

## **Chancellor Jeb Spaulding:**

### **Recommendation to the VSC Long Range Planning Committee and Board of Trustees**

**Wednesday, July 20, 2016**

As you know, the Long Range Planning Committee, the Chancellor, and college leadership have been exploring what kind of strong alliances, in addition to our efforts to operate as a more connected and integrated system with distinctive institutions within it, might make sense for two pairs of colleges... Johnson and Lyndon, as well as CCV and Vermont Tech.

It is my recommendation that a formal alliance between Lyndon and Johnson should be pursued, while a more informal collaboration is appropriate for Vermont Tech and CCV. In short the education model, the economic model, and the labor model are so different at CCV and Vermont Tech that trying to unify them from a governance and executive perspective would be counterproductive. On the other hand, a formal alliance -- a unification -- between Lyndon and Johnson will expand opportunities for students and faculty, will enhance recruitment and retention efforts, will allow for the most effective use of precious funds, and will help to ensure the long-term viability and vitality of both campuses.

WHAT?

I am proposing a unification of Lyndon State College and Johnson State College into one bigger and stronger college, with two distinct campuses, each with its own identity.

The new college will come into being and take the place of the existing colleges on July 1, 2017, with the clear-eyed understanding that not all aspects of the unification can happen with the flip of a switch. It is likely to take a number of years until all aspects of unification are recognized and implemented.

Dr. Elaine Collins, President of Johnson State College, will be the first president of the new college. This makes eminent sense since President Bertolino of Lyndon is taking a new position as President of Southern Connecticut State University and because Elaine is doing a fabulous job at Johnson. She is the ideal candidate to bring these two colleges together. Out of a successful career in higher education, she is imbued with an understanding of what makes a great college tick. She is popular with students, faculty, staff, and community members. She is early enough in her tenure with the VSC to take on this initiative, and she has creativity, resolve and discipline to be a terrific first president of the new college.

It is important to emphasize that while the unified college will have a single accreditation, one administrative team, one budget, and other combined resources, each campus will have its own identity.

For example, the NCAA has confirmed that under the unified model, each campus can have their own mascot and their array of sports teams. The Badgers and Hornets will still be able to compete in a Division III conference, presumably the same conference they are in right now.

Lyndon will still be known for its nationally-renowned professional programs supported by a strong liberal arts foundation.

The Johnson campus would still be recognized by COPLAC within the unified institution.

I am seeking an indication of support for the concept of unification from the Long Range Planning Committee today and from the full Board of Trustees tomorrow.

In order for the Board to be fully prepared to make a decision on my recommendation at its September 29, 2016 meeting, we will:

1. Meet with students, faculty and staff at both the JSC and LSC campuses to solicit their feedback on the Chancellor's recommendation.
2. Prepare a report that includes this feedback and identifies, analyzes, and includes plans to address the legal, contractual, financial, academic, communications and other issues that will arise in implementing the Chancellor's recommendation.
3. Outline a transition plan, including a timeline for implementation of the Chancellor's recommendation.

## WHY?

The Chancellor and Board of Trustees are committed to protecting the long term viability and vitality of both campuses. We want all current and prospective students and their families, as well as school counselors, high school teachers and other partners to remain 100% confident that both the Lyndon and Johnson campuses will be around for the long term.

A larger-sized institution will increase opportunities and supports for students with a more comprehensive curriculum, shared co-curricular learning opportunities, and more efficient use of support resources.

A larger-sized institution will create a stronger, more diverse community of faculty and staff with more opportunities to draw upon and develop faculty and staff expertise.

A larger-sized institution will lead to an improved economy of scale, redirecting valuable resources from administrative functions to the institutional mission.

In order to feel confident we can maintain both campuses for the long run, we must be proactive and recognize the forces affecting all small colleges.

Many reliable sources, including Moody's Investors Service, predict that financial challenges caused by inadequate state financial support, demographic changes, increased expenses, and competition from new delivery modes will cause a significant increase in college closures across the country. Small, tuition-dependent colleges are particularly vulnerable to such financial challenges.

Despite the fact that each of these colleges, Lyndon and Johnson, have already employed operating budget cuts and increased tuition, they each have experienced significant operating deficits in the last fiscal year and are expected to run significant deficits again this year

A unified college will create significant savings over time. The quickest savings will result from consolidation of senior management. The annual cost of salaries and benefits at Johnson and Lyndon, is just under \$30 million; therefore each percentage reduction in personnel costs would yield \$300,000. If personnel costs were reduced by 5%, which does not seem unreasonable, savings in the neighborhood of

\$1.5 million annually would result. There would be other cost savings too, as a result of shared services and resources.

Cost savings alone, however, are not the only reason for us to propose such a structure. Additional, substantial value will result from a unified leadership structure effectively coordinating deployment of other resources at each institution over time. For example, consolidating marketing, institutional research or development would increase the impact and effectiveness of those functions for both colleges. As we anticipate increasing rates of retirement among the baby boom generation of our employees, a single senior leadership team will be in the best position to leverage the individual strengths of existing faculty and staff and redefine positions made vacant, with the least disruption to each institution and its community. At the same time, decision-making for certain operational elements of each institution, like enrollment management and campus safety, may continue to be most effective if managed within the context of the individual institution, with budgets overseen by a single chief financial officer with equal and primary responsibility to each institution.

An upfront investment will be needed to execute the unification in an optimal fashion. That investment and savings estimates will be detailed in the report to be delivered to the Board of Trustees in September.

In order to improve the chances of garnering a meaningful increase in State support, it is essential that the Vermont State Colleges, as a system, demonstrates that we are operating as efficiently as possible. Despite frugal management, on a per student basis, our administrative operating expenses are high, the highest in New England, because our enrollments are relatively low and because our colleges each still need to perform every administrative task required. This should not be surprising. Historically, Lyndon and Johnson enroll between 1,000 – 1,500 students. For comparison purposes, Keene State College enrolls closer to 5,000 students, while Plymouth State and Plattsburgh University each enroll approximately 6,000 students. Smaller colleges need the same basic administrative infrastructure as bigger ones, only with less students to spread the cost over. It is imperative that we find the critical mass of students to support the most efficient and effective administrative structure.

## PROCESS

The process that has led to my recommendation started last winter when, on January 7, 2016, after digesting and discussing background reading material, the VSC Long Range Planning Committee requested that I work with the presidents of Johnson State College and Lyndon State College, and with the presidents of Vermont Technical College and Community College of Vermont, to develop strategic alliances between these institutions. The Board of Trustees affirmed the request of the Long Range Planning Committee at their February 13, 2016 meeting.

Last winter and spring, I made trips to both campuses to meet with both faculty and staff to update them and discuss why the Board and I were serious about developing alliances between these colleges.

I have had one-on-one conversations with several other system leaders who had either implemented or considered various types of alliances between colleges in their systems. This included the states of Maine, New Hampshire, New York, Minnesota, and Georgia.

On May 19, 2016, in a public meeting, the Long Range Planning Committee heard presentations from and had the chance to ask questions of the Chancellor of the Minnesota State Colleges and Universities System and the Chancellor of the University System of Georgia. In Minnesota, they have implemented alliances which have a single president and consolidated administrative teams for multiple groupings of colleges. In Georgia, they have unified or merged several pairs of colleges and universities into single new institutions.

I, and others, have had multiple conversations with NEASC, our accrediting body, and the NCAA, our authoritative body for college athletics.

I had an illuminating discussion with the President of St. Joseph's College in New York, a college the NCAA recommended we look at, that uses the same model I am recommending. They have one campus in Brooklyn where the mascot is the Bears, and one campus, 56 miles away on Long Island, where their mascot is the Golden Eagles. The President spends half the game on one end of the court or field, and one half at the other.

A reasonable question would be, why don't we just use the Minnesota model, more of a strategic alliance, short of an institutional unification as is now being proposed? Indeed, last winter and spring, the LRPC and I were leaning towards recommending the "Minnesota model" for Johnson and Lyndon. This would have provided a single president and consolidated executive team for these colleges, but would not have formally unified them into a new college with two distinct campuses. This would have provided many of the same benefits as the unification and seemed like less of a dramatic step.

For two important reasons, this model is no longer my recommendation. The first reason is very practical. NEASC, our accreditor, has given very clear signals that it is highly unlikely that they would approve such a model. While the regional accrediting body for Minnesota was comfortable with their alliance approach, ours was definitely not. The NEASC standards, in effect, say that each "institution" must have its own CEO/president and they do not allow for one CEO be in charge of two separate and sometimes competing colleges. NEASC is comfortable with the unification as proposed, though, of course we will need to go through a substantive process with them to gain approval for the unified institution.

The second reason for my recommendation, and this is the most important, is that the benefits that will accrue to students, faculty and others over time will be greater with the unification model being proposed. A consolidated budget for both institutions will provide greater flexibility and stability for both campuses. Access for students to the resources of both campuses will be easier with unification. The collaboration of faculty will be facilitated. Recruitment efforts to a bigger and stronger college, which is still small enough to retain the close knit atmosphere both Lyndon and Johnson now embody, an institution likely to have "Vermont" in its formal name, will be enhanced.

In short, and as stated earlier, unification of Johnson and Lyndon into one bigger and stronger college, with two distinct campuses, each with its own identity will protect and strengthen the long term viability and vitality of both campuses. We want all current and prospective students and their families, as well as school counselors, high school teachers and other partners to remain 100% confident that both the Lyndon and Johnson campuses will be around for the long term, offering a really high quality college experience.

## WHAT'S NEXT?

I am asking the Long Range Planning Committee and Board of Trustees, through the resolution before you, to support my recommendation IN CONCEPT, but not to make a decision on approval of it for two more months until the September Board meeting.

During that time, my team and I will meet with students, faculty and staff at both the JSC and LSC campuses to solicit their feedback and input on unification.

We will prepare a report for the Board that includes a summary of this feedback and also identifies, analyzes, and lays out a plan to address the legal, contractual, financial, academic, communications and other issues that will arise in a successful implementation of the proposed implementation.

And we will develop a transition plan, including a timeline for what needs to be done by when, for implementation by the next academic year.

If the Board gives approval of my recommendation at its September Board meeting, we will create an implementation task force comprising representatives of faculty, staff, and students from both colleges to work through what will be numerous practical and logistical issues that are sure to arise.

I will update the Long Range Planning Committee on our progress at its August meeting.