

**Planning and Priorities Task Force
Final Report
October 1, 2020**

Committee Charge

On August 20, 2020, President Marjorie Hass gave the following charge to the Planning and Priorities Task Force:

- Review the college's strategic plan in light of recent changes to the broader environment as well as on-going societal and demographic change.
- Review internal and external data to understand evolving student needs.
- Consult broadly and communicate regularly with campus constituents.
- Recommend priorities and budget guidelines to strengthen the college's financial position, build academic excellence, and create conditions for thriving into the future.

Committee Membership

Kathy Bassard, Co-Chair (Provost and Vice President of Academic Affairs); Greg Peters, Co-Chair (Vice Chair, Rhodes Board of Trustees); Marshall Boswell (Professor of English); Jacob Fontaine (Student Trustee/RSG president); Veronica Lawson Gunn '91 (Trustee); David McCarthy (Professor of Art and Art History); Mary Miller (Professor of Biology); Leslie Petty (Associate Professor of English); Jennifer Sciubba (Stanley J. Buckman Professor of International Studies); J. Carey Thompson (VP for Enrollment and Communications, Dean of Admission); Sherry Turner (Vice President for Strategic Initiatives, Chief Diversity Officer); Meghan Harte Weyant (Vice President for Student Life); Staff to the Committee: Mel Richey (Executive Assistant to the President); Kyle Webb (Vice President for Finance & Business Affairs)

Rhodes Vision and Values

Throughout its work and deliberations, the task force has been guided by the Rhodes Vision:

Rhodes College aspires to graduate students with a life-long passion for learning, a compassion for others, and the ability to translate academic study and personal concern into effective leadership and action in their communities and the world. We will achieve our aspiration through four strategic imperatives:

- **Student Access** To attract and retain a talented, diverse student body and engage these students in a challenging, inclusive, and culturally broadening college experience.
- **Student Learning** To ensure our faculty and staff have the talent, the time, and the resources to inspire and involve our students in meaningful study, research, and service.
- **Student Engagement** To enhance student opportunities for learning in Memphis.

- **Student Inspiration** To provide a residential place of learning that inspires integrity and high achievement through its beauty, its emphasis on values, its Presbyterian history, and its heritage as a leader in the liberal arts and sciences.

This vision guided our need to re-assert foundational beliefs: Rhodes was and will remain a rigorous, four-year, residential liberal arts college of national standing with a robust offering of majors and minors that provide suitable gateways to graduate training and a life of meaningful employment.

How do we guarantee this in a moment of economic uncertainty?

Context and Guiding Assumptions

The COVID-19 impact on the college's finances has been significant over the last six months and, coupled with demographic and economic expectations for the foreseeable future, it is likely to continue to have a negative affect on revenue for years to come.

From 2010 to 2015, the college enjoyed a surge in enrollment that brought the student body size to a highwater mark of 2029 in 2015. Accordingly, the college built the faculty and staffing needed to support this enrollment over that time. Between Fall 2015 and Fall 2019, new student enrollment plateaued and net tuition revenue has flattened while costs continue to increase. With the pandemic, the Fall 2020 class matriculated at 441 first year students plus 27 first years who deferred to January, a total far below expectations. First year enrollment for Fall 2021 is under threat as the continued pandemic alters student marketing/recruitment and economic conditions remain uncertain.

The task force recognizes many factors and influences are involved in generating sufficient net tuition revenue for the college. Controllable factors include headcount goals, desired student profile, and financial aid investment. Uncontrollable factors include demographic shifts, economic conditions, and market competition. These uncontrollable factors are dramatically changing in such ways that we must reexamine the balance of those factors we do control.

Enrollment Projections and Budget/Revenue Considerations

After reviewing both demographic and institutional data, the task force undertook its work in the context of three potential scenarios that are considered realistic outcomes over the next five years. These scenarios were chosen to elicit dialogue and consideration by asking the question: "What would success look like in this environment?" Each of the scenarios yields a significant reduction (\$4-\$6 million) of annual net tuition revenue. In addition, all scenarios require the College to make substantial investments beyond the impact of the annual budget reduction. The timing and amount of these investments should be considered in a future phase of this process.

Below are descriptions of the three scenarios used by the task force as context for its work:

Scenario #1 – Maintain our current student profile and reduce anticipated class size by 10%.

- Maintains (or increases) student quality and diversity (geographic, racial, ethnic, religious, economic).
- Results in \$5-\$6M annual operating revenue reduction.

Scenario #2 – Maintain current class size but reduce financial aid by 10%.

- Reduces student quality and diversity.
- Results in \$5-\$6M annual operating revenue reduction.

Scenario #3 –Reduce class size by 20% and reduce financial aid by 10%.

- Could generate more operating revenue but would have a greater negative impact on student quality and diversity. Because of the erosion of key institutional values emphasized in the strategic plan, this scenario was considered untenable by the task force.
- Results in \$4-\$5M annual operating revenue reduction

Recommendations:

The task force has determined that Rhodes can expect a decline in undergraduate enrollment and net tuition revenue and should prepare for a budget reduction impact from pre-COVID levels between \$4-6M annually over the next 3-5 years.

Further, the task force strongly believes that the future success of the college must continue to be rooted in the core values and principles of the institution. These include graduating students with the:

- Desire for life-long learning;
- Ability to communicate in both the oral and written word;
- Skills to be a leader in their community;
- Knowledge about and respect for each other and the world we live in;
- Foundational skills to succeed in one's chosen profession.

In light of this, we offer the following recommendations to guide the decision making ahead.

We affirm the following Priorities:

- Continue to invest in the quality of our people (students, faculty and staff) as a top priority for a healthy future Rhodes.
- Maintain the student profile as closely as possible – academically, socio-economically, and ethnically. We do not wish to sacrifice student quality or student diversity. We recognize this will be a challenge given current and future enrollment and economic realities.

- Continue to hire and retain an excellent and diverse faculty who are true teacher-scholars. Future hiring will prioritize strategic needs in areas that have high-demand and sustainable student interest. In addition, continue to hire excellent staff in critical support areas.
- Continue to provide the highest quality by national standards for residential liberal education. This may mean that we need to narrow our programming, both curricular and co-curricular, to ensure the highest of quality standards in those areas in which we excel or can excel and that have sustainable student interest.
- Continue to prioritize diversity, equity and inclusion as guiding principle and strategic goal of the college.

While these priorities do not fit neatly with any of the three scenarios above, they most closely align with scenario #1.

Areas of Investment:

- Identify academic and student life areas that would likely benefit by further investment of resources by ability to attract students to the college. **In addition, the college should anticipate that there will be areas of investment that may require an additional \$2-5M annually.**
- Continue to invest in faculty research, scholarship and creative expression for the purposes of recruitment and retention.
- Invest more in Career Services to enhance student career prospects and alumni participation.
- Focus on student recruitment, raising the institutional profile, and raising the endowment as long-term necessities.
- Protect morale by returning salary and retirement benefits to pre-COVID levels as soon as possible.
- Perform a rigorous cost/benefit analysis and assessment for the individual decisions we make, possibly using an outside or third-party consultant.

Cost Savings:

- Identify cost-saving and efficiency measures across the college.
- Explore ways to maximize current faculty and staff resources through coordination and consolidation of courses and programs when appropriate.
- Consider a new round of early retirement offers to faculty and staff.
- Explore appropriate sustainability options for the college for long-term cost containment.

Revenue Generation:

In accordance with the College's Strategic Plan, develop a three-year residency requirement beginning with our current first-year students, that supports retention, learning, and personal growth. In order to accommodate the three-year residency, we will need to move forward with building a new residence hall to be available fall 2022.

- Net operating revenue (after operating expenses and debt service) resulting from a three-year residency requirement and corresponding new residential capacity is projected to be approximately \$500K annually.
- Explore offering 12-month leases to international students and others who want to stay in Memphis or buying housing in the neighborhood adjacent to campus. This may increase maintenance costs, but should be managed so that it is net revenue positive.
- Explore the efficacy of a 4-year residency program.
- Explore opportunities for remote learning consistent with a residential liberal arts college offering, for example, summer or other appropriate courses.
- Explore new revenue streams in academic programming including graduate student enrollment and programming.
- Review and expand internships for credit, utilizing alumni networks in order to attract students.

Recommendations for Phase 2 Process:

- Vice Presidents should make the effort to get feedback from a variety of stakeholders on campus through Phase 2 of the process.
- Consider seeking more input from a broad array of students and parents in the process.
- Utilize data collected by this task force along with other institutional data from Rhodes, Carnegie-Dartlet material and generate new data as necessary.
- Encourage budget transparency while protecting the college's competitive advantages.