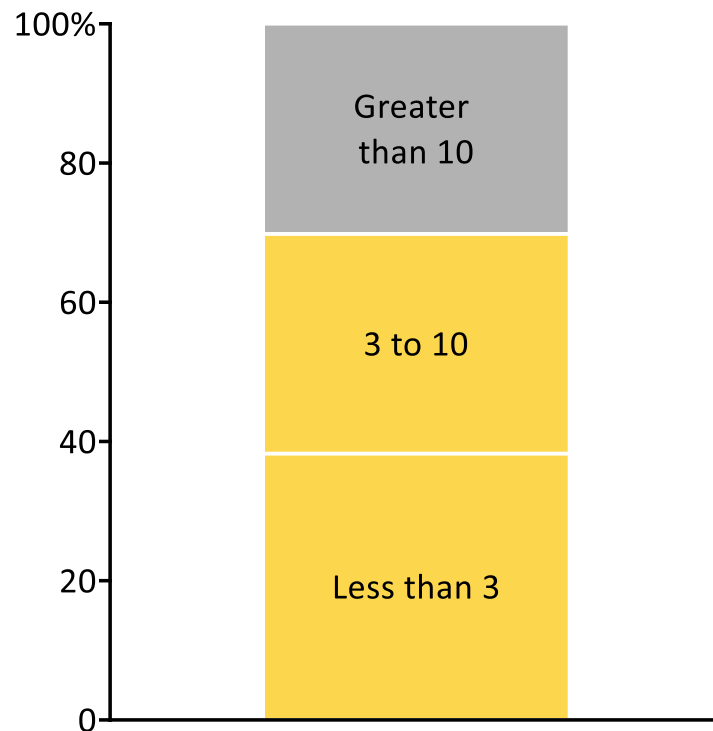
UNDERGRAD SECTIONS BY ENROLLMENT

FY16 sections



POST-BA (GRADUATE & PROFESSIONAL) SECTIONS BY ENROLLMENT

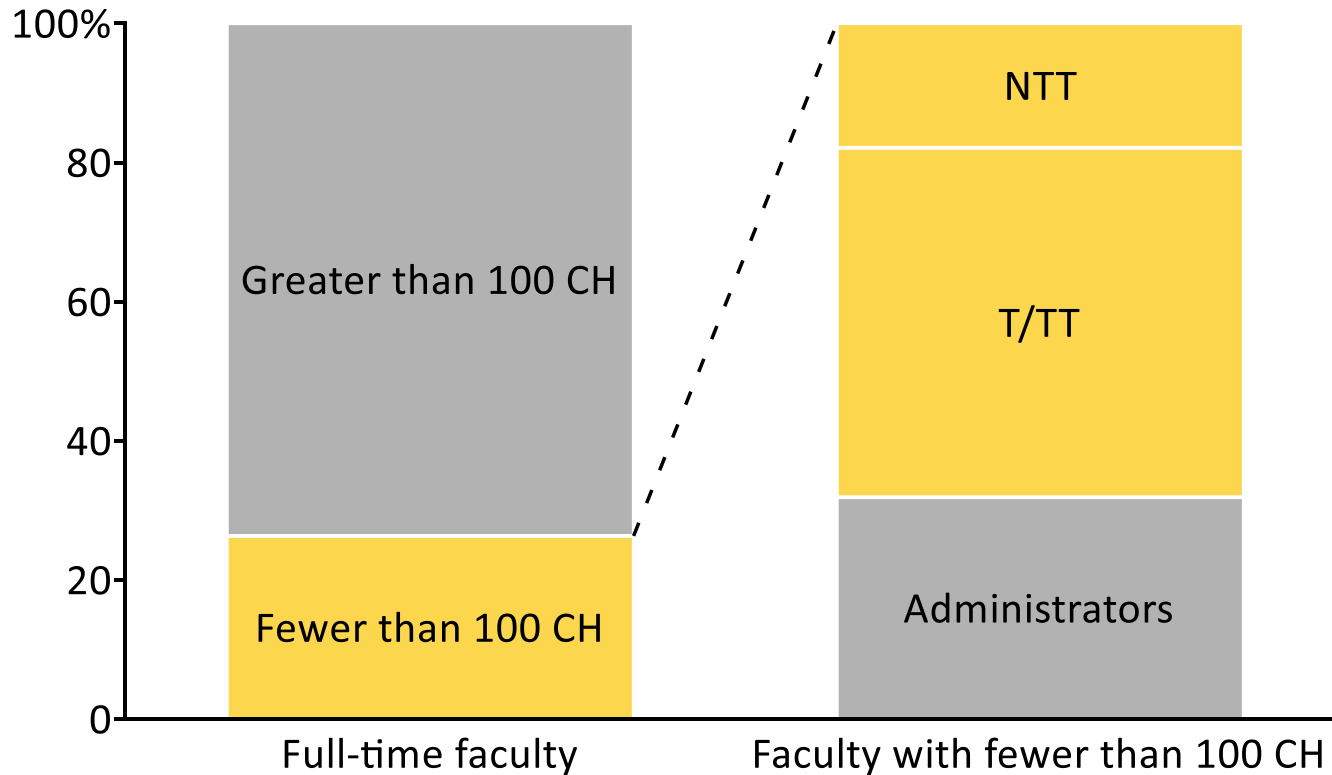
FY16 sections



Note: Excludes Spain, clinical faculty in School of Medicine and study abroad courses; undergrad sections includes sections related to independent study; Post-BA sections includes sections related to dissertations
Source: FY16 course registration data

4 ~20% of full-time faculty members with non-admin roles teach fewer than 100 credit hours annually

Full-time faculty credit hours taught

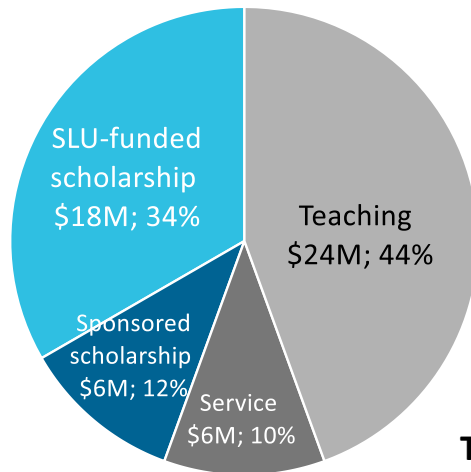


Note: Excludes clinical faculty in School of Medicine; full-time faculty per course registration data. Full-time faculty with additional administrative role identified in HR snapshot.

Source: OIR course registration data, HR categorized faculty snapshot as of March 2016

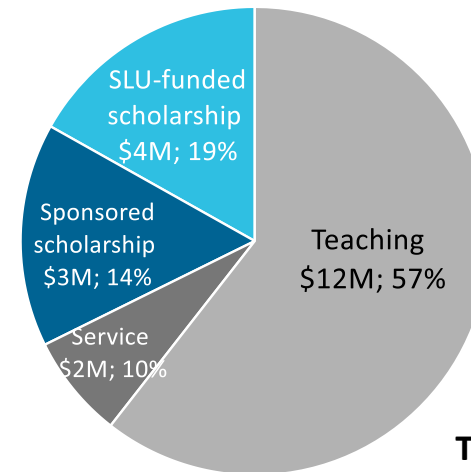
Faculty time investment distributed across four primary areas

AGGREGATE FT FACULTY COMPENSATION: TENURE/TENURE-TRACK



TOTAL: \$54M

AGGREGATE FT FACULTY COMPENSATION: NON-TENURE TRACK



TOTAL: \$21M

OVERVIEW

An approach was employed to estimate the distribution of \$75M of faculty compensation* spent in FY2016 across four primary areas of faculty activity, as part of an effort to estimate SLU-funded spending for faculty research/scholarship. In this personnel-only analysis, no consideration was given to spending for equipment, travel, laboratory personnel, research assistants, etc. Clinical faculty were excluded.

METHODOLOGY

- Data on **sponsored research** were based on actual salary recoveries, totaling \$9.5M as recorded by Office of Sponsored Programs effort reporting system
- Data on **teaching activity** were based on actual courses taught by each professor as recorded in course registration database. Compensation was allocated based on an estimation that teaching 4 sections during the year requires 50% of a professor's annual time. Sections taught based on academic year 2015 to 2016. This estimation did not account for effort required for course preparation, large section sizes, or other factors.
- Remaining compensation was allocated to **service** and **SLU-funded scholarship** because data were not available about actual activity. A consistent 10% allocation was made for service. An allocation of 34% was made for T/TT SLU-funded scholarship, and 19% was made for NTT SLU-funded scholarship.



SAINT LOUIS
UNIVERSITY

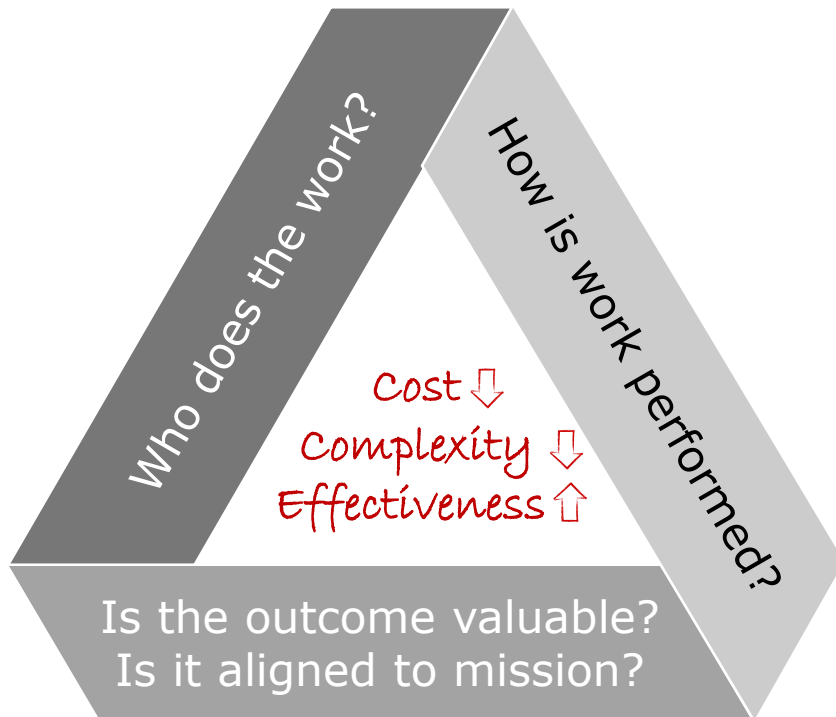
*Includes compensation of full-time (FT) faculty members, excluding those with additional administrative role and SOM clinical faculty. Benefits estimated as 33.25% of salaries. "Sponsored scholarship" is salaries covered by sponsored programs, designated funds, and gifts plus estimated benefits
Source: OIR course registration data, Office of Sponsored Programs expense reports. SOM teaching data is based on MD, graduate, and PhD classroom hours of basic science faculty

Contents of Appendix A

- Summary of financial trends
- Overview of academic programming diagnostic
- Overview of organization diagnostic

Purpose and goals of an organization review

THREE KEY QUESTIONS CAN HELP GUIDE HOW TO SIMPLIFY AN ORGANIZATION



SIMPLIFYING AN ORGANIZATION PROVIDES BENEFITS FOR EMPLOYEES AT ALL LEVELS

Increased effectiveness

- **Streamlines processes** for more effective execution
- Focuses supervisors on **highest-value work and empowers direct reports**

Greater efficiency

- Increases **speed and quality of decision-making**
- **Eliminates redundancies** and lower-value supervisory activities

More satisfaction

- **Reduces bureaucracy** and corresponding frustration
- Fosters **greater sense of connectedness** to students, patients, and internal customers

Approach to organization diagnostic

- Throughout the diagnostic, we explored three key areas:
 - 1 What is the current structure? How many levels exist between the top and bottom of the organization? How many direct reports do supervisors have on average?
 - 2 Where do functional support resources sit in the organization (in the central function team or within a college/other function)?
 - 3 How do functional support service levels vary across the organization?
- Objective data analysis was verified and shaped by functional leaders as well as with the Steering Committee

Spans & layers is a tool used to understand existing structure

SPANS AND LAYERS TOOL OVERVIEW

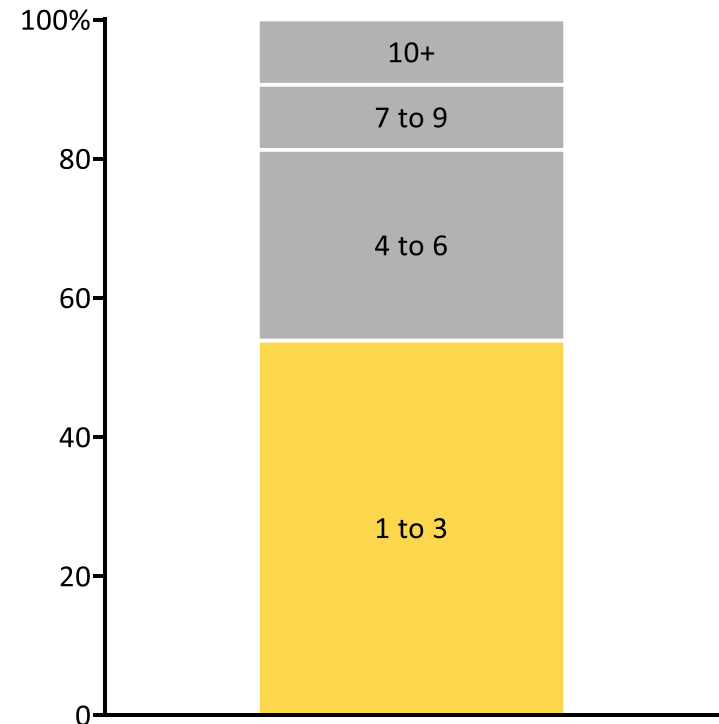
- **Layers** are the total number of levels between the President and an employee
- **Spans** are the total number of direct reports per supervisor
 - A supervisor's span does not include their report's direct reports
 - Average spans can be calculated by averaging spans across an organization
- An organization re-design would aim to increase spans and reduce layers



Organization re-design ultimately must consider this analysis in the context of the specific structural needs of each area

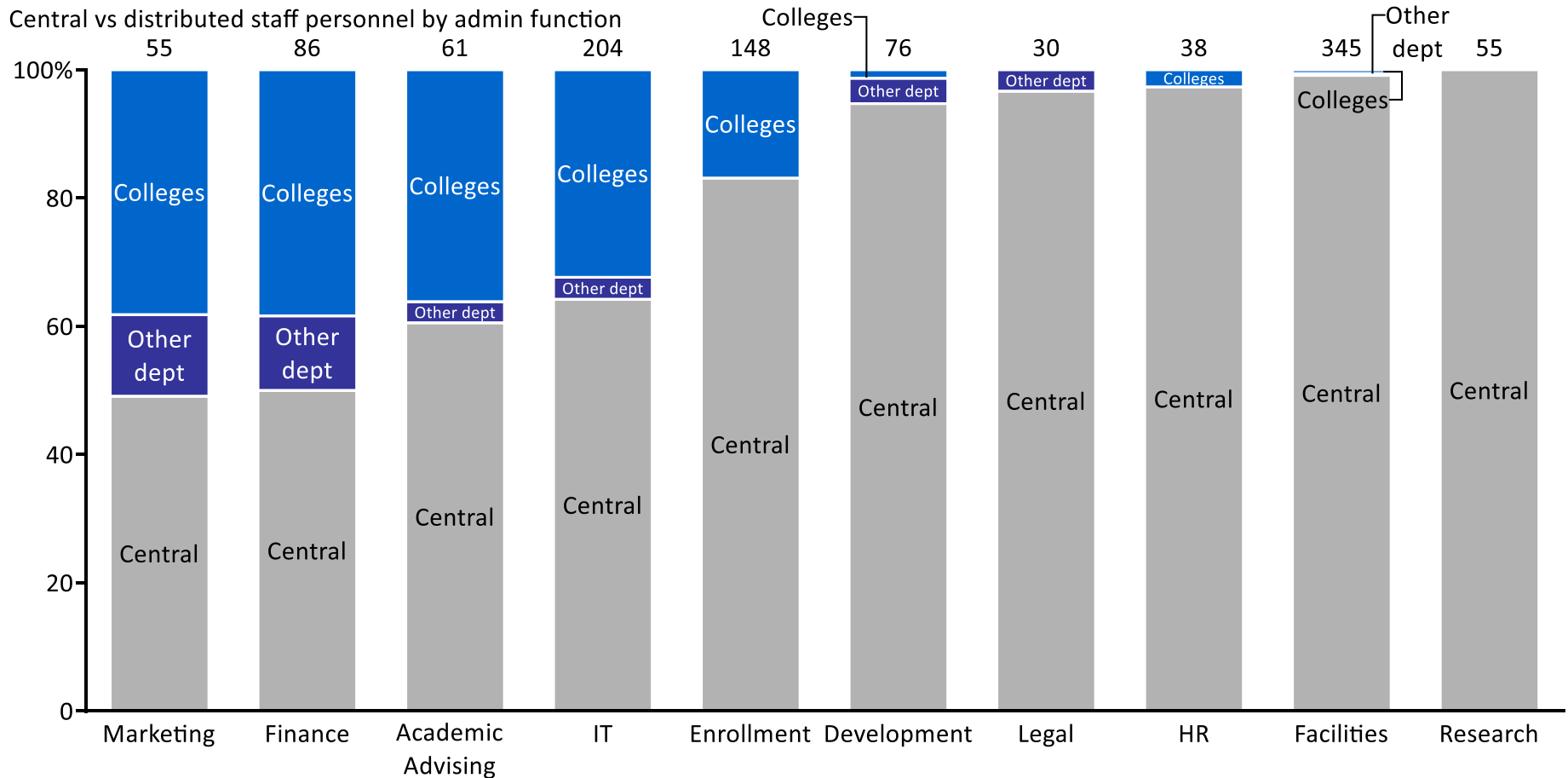
AT SLU, OVER 50% OF MANAGERS HAVE FEWER THAN 4 REPORTS

Managers by number of direct reports



2 For some support functions, distributed headcount based in other colleges/functions conduct similar roles

Does not capture staff doing portions of these roles alongside primary job responsibilities

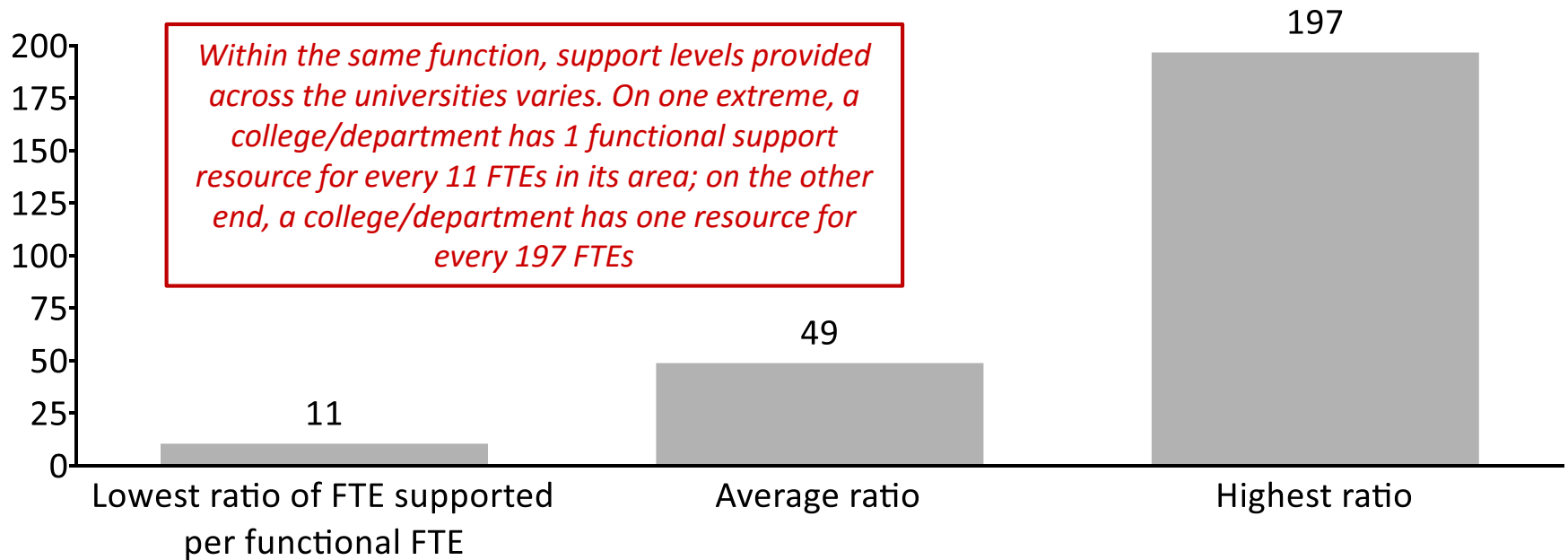


Note: Finance distributed count includes 15 Business Managers whose roles also include some HR responsibilities, Finance central count excludes Public Safety; 4 SLUCare Marketing individuals included in Marketing Colleges count but report into both Central and SOM D454; A number of personnel are not included in Finance and HR distributed count despite having access to Finance and HR systems because their FT role is different; Academic advising distributed count does not include large number of faculty who serve as academic advisors; Marketing FTE sitting in colleges may also potentially be involved in "recruiting" work related to Enrollment; Open positions excluded
 Source: Interviews with each function; HR database snapshot Feb 2016

3 Internal customers receive different levels of support from functional resources

EXAMPLE FROM ONE SLU FUNCTION (E.G.: HR, IT, MARKETING)

of faculty and staff FTE supported by each assigned functional FTE



Appendix B – detailed sources

Many sources were used to build a comprehensive factbase

DATA ANALYSIS – INTERNAL SOURCES

- Registrar course registration data
- Banner/COGNOS financial reports
- Finance Payroll
- HRIS (Human Resource Information System)
- SLU factbook
- OIR Census
- Enrollment and retention management
- School of Medicine teaching data
- Student financial services
- Office of Research
- Development
- Facilities Services (including FAMIS database)
- IT
- Student Development
- Parking

DATA ANALYSIS – EXTERNAL SOURCES

- IPEDS
- Council for Aid to Education
- Sightlines and APPA
- US Energy Info Administration
- US News and World Report

STAKEHOLDER INTERVIEWS

- Populations
 - Inclusive of University leadership
 - Cross-section of academic (including staff) and administrative personnel
 - Representatives of student government
- Focus
 - Opportunity identification
 - Operational pain points
 - Cultural context
 - Change management recommendations