



BROWN

Brown University

FINAL REPORT OF THE
AD HOC COMMITTEE ON
PROMOTING FINANCIAL
HEALTH AND SUSTAINABILITY

October 2021



BROWN

RICHARD M. LOCKE
Provost
Schreiber Family Professor of
Political Science and International
and Public Affairs

October 1, 2021

Dear Members of the Brown community:

I am excited to share the attached Final Report of the Ad Hoc Committee on Promoting Financial Health and Sustainability, which promises to set Brown on course for a brighter, more secure future.

In this report, you will find several recommendations developed by a committee of faculty, staff and students that President Christina H. Paxson convened in the fall of 2020. Once implemented, these proposals will both enhance academic excellence and save money. Notably, we expect to eliminate Brown's small but persistent structural deficit, freeing substantial resources for more strategic investments, both now and in the future.

As you will read, the committee's recommendations fall within five broad categories: personnel, strategic sourcing and procurement, non-personnel, revenue diversification, and thoughtful growth of the undergraduate student body. Once fully implemented (and this will take time), we estimate that these steps could generate between \$26 million to \$57 million of additional revenue annually.

That said, it's important to underscore that the development of the committee's recommendations was not an exercise in cost-cutting. Our approach was values-driven and holistic, with the goal of directing our limited resources to where they can have the greatest impact. This means ensuring the continued growth in quality of our academic programs and investing in our faculty, staff and students. We also solicited input and feedback from the community. All in all, 88 people provided 340 responses, which informed the final report.

Following President Paxson's approval of these recommendations, we now move toward their implementation. To accomplish this, we have established the Program on Innovation and Financial Sustainability to ensure that these proposals are acted on and yield real progress. You can learn more about this on the new University [website established for the program](#).

In closing, I want to express my profound gratitude to members of the ad hoc committee, whose names follow this letter. You represent the extraordinary commitment of members of the Brown community, and the impact of your work will be felt for generations to come.

Sincerely,

Richard M. Locke
Provost

MEMBERSHIP OF THE AD HOC COMMITTEE ON PROMOTING FINANCIAL HEALTH AND SUSTAINABILITY

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Ira Wilson, *Professor and Chair of Health Services, Policy and Practice; Professor of Medicine*

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William Thirsk, *Chief Digital Officer and Chief Information Officer*

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Neil Veloso, *Executive Director of Brown Technology Innovations*

Michael White, *Vice President for Finance and Chief Financial Officer*

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Marisa Quinn, *Chief of Staff to the Provost*

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INTRODUCTION

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

Following several months of work, including the formation of subgroups to engage in intensive work in several key areas of opportunity, the ad hoc committee is proposing a range of options that would yield an estimated **\$36 million to \$57 million** annually over time once fully implemented, which includes approximately \$6 million to \$7 million in savings and \$20 million to \$50 million in new revenue that could be invested strategically.

With attention focused on offering recommendations that would support Brown's commitment to ongoing academic and operational excellence, the committee suggests that, in addition to adopting specific recommendations for savings and revenue enhancements proposed in this report, the University have a mechanism or process to ensure that it remains as efficient and effective as possible over the long term. Doing so will ensure the University's capacity for ongoing strategic investments in academic excellence and its position as an employer of choice for decades — if not generations — to come.

What follows is a summary of the context that informed the committee's work as well as the committee's charge, the process by which the committee conducted its work — including the development of guiding principles and the solicitation of input from the entire Brown community on draft proposals — and the committee's overall recommendations for consideration.

Context for Committee Work

Brown University's mission to serve the community, the nation and the world through teaching, research and service requires ongoing strategic investments in academic excellence. This includes investing in recruitment and retention of the most talented and promising faculty, students and staff and offering an environment that supports exploration, inquiry and discovery across disciplines. Adequate funding is fundamental for supporting competitive financial aid, salaries, benefits and startup funds, as well as critical infrastructure, modern classrooms, technology and equipment.

Through *Building on Distinction*, the University's strategic plan; the *Pathways to Diversity and Inclusion* action plan; and the *BrownTogether* fundraising campaign, the University has made critical advancements across many dimensions in recent years, strengthening the University both academically and financially. Yet more is required to ensure long-term flexibility, fiscal sustainability and overall impact. The University's small but persistent deficit, which has existed for the past several years, limits our ability to invest in new areas of education and research at desired levels. These losses are distinct from the COVID-19 deficit expected to incur in fiscal year 2021 and beyond, and as a result Brown must undertake the difficult work to structurally adjust the University's finances.

These investments are perhaps more essential than ever. The COVID-19 pandemic has underscored the vital importance of research universities, such as Brown, in addressing pressing societal issues — from public health crises and consequences of climate change to persistent systemic racism and the need to address inequities and promote social mobility. As President Paxson noted in her letter creating the ad hoc committee, this period "... also exposed economic vulnerabilities of institutions of higher education, many of which predated the pandemic. These challenges include an over-reliance on undergraduate tuition and fees to support operations, a nationally shrinking pool of college-aged students, and slow growth in academic employment opportunities in some disciplines."

At the same time, many institutions, including Brown, have responded to numerous challenges presented by the pandemic by undergoing rapid innovation, changing modes of instruction and transforming many aspects of University operations. Since March 2020, Brown has made substantial investments in technology, professional development and other resources to support academic innovation and transition to online teaching and learning. Administrators reconsidered workplace needs and adopted policies and practices to promote operational excellence and efficiency in the midst of the pandemic. While financial pressures have been substantial during this period, the University's endowment has continued to perform well given relatively strong market conditions — conditions that may be uncertain and more volatile in future years.

It is in this context that the committee approached its work — inspired by the importance of the University’s mission and informed by lessons learned and investments made over the past year — to find ways to convert Brown’s structural deficit into a surplus to be used to make critical investments in the people and infrastructure required to advance excellence. In doing so, the committee focused on increasing and diversifying revenue and reducing the growth in expenses.

Committee Charge and Guidance

The ad hoc committee was given the following two-pronged charge and related guidance:

(1) Increase Revenue Growth: Explore options for Brown to leverage its assets in technology, teaching and research to generate additional revenue.

Make recommendations to increase revenues and reduce reliance on undergraduate tuition and fees while preserving Brown’s commitment to excellent in-person residential education.

Identify local, national and international areas of need that Brown could address through new educational and research programs that build on the University’s distinctive strengths.

Areas for consideration could include but should not be limited to:

- Expanding educational programs and programming for new communities of learners;
- Accelerating technology ventures and commercializing research; and
- Rethinking corporate and industry relationships and partnerships.

(2) Reduce expense growth: Develop strategies to slow the increase in University expenses by adopting new operational practices.

Make recommendations for operational changes that reduce growth in expenses without compromising Brown’s academic mission or placing undue burden on staff and advance Brown’s commitment to environmental sustainability. Assess areas of the University’s operations that can be conducted at lower cost.

Areas for consideration could include but should not be limited to:

- Increasing the use of digital and remote technology to enhance operations and reduce costs, for example, by reducing University travel and/or the use of printing and mailing; and
- Increasing the use of shared services across administrative and academic departments.

COMMITTEE PROCESS, GUIDING PRINCIPLES AND WORKSTREAMS

With the exception of the winter break, committee members met approximately weekly between November 2020 and April 2021. Fall 2020 was devoted to gathering information and educating members about relevant areas, including:

- the University's budget;
- educational programs recently launched or in development;
- research commercialization efforts and opportunities; and
- work already being done to strengthen operational effectiveness and efficiencies, such as streamlining procurement processes and piloting shared services staffing models.

The committee also focused early attention on developing the following principles to guide its work:

Guiding Principles

Mission and Values. Promote the long-term financial health of the University in ways that support and strengthen Brown's academic mission across all divisions, schools, centers, departments and institutes. Develop plans that protect and advance the University's commitment to excellence in research, teaching and service and to cultivating a diverse and inclusive community of students, staff and faculty.

Equity and Solidarity. Ensure that the University's overall financial well-being is a shared responsibility among faculty, staff, students, alumni and families. Recommendations must reflect the University's commitment to equity, ensuring that the most vulnerable populations are protected from any potential disproportionate impact.

Access and Affordability. Advance the University's commitment to excellence, opportunity and social mobility by attracting and supporting the most talented undergraduate, graduate and medical students to Brown, regardless of socioeconomic status. Ensure a Brown education is accessible to students and families of all income levels.

Environmental and Financial Sustainability. Cultivate a culture of fiscal and environmental sustainability among faculty, staff and students — one that strives for continuous improvement, excellence, efficiency and environmental stewardship. Leverage the ad hoc committee's work to raise awareness of best practices that may enhance savings, generate revenue and promote more sustainable operations.

Integrity and Transparency. Develop data-driven, creative solutions in a transparent, open manner to promote the University's long-term financial health. Engage and communicate frequently with the University community throughout this process.

Workstream Subgroups

With a shared understanding of the overall direction and scope of work and agreed-upon guiding principles, the committee formed subgroups that met during the Spring 2021 term to focus on the following discrete workstreams:

- **Personnel Subgroup** — Focus on opportunities to strengthen operational excellence and reduce personnel costs while also promoting career advancement, such as through a shared services model.
- **Strategic Sourcing and Procurement Subgroup** — Advance work that was recommended in the 2020 strategic framework for the University to optimize and strengthen procurement, contracting and travel operations and policies.
- **Non-Personnel Subgroup** — Consider opportunities to adopt some of the cost-saving practices that emerged through COVID-19.
- **New Revenue Streams Subgroup** — Explore options for Brown to leverage assets in technology, teaching and research to generate additional revenue.
- **Grow Undergraduate Student Body Subgroup** — Consider options for growing the undergraduate student body that do not strain existing resources.

Many of the workstream subgroups engaged campus expertise outside of the ad hoc committee members to conduct the work and develop options for committee review. For example, the new revenue and undergraduate student body subgroups led separate subcommittees, composed of students, faculty and staff, during the spring to identify opportunities for growth and innovation.

In late spring 2021, the subgroups developed recommendations for the full committee's review and evaluation, and these were combined into a draft report. To solicit input and feedback on the committee's proposals from Brown students, faculty and staff, this draft report was posted online during a two-week period in June 2021. During this time, a total of 88 individuals provided 340 responses to the draft report. These comments were shared with the committee, and each subgroup was invited to revise their recommendations based on community feedback as appropriate. The subgroups were also asked to include details on how they plan to implement these recommendations during the 2021-22 academic year, as well as their plans for engaging the Brown community in this important work.

SUBGROUP RECOMMENDATIONS

PERSONNEL

In fulfillment of its charge, the personnel subgroup explored departmental staffing structures, transaction processes, alignment of skills and tasks, and available training and development opportunities in the context of the recent experience of on-site, remote, and hybrid operations throughout the pandemic, and lessons learned from shared services and systems integrations.

Recommendations

- Improve staff services and increase opportunities for staff by piloting administrative support networks that are embedded in select departments. Support networks would be developed based on metrics and affiliations and may expand over time.
- Create “centers of excellence” in which departments engage a pool of shared staff members who are skilled at a specific transaction (such as purchasing). These centers could expand over time to support multiple departments, and staff engaged in the centers would benefit from sharing best practices among their peer colleagues.
- Centralize operations and transactions in specific areas, such as cybersecurity, technology and human resources.

Rationale

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

Maximize skills, create career pathways and promote efficiency. University departments vary regarding the number of staff positions, team composition and personnel skills. Over time, many departments have maintained the same staff structure in terms of numbers and types of positions despite advancements of central systems, policies and processes that may necessitate departmental change. In addition, many staff members express concern over limited opportunities for career growth and upward mobility, especially in academic departments. Often, the only avenue for staff members to advance is to apply to an opportunity in another department or gain new skills through lateral moves.

Create community. In departments with very small numbers of staff, staff are required to be generalists, and may excel in some areas while finding other work requirements more challenging and/or less rewarding. Staff in these circumstances may also feel isolated. A shared-services model would allow teams of staff to support several departments, with staff members focusing on specific functional aspects in which they excel, promoting overall efficiency and job satisfaction.

Financial Impact

It is estimated that \$800,000 in savings could be realized over each of the next two years as a result of these recommendations, and \$400,000 for two years following this.

Community Impact

Over time, staff will have clearer career pathways and more opportunities for professional development, and there will be less siloing among departments. The University community will benefit from the highly skilled workforce more equitably and effectively.

Implementation Plan

Comprehensive and carefully executed communications will be central to the success of these personnel recommendations. During Fall 2021, through engagement with departments, faculty and staff forums, and employee surveys, feedback will be gathered to inform opportunities to pilot academic support networks and centers of excellence. It will be important to ensure the principles of career development, efficiency and transparency, and to use data to inform decisions.

Since the University’s hiring freeze was implemented in March 2020, University Human Resources (UHR) has been managing the review of all requests to fill vacancies and create new positions with senior leaders, a process that will be operationalized moving forward. This level of review has enabled strategic conversations across organizational areas to explore opportunities to improve services, create career pathways and inform how work might be done differently. Further, as a result of the second phase of the Staff Voluntary Retirement Program, academic departments will have 18 vacancies by the end of 2021 (six retirements in October and 12 in December). Seven of the 18 vacancies are academic department manager positions

(Computer Science, Egyptology and Assyriology, English, History of Art and Architecture, Italian Studies, Political Science, and Portuguese and Brazilian Studies), which will create opportunities to pilot new staffing structures.

In early June, meetings were held with the faculty chairs and academic department managers of French, German, Hispanic, Italian, Portuguese and Brazilian, and Slavic Studies to propose and solicit feedback on a reorganization of staff supporting these language departments. The proposed reorganization — implementing one structure to support all six departments — will create career pathways, offer more professional development opportunities and improve efficiency. Moving forward, the plan is to pilot this type of reorganization among these six academic departments, with staffing in place by January 2022. In addition, early conversations are underway on a similar pilot reorganization for Classics, Egyptology and Assyriology, the Program in Early Cultures, and the Joukowsky Institute for Archaeology and the Ancient World.

With regard to creating centers of excellence, in Spring 2021 the Office of Information Technology began to implement the centralization of operations focused on server and endpoint management and cybersecurity for departments where there were opportunities as a result of vacancies. With the support of department leaders, over time this work could result in an estimated consolidation of over 30 staff positions across 16 departments.

Also, in Spring 2021, UHR worked with the Finance Division to transfer two human resources positions to the UHR recruitment and staffing operations team, aligning the work and creating career pathways and opportunities for professional development. Further, work is underway in contracts and strategic sourcing to create a center of excellence in which departments engage with staff members who are skilled at the purchasing and contracts processes for transactional assistance.

As pilot personnel recommendations are implemented, UHR will assist with defining necessary skill sets, reviewing and updating job descriptions, determining staff compensation adjustments, and advising on professional development opportunities, which will be critical to the success of academic support networks and centers of excellence. Finally, clear reporting structures for staff, cost-benefit analyses and built-in processes for assessment and continual feedback will be essential so that the academic support network and centers of excellence models can, based on experience, expand over time.

STRATEGIC SOURCING AND PROCUREMENT

The strategic sourcing and procurement subgroup built on recent efforts in this area. Specifically, the University's Strategic Purchasing, Contracts and Insurance (SPCI) office had in January 2020 launched a project to complete a detailed assessment of and recommendations for procurement, contract management and travel operations at Brown. The initial phase of this work, which engaged Huron Consulting, included interviews with more than 60 individuals from 15 Brown departments who are actively involved in purchasing goods and services as well as the review of supplier contracts. SPCI, with Huron Consulting, also analyzed FY19 expenditure data for goods and services as part of this work.

Recommendations

- Strengthen the SPCI office.
- Implement an eProcurement technology solution (e.g., Jaggaer).
- Expand strategic sourcing activities.
- Update and enforce purchasing policies across campus.
- Optimize overall procurement processes.
- Establish a University travel management program. (More details included in the Non-Personnel Subgroup section.)

Rationale

Create opportunities. In FY19, Brown processed over 213,000 transactions — including purchase orders, non purchase order invoices and PCard and expense reimbursements — spending more than \$580 million. Progress has been made in recent years to maximize the University's purchasing power and advance values in the process (such as buying locally, and/or with minority and women-owned businesses). SPCI has had success in strategic sourcing initiatives involving Facilities Management, Dining, Computer and Information Services (now Office of Information Technology) and elsewhere, but the office has lacked an overarching strategic plan due to lack of technology and resources. Applying sound strategic sourcing principles and purchasing technology will allow the University to capture savings in much of this spending and will allow faculty and staff to more easily purchase goods. Approximately \$150 million in FY19 expenditures for goods and services has been identified for expanded strategic sourcing activities. However, this opportunity is not meant to limit buying options for goods — especially research and lab equipment and technology — that are unique and necessary for critical research.

Mitigate risks. Current SPCI staffing levels and a lack of campus-wide policies are viewed as risks in the University's efforts to meet workload demands, drive savings and increase operational effectiveness. To expand strategic sourcing capabilities and realize University savings goals, the addition of a second strategic sourcing category manager (see the Non-Personnel Subgroup section) and a future contract manager are recommended.

Improve efficiency and effectiveness. Brown's lack of a modern Workday-integrated eProcurement marketplace solution costs both time and money. The recommended eProcurement technology solution is Jaggaer, which is a system used by more than 600 institutions, including the following peers: MIT, Harvard, Princeton, Yale, UPenn, NYU, Stanford, UChicago, Johns Hopkins, Emory and Rice. The Jaggaer tool is crucial to realizing savings and makes it easier and more efficient for staff and faculty to purchase commonly used goods. The ad hoc committee is in the final stages of implementing the eProcurement technology solution.

Strengthen policies. To be effective, procurement and contracting policies and procedures must be known, followed and enforced consistently across the University. The subgroup recommends that the University require the following:

- The use of strategic suppliers with whom competitive pricing contracts have been negotiated for the purchase of commonly procured goods and services;
- Engagement with SPCI for the negotiation of master service agreements and goods/service contracts over \$500,000;
- Soliciting competitive bids for all contracts for goods and services over \$25,000; and
- Senior officer-level approval for sole-source justification (rather than competitive bidding), and if contract terms vary from acceptable University risk levels.

The committee will finalize draft policies during the Fall 2021 semester and will engage Brown community stakeholders during this process.

Invest in success and improve transparency. Success requires greater transparency and ease of access, such as improving the University's supplier registration process, providing better integration with Workday, making changes to the contract management process, updating the website and creating a buying and payment guide. This will be an ongoing and collaborative process with feedback and input from University departments.

Financial Impact

Over time, an annual operating savings of **\$1.4 million** is anticipated, based upon pre-COVID-19 expenditures for goods and services.

Community Impact

Having clear and enforceable procurement policies and processes will ensure a more accessible, efficient and equitable overall user experience and offer more opportunities for the University to leverage its purchasing power to reflect and advance values, such as diversity, equity and inclusion and sustainability goals. The improved process will also be more economical for departments and the University as a whole.

NON-PERSONNEL

The non-personnel subgroup considered opportunities to adopt cost-saving practices that emerged during the COVID-19 pandemic, such as rethinking travel policies and practices and assessing non-critical University events and meetings (changes that would not interfere with the essential academic programming that is core to the University's mission). The following proposals are designed to be considered within the context of protecting and enhancing the University's teaching and research mission and are primarily focused on University business operations and activities supported through University operating funds.

Recommendations

- Solicit greater feedback from University stakeholders in order to update and communicate clear policies related to travel and events.
- Establish a University travel management program (a joint recommendation with the strategic sourcing and procurement subgroup).

- Encourage reduced levels of non research-related, grant-funded University travel, where beneficial, targeting a reduction in University business operations travel to 30-40% of pre-pandemic levels.
- Reduce judiciously (1) the number of in-person, non-critical events; and (2) associated food and beverage budgets.

Rationale

Improve clarity, efficiency and user experience. In FY19, Brown’s travel expenses — excluding professional development, recruiting, relocation and athletic team travel — totalled approximately \$22 million, yet the University lacks an overall travel management strategy. Travel booking and expense reimbursement are primarily self-directed, which is inefficient, labor-intensive and often frustrating. Travel practices are decentralized, and while the University has a preferred travel agency vendor, it is not widely known. Establishing a best-in-class travel management program, with improved technology for ease of booking, reimbursements, etc., will enhance usability and traveler satisfaction, align with and support University policies and processes, and aid in risk management. Such a program also would yield a potential benefit of approximately 4% of total travel, which after reducing travel costs (see below), and the associated implementation costs of approximately \$200,000, would lead to an estimated savings of **\$550,000 annually**. These savings include vendor discounts; rebates from using a card program (versus individual expense reports); reduced travel fares due to access to greater price options; and reduced “leakage” on unused tickets.

Moving forward requires establishing an institutional owner and organizational home and new, dedicated staffing resources to support implementation and operations, including communications and training.

Implement a strategic, sustainable approach to travel. Prior to the pandemic, the University spent approximately \$10.7 million annually on travel (on unrestricted funds, excluding startup and research). As a result of pandemic-imposed travel restrictions, travel expenses at Brown have been reduced 95% of the fiscal year to date through January 2021, as compared to the prior year. While it is both expected and necessary that travel will resume slowly over the next few years, it is also evident that there have been benefits to conducting certain activities virtually, including those associated with fundraising, certain steps in the recruitment process (faculty, staff and graduate student), admissions and professional development. Where virtual options have proven effective, they represent an important opportunity to capture time and cost savings going forward, while also supporting Brown’s Sustainability Strategic Plan (in which faculty, staff and student travel are classified as a Scope 3 greenhouse gas emission, and the University has committed to “exploring ways to reduce this travel”). While remaining mindful of the purpose, goals, audience and occasion of the University’s travel, the committee recommends targeting a reduction in University business operations travel to approximately 30% of pre-pandemic levels, which would represent **\$3.2 million** in annual savings.

Evaluate event and catering needs. Vibrant programming — and particularly academic programming — is an essential aspect of the campus community central to the University’s very mission. Universities generally, and Brown in particular, host many other types of meetings and events over the course of a year, from holiday parties to large in-person meetings. The past year has demonstrated the value of conducting some meetings and events virtually, expanding reach and participation. Moving forward, this committee recommends that individuals planning such events consider whether hosting the event or meeting virtually is a viable and/or beneficial option.

Further, as the University community ramps up in-person activities, the committee recommends a more judicious approach when planning these events, including careful consideration of catering needs. With overall event goals guiding planning, there may be opportunities to have a diversity of remote and in-person events, and to ensure that catering charged to University funds is always provided in ways that are appropriate to the overall goals, audience and occasion. The University spends approximately \$4.6 million annually on catering (on University operating funds), with about 65% of that activity through Brown Dining and the remaining through external options. A 30% reduction would represent **\$1.4 million** in annual savings.

Financial Impact

Taken together, these recommendations could yield an overall annual savings of approximately **\$5.15 million**.

Community Impact

Reducing non-essential travel and opting to engage more through virtual tools will be beneficial for both faculty and staff, freeing their time for other aspects of University life, and contributing to efforts to be a more environmentally sustainable campus. Likewise, being more thoughtful about meetings and events will promote access, reduce travel time on and around campus, and ensure resources are allocated strategically to enhance the quality of critical in-person events.

The committee acknowledges that a reduction in catering could have an impact on Dining Services, which will need to be proactively addressed in the implementation so as not to have unintended adverse effects on Dining Services.

Implementation Plan

- August through September 2021 — Update travel policies
- September through December 2021 — Hold peer discussions and conduct due diligence on a travel management program to determine optimal organizational placement and resources
- January through March 2022 — Develop staffing and resource plans for the FY23 budget, including an RFP process, as applicable

The non-personnel subgroup proposes both near-term and longer-term actions to implement the group's recommendations. In the near-term, the group proposes updating and communicating the University's policies related to travel and events. With the University community returning to on-site work in Fall 2021, this represents a good opportunity to update the University's policies on virtual programming, meetings and events.

To explore and operationalize the recommendation to establish a University travel management program, the subgroup recommends leveraging the Boston Consortium between September and December 2021 to discuss peer best practices regarding travel management. Diligence will include gathering information about optimal organizational placement and resources needed for success. As noted in the ad hoc report, "moving forward requires establishing an institutional owner and organizational home, and new, dedicated staffing resources to support implementation and operations, including communications and training."

Based on peer feedback, this committee proposes convening a group of senior officers, including the Executive Vice President for Finance and Administration, the Provost, the Chief Financial Officer, the Vice President for Human Resources and the Vice President for Real Estate and Strategic Initiatives, to review findings. This committee aims to have the institutional owner identified before the end of the Fall 2021 semester, to enable staffing and resource plans to be developed and included in the FY23 budget cycle (January through March 2022).

DIVERSIFYING REVENUE STREAMS

The diversifying revenue streams subgroup explored opportunities for revenue growth in two broad categories of activities that are core to the mission of world-class universities. First, the group considered the expansion of teaching and learning in programs outside of undergraduate and doctoral programs that take place on campus during a traditional academic year. Such programs expand the opportunities available to students in existing programs by providing coursework in the winter and summer, giving them the flexibility to pursue study abroad or internships during the academic year, and by providing online options for students who cannot come to campus. Such programs also expand the impact of Brown's professional schools, through direct education of the workforce in engineering, public health and health care. Second, the group focused on expanding the impact of Brown's knowledge creation by commercializing research discoveries made by faculty, students and staff at Brown.

The subgroup carefully considered the human and other resources that will be needed to implement the recommendations developed. As the University moves forward into the implementation phase, the committee will further develop an investment plan to build staff capacity in key areas such as digital learning and design, admissions and recruitment, program administration and technology transfer, and to build instructional faculty in growing degree and non-degree programs. These investments also will need to be complemented by growth in central services such as Health Services, the Office of the Registrar, the Office of International Student and Scholar Services, the College and the Graduate School, as the total number of course offerings and the size of the student body increase.

Recommendations

- Strategically grow non-traditional academic program enrollments and offerings to increase Brown's reach and impact by:
 - Increasing credit-bearing undergraduate courses offered in summer and Wintersession;
 - Increasing the annual number of entering early-career master's students in educational and general (E&G) programs by 30-50%;
 - Increasing enrollments in executive master's programs by 75%;
 - Launching fully online master's degree programs in areas of high capacity and high demand;

- Expanding pre-college programs, primarily by increasing online enrollments; and
- Expanding non-degree executive education offerings.
- Expand research commercialization by “priming the pump” for new industry partnerships and royalty-paying startups and licenses to increase disclosures, agreements and entrepreneurial activity by:
 - Creating an innovation fund for physical sciences (modeled on the Brown Biomedical Innovations to Impact Fund);
 - Developing a database of current faculty research areas; and
 - Launching a campaign to highlight activities and links between technology commercialization and Brown values.

Rationale

Leverage excellence to expand access, reach and impact. Brown’s impact in the world is multiplied by the growth of professional education — training early- and mid-career learners both in professional skills and in the breadth and independence of thought that is characteristic of a Brown education. The rapid growth in the size and quality of Brown’s professional schools — including the School of Engineering, School of Public Health, The Warren Alpert Medical School and the School of Professional Studies — and the strong connections among these and other academic units and industry partners, position Brown to expand both early- and mid-career professional master’s programs. Investments in the past two years in the School of Professional Studies have already expanded capacity in marketing and recruitment, and in student support for master’s students. Restructuring in the School of Professional Studies has also improved the quality of mid-career professional master’s programs by deepening partnerships with other professional schools for curricular oversight and program development.

Further, online education for adults is ubiquitous among the highest-quality institutions of higher education. Brown’s expansion into this area builds on the consolidation of online instructional support within the Sheridan Center for Teaching and Learning and provides access to a Brown education to a globally diverse body of learners, allowing them to combine enrollment with work, family care or simply staying in their home community. A focused expansion of executive education in areas of Brown strength will thus multiply Brown’s impact, and online education in this space will allow us to reach learners throughout their professional careers to ensure that they have the skills to manage and lead in a rapidly evolving workforce.

Brown’s pre-college programs are among the most well-regarded in the country. Further growth on campus is limited by available residence hall and classroom space, and competes with the growth of summer courses for undergraduates. Online growth provides an opportunity to further expand Brown’s offerings for high school students across the U.S. and internationally.

Finally, adding courses in the summer and winter, taught by Brown faculty and serving primarily Brown students, creates flexibility and opportunities for innovation for students and faculty. It further serves to release some pressure on enrollments in fall and spring terms.

Expand research. Brown’s research portfolio has increased substantially in recent years, with expenditures reaching \$204 million in FY20. Commercialization is encouraged by government sponsors and is central to the University’s mission of providing societal impact through research, discovery and disseminating knowledge. By fostering a culture of research innovation across disciplinary areas and eliminating barriers to research commercialization, Brown could make important advancements, which would align with many peer institutions, many of whom already have established and robust technology commercialization programs.

Further, while additional investment will be needed over time, the basic foundation/infrastructure exists for advancing this work: the mission of [Brown Technology Innovations](#) is to put Brown University’s technology first to drive commercial outcomes that benefit the University and society. With its responsibilities to manage the University’s patent portfolio, Brown Technology Innovations is first and foremost focused on commercialization.

Financial Impact

Programs: The total estimated revenue growth from the expansion of enrollments and programs could range from **\$14 million to \$23 million**. (Note: To support the growth of these programs, a portion of this net revenue growth will need to support growth in shared services units on campus, including Health Services, the Office of the Registrar, the Office of International Student and Scholar Services, the College and others.)

Research: Recommendations around research commercialization center on two areas: industry-sponsored research agreements and technology commercialization. The products of these two areas (faculty research projects, inventions) vary widely, making it difficult to project future revenues from them.

Community Impact

Moving forward with these recommendations will require investments in faculty, departmental staff and central University infrastructure.

The Brown community is enhanced by reaching a broader and more diverse community of learners, and academic innovation could lead to more online options for all students.

Successful commercialization of research will advance the overall profile and impact of research at Brown, potentially benefiting faculty, staff and student recruitment and retention, and lead to local economic benefits in Providence and Rhode Island.

Implementation Plan

The table below summarizes the implementation plan for each of the goals identified above, including a proposed timeline for rollout and progress to date.

RECOMMENDATION	#TARGET	BASE YEAR	TARGET ACADEMIC YEAR	PROGRESS TO DATE
Increase credit-bearing undergraduate courses offered in summer and Wintersession	Increase winter enrollments to 300 and summer enrollments to 800-1,000	2018-2020	2023-24	Online Brown student enrollments: 2019-20: 300 2020-21: >800
Increase annual number of entering early-career master's students in E&G programs	Increase enrollment by 30-50%	2017-2019 average	2022-23	Achieved in Spring 2021
Increase enrollments in executive master's programs	Increase enrollment by 75%	2017-2019 average	2022-23	60% expected by Fall 2021
Launch fully online master's degree programs in areas of high capacity and high demand	Add two new programs	N/A	2022	One will be online by end of 2021
Expand pre-college programs, primarily by increasing online enrollments	35%	2019	2024	Online enrollments: Summer 2019: 300 Summer 2020: 3,200 Summer 2021: 3,700
Expand non-degree executive education offerings	Add 10 new programs	N/A	2022	Five new programs added by end of 2021

GROW UNDERGRADUATE STUDENT BODY

The grow undergraduate student body subgroup considered options for marginally growing the undergraduate student body that would not strain existing resources, including student support services and academic and campus life infrastructure.

Recommendation

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

Rationale

One of Brown's leading strengths is undergraduate education, and expanding the number of students who have access to a Brown education increases Brown's reach and opportunity for impact in the world. Further, applications for admission are exceptionally strong, and given the very large number of overwhelmingly talented students who apply, increasing by a relatively small percentage the number of undergraduate students admitted would not affect the overall quality of admitted students.

According to a recent survey conducted of undergraduate students admitted to Brown, 83% indicate a likelihood of studying abroad as part of their education, while 32% actually do. Ninety-three percent indicate a likelihood of volunteering or engaging in service in the U.S. or abroad, while approximately 60% actually do. (Source: Cooperative Institutional Research Program and Consortium on Financing Higher Education surveys)

Through a more strategic application of enrollment management tools Brown University can grow its student body to offset the 6% of undergraduates who currently opt to study abroad or engage in other experiential opportunities away from campus. Through this work, the University can accommodate modest enrollment growth without straining other University resources, or affecting the overall sense of community that is central to Brown.

Further, instructional technology and online courses and other offerings provide the opportunity for students studying, interning or volunteering away from campus to remain connected, which may enhance students' interest in taking advantage of these opportunities during their time at Brown.

Financial Impact

It is estimated that over time the University could increase revenue net of financial aid by **\$13 million to \$27 million** annually.

Community Impact

Carefully growing the undergraduate student body could contribute to efforts to cultivate diversity across many dimensions. Increased revenue could be invested to strengthen study away programs and experiences, including enhancing online linkages to campus for students during their time away.

Implementation Plan

During the Fall 2021 semester, the Education Innovation Committee, chaired by Provost Locke and composed of students, faculty and staff from across the University, will focus on the following activities:

1. Designing pilot programs to increase undergraduate student participation in experiential education. To support this work, the University recently hired a dean for experiential education who will work with colleagues in Global Engagement, the Swearer Center, CareerLAB and the Office of the Dean of the College to promote participation in study away programs, particularly among STEM students and students from historically underrepresented groups.
2. Enhancing long-term enrollment management and planning to more effectively manage the flow of undergraduate students who are in residence each semester. Through this work, the University will improve tracking of on-campus vacancies so that it can increase enrollments of new undergraduate students without straining University resources, such as residential life and student advising. To support this work, the Office of the Provost hired an Associate Provost for Strategy who will begin revamping the enrollment management process this fall, in partnership with colleagues in Campus Life, Admissions and Financial Aid, among other offices.

3. Increasing online course offerings and investing in technology and staffing infrastructure to support this work. The technology infrastructure working group, which is a subcommittee of the Education Innovation Committee, and composed of faculty, staff and students, is leading a long-term planning effort to ensure that the University has the technology and personnel resources to support our ambitions to increase online education at Brown. As part of this work, the ad hoc committee is working with departments to develop a growth plan for online course offerings to ensure that students who participate in off-campus experiential education opportunities will have access to a robust set of online course offerings that will allow them to stay on track for concentration and graduation requirements. This work involves careful planning in partnership with the Sheridan Center for Teaching and Learning, and the Digital Learning and Design team, as well as with the Academic Innovation Unit.

CONCLUSION

The ad hoc Committee on Promoting Financial Health and Sustainability viewed and pursued its charge as an opportunity to advance University values and agreed-upon principles. The recommendations meet the objective of translating the University's relatively small but stubborn structural budget shortfall into a surplus to be invested in overall strategic growth — and do so in cross-cutting ways that reinforce other priorities, such as contributing to the University's commitment to environmental sustainability, and investing in people and systems to propel Brown forward as a highly effective and efficient institution that values each and every member of the community. The proposals undergird ongoing innovation, reinforce shared responsibility and draw on Brown's strengths to expand access and societal impact. If implemented, these recommendations not only will promote financial sustainability, they will position the University to achieve even greater levels of academic excellence in fulfillment of its core mission.

APPENDICES

Appendix A: Summary of Committee Recommendations

PERSONNEL

- Pilot administrative support networks in departments based on metrics and affiliations
- Create “centers of excellence” in which departments engage a pool of shared staff who are skilled at a specific transaction (such as purchasing)
- Expand support network model over time based on experience

STRATEGIC SOURCING AND PROCUREMENT

- Strengthen the Strategic Purchasing, Contract and Insurance (SPCI) office
- Implement eProcurement technology solution
- Expand strategic sourcing activities
- Update and enforce purchasing policies, such as requiring the negotiation of master service agreements and goods/service contracts over \$500,000
- Optimize overall procurement processes
- Establish University Travel Management Program (see next subgroup for detail)

NON-PERSONNEL

- Establish a University travel management program (joint recommendation with strategic sourcing and procurement subgroup)
- Incentivize reduced levels of University travel, where beneficial
- Reduce (1) number of in-person, non-critical events; and (2) associated food and beverage budgets
- Develop and communicate clear policies related to travel and events

DIVERSIFYING REVENUE STREAMS

- Strategically grow non-traditional academic program enrollments and offerings to increase Brown’s reach and impact:
- Increase credit-bearing undergraduate courses offered in summer and Wintersession
- Increase the annual number of entering early career master’s students in E&G programs by 30-50%
- Increase enrollments in executive master’s programs by 75%
- Launch fully online master’s degree programs in areas of high capacity and high demand
- Expand pre-college programs, primarily by increasing online enrollments
- Expand non-degree executive education offerings
- Expand research commercialization by “priming the pump” for new industry SRAs and royalty-paying startups and licenses to increase disclosures, agreements and startups by:
- Creating an innovation fund for physical sciences (modeled on Brown Biomedical Innovations to Impact Fund);
- Developing a database of current faculty research areas; and
- Highlighting activities and links between technology commercialization and Brown values.

GROW UNDERGRADUATE STUDENT BODY

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

Appendix B: President Paxson's October 2020 Letter

AD HOC COMMITTEE ON PROMOTING FINANCIAL HEALTH AND SUSTAINABILITY

Thursday, October 29, 2020

Dear Members of the Brown Community,

The events of the last six months — a global pandemic, increasing evidence of climate change, ripple effects of persistent systemic racism and political divisiveness — have demonstrated that the work of research universities such as Brown is more important than ever. At the same time, these events have exposed the economic vulnerabilities of institutions of higher education, many of which predated the pandemic. These challenges include an over-reliance on undergraduate tuition and fees to support operations, a nationally shrinking pool of college-aged students, and slow growth in academic employment opportunities in some disciplines.

However, the events of the past six months have also taught us that Brown is capable of rapid innovation and change in how we educate and operate. This year provides an opportune moment to consider how we can harness what we have learned during the pandemic, so that Brown can emerge as a stronger University and community.

A central component of gaining academic strength requires eliminating Brown's small but persistent structural deficit. This structural deficit is separate from the deficit caused by COVID-19, which Brown has already taken steps to address. In addition to eliminating the structural deficit, we must identify new resources that can be invested in core academic infrastructure such as laboratories and libraries, and improvements in other campus facilities such as classrooms and residence halls. Although Brown has become academically and financially stronger in recent years, thanks to excellent endowment performance and fundraising, the structural deficit has impeded the University's ability to make investments in current and new areas of education and research.

I am charging an ad hoc committee to develop recommendations to promote the long-term financial health and sustainability of the University, with the specific goal of eliminating the structural deficit and identifying ways to enhance our ability to make strategic investments. The committee, led by Provost Richard M. Locke, will have a two-pronged charge: (1) to explore options for Brown to leverage our assets in technology, teaching and research to generate additional revenue; and (2) develop strategies for slowing the growth of our expenses through the adoption of new operational practices.

I want to stress that this is not an exercise in budget-cutting in response to COVID-19. Rather, the committee will engage in the kind of long-range planning that is necessary if we are to reduce Brown's reliance on tuition and fees and ensure continued growth in the quality of our academic programs.

I want to thank the following members of our community for agreeing to serve on this committee:

- Anna Aizer, *Professor of Economics, Chair of Economics*
- Amanda Anderson, *Andrew W. Mellon Professor of Humanities and English, Director of the Cogut Institute for the Humanities*
- Ugur Cetintemel, *Professor of Computer Science, Chair of Computer Science*
- Diane Lipscombe, *Professor of Neuroscience, Thomas J. Watson Sr. Professor of Science, Director of the Carney Institute for Brain Science*
- Ira Wilson, *Professor of Health Services, Policy and Practice, Professor of Medicine, Chair of Health Services, Policy and Practice*
- Jordan Kei-Rahn, *Undergraduate Student*
- Akilesh Ramana, *Undergraduate Student*
- Amanda Kazden, *Graduate Student*
- Ella Kirsh, *Graduate Student*
- Amber Jackson, *Manager, Athletics Travel in the Department of Athletics and Recreation*
- Matthew Salvatore, *Director of Data Analytics and Strategic Marketing in the Division of Advancement*

In addition, the following administrators will join the committee:

- Barbara Chernow, *Executive Vice President for Finance and Administration*
- Timothy Fater, *Assistant Vice President for Financial Strategy and Planning*

- Adrienne Marcus, *Dean for Pre-College and Summer Undergraduate Program*
- Shankar Prasad, *Deputy Provost and Vice President for Academic Innovation*
- William Thirsk, *Chief Digital Officer and Chief Information Officer*
- Leah Vanwey, *Dean of the School for Professional Studies*
- Neil Veloso, *Executive Director of Industrial Engagement and Corporate Ventures*
- Michael White, *Vice President for Finance and Chief Financial Officer*

The committee will be staffed by Chief of Staff to the Provost Marisa Quinn and will make recommendations to me no later than March 1, 2021.

One aspect of the committee's work will be to engage the Brown community in generating innovative ideas for improving the University's financial health. I encourage your involvement and thank you in advance for your assistance. I have no doubt that these efforts will contribute to making Brown a more resilient university and community.

Sincerely,

Christina H. Paxson

President