

*Full Length Research Paper*

## **Applying business models to higher education**

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**The purpose of this qualitative study is to understand how operating models and organizational structure impact the effectiveness of higher education institutions for students, faculty, administrators and the broader community. In this case study, the researcher uses the Malcolm Baldrige National Quality Award Criteria (MBNQAC) to understand core values and the concepts of those seven criteria which are: 1) leadership 2) strategic planning 3) student, stakeholder and market focus 4) measurement, analysis, and knowledge management 5) faculty and staff focus 6) process management and 7) organizational performance results. These criteria are analyzed with visionary leadership and a comparison of the strategic plans of Alvernia University and Kutztown University. The changes imperatives for higher education institutions include the redesign of education, more flexible faculty, increased efficiency, removal of boundaries, and entry into new markets. In addition, challenges and conflicts facing the change process are also discussed in the context of Kotter's Change Theory. This paper advocates a pragmatic approach to analyze what works and also what are the viable solutions to known problems.**

**Key words:** Leadership, educational leadership, higher education, business models, academic excellence, strategic plan.

### **INTRODUCTION**

Based on U.S. Census Bureau data, hundreds of new higher education institutions joined the American education system in recent years. In 2017, there were 4,627 colleges and universities in the United States (National Center for Education Statistics, 2018). Within this big education system, universities can be categorized as either public or private institutions. Public institutions receive some funds directly from their state's governments so they need to comply with the state government regulations on tuition costs and performance. Private institutions are more independent in their ability to make financial decisions than are public institutions (Adams et al., 2010). In addition, both public and private

colleges and universities have several distinguishing characteristics in terms of their mission, vision and values as organizations.

The organizational structures of both public and private higher education institutions tend to be complex. This complexity in structure has resulted in university and college presidents having a myriad of roles. Part of their job is to satisfy and convince board of trustee members about the strategic direction of their institutions. In addition they have to show that they are upholding and improving the reputation of their institutions with faculty, staff and external constituents. The presidents have to work closely with their administrative staffs to manage

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daily operations, to analyze and evaluate policies and get data and feedback on performance. They lead decision making and policy making processes with faculty and other senior administrators. The core values of the institution's president, and how well they maintain and enforce these values have a major impact on the reputation and public image of their institution.

Internal affairs of the institutions generally are supported by the provost or an executive vice president. All of the deans who lead colleges and departments generally report to a vice president for academic affairs. The deans are responsible for developing budgets and preparing inputs on the institution's policies. At most institutions, the faculty plays a crucial role in all aspects of the decision-making process (the exception being at for-profit institutions where a large percentage of the faculty are adjunct professors and instructors). Faculty can be a political force on their campuses. And the power of the student body cannot be disregarded. Appropriate separation of the roles played by academic faculty and administrative personnel and the sharing of authority and responsibility in a flattened hierarchy leads to a more efficient and effective organizational structure in higher educational institutions (Bess and Dee, 2012,).

The purpose of this qualitative study will be to understand how operating models and organizational structure impact the effectiveness of higher education institutions for students, faculty, administrators and the broader community. In this case study, the researcher used the Malcolm Baldrige National Quality Award Criteria (MBNQAC) to understand core values and the concepts of those seven criteria which are: 1) Leadership 2) Strategic planning 3) Student, stakeholder and market focus 4) Measurement analysis and knowledge management 5) Faculty and staff focus 6) Process management, and 7) Organizational performance results. These criteria are analyzed with visionary leadership and a comparison of the strategic plans of Alvernia and Kutztown Universities.

This paper is organized as follows: The first section provides a review of the literature of business related organizational structures with MBNQA criteria in higher education institutions. The second section provides a description of the methodologies used to analyze current literature and the strategic plans of Alvernia and Kutztown Universities. The third section includes additional discussion about the subject and findings, and the last section briefly explains the case study.

## LITERATURE REVIEW

In recent literature, there are a lot of studies with different perspectives about the appropriateness and benefits of considering academic higher education institutions as

businesses. The main concern about higher education is that institutions are not using their resources effectively. Thus, researchers point to a lack of efficiency problem, which raises the cost of education, impedes performance excellence, and possibly also has a negative impact on the quality of education. Incidentally, the quality of education was explained by the Wingspread Group (1993) as technical proficiency in the field, improving abilities to be capable to apply new knowledge as needed, be able to form their opinions appropriately, play a role in a global community, have a mind-set for diversity and an innovative environment, being able to be problem-solvers in the real-world (Oblinger and Verville, 1998:). Performance excellence in higher education institutions is profiled by Sorensen et al. (2005) in a book that applied MBNQA criteria which cannot be separated when considering the performance excellence of higher education institutions. Seven categories with core values and concepts for internal self-assessment of MBNQA criteria are listed as: 1) Visionary leadership 2) Strategic planning of learning-centered education 3) Student, stakeholder, and market focus for organizational and personal learning 4) Measurement, analysis and knowledge management for valuing faculty, staff, and partners 5) Focus performance of faculty and staff in increasing their knowledge, skills, and capabilities 6) Process management with identifying and managing of key processes for maximizing student learning through a results-oriented perspective and 7) organizational performance results which are recorded as student learning, student and stakeholder satisfaction, financial, faculty and staff performance and satisfaction, organizational effectiveness, and governance and social responsibility (p. 3).

Sorensen et al. (2005) emphasize the importance of an academic institution leader's visionary leadership styles because senior leaders guide their institutions and evaluate their institutions' quality performance for purposes of continuous quality improvement. In addition, lack of assurance by senior leadership was identified as one of the five major barriers to implementing continuous quality improvement in higher education institutions based on the results of a survey of 160 colleges and universities. Others were listed as changing organizational culture, gaining faculty support, finding implementation time amidst busy schedules, and the financial cost and time required for staff training. To overcome these barriers, businesses began to formally recognize the importance of strategic management in the 1960s and 1970s. In the following years, results of applying strategic planning and management, and their positive impacts on organizations were observed. In today's world, leaders have increasingly been attempting to apply strategic management to apply not-for-profit, government agencies, other public institutions, and colleges and

University (Rowley et al., 1997). Nickel (2011) emphasizes that the higher education institutions need to use strategic management as a tool to understand and the organizational procedures of the higher education institutions.

According to Chance (1992), visionary leadership recognizes the social climate in which it lives and works, takes risks, and copes with the effort of transforming the vision into detailed measures and action plans. Therefore, visionary education leaders need to notice what is currently happening in the higher education marketplace and at their own institutions, evaluate what is the most important for the future, and focus activities and resources accordingly. While deans and senior administrators operate with physical resources such as capital, skills, and technology, college or university leaders operate on emotional and spiritual resources such as values, commitment, and ambitions (Bennis and Nanus, 1985). Benoit and Graham (2005) mention that visionary leadership skills are important in higher education institution, and are a characteristic that peers assign to excellent administrators.

Keller (1983) recommended three internal dimensions for leaders of academic institutions to consider: 1) Concentrate on traditions, values and aspirations; 2) Institutional strengths and weaknesses; and 3) Leadership's abilities and priorities. At the same time, considering the external effects of trends and opportunities, recognizing market preferences and understanding competitive dynamics are suggested as prerequisites for visionary leadership in academic institutions (Almog-Bareket, 2012).

Rowley et al. (1997) in Mercer (1993) mentioned that there is growing concern among legislators, parents and students about rapid tuition increases. Therefore, education leaders seek new ways of keeping costs in line to reduce the need for tuition increases, and to find other sources of funding. On the other hand, organizational performance is considered as the measure of profitability of higher education institutions. However, a higher education institution's profitability cannot be considered in the same ways that shareholders look at the profitability of a manufacturing or service corporation. One of the main reasons for this is that corporations are customer satisfaction orientated and mostly use customer-motivated business processes and structures. In contrast, higher education institutions need to satisfy not only employees (administrative staff and faculty) but also customers (students and their parents and future employers), and the reputation of the higher education institutions in the eyes of students' families, the community, and all other stakeholders. Consequently, Rowley's book argues that strategic planning cannot be effective in universities and colleges because the nature of businesses is different from that of colleges and universities. The study emphasized that colleges need to follow their legislative mandates regardless of the

economic consequences. Therefore, he feels that mission-driven planning should be applied instead of strategic planning. The mission statements should become guidelines for an institution's daily operations and serve as key inputs to the planning process (Rowley et al., 1997).

When an academic institution has visionary leadership and a strategic plan, there is more clarity about how the institution measures, evaluates and improves students' performance and the performance of the institution at every level. If learning progress is available information to gauge students' improvement and that is the main reason that an academic institution exists, then learning needs to be useful to build a career path and be applicable to future work environments. Therefore, providing a standard of quality education or conducting enough research might not be enough to guarantee good performance of an institution. Providing job opportunities and having capable students for those opportunities locally, nationally and globally is considered a key indicator of an academic institution's performance.

For instance, during 2010-2011, Alvernia University in Berks County, PA spent \$4 million on campus catering, maintenance services, consulting, insurance, purchasing library books and materials, technological tools, travel and entertainment, utilities and postage expenses. The study assumed that on average, fully local spending comprised 50% of the total expenditures of Alvernia University. In addition, Berks County received \$1 million in federal and state grants related to Alvernia University initiatives. A total \$90 million operating budget brings about \$127 million to the county indirectly, and \$72 million to the local economy (Tiglioglu, 2012). For that reason, the county's economic growth is significantly impacted by the contributions of alumni of its higher education institutions, and perhaps more so in the cases of Alvernia and Kutztown, since a high percentage of their alumni reside in Berks County.

When we consider higher education institutions as a business-generator in local communities, all the direct expenditures and attributable indirect spending, distance education would, as an alternative to the traditional higher education setting, produce negative economic effects. Local universities exist not only to provide capable employees which attracts more businesses to their region. The fact that they are also major providers of well-paying jobs in the local community also needs to be included as a performance measure of higher education institutions.

Last August, President Obama released a plan to combat rising college costs and make college more affordable for American families (White House, 2013). The president's plan outlined three proposals: 1) Tying federal student aid to college performance (based on yet-to-be developed college rankings) 2) Promoting innovation and completion by instituting a college scorecard that would give consumers clear, transparent

information on college performance to help them make the decisions that work best for them; and 3) Ensuring that student debt remains affordable by expanding eligibility for the "Pay As You Earn" repayment program. The State of California has already implemented a similar performance measurement and accountability approach for its community colleges (California Community Colleges, 2013).

While the government is seeking to hold higher education institutions more accountable for their performance, every university system has different values and definitions and expectations of performance, and uses a performance management process that is unique in its own right. Ongoing communication between senior leaders, faculty, students and other stakeholders sets expectations. Alignment with the mission, vision and values of the institution requires implementing a set of metrics and a measurement system. A higher education institution's leadership needs to have an effective process to communicate strategic priorities of enrollment, retention, learning and satisfaction. Thus, the strategic plan of an academic institution can be described in terms of clarifying the mission, vision and core values; developing new facilities; increasing the number of sources of funding; integrating entrepreneurial culture together with delivering high quality academic performance.

Peking University in China provides a really good example of innovative strategic management. It is a very prestigious academic institution which runs a successful software company and other enterprises to increase their school funding. Academically, Peking University is one of the top performers and it is a very well-known global academic institution (Oblinger and Verville, 1998; Altbach 1998). Visionary education leaders need to look for new sources to fund for their continuous improvement of education quality, strategic investments that will improve institutional performance, and the professional development of their faculty and staff. Nevertheless, the change process to adopt a strategic planning and management works more smoothly in business organizations than it does in universities, largely because of the established culture of academia.

Reducing costs by introducing continuous quality improvement into the higher education administrative system is the biggest challenge. Carlson and Fleisher (2002) stressed that increasing the number of students to improve efficiency results in something like a "college factory" and that running a college like a business decreases the meaning of a higher-education learning community. In addition, the same study continues with a comparison of faculty requirement for teaching versus research. Faculty are expected to get grants while maintaining long teaching hours, otherwise they might be replaced with cheaper contract instructors. A constant anxiety exists on many campuses because of the competing demands of teaching, which is needed for high

quality education and research, which is needed to generate grant funding. Candidly, Newport University's study recommended that accepting that higher education is a business and that supply and demand of higher education is driven by the economic considerations of students, student's parents, teachers, administrators, college professors, university presidents, and government lending institutions will help to create a collective mission and vision and respond to the needs of all higher education stakeholders.

MBNQA listed criteria of process management to identify and manage institutions' key processes to maximizing student learning, and additionally organizational performance which is the last criteria of MBNQA and described as student and stakeholder satisfaction, using financial sources efficiently, faculty and staff performance and satisfaction, organizational effectiveness and also governance and social responsibility. These process management and operational performance criteria need to be considered in some form within the strategic plans of an academic institution, so that the plan can be more feasible. Hence, the researcher compared strategic plan of two local universities, one of which is a public university, Kutztown University (9,800 undergraduate and graduate students) which is part of the Pennsylvania State System of Higher Education (PASSHE), and the other a private university, Alvernia University (3,000 undergraduate and graduate students) (Alvernia and Kutztown, 2014).

Appendix A Table 1 provides some key operational and financial facts about these two universities.

In Table 1, Alvernia and Kutztown universities are similar in a few areas, including their annual revenue and the size of their endowments. Both of these universities have coed campuses with a majority of students being women, a majority of students being PA state residents, and only a very small percentage of international students. In addition, the admissions standards, in terms of High School grade point average (GPA) at Kutztown are moderate, while those at Alvernia are even less stringent. In recent years, both universities have faced declining enrollments and 4-year graduation rates of less than 40 percent. The average freshman retention rate is also a key indicator of students' satisfaction. There are significant differences in some of the key operational measures, some of which reflect the difference between a public university and a faith-based private college. Alvernia's tuition and fee cost to students is significantly higher than that at Kutztown, however, a much higher percentage of Alvernia students receive financial aid. The percentage of Alvernia employees that are members of the faculty (80%) is much higher than Kutztown's (less than 60%). And Alvernia has a larger percentage of its student body comprising non-traditional students.

In terms of strategy, both of these institutions have a stated priority of educating life-long learners, being ethical and social with academically high quality in their

mission statement. In addition, their visions include statements about being dedicated, integrated, community-based and comprehensive, ethical learning institutions. But stemming from this similarity in mission and vision, they have some key distinctions in their strategic plans. One of the reasons for this is that in 2007, Alvernia University changed its president to make changes in operating principles and improve performance. The new president's purposes were to emphasize fiscal soundness, a dedication to organizational efficiency and integration, cautious and ongoing investment in technology infrastructure, and developing facilities efficiently. Based on this vision, a seven year strategic plan was prepared and published in 2011. In contrast, Kutztown University developed and published a strategic plan that covers only three years, 2013 to 2016. Kutztown's strategic plan was not very detailed, but it does provide information about 2012 expectations and results, and stated goals for the following three years. In addition, being part of PASSHE, Kutztown University is subject to governance by the PASSHE Chancellor's office, which in 2013 published a strategic plan covering through the year 2020.

Alvernia's strategic plan was more detailed with both external and internal challenges, possible opportunities, and discussion of how to build academic strength, how to increase student satisfaction and success, how to improve operating effectiveness and resource development, and how to expand community engagement and increase institutional visibility. Additionally, guiding principles and strategic priorities such as identity, educational quality, student communities, community and external engagement and resource development were analyzed with new and revised versions to observe progress and identify areas that need to be improved. The documented strategic goals in the latest strategic plans published by Alvernia, Kutztown and PASSHE are listed in the Appendix A Table 2. And also, extended list based on these strategic goal statements, providing additional details about each goal, the problems to be addressed by each goal and the action plan to achieve each goal in the Appendix B. Both of the strategic plans include some specific performance indicators, and in some cases, the plan shows the baseline (current performance) as well as the targeted performance level.

Kutztown University has more students and faculty than Alvernia University. However, one of the strengths that lead to high academic performance is the percentage of tenured and tenure-track faculty. Alvernia has 66 of 105 academic staff comprising tenured and tenure-track faculty (63%), while Kutztown has 88% of tenure and tenure-track faculty who hold their doctorate or other terminal degree. In 2011, Alvernia added 20 faculty members to improve tenure and promotion standards, but for the following years there was no update about the results of this strategic action. On the other hand, Alvernia University's stated objectives for educational

quality in the strategic plan for the next seven years did not describe an intention to change tenure standards or the tenure-track faculty percentage. Kutztown's strategic objectives included having tenured/tenure-track faculty include 17.95% minority race, and they did state that they increased by 1% the diversity of faculty recruited and retained (Alvernia University and Kutztown University, 2014).

## IMPLICATIONS FOR HIGHER EDUCATION LEADERS

Even though the stability of higher education (relative to most industries) tends to make the institutions' leadership overconfident, change will be required to steadily improve and remain relevant in the increasingly competitive market for higher education. Oblinger and Verville (1998) listed the main required changes for higher education institutions as the redesign of education, more flexible faculty, increased efficiency, removal of boundaries, and entry into new markets. The two largest universities in Berks County both mentioned these big five main changes in their institutions' plans. Redesign of education change is all about updating technological tools. Kutztown has a high value for a technologically-advanced education delivery environment, and Alvernia University also has invested resources to develop new education delivery technologies.

The second main change is to have a more flexible faculty. This can be made possible by creating and maintaining professional faculty with a clear tenure track. On the other hand, the change process might result in fewer full professors within the academic staff. This will likely mean that faculty will resist the changes, but market forces will have more influence over time. Because of those market forces, driven by short term fiscal realities and longer term economic competitiveness considerations, efficiency, effectiveness and accountability will be more crucial for the leaders of academic institutions. Traditional boundaries need to be removed and additional entrepreneurial and creative opportunities should be part of the vision and strategic plan of the institutions (Oblinger and Verville, 1998: 156-157).

One of the entrepreneurial and creative opportunities is globalizing and increasing diversity in the community on campuses. According to the strategic plans of the universities, Alvernia has expanded the boundaries with study abroad and international mission programs, and specifically mentions the need for increased diversity in its strategic plan. But Kutztown does not include internationalization in their strategic plan other than having a goal of increasing the diversity of faculty members.

Changing the institutional model and preparing strategic plans to succeed in a rapidly changing global environment might fail to deliver transformation in the academic institutions. Kotter's change theories explain

five common reasons for failures in change processes: 1) a high complacency level with low sense of urgency 2) lack of a vision 3) poor communication of the vision 4) failing to remove obstacles and 5) creating a new organizational culture. Higher education institutions might have had high success levels in their past, and they sometime consequently have a high level of complacency. However, distance learning and global education will challenge the local universities more and more in the coming years. For that reason, they might turn their academic institutions' challenges into new opportunities in this uncertain economic environment. Otherwise, it might be too late to create a sense of urgency.

The second common reason that strategic transformations fail is the lack of vision to help direct, align and inspire actions. Both of the universities have their mission of change and describe a vision in their strategic plans. But even though some organizations develop a good vision, they fail to motivate action on that vision, do a poor job of communicating the vision internally, and this might cause the transformation to fail.

Overt or covert resistance to change by faculty or administrative staff might be a difficult obstacle to overcome. If the change effort does not confront these organizational challenges, the likelihood of success of the institution's strategic plan is greatly diminished. In addition to all these challenges, anchoring the organizations' new culture, which is possible as the outcome of sharing positive performance results of the change process in an academic institution, takes time and effort – But if success stories are not publicized and discussed, change will be slower to take hold. The higher education institution needs to have a visionary leader play the main role in establishing the new culture which needs to be achieved for a successful transformation (Oblinger and Verville, 1998: pp. 160-161). Otherwise, success of local universities such as Alvernia or Kutztown University as a provider of capable employees or attractor of more business locally might not be realistic for next decade.

## METHODOLOGY

The research question in this case study is what are the conflicts and challenges that academic institutions face in the efforts to improve efficiency? How can we have more effective academic institutions? The researcher analyzed and compared two universities, one of them a private institution and the other a state university. Both of these have academic excellence highlighted in their mission statements. The strategic plans of both universities were analyzed based on what the universities published on their own websites. Further study might include interviewing senior leaders about their strategic plans to get more precise information for the universities' visions and to ask for leadership perspectives on new, more efficient academic institutional models.

The study uses a pragmatic approach, in which reasoning and its consequences matters a great deal. In the pragmatic worldview, the most important part is what works and also what are the viable

solutions to known problems. Therefore, MBNQAC criteria of leadership, strategic planning, student, stakeholder and market focus, measurement, analysis, and knowledge management, faculty and staff focus, process management and organizational performance results were analyzed through a detailed review of the strategic plans of Alvernia and Kutztown Universities. In addition, the change process of the academic institutions can be defined as a transformation that includes redesign of education, more flexible faculty, increased efficiency, removal of boundaries, and entry into new markets. In addition, reasons underlying any failure of the transformations can be examined with Kotter's change theory based on their strategic plans.

## RESULTS

Many industrial organization models and processes of control, management and leadership are not directly transferrable from the business world to the world of higher education, but both of them have operate within similar external forces; namely rapidly changing markets. Business strategies are driven by the importance of customer satisfaction. Academic institutions operate in several different markets, including the market for faculty and staff, the student recruitment market, the research funding market, and the post-graduation career market. These have all been changing and are facing heightened competition, an avalanche of new technologies and increased demands for accountability. In constantly changing markets in which businesses and academic institutions operate, visionary education leaders can produce very positive impacts by applying business models and applicable change theories to improve the quality of education and the performance of their academic institutions. They can thus address the needs that students and other stakeholders have for the institution to produce graduates that are ready to succeed in a highly competitive marketplace.

Strategic plans need to be developed, published, discussed and monitored in order to position a higher education institution for transformational changes. On the other hand, business models adopted "verbatim" might not be as successful in higher education institutions, because of their different structure. However, visionary education leaders will be able to distinguish what is applicable and what is not applicable in business model practices. The institutions are a learning community, and in order to be economically viable, life-long learning must become as a core objective of higher education institutions. In addition, the institutions should be more cognizant of the fact that they are key economic agents – both suppliers to businesses and generators of demand for their local communities.

Oblinger and Verville (1998) discuss the business of higher education. They questioned the prevalent opposition that academics have for characterizing higher education institutions as businesses. The book mentioned Keller (1983)'s study which describes higher education as a \$2 billion per year industry with substantial and assets; no more a sector dominated by

small community colleges. Therefore, colleges and universities were characterized as often large, complex, expensive organizations which need to feed themselves, change in time and adapt to their environments (p.138). Therefore, the researcher listed above the main required changes of higher education institutions as including redesign of education, more flexible faculty, increased efficiency, removing boundaries, and entering new markets. In contrast, the challenges of these transformations which were examined using Kotter's framework need to be analyzed when developing strategic plans.

Tigloglu (2012)'s study estimates how much money Alvernia brings to the local community. However, if future generations of Berks County residents decide to move to other regions of the United States or to different countries, or to gain their higher education via online universities, traditional universities like Alvernia will most likely struggle to maintain their relevance within the local economy. These types of "bad scenarios" need to be evaluated by leaders of traditional higher education institutions. These threats need to be turned into opportunities. For example, even if a student's parents move from Berks County, local universities can make the area more attractive for a new young generation, or be proactive about diversifying their student bodies, or develop not only local but also national and global marketing strategies, or maintain market share by offering distance education. This type of approach to addressing the issues is a pragmatic one.

## Conclusion

This study did not set out to create a business model for higher education. In contrast, the study discussed how higher education has different drivers and market forces than do business organizations. The paper described the main success factors for higher education institutions, such as the quality of their education, and the effectiveness of the institutions' strategies. Two local universities were analyzed- One which is a private university (Alvernia) and the other which is a public university (Kutztown)- based on a detailed review of their current strategic plans. In addition, visionary leadership was analyzed in terms of effective goal setting for academic excellence and other institutional performance measures. Economic impacts were considered and potential changes in academic institutions were examined in order to find opportunities for efficiency gains and other benefits of strategic management.

Strategic plans are the most important vehicle to set expectations and develop performance indicators and targets for the future. Using a strategic planning process, a higher education institution can observe current performance, identify opportunities for tangible improvements, and communicate their current and expected performance both academically and organizationally.

Strategic planning includes developing, documenting and communication a mission, vision and core values, and a comparison of current and expected performance indicators, and open discussion of potential future threats and opportunities. Strategic planning can provide the foundation for a successful change process at a higher education institution. Since there are many challenges and conflicts that can impede the change process, they need to be identified as be part of strategic planning, and addressed with specific leadership actions.

## CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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**FOOTNOTES**

1 A “non-traditional undergraduate” generally differs from a traditional undergraduate by part-time status or age. In a 1996 study, the National Center for Education Statistics (NCES) included anyone who satisfies at least one of the following as a non-traditional student:

- Delays enrollment (does not enter postsecondary education in the same calendar year that he or she finished high school)
- Attends part-time for at least part of the academic year
- Works full-time (35 hours or more per week) while enrolled
- Is considered financially independent for purposes of determining eligibility for financial aid
- Has dependents other than a spouse (usually children, but may also be caregivers of sick or elderly family members)
- Is a single parent (either not married or married but separated and has dependents)
- Does not have a high school diploma (completed high school with a GED or other high school completion certificate or did not finish high school)

2 In addition, the Kutztown University Foundation had approximately \$10 million in annual revenue, \$60 million in assets and 20 employees.

## APPENDIX

**Appendix A Table 1.** Comparison of Alvernia University and Kutztown University.

<b>University Profile Information</b>	<b>Alvernia University</b>	<b>Kutztown University</b>
Year Founded	1958	1866
Number Students Enrolled in 2014; Number Undergraduates	2,891; 2,347	9,804; 9,135
Acceptance Rate; Average High School GPA	80.5%; 2.9	67.5%; 3.1
% Accepted who Enroll; Freshman Retention Rate	39%; 73%	30%; 76%
4-Year Graduation Rate	38%	32%
% Women Undergraduates	71%	57%
Student to Faculty Ratio	12 / 1	20 / 1
% Faculty with Terminal Degrees	63%	88%
Spring 2014 PA Resident on Campus Tuition and Fees	\$23,240	\$8,833
Total Faculty; Number of Full-Time Permanent Employees	235; 293	490; 844
% Undergraduates Receiving Financial Aid	99%	68%
% 1 <sup>st</sup> Year Students Living on Campus; % Total Students	77%; 57%	89%; 46%
% Out-of-state First-year Enrollment	30%	15%
% International Students	1.4%	0.67%
% Traditional Undergraduates <sup>1</sup>	50%	94%
Annual Revenue	\$64.7 million	\$76.3 million <sup>2</sup>
2012 Endowment	\$19.7 million	\$16.5 million

Sources: Alvernia University (2014); Kutztown University (2014), U.S. News & World Report (2014); The Princeton Review (2014).

**Appendix A Table 2.** Summary of Alvernia University, Kutztown University and PASSHE Strategies.

<b>Alvernia University</b>	<b>Kutztown University</b>	<b>PASSHE</b>
(i) Building Academic Strength	(i) Academic Excellence: Kutztown University will promote, enhance, and recognize excellence in teaching, learning, creativity, scholarship, and research.	(i) Ensure academic program excellence and relevance
(ii) Enhancing Student Satisfaction and Success	(ii) Community Engagement: Kutztown University will partner with the community to serve the needs of the people of the commonwealth and the region.	(ii) Enable more students to obtain credentials that prepare them for life, career, and the responsibilities of citizenship
(iii) Improving Operating Effectiveness and Resource Development	(iii) Caring Campus Community: Kutztown University will value and respect all campus constituents, celebrate diversity, and embrace shared governance.	(iii) Develop new funding strategies, diversify resources, and manage costs to preserve affordability
(iv) Expanding Community Engagement and Institutional Visibility	(iv) Stewardship of the University's Infrastructure: Kutztown University will maintain and enhance physical, financial, and human resources necessary to fulfill its mission.	(iv) Increase accountability and transparency; focus on results

Source: Alvernia University, 2014; Kutztown University, 2014; PASSHE, 2013.

## Appendix B

### Alvernia University

#### Goal 1 - Building Academic Strength

- (i) Two named Centers of Excellence - O'Pake Institute for Ethics, Leadership and Public Service and the Holleran Center for Community Engagement
- (ii) Endowed Neag Professorships and Faculty Excellence Grants / Framework for Faculty Excellence
- (iii) Higher average SAT scores (but still only 980 average)

#### Goal 2 - Enhancing Student Satisfaction and Success

- (i) Freshmen retention still lags below the average for both the peer group and other appropriate comparisons.
- (ii) Graduation rates represent a similar challenge, as do program-specific and overall pass and post-graduate placement rates.

#### Goal 3 - Improving Operating Effectiveness and Resource Development

- (i) Annual budgets include two "Best Practices" – Full funding of depreciation and a base-line 2% operating surplus.
- (ii) 24/7 telephone-based technology support for students and faculty is in place for email, network login, Blackboard, and Self-Service.
- (iii) Aggressive, yet strategically targeted, land-purchase program has already greatly expanded the campus footprint.
- (iv) Major emphasis on human resource development.

#### Goal 4 - Expanding Community Engagement and Institutional Visibility

- (i) Expanded community engagement efforts have played a pivotal role in raising Alvernia's profile and reputation.
- (ii) Major initiatives, such as the Blessing Exhibit and the Updike Conference.
- (iii) Ethics, Leadership, and Community Lecture Series
- (iv) Arts and Culture at Alvernia Series.
- (v) University's membership in a nationally known Division III athletic conference.
- (vi) The University's four Days of Service build on a large network of community partnerships (Alvernia, 2014).

### Kutztown University

Goal 1 - Academic Excellence: Kutztown University will promote, enhance, and recognize excellence in teaching, learning, creativity, scholarship, and research.

- (i) Improve baccalaureate degrees awarded per FTE undergraduate enrollment to 25.27% (less than 25% of undergraduates earn their degrees in 4 years). This is much higher than the university and National averages.
- (ii) Increase number of STEM (Science, Technology, Engineering and Math) degrees conferred by 10%.
- (iii) Increase continuation rate to 68%.
- (iv) The actions that the university will undertake to improve the degree completion rate will take several years to yield results. In addition, degree completion rates of 25% or higher would indicate an average time to degree of four years. This is much higher than the university and National averages.

Goal 2 - Community Engagement: Kutztown University will partner with the community to serve the needs of the people of the commonwealth and the region.

- (i) Closing the Access Gap for Pell Recipients by 20%.
- (ii) Closing the Access Gap for underrepresented minority students by 20%.
- (iii) Closing the Access Gap for transfer students who are Pell Recipients by 20%.
- (iv) Closing the Access Gap for transfer students who are underrepresented minority by 20%.

Goal 3 - Caring Campus Community: Kutztown University will value and respect all campus constituents, celebrate diversity, and embrace shared governance.

- (i) Increase percentage of students who are federal Pell Grant recipients to 28.48%.
- (ii) Increase percentage of students who are non-majority to 19.23%.
- (iii) Increase percentage of tenure/tenure track faculty who are non-majority to 17.95%.

Goal 4 - Stewardship of the University's Infrastructure: Kutztown University will maintain and enhance physical, financial, and human resources necessary to fulfill its mission.

- (i) Fundraise \$2,535,000 in private sponsorship through collaboration with the KU Foundation. The KU Foundation raised a total of \$1,999,676 in 2012-13, \$535,324 short of the goal.
- (ii) Increase the Sightlines Facilities Investment Score to 64.20%.
- (iii) Continue to improve programs and services by performing annual assessments of key units and using the results in institutional planning, institutional renewal, and resource allocation.
- (iv) Implementation Team for Institutional Effectiveness monitors strategic plan and participation by all university functions (Kutztown, 2014).