

# Portland State University

## Quarter to Semester Conversion Study: Costs and Savings

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### Background

Since its establishment in 1932, the Oregon University System (OUS) and its member institutions have run the academic year on the quarter system. However, over the ensuing 78 years, system wide conversion from a quarter to a semester calendar has been considered several times. In fact, during the 1987 academic year, the Higher Education Board voted to approve semester conversion and to implement the conversion in 1990. By September of 1987, 60-75% of the conversion work had been completed. However, after significant external pressure from some agriculture business groups and rural legislators, the Board reversed its decision and by 1988 all semester conversion activity in the OUS system had come to an end.<sup>1</sup>

### Charge

During the 2009 Regular Session of Oregon's 75th Legislative Assembly, Senate Bill 442 was passed calling for the "the Joint Boards of Education (to) conduct a study of the conversion of some or all state institutions of higher education listed in ORS 352.002 and community colleges to a semester calendar and (to) submit a report of its findings and recommendations to the appropriate interim legislative committees on higher education no later than October 1, 2010." This report is Portland State University's response to SB 442.<sup>2</sup>

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### The Context of Semester Conversion at Portland State University (PSU)

Semester conversion has a controversial history at Portland State University. Anticipating the Oregon State Board of Higher Education's (OSBHE) decision to undertake a system wide conversion to semesters, then President Natale Sicuro began PSU's conversion work in 1986, in part "to make a thorough curricular review." Throughout the 1987 calendar year, two committees of the Faculty Senate: the Curriculum Committee and the Calendar Conversion Committee -- as well as the Office of Academic Affairs -- worked on conversion issues. When the decision was made to abandon the plan for conversion to semesters, it came as quite a shock to the faculty, many of whom served on these committees and are still active at PSU.<sup>3</sup> With this historical perspective in mind, we were careful to frame PSU's response to SB 442 as a feasibility study. Although we are comfortable with our costing and savings methodologies and findings and feel confident they are accurate enough to address the needs of SB 442, given the amount of time available for this project, by necessity the analysis is at a very high level.

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<sup>1</sup> Semester conversion OSBHE Chronology - 10-31-09

<sup>2</sup> Senate Bill 442 is available online at: <http://www.leg.state.or.us/comm/sms/sms09/sb0442bjwm06-23-2009.pdf>

<sup>3</sup> Minutes of the 1986-88 PSU Faculty Senate

# Summary of Costs and Savings

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**Costs:** The total estimated cost of conversion was calculated using two models. Model 1 resulted in an estimated cost to convert of \$5.06 million; Model 2 produced a higher estimate. For the purpose of this study we used the higher of the two estimates, or \$5,599,580. **Table 1** summarizes these costs by the structural categories used for this analysis.

**Table 1: Cost to Conversion**

	<b>%</b>	<b>Totals</b>
Curriculum	66%	3,688,680
Information Technology	13%	747,600
Advising	1%	59,400
Communication	5%	289,900
Policy	2%	101,520
Infrastructure	13%	712,480
<b>Total</b>	<b>100%</b>	<b>\$5,599,580</b>

**Notes:** The percentage of **curriculum** costs in Model 2 is high for two reasons: 1) because conversion work would be done by faculty in addition to their normal tasks and stipends would be necessary to compensate them for the additional work; and 2) because PSU would likely add some limited access “trailer” sections of the third term sequence courses, to give student who have completed the first two courses a chance to complete the last quarter. The percentage of **advising** is low because PSU uses an online Degree Audit Reporting System (DARS) for basic credit and degree tracking. The cost to reprogram DARS to accommodate conversion is shown in the Informational Technology category.

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**Savings:**<sup>4</sup> The total estimated savings from conversion is \$950,000 per annum. **Table 2** summarizes these savings by the structural categories used for this analysis.

**Table 2: Savings from Conversion**

	<b>%</b>	<b>Totals</b>
Auxiliary Services	68%	650,000
Summer Session	32%	300,000
<b>Total</b>	<b>100%</b>	<b>\$950,000</b>

**Notes:** Auxiliary Services, which includes University Housing, Transportation and Parking, Guests and Events, the University Place Hotel, Summer Conferencing, Retail Services, Dining, Property Management and Auxiliary Accounting is a \$42 Million dollar a year enterprise. Two areas in particular would likely realize savings from a conversion: Housing and Parking. Also, depending on the dates of the Summer Session, there would likely be increased revenue from billable days and increased activity on campus.

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<sup>4</sup> It should be understood that any savings would not come from the Education and General budget, which is largely provided from the State’s General Fund, as well as tuition and fees.

## Methodologies - Costs

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**Model 1 - Costs:** Because a body of research exists in the area of quarter to semester conversions, we were able to approach this issue from two directions: “top down” and “bottom up.” In the top down version (Model 1) we scanned the available research on other conversions and found four instances where colleges and universities have either recently converted, are planning conversions, or are managing semester conversion projects right now. By studying the experiences of Kent State University, California State University-Los Angeles, the University of Minnesota and the University of Cincinnati we were able to arrive at a “back of the napkin” estimate of cost to conversion for Portland State University by:

1. Adjusting the estimated or actual dollars spent to convert to 2009 dollars based on CPI, using the national calculator at: <http://data.bls.gov/cgi-bin/cpicalc.pl>

**Kent State University-** \$5.99 M  
**California State University, Los Angeles-** \$2.35 M  
**University of Minnesota-** \$5.1 M  
**University of Cincinnati-** \$13.9 M

2. Dividing the total enrollment of each university by their estimated or actual conversion expenditures to arrive at a per student headcount cost.

**Kent State University-** \$5.99 M/38,457 students = \$156 per student to convert  
**California State University, Los Angeles-** \$2.35 M/19,593 students = \$120 per student cost to convert  
**University of Minnesota-** \$5.1 M/51,659 students = \$99 per student to convert  
**University of Cincinnati-** \$13.9 M/39,667 students = \$350 per student to convert

3. Took the mean of the four = \$ 181 per student to convert.
4. Multiplied by PSU enrollment = \$181 X 27,972 = **\$5.06 M to convert PSU**

**Cautions:** This is a rough estimate, based on a very small sample and the significantly higher cost of the University of Cincinnati’s effort has skewed the mean. We suspect the cost estimate for the Cincinnati conversion process is higher because they are doing quite a bit of work on their Information Technology systems as they convert. However, as a validity check against Model 2, this model is useful.

**Model 2 – Costs:** Because the University of Cincinnati is in the midst of a conversion, we decided to use some of their project management materials to structure the “bottom up” (Model 2) version of this analysis. Using the categories from the Gantt chart posted to the University of Cincinnati’s Semester Conversion webpage<sup>5</sup> as a template, we translated their plan into a PSU equivalent. Once the chart was converted, we formed small taskforces made

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<sup>5</sup> The University of Cincinnati’s Semester Conversion Webpage can be accessed at: [http://www.uc.edu/conversion/documents/Semester-Conversion\\_Taskforce\\_Final\\_ReportMay08.pdf](http://www.uc.edu/conversion/documents/Semester-Conversion_Taskforce_Final_ReportMay08.pdf)

up of experts in each of the six structural categories. Together we edited the tasks, estimated the amount of time and sequencing of each task, and assigned a job position type to each task. Using the time to task as one multiplier and the pay grade + OPE of the job position type as the other multiplier, we were able to estimate the cost to complete each task.

## Methodologies - Savings

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**Savings:** Estimating savings was also part of this exercise. Intuitively, reducing the number of administrative cycles by one should result in savings -- and it does -- but because PSU's staffing ratio is so low already,<sup>6</sup> we could identify no personnel savings in the Education and General Budget categories. The savings and new revenue we did find were in Auxiliary Services and Summer Session.

Auxiliaries and (Mock Aux) hire large numbers of temporary employees and students in Parking and Housing to meet service needs during peak periods. Reducing their cycles by one would save in this area. Also, there would be one fewer move-in, cleaning, and recruiting cycle - which would also generate savings. On the revenue side, depending on the dates of the Summer Session, there would likely be an increase in billable days for Parking and Housing. Finally, a Summer Session would increase activity in the University District generally, increasing revenues from conferencing, retail, catering, vending...etc.

Aggregating these saving and revenue increases, we estimate that Portland State would net approximately \$950,000 per annum.

**Cautions:** As with Model 1, the outcome of this exercise must be considered a rough estimate because there are hundreds of budget line items that would be affected by a semester conversion, both positively and/or negatively. Given the time available for this project, we were not able to analyze every line item. In fact, to the extent possible, we collapsed category tasks into as few as possible; therefore, our analysis is not as refined as it could be.

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<sup>6</sup> A 2009 staffing audit performed by the Department of Administrative Services for HB 2500 found that PSU's staffing ratios were 61% of Oregon State University's and 63% of the University of Oregon.

## Detail of the Estimated Costs Using - Model 2

The following spreadsheets show: 1) one structural category per sheet; 2) a description of each task; 3) in green, an estimated timeline for each task; 4) an estimated cost for each task based on the formula – (time in estimated hours to complete task) X (pay grade + OPE for the job position type that would do the task) = Estimated Cost

### Curriculum Tasks

	Year 1			Year 2			Year 3			Cost		
	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ	SpQ	SuQ	FaQ		WnQ	SpQ
High level group to Set Task/Timeline/Guideline												\$14,400
Faculty redesign of courses/sequences/degree requirements - includes 4 step authorization process by relevant curriculum review groups												\$1,200,000
Administrative redesign of 3-term sequences into 2-semester												\$7,200
Administrative redesign of stand-alone courses to align with semester length												\$7,200
Administrative redesign of degree programs/majors with new credit/course requirements. (i.e. Degree Hours = 120 Semester credits, not 180 quarter credits).												\$7,200
Administrative revision of General Education Requirements												\$3,840
Administrative revision of University Level Degree Requirements												\$3,840
Likely need to create some limited access "trailer" sections of the third term sequence courses, to give student who have completed the first two courses a chance to complete the last quarter. Offered by a limited time and access strictly limited to student with their first two quarters completed.												\$2,400,000
Internship coop relationships												\$9,000
Multi-year contracts for such areas as Teacher's Certification, CEED, and Graduates Schools for example would need to be revised.												\$36,000

### Informational Technology

	Year 1			Year 2			Year 3			Cost		
	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ	SpQ	SuQ	FaQ		WnQ	SpQ
All (tens of thousands) or Transfer Articulation rules will have to be examined and modified for all schools.												\$600,000
All (hundreds) of DARS degree programs and supporting tables will need to be re-written, to accommodate the new requirements and the pre-semester transition credits.												\$38,400
Evaluate Banner Transcript functionality to determine what options are available for handling quarter to semester conversion.												\$1,600
Banner Term Set-Up, which is the basis for registration and all processes and functions that flow from that will need to be reconfigured for new coding scheme, consistent with semester.												\$8,000



## Policy Tasks

	Year 1			Year 2			Year 3				Cost	
	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ		SpQ
Create policies for degree clearance to handle credit hour conversion issues when students have a mixed bag of quarter and semester credits.												\$7,200
Academic Standing Policy (warning/probation/dismissal). Would the three term progression make sense in a semester format?												\$7,200
Dean's List/President's List honors.												\$3,600
Registration timelines, drop and add policies, and tuition refund rules.												\$7,200
Class Scheduling timelines												\$7,200
Financial Aid - Satisfactory Academic Progress rules.												\$7,200
Tuition and fee assessments												\$7,200
Scholarship awards												\$7,200
Renegotiate Articulation Agreements												\$45,000
Define Student Credit Appeal Policy												\$2,520

## Infrastructure Tasks

	Year 1			Year 2			Year 3				Cost	
	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ		SpQ
Facilities Management: No net change in their operations												\$0
Finance: Higher One and hundreds of other contracts would need to be renegotiated												\$598,330
Budget: Forecasting General Funds, Subsidy Fees, Tuition Management and RAM validation												\$72,500
Athletics: Feeding and Housing 85 student athletes 2 wks. Prior to beginning of semester												\$41,650
OIRP: No net change in their operations												\$0

## Detail of Estimated Savings

The following spreadsheet shows: 1) the structural category – Savings; 2) a description of each task; 3) estimated savings/revenue for each task based on either its elimination or increase.

### Savings

	Year 1			Year 2				Year 3				Cost
	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ	SpQ	SuQ	FaQ	WnQ	SpQ	
One cycle reduction in student and temp. staffing to meet peak service needs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$250,000
Income from additional billable days in Housing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$319,000
Savings from one less cleaning cycle in Housing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$80,000
Revenue from increased activity in the University District – Parking, Housing, Vending, Markets, Conferencing...etc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$251,200
Savings from one less postage and shipping of promotional packets and contracts in Housing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$25,000
Savings from one less brochure creation cycle for Housing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$20,000
Savings from one less parking permit creation cycle for Parking	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$4,800

### Other Issues

**Enrollment:** The literature on quarter to semester conversion refers to an enrollment phenomenon that appears to be common to all institutions that make this change. In the last year of the quarter system and the first year (sometimes two years) of the semester system, there tends to be a substantial spike and subsequent dip in enrollment. Because we were not able to quantify this change to our satisfaction, we decided to consider the effect – revenue and cost neutral. Anecdotally, PSU would likely hire adjunct faculty to address any spike in enrollment and would probably benefit financially from such an occurrence. However, were the enrollment to dip we would have to lay off these adjuncts and pay tenured faculty to manage the situation. Depending on the length of the dip, the net financial impact would probably be a loss to the institution.

**Retention:** Once the enrollment variations stabilized and the students were habituated to the semester calendar, the literature suggests we could see an increase in retention for those students who live on campus. With longer housing contracts, it would be much more expensive for students to break their leases and parents might be more reluctant to let their students leave school if they were responsible for the higher costs of these contracts.

**The University District:** September is a “dead month” in the University District under the quarter system. Were a smoothing of the academic year to occur, there would likely be a more even distribution of students throughout the year, resulting in a more active University District in general. A more active University District would mean an increase in retail sales, housing, vending, conferencing, parking...etc. all auxiliary enterprises from which PSU benefits. Also, the School of Extended Studies predicts they would see an increase in their operations because a change to semesters would align PSU with 90% of the rest of the country’s universities, making it easier for them to market to students from other parts of the country (or other countries for that matter) during summer session. Finally, a more active University District would be a boon to the retailers and community partners who depend on PSU for their summer income, and tax increment.

# Participants

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This report was prepared by Mark Wubbold <sup>7</sup> – Finance and Administration. Also contributing to the project:

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