

Administrative Review and Restructuring

Objectives and Scope

Presentation to

Board of Trustees

January 21, 2010

The Challenge

- Financial challenge requires structural adjustments to University's budget in order to continue investments in academic mission and strategic priorities
- Hiring freezes, furloughs, rescissions provide temporary relief but are not permanent solutions
- Need to contain and reduce costs of providing administrative services

The President's Charge

Review administrative organization and delivery of administrative services at all levels of the university and propose ways to:

- Improve performance
- Reduce costs
- Rationalize administrative organization

Broad Scale Review

Building on past cost savings efforts

- Review will cover administrative services delivered at multiple levels:

University/Campus/Colleges/Departments

- Review will cover administrative services (IT, HR, Fundraising) and operations (procurement, utilities)
- Benefits should accrue at all levels

Scope of Work

Overall Administrative Structure and Organization

Improve clarity of roles and responsibilities of different service units
Realign management structures for greater accountability

Analysis of Functional Areas

Improve service quality and reduce costs through:

- Process improvements
- Better coordination
- Creation of shared service centers
- Reduction of duplicative efforts
- Elimination of low priority services

Administrative Functions Identified for Review

- Information Technology
- Facilities and Capital Programs
- Business Operations
- Human Resources
- Development
- Alumni Affairs
- Procurement
- Energy and Utilities
- Space Utilization
- Auxiliary Operations
- Printing and Related Services
- Public Affairs and Communications

Information Technology

- Significant expansion over last decade
- Pervasive throughout all levels of organization
- Estimated expenditures over \$300 Million annually at all levels
- Significant capital investments
- Reducing complexity of current service delivery model creates opportunities for savings

Potential for additional savings of 10 percent

Strategic Procurement

- Realize full potential for cost efficiencies by leveraging University's scale as purchaser
- Continue ongoing efforts since 2005 to consolidate commodity purchases (office and lab supplies, software, printing, etc.)
- Accelerating current efforts to negotiate strategic procurement contracts and use of electronic payment systems can result in further savings

**Potential for up to \$20-30 million additional
annual savings to departments**

Energy Task Force Recommendations

- Aggressively pursue energy conservation measures
 - Metering, billing
 - Incentives for adopting conservation measures
- Assign energy production and distribution facilities to campuses to better align with consumption patterns
- Reduce volatility and cost of energy purchases
 - Consolidated procurement, long-term contracts, hedging
- Provide adequate capital to improve efficiency of energy production infrastructure

Working Group Will Also Look To:

- **Analyze internal control practices to mitigate risks and reduce costs**
- **Seek relief from ineffective statutory regulations**
- **Streamline policies and practices (in areas such as human resources, space utilization, procurement) to improve efficiencies**

Time Table

- Review internal and external reports, examine peer schools, interview managers and stakeholders, gather data (Ongoing)
- Form work team of experts for primary functions, get input from stakeholders, identify options (Initiated December 15)
- Work teams provide initial recommendations (March 15)
- Committee evaluates and prioritizes recommendations
- Update to President and Chancellors (April 15)
- Preliminary report made to President and Chancellors (May 15)
- Final Report submitted to President (June 15)

Final Report to President Will Include:

- A list of potential reforms for improvements
- Options will include changes in structures, processes, practices, decision making criteria...
- Impact of each option in terms of improving efficiency and effectiveness
- Implementation strategy for each option including timeline (some options can take significant time and require initial investments)

Effort Will Support Past Improvements and Provide Benefits In Addition to Cost Reductions

- Colleges, Departments, Centers/Institutes able to focus on core mission
- Improved clarity for users
- Reduced bureaucracy
- Clearer sense of mission and responsibilities of administrative units at different levels
- Better decision making
- Ability to invest in strategic academic priorities