

OVERVIEW OF BUDGET RESPONSE TEAM IMPLEMENTATION STRATEGIES

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Background and Overview of Budget Response Teams

The University is facing a \$49 million recurring budget shortfall, the result of state funding cuts during the last legislative session combined with rising costs.

In January, President Hank Bounds and the chancellors appointed nearly 100 subject-matter experts from across the campuses and outside the University of Nebraska to serve on eight Budget Response Teams tasked with identifying meaningful savings and efficiencies in a range of operational areas. These teams include communication, facilities and energy, finance, human resources, information technology, printing, procurement and travel.

The recommendations of the Budget Response Teams were submitted to a University-wide Steering Committee for consideration before moving to the president and chancellors for final vetting. About 70 cost-reduction strategies were approved and will be implemented.

Anticipated BRT Cost Savings

Together, the Budget Response Team strategies will reduce the University's spending by nearly \$30 million in the next several years – savings that will simultaneously transform our operations while also allowing us to continue to deliver on our mission of educating students, generating new knowledge and applying that knowledge in our state and around the world. The anticipated amount of savings by group is outlined below:

- Communication: \$630K
- Facilities & Energies: \$7M
- Finance: \$4.4M
- Human Resources: \$4M
- IT Services: \$6M
- Printing: \$424K
- Procurement: \$6M
- Travel: \$630K

Please see the following pages for more detail on the strategies behind the anticipated cost savings.

Reorganize and Align Campus-Based Communication Teams

Align communicators, marketers and public relations professionals and operations at each campus and Central Administration into five cohesive, integrated groups—representing the brands of each university within the University of Nebraska system—to drive greater impact and outcomes, while significantly improving return on our communication and marketing investment.

Reduce, Prioritize and Pool Marketing Spend

Reduce overall marketing dollars; prioritize and pool overall marketing spend to align with and drive university goals.

Additional Description:

The Communication, Marketing & PR BRT will explore the best way to integrate communicators, marketers and public relations professionals and operations into a more cohesive, unified communication function at each of the four campuses and Central Administration.

The goal: to fully leverage people, finances, and other resources and to enhance strategic delivery. Each campus will work toward cohesive communication and marketing strategies that all colleges and units will contribute to and commit to. We will also look at resources broadly, and develop a plan to make the most effective use of all resources to meet campus, college and unit goals.

Reduction Of Purchased Utilities Through Currently Funded Projects

All four campuses have energy reduction projects in construction. These projects will be complete and achieve full energy savings prior to January 2019.

Reorganization and Coordination of Facilities Management and Leadership and Administrative Functions

Consolidate of Facilities Management into a university-wide organization reducing senior management positions, eliminating positions outside of core competencies and producing efficiencies in administrative personnel, process and systems. New University wide facilities management organization led by an Associate Vice President would report to the University Chief Operations Officer.

Reorganization and Coordination of Project Planning, Design and Construction and Conversion of State-Funded Positions to Revolving

Consolidate of Facilities Planning, Design and Construction (FPD&C) under a university-wide structure. State-funded positions from the campuses within the target group will be transferred to a revolving account funded through project management fees. Leadership of the project planning, design and construction would be through the University Associate Vice President of Facilities Management.

Reorganization and Coordination of the Planning, Policy, and Space Management Team

Reorganize the PPSM team as the final step in implementing Board of Regents policy, resulting in efficient and effective university-wide comprehensive planning and providing much needed data and analysis for decision makers. Leadership of planning, policy and space management would be through the University Assoc. Vice President for Facilities Management.

Reorganization and Coordination of Custodial, Landscape Services, and Building Maintenance and Operations

Consolidate the overall management of the custodial, landscape services and building maintenance operations to produce efficiencies in administrative personnel, processes, systems, supply chains and service contracts. Leadership of the consolidated custodial, landscape services, and building maintenance & operations would be through the University Assoc. Vice President for Facilities Management.

Expand the University of Nebraska Utility Corporation Model University-wide

Utilize the “NU Corp” model on all campuses to increase revenue for future deferred maintenance, drive down costs through efficiencies in the plant and provide funding to the energy team without raising commodity rates to users. Leadership of the consolidated utilities production and distribution team would be through the University Assoc. Vice President for Facilities Management.

Reorganization of Energy Team

All four campuses have a different approach to energy initiatives with varied success. The University of Nebraska energy strategies can be aligned by providing energy solutions and initiatives under a consolidated team model. Leadership of the reorganized energy team would be through the University Assoc. Vice President for Facilities Management.

Evaluate and Reorganize Campus Business and Finance Leadership

Evaluate the senior administrative structure of Business & Finance and reassign duties/realign based on evaluation.

Streamline Unit Business Operations

Reorganize college, unit, and departmental business operations to achieve greater efficiencies.

Streamline General Accounting in Omaha

Implement an accounts receivable software system at UNO and reorganize general accounting at UNO and UNMC.

Implement Semi-annual Basic Retirement Enrollment

Allow entry into the NU basic retirement program two times a year—during peak hiring times.

Reduce Printed Benefit Materials and Move to Electronic Distribution

Except for retirees, NU employees would receive all communication on NU's annual open enrollment electronically.

Discontinue $\frac{1}{4}$ Sick Leave Payout for Retiring Office/Service Employees

Discontinues paying Office/Service employees $\frac{1}{4}$ of unused sick leave upon retirement.

Will not be implemented before 2019 pending continued review.

Adjust the Maximum Vacation Balance

Under this strategy, employees will earn vacation according to the same formula that they do currently. The policy change simply means that the maximum balance that can be maintained is lower. It will not impact current vacation earnings.

Will not be implemented before 2019 pending continued review.

Consolidate HR Function at the University of Nebraska–Lincoln

Consolidates all the University of Nebraska–Lincoln college, department, and unit HR-type employees into a single HR function.

Appoint an Associate Vice President of Human Resources

Creates an Associate Vice President of Human Resources for NU to be coupled with current Assistant Vice Chancellor for Human Resources at the University of Nebraska–Lincoln. Eliminates an Assistant Vice President of Human Resources position at Varner Hall.

Evaluate & Consolidate HR Contracts Systemwide

Consolidates HR contracts that are currently brokered on each campus individually and creates savings.

Create Transactional HR/Payroll Service Center

Creates a service center for all NU campuses where HR/Payroll transactions can be consolidated.

Create HR Centers of Excellence

Utilizes expertise on each campus to lead HR efforts in the different aspects of HR administration.

Create Mandatory Leave Policy for Positions that have Care and Control over University Assets

Creates requirement that employees with fiduciary responsibilities take a minimum of one week of vacation leave per year.

Create Consistent Leave and Property Rights for All Employees

Creates a team to review best practices and the development of a unified sick/vacation leave and property rights benefit.

Engage a Benefits Consultant

Hires a benefits consultant to examine current benefit design, vendor selection and review options for employee/NU savings.

Implement a Comprehensive Human Capital Management System

Examines the feasibility of having one Human Capital Management System for NU.

Consolidate Time-Keeping Methods

Discontinues paper time sheets used by some areas, reviews third-party time entry vendors for cost savings.

Expand Usage of Electronic HR Workflow

Eliminate paper HR workflow used in some areas.

Evaluate Worker's Compensation Funding

Evaluate funding mechanisms used for Workers Compensation to ensure efficiency.

Integrate Central ITS Personnel

We have integrated the central IT organizations from Enterprise Systems (formerly CSN), the University of Nebraska–Lincoln, UNO and UNK into one organization. Through shared leadership, economies of scale, and increased standardization we will be able to maintain quality services with fewer staff. These reductions will take place over the next two years primarily through attrition.

Realign Decentralized IT

Planning with academic decentralized IT units will begin to move to an aligned reporting structure with ITS. Several large non-academic decentralized IT units will integrate within ITS. The resulting IT community will enhance IT security, leverage increased standardization and economies of scale in serving our faculty, staff, and students. These changes will drive down operating costs.

Improve Enterprise Systems

Decommissioning the enterprise mainframe will create savings from reduced software and hardware costs. Additional savings will result from ERP storage efficiencies.

Create OneIT IT Efficiencies

Standardizing on common technologies and services will allow us to reduce our hardware, software, and services costs over the next two years. Also included are savings from the recent elimination of cell phone and network stipends at the University of Nebraska–Lincoln, UNO and Enterprise Systems.

Coordinate IT Procurement and Leverage Scale

Implementing strategic sourcing with university purchasing will create significant volume discounts and other costs reductions associated with university-wide technology procurement. This includes working in close partnership with UNMC ITS.

Consolidate University of Nebraska Print Services Team

Create one system-wide printing operation with three locations.

Create University of Nebraska Print and Copy Policy

Reduce the amount of professional and desktop printing and copying.

Develop University of Nebraska Cost for Copy Program

Develop a singular system-wide contract for departmental multifunction devices and a singular contract for student printing.

Procurement Vision

Develop an overarching strategy that will move University of Nebraska Procurement to a strategic partner, better positioned to collaborate and deliver consistent value. In this strategy we also outline opportunities for centralization, revenue enhancement, management and control and other efficiencies that we believe closely align with the vision of Procurement as a strategic partner. The naming of a CPO is the first step that will help drive the organizational transformation needed to position Procurement to drive the overall vision. This strategy establishes a framework for Procurement to be able to continuously provide additional savings in years to come.

Centralized Accounts Payable Centralized Vendor Record Management

Both of these strategies involve centralizing the four existing operations, whereby savings may be realized through standardization and consistency in policy and process enhancement.

Comprehensive Supplier Management Program

This strategy will develop innovative and new ideas that will enhance revenue, save dollars, and forge new directions with our suppliers primarily as it relates to electronic end-to-end processing of requisitions, purchase orders, and invoices.

eSHOP Maximization and Centralized Contract Management

This strategy acknowledges our need to maximize the University's significant investment in eSHOP. Best practices developed at each of the four campuses will be uniformly adopted and enforced in order to drive savings. Further, the strategy proposes that we purchase and implement the contracting module for eSHOP, and centralize the four existing operations; once again driving savings by consistency in policy and process.

Purchasing Card Strategy

Proposes a new direction for this method of procurement and drives savings through consistent application of policy; centralizing operation; and forging a University centric strategy with the supplier that generates our largest amounts of PCard purchases.

Reduce Desktop Printing

To be co-implemented with ITS.

This strategy reduces desktop printers and fax machines on all NU campuses by 85%. The print volume from the removed desktop printers will be directed to multi-function "biz hubs" offered through CPC programs already operating on all four campuses.

Reduce Cellular Devices

To be co-implemented with HR.

This strategy will significantly reduce university-paid cell phone or data plan purchases and discontinue allowances/stipends for University employees by 90%.

Reduce Manageable Food Spend

This strategy would establish a consistent University-wide policy on food and beverage spending which supports the institution's mission of educating students in and outside of the classroom.

Substitute Private Office Supply Brand

Recommend establishing "hard" substitution of name brand products with private-branded equivalents. Follows the same methodology as prescription of generics versus name brand medications in healthcare. The objective is to save money by enabling more economical purchasing choices of private branded equivalent office supplies, and where such low cost alternatives have no negative impact on their intended use.

Utilize "Smart Spend" for Lab/ Research Supplies

Recommend lower cost substitution of name-brand laboratory and research supplies with private-branded equivalents. The objective is to save money by enabling more economical purchasing choices of private branded equivalent laboratory and research supplies, and where such low cost alternatives have no negative impact on their intended use.

Inbound Freight Management

The University of Nebraska System receives deliveries of product daily without the cost of shipping being previously negotiated; otherwise known as prepay-and-add freight. Suppliers typically charge the University carrier list price for these deliveries and are realizing a significant profit by marking up the shipping charges. An inbound freight management company works with these suppliers to utilize the University's heavily discounted freight contract when shipping products. The result is a savings over the supplier's prepay-and-add freight charges.

Equipment Management

The costs of maintaining capital equipment extend beyond the initial purchase and original equipment manufacturer warranty. At that point, an additional extended warranty or maintenance agreement is needed. Tracking assets covered under maintenance programs and ensuring full utilization of extended warranties can be a cumbersome task.

There are third party companies that can streamline the purchase of extended warranties on equipment as well as provide cost savings.

Centralize Vehicle Procurement and Maintenance

Supporting our need to travel between campuses and facilities is an important necessity and privilege that comes with a price. We believe that centralizing the management of the overall procurement budget, policies and fleet administration will have both short- and long-term benefits to the University.

Employee Reimbursement

The university will not reimburse employees for any taxes paid on goods purchased by employees, when those goods could have otherwise been purchased tax-exempt.

Reduce Mileage Reimbursement Rate

This reduction moves the rate per mile down from that published by the Internal Revenue Service to the average cost per mile incurred by the University to rent a vehicle.

Mandate Online Booking

Online booking costs the University \$5 per transaction vs. \$22 per transaction by phone. Only 22% of employees are currently booking online.

Mandate Use of University Credit Card

University receives a 1.65% rebate for each dollar spent on the University Credit Card.

Mandate Use of a Single Travel Agency

Increased volume through a single University travel agency would result in a higher rebate.

Per Diem Reimbursement Model

Savings achieved through reduction of time and resources spent preparing, processing, administering, and auditing travel receipts. To execute on this strategy, a change in state statute is needed.

Pending conversations with the state.

Book Visitors Through Selected Travel Agency

This strategy is used in some parts of the University already, and allows the University to capture savings on visitor travel, lodging, and ground transportation.

Purchase and Implement Concur Software

The Concur software is designed to simplify reporting by travelers, allow greater monitoring of traveler safety, and increase accountability. The software is targeted to be operational by June 30, 2018.