

## **Deloitte: Greatest savings could be in sourcing, procurement (Press-Citizen)**

Sara Agnew, Iowa City Press-Citizen 6:44 p.m. CDT June 18, 2014

University of Iowa staff expressed confusion Wednesday about how the university is expected to respond to a newly adopted funding model — which many believe pits the three state universities against each other — while at the same time implement proposed efficiencies that involve more collaboration.

For Angie Lamb, who has worked at UI for 14 years, the expectations are perplexing.

"Will we be doing the same at all three universities?" she asked. "Are you open to change or is it one big box? We are all so very different, and we hope we aren't going to be put into a box?"

That was among the concerns shared during a public forum on the UI campus to discuss preliminary findings of a \$3 million system-wide efficiency study that officials say could save between \$30 million and \$80 million across the Iowa state Board of Regents system.

Other anxieties shared included staff cutbacks, larger class sizes and contract cuts with local vendors.

On hand for the discussion were seven representatives from Deloitte Consulting, UI President Sally Mason, Regent Larry McKibben and Regent President Bruce Rastetter. More than 200 people attended, including six protesters from UE Local 896 COGS, the union that represents graduate students, who handed out pink fliers with the headline "Dump Deloitte."

Deloitte officials said there will be an update at the end of the summer, followed by another update at the end of fall.

McKibben tried to assure listeners that the performance-based funding model adopted earlier this month by regents is in "no way" related to the efficiency study.

"I view this project as completely different from the performance-based funding," he said, adding the results of the efficiency study could be the "backbone to the funding process."

McKibben said any efficiencies adopted by the regents could be implemented over a 12-, 16- or even 36-month period: "This is a transformative, long-term process."

Deloitte Consulting Director Rick Ferraro said there is no way to predict if people will lose their jobs.

"However, our analysis is trying to avoid that as much as possible," he said.

COGS President Jeannette Gabriel, a doctoral student in UI's College of Education, said the proposed efficiencies will result in larger classes, staff cuts and damage the reputation of the university.

"This is a corporate model being imposed on a public university," she said. "It is disingenuous to the people of Iowa."

Deloitte consultants are being paid more than \$3 million to review UI in Iowa City, the University of Northern Iowa in Cedar Falls and Iowa State University in Ames. The Board of Regents — which oversees the state's public universities and two specialty schools — hired Deloitte in

February at a cost of \$2.45 million to conduct the system's largest-ever efficiency study. Earlier this month, the board voted to spend up to another \$1million for the second phase of the study, which is now underway.

A summary of the first phase of the study was released June 11 and included eight general areas where Deloitte Consulting believes more efficiency and savings can be achieved. Among those areas were academic programs, use of space and student services. On Monday, a 97-page report further detailing those areas was released to the public. A regents task force has selected 17 opportunities out more 150 within the report to move forward on to save money and streamline services — 12 related to administrative improvements and five involving academics.

Officials say the area with the greatest potential for savings across the state's higher education system is refining the way it buys goods and services — an estimated \$16 million to \$40 million.

Gary Sutton, Deloitte's representative in the area of sourcing and procurement, said the key to cost savings in this area is improving the way contracts are negotiated and orders are placed with vendors.

"Some savings have been negotiated with vendors, but there are opportunities for more," he said.

Sutton also said the universities might have to hire more people and improve its technology to experience the greatest savings in the long run.

Other areas that Deloitte representatives singled out as potential savings included \$1 million to \$5 million in the area of finance, \$1 million to \$1.5 million in facilities and \$11 million to \$27 million in information technology services.

Virginia Fraser, Deloitte's project manager, said phase two of the study, which is expected to be completed later in the fall, will involve developing business cases for each of the 17 areas the board's task force selected for further review. Those cases will involve cost estimates, benefits and risks of implementing the proposed efficiency as well as a timeline for implementation.

Reach Sara Agnew at 887-5418 or [sagnew@press-citizen.com](mailto:sagnew@press-citizen.com).