

# 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