ADMINISTRATIVE SUPPORT NETWORKING COUNCIL

STRATEGIC COST SAVINGS SUBCOMMITTEE UPDATE
STEVE O'RIORDAN, AVC FINANCIAL SERVICES FEBRUARY 13, 2019

STRATEGIC COST SAVINGS SUBCOMMITTEE

CONTEXT

- University is not immune to challenges faced by other colleges & universities
  - Demographics changes
  - Increased competition for undergraduate, graduate, out of state, international & on-line students
  - Rising salary, health care & retirement costs, deferred maintenance
  - Stagnant state support for operations & facilities
- Commitment to 2020 Strategic Plan Goals & Priorities (Pillars of Excellence)
  - Student Success, Faculty Success & Transformational Education
  - Innovative Research
  - Student Life, Diversity & Inclusion, Health & Safety
  - Academic and Research Facility & Technology Renewal
  - Financial Sustainability
- We must continue to think entrepreneurially, embrace new ideas and reinvest all new revenues and cost savings into the Strategic Plan
  - Monitor progress with Report Card & Multi-Year Financial Plan

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STRATEGIC COST SAVINGS SUBCOMMITTEE

CONTEXT - CONTINUED

- FY2019 Budget committed $4M in new funds for Academic Affairs
  - New faculty
  - Increased College Operating Budgets & Financial Aid

- Fixed cost increases for salaries, new facilities, utilities & general inflation funded with reallocations and cost savings
  - Target for non-personnel savings for reallocation $2M

- Budget Update as of Q2: Fall enrollment up 1% but below budget target (-$4.9M)
  - Additional Budget Actions Taken to stay on track:
    - 5% cut to non-academic administrative budgets
    - New revenues generated by grants, auxiliaries, sponsorships & Oprah!
    - Continue to control personnel costs through Essential Hiring Committee review

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STRATEGIC COST SAVINGS SUBCOMMITTEE

- Established in Summer 2018
- Charged with identifying $2M in cost controls & other non-personnel savings to achieve FY2019 budget targets
- Invited broad input from the campus community and received nearly 100 suggestions.
- The subcommittee followed these principles when evaluating suggestions:
  1. Preserve the core academic mission & critical student support services
  2. Preserve services essential to institutional operations, safety & other functions that support student success
  3. Recommendations are to support a campus-wide perspective, encourage collaboration across business units and departments, and promote efficiency and enhance financial sustainability
- Met weekly thru the Summer & Fall and made recommendations to Executive Cabinet

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SUBCOMMITTEE MEMBERS

- **Steve Athanas**, Chair, *Associate CIO*
- **Brenda Evans**, *Dean of Student Affairs & Event Services*
- **Monica Galizzi**, *Professor, Chair, Economics and Co-Chair of Financial Planning Committee*
- **Michael Graves**, *President of Faculty Senate*
- **Elaine Keough**, *Director of Digital Communications*
- **Saira Latif**, *Associate Professor and Chair, Finance*

- **Karen Morin**, *Director of Academic Budgets, Provost's Office*
- **Chris Mullin**, *Senior Executive Associate, Chancellor's Office*
- **Gary Nolan**, *Director of Procurement Services*
- **Steve O'Riordan**, *AVC Financial Services and Co-Chair of Financial Planning Committee*
- **Nick Piscitello**, *Director of Administrative Services*

- Support & Analysis Provided by Budget Office

Campus & departmental data and policies and best practices from other colleges & universities were reviewed by smaller work groups:
- -Computer Replenishment & Software   -Events & Catering
- -Cell phone use and policy   -Printers & Duplicating
- -Travel   -Energy Efficiency

RECOMMENDATIONS

COST SAVINGS INITIATIVES & POLICY CHANGES
REVIEWED & APPROVED BY EXECUTIVE CABINET

- Implement chargebacks to researchers leveraging MGHPCC resources
- Reduce international & domestic travel
- Modify Computer Replenishment Program
- Reduce University mobile phone deployments substantially
- Improve awareness of and adherence to UMass Lowell policies (e.g. business expense, travel, purchasing policies)
- Modify printing standards
- Optimize software expenses
- Reduce and optimize various publications across campus
- Improve campus awareness of energy costs
- Reduce departmental and university-wide event costs
- Significantly reduce freestanding water bubblers, bottled water and beverages
- Reduce promotional items provided to employees
- Increase the Research Assistant Chargeback to grants

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RECOMMENDATIONS

EXAMPLES

Example #1: Reduce the **computer replenishment program** budget by $224,000 in FY2019 and $90,000 on an on-going basis by extending the replacement cycle by one year from 4 to 5 years and moving to a "replace as needed" program going forward.

Direct Budget Cut to IT and **Policy/Process change**

Example #2: Departments can save nearly $246,000 annually by **reducing international travel by 50% and domestic travel by 5%** and reallocating those funds to other departmental priorities.

Reallocation Opportunity

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RECOMMENDATIONS

Example #3: **Significantly reduce freestanding water bubblers**

- Many areas on campus are very close to a plumbed-in "hydration stations" and maintain one, two or more Poland Springs bottled water dispensers.

- Recommendation: Remove Poland Springs bottle stations. In areas that do not have hydration stations, water should be sourced through WB Mason at a significantly lower negotiated cost.

- By eliminating 100 bubblers, not only will the cost for keeping them stocked be eliminated, but the estimated $80 per year in energy for each bubbler will be avoided, as well. Annual savings target: $50K

Reallocation Opportunity/Policy Change

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REDUCE UNIVERSITY MOBILE PHONES SUBSTANTIALLY

- Currently, the university spends over $250,000 per year on equipment and service plans for UMass Lowell owned mobile phones. The university incurs over $70,000 per year in labor costs to administer mobile phone purchases.

- **Recommendation: 50% reduction in deployed cellphones (approx. 210 down from 420). Limit to only essential and emergency personnel, personnel who are required to be on-call 24/7 or personnel whose work is more than 50% conducted in the field, including on and off-campus, as required by job description or job requirements.**

- Funds available for departmental reallocation. Annual savings: $190K

- Mobile Device Policy is being updated.

- Vice Chancellors must approve all cell phones.

IMPROVE AWARENESS OF AND ADHERENCE TO UMASS LOWELL POLICIES

- In general, many of the concerns raised about university and departmental business expense, event and meeting expenditures are addressed in the current policy.
- Greater attention to and consistent application of the policy is required to minimize excesses.
- Policies Under Review / in development
  - Business Expense Policy
  - Travel Policy
  - Mobile device policy
  - Print standards
- Reissue policies when approved and provide regular training to campus community incl. "job aides"
- Elevate exceptions to Vice Chancellors for approval
- Annual savings target: $200K

BUSINESS EXPENSE CHANGES

- All University or campus-wide functions and events should require Vice Chancellor approval (eliminate "in excess of $1,000" language).

- Restrict university funded on-campus and off-campus non-business-related departmental gatherings including, retirement parties, holiday events and summer retreats. Add "single event" language to ensure university funds are not paying for multiple events (e.g. retirement).

- Reduce the use of flowers, catering and stage dressing for events

- Eliminate open bars for internal (employee-only) university events

- Meals (breakfast, lunch and dinner) should not be provided at regular business meetings attended only by University employees from the same department or location.
  - ADD: Supervisor approval is required. Fully approved Business Expense Approval forms required and should include total cost, description of business purpose and list of attendees.

- Events & business meetings on or off campus, being held on University properties, that include food and beverage must be provided by University Dining Services.

- Exceptions require Vice Chancellor approval.

BUSINESS EXPENSE POLICY CHANGES (CONT.)

Other business expenses:

- Prohibit departmental purchase of Poland Springs water bubblers, individual water bottles, soda, coffee and other refreshments for general employee use. Exception: Departments that regularly host external visitors, alumni, etc. may purchase. Requires approval.

- Discourage the distribution of promotional items or other gifts, including apparel, to employees while recognizing that there are departments that serve in student or public facing roles may have a business need to ensure they are appropriately communicating the university's brand.

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TRAVEL POLICY CHANGES

- Restrict the use of rental cars when on out-of-town business. Travelers requiring ground transportation to and from business activity are expected to use the least expensive and most direct and efficient means of transportation available (taxi, public transportation, University owned vehicles, rental cars).

- Elevate exceptions to Vice Chancellor and Deans for approval.

PRINTING STANDARDS

- Restrict the purchase of non-contract (currently Xerox) multi-function printer/copier devices

- Restrict the purchase of individual desktop printers, ink cartridges, and supplies

- Default multi-function print devices to black and white, double-sided printing and require users to utilize the secure-print function to control unnecessary printing

- Require offices that utilize external print vendors for routine and ad hoc business to bid out projects to UML Print Services

- Annual savings target: $155K

REVIEW SOFTWARE PURCHASES

- There are several sets of software that may not be utilized enough to justify the expense incurred, and that there are several collections that appear to provide duplicate functionality. Some examples include:

  – Multiple statistical software packages: Matlab, Mathematica, Stata, SPSS, R, and SAS.

  – Dropbox duplicates the functionality of OneDrive, which is provided to UMass Lowell free of cost by Microsoft.

- Recommendation: The Academic Technology Committee should review the complete list of software in use, with a goal of reducing packages with duplicate functionalities. Annual savings target: $100K

REDUCE AND OPTIMIZE VARIOUS PUBLICATIONS ACROSS CAMPUS TO BETTER UTILIZE ONLINE TECHNOLOGIES

- Several colleges and departments publish newsletters or updates at various times throughout the year. Migrate publications on-line.

- Additionally, the new faculty faces book can cost upwards of $40 per book – most of which are discarded by recipients. This can easily be migrated online to save $8,000 just on this one publication.

- Annual savings target: $50K

IMPROVE CAMPUS AWARENESS OF ENERGY COSTS AND ONGOING SAVINGS INITIATIVES

- Campus facilities and sustainability groups have made significant strides in energy conservation.

- By promoting energy efficiency and savings as a core value through a focused "Campaign" more consistent employee participation and additional savings can be achieved.

THE ADMINISTRATIVE SUPPORT NETWORK IS KEY TO OUR SUCCESS!

- Inspire a culture of frugality – stretch that dollar to support core mission & critical student services
- Remember -- most of our budget is funded by student tuition & fees!
- It's all one budget!
  - All funds – regardless of source – are University funds and must follow University policy
  - Departments can be *more restrictive* than University policy but not less restrictive
  - These policy changes can make *all* dollars go further
- Subcommittee Report is being finalized and will be posted on MyUML
- Policies are being updated and will also be posted on MyUML

THANK YOU!!!!!

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