

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Status Report of Administrative Efficiencies - Future Anticipated Reviews
Date: December 1, 2004

Recommended Action:

Accept the universities proposals for future scheduling of administrative services transformation.

Executive Summary:

The University Presidents submitted the attached work plan for future administrative services transformation, which was developed by the Universities' Vice Presidents. The groupings of areas proposed are to be examined during fiscal years 2005 through 2008.

The table lists the dollar impact from each institution, although some caution should be applied in interpreting those amounts. Because the universities have different organizational structures as well as decentralization of some functions within other organizational units, the numbers do not reflect equivalent budgetary comparisons, but they are close approximations.

The universities aspire to engage outside assistance to review the identified functions and to suggest ways that improvements in quality or reductions in costs are possible. Utilizing assistance from members of the Iowa Business Council and others with expertise in these areas could generate recommendations for reorganizations, consolidations, outsourcing services, or specific process improvements.

These activities would not only include administrative services under the Vice Presidents, but would also encompass leadership from the various university units such as the academic units, health care, auxiliary enterprises, and research centers. This broad involvement is necessary to ensure that needs campus-wide are being met with whatever changes are proposed in these administrative services.

Board leadership and the University Presidents are expected to provide an oral report.

Background:

December Board
Resolution

At its December meeting, the Board adopted a resolution to provide direction to the institutions. As part of that resolution, the Board directed the University Presidents to propose methods to achieve administrative efficiencies and other cost containment measures through enterprise-wide collaboration or the creation of enterprise-wide non-academic, administrative services.

In response to the Board's directive in December 2003, staff from the three Regent universities identified areas for enterprise-wide collaboration, limiting the focus to key areas under the purview of the universities' Vice Presidents for Finance. These areas and detailed criteria for each of the studies were presented to the Board in May 2004.

As noted in Agenda Item 6a the University Presidents identified three areas for initial implementation.

The following table identifies numerous areas to be reviewed over four fiscal years. As indicated previously, the numbers represent close approximations for services and not exact comparisons among the universities.


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Approved: 
Gregory S. Nichols

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**Administrative Services Transformation
Costs Based on FY04 Data**

	Iowa State University			University of Iowa			Northern Iowa University					
	General Funds	Other	Total	General Funds	Other	Total	General Funds	Other	Total			
Proposed Projects 2005												
Faculty and Staff Benefits <small>(includes workers comp, unemployment, life, disability/waiver, health, dental)</small>												
Faculty and P&S	1	18,007,465	7,777,602	25,785,067	1	24,181,925	43,495,385	67,677,310	1	8,523,038	2,974,452	11,497,490
General Service Staff	1	7,280,951	6,663,867	13,944,818	1	12,453,478	30,388,060	42,841,538	1	3,213,290	1,867,319	5,080,609
Grad Assistants	1	1,706,810	1,870,526	3,577,336	1	3,678,084	3,930,165	7,608,249		0	0	
Benefit Administration	2	429,096	0	429,096	2		1,275,183	1,275,183	2	127,792	0	127,792
Campus Wide Food Services <small>(excluding Residential Food Services)</small>		0	5,841,599	5,841,599	3		7,366,523	7,366,523	3	0	1,391,420	1,391,420
Laundry		0	0	0	4		2,869,211	2,869,211		0	0	0
Printing	3	48,145	5,046,689	5,094,834	5		7,881,451	7,881,451		0	622,214	622,214
Telecommunications	4	2,807,722	5,200,613	8,008,335	6	4,742,656	6,784,784	11,527,440	4	0	1,464,896	1,464,896
External Audit	5	456,668	54,395	511,063	7	294,979	492,217	787,196		209,872	41,800	251,672
Proposed Projects 2006												
Environmental Health & Safety		2,407,606	242,854	2,650,460	8	1,778,057	743,378	2,521,435		367,268	22,500	389,768
Utility Operations (generated utilities)	6	16,802,452	5,873,911	22,676,363	9	23,857,477	26,276,523	50,134,000		4,203,538	855,045	5,058,583
Mail Service		381,461	1,673,265	2,054,726	10	423,525	1,935,269	2,358,794		426,467	7,513	433,979
Parking	7	0	3,106,282	3,106,282	11		11,652,476	11,652,476		0	1,731,687	1,731,687
Information Technology	8	7,798,743	14,744,251	22,542,994	12	13,334,921	5,505,568	18,840,489		5,840,057	604,888	6,444,945
Proposed Projects 2007												
Facilities Operation & Maintenance	9	9,757,575	3,891,002	13,648,577	13	25,657,872	6,869,128	32,527,000		6,733,118	1,363,065	8,096,183
Procurement Administration		1,119,873	59,423	1,179,296	14	963,798	921,409	1,885,207		399,584	0	399,584
Purchasing Volume				224,178,081				371,892,186				79,852,290
Warehousing/Storage/Central Stores	10	31,804	12,496,186	12,527,990	15	164,634	8,307,122	8,471,756		142,214	1,543,283	1,685,497
Payroll/Accounting/Financial Reporting	11	2,448,566	0	2,448,566	16	2,566,587	2,179,800	4,746,387		861,662	127,989	989,651
Proposed Projects 2008												
Balance of Human Resource Services				TBD				TBD				TBD

ISU Footnotes:

- 1 Excludes Retirement (GF \$20,314,553 and Other \$9,513,783), and FICA (GF \$14,835,602 and Other \$7,325,602)
- 2 Benefit Admin: HRS benefit staff salaries & FB, ATS & supply costs
- 3 Printing: includes capital equipment fund
- 4 Telecommunications Other: Includes bond requirements and improvement reserves
- 5 External Audit: Financial/A-133 and bond audits
- 6 Utility Operations: generated utilities - electricity, steam, chilled water, depreciation credits
- 7 Parking: Operations, parking activities, capital improvements, debt service, depreciation, Memorial Union
- 8 Excludes any departmental IT expenses
- 9 Facilities O&M: custodial, building maint, campus services, energy mgmt, structural, area maint
- 10 Warehousing/Storage/Central Stores: includes central stores, drayage, SASF&SE Fifth warehouses, ISU surplus, materials stores
- 11 Payroll/Accounting/Financial Reporting: Controllers area less sponsored programs

SUI Footnotes:

- 1 Taken from FY 2004 General Ledger and excludes Retirement (GF \$22.9M and Other \$43.8) and FICA (GF \$17.8M and Other \$34.2M)
- 2 Represents the cost of the University Benefits Office - Does not include cross allocations for Human Resources Office administrative and systems support
- 3 Includes Iowa Memorial Union Food Service and C Stores - Does not include Residence Halls and UIHC Campus Vending is currently outsourced to Aramark and Coke
- 4 University Laundry expense
- 5 University Printing Service expense
- 6 Includes voice, video and all data networking but excludes UIHC
- 7 Includes payments to State Auditor, Deloitte & Touche, KPGM and McGladrey & Pullen
- 8 Includes Health Protection Office and Environmental Compliance Office
- 9 Includes expenditures of the University Utility Enterprise (Electricity, Steam, Water, Chilled Water, Sewer, Fire Protection, Refuse Disposal Campus Vending is currently outsourced to Aramark and Coke
- 10 Mailing Service expense
- 11 University Parking Operations expense including depreciation of \$3.3M
- 12 Central ITS expense - excludes UIHC and any departmental IT expenses - Telecommunications and Networking reported separately
- 13 Includes central expenses for Building Maintenance, Campus Maintenance and Custodial Services - excludes major auxiliaries and UIHC
- 14 Includes cost of central Purchasing Office and shows FY 2004 purchase volume separately
- 15 University Materials Management (General Stores, Maintenance Stores, Central Receiving, Surplus Equipment Operation and Equipment Rental Pool) Also includes related storage rental costs
- 16 Includes Controllers Office (Accounting Services, Grant Accounting, Cashiers Office, Student Loan Accounting and Property Management)
- 17 IT, Audit, Mail, Procurement, Payroll/Accounting/Financial Reporting, Environmental Health and Facilities have been adjusted for Administrative Service Charges

UNI Footnotes:

- 1 Excludes total Fac/P&S FICA (\$5,593,350) and retirement (\$7,2823,861) and General Services FICA (\$1,736,042) and retirement (\$2,291,649)
- 2 Does not include third party administrative costs of \$962,319
- 3 Includes Maucker Union food services provided by Residence Food Services
- 4 Telecom Operations & Maintenance Fund only. Telecom chrgs to GEF (\$643,702), Other (\$1,772,297)