

Recommendations of the Business Services Task Force

September 1, 2009



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Background

In January 2009, Chancellor David Wilson formed a joint Budget Planning Committee (BPC) for UW Colleges and UW-Extension. That group recommended the further formation of a separate committee for each institution which would recommend the specific details of how each institution should respond to required budget reductions. The UW Colleges committee, called the Budget Planning Work Group (BPWG), made several recommendations. One of those recommendations called for the reduction of the institution-wide business services base budget by at least \$250,000. Chancellor Wilson then directed Vice Chancellor Steve Wildeck to form a Business Services Task Force (BSTF) to provide recommendations to achieve the \$250,000 budget reduction goal.

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Charge to the Task Force

The BSTF will recommend actions to reduce the institution-wide base budget of business services units by at least \$250,000. The following considerations will guide the committee's work:

- The fiscal integrity of the institution and the campuses will be upheld.
- Campuses and the institutional office are partners in providing business services to our constituents, and share common goals. They are not competitors.
- Any recommended actions must be expected to hold harmless tuition and other revenue.
- The institution and campuses will remain in compliance with university, state, and federal administrative laws and regulations.
- This is not just a reduction exercise. The committee needs to look for opportunities for transformational change which is in the best long-term interest of the UW Colleges.

Additional principles may be considered by the committee.

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Membership

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| Cindy Bailey | Assistant Dean for Student Services, UW-Marquette |
| Steve Bloedow | Financial Specialist, UW-Fox Valley |
| Robin Dax | Financial Specialist, UW-Richland |
| Mark Dorn | Director of Business Services and Controller, UW-Extension |
| Laurie Grigg | Director of Business Services and Controller, UW Colleges |
| Ann Herda-Rapp | Associate Professor, UW-Marathon County |
| Gigi Koenig | Assistant Dean for Administrative Services, UW-Marathon County |
| Diane Pillard | Campus Executive Officer and Dean, UW-Rock County |
| Laura Rader | Bursar, UW Colleges |
| Mike Rogers | Assistant Dean for Administrative Services, UW-Barron County |
| Sara Terry | Student, UW-Baraboo/Sauk County |
| Steve Wildeck | Vice Chancellor for Administration & Finance, UW Colleges & UW-Extension (chair) |

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Timeline and Process

The task force met six times between June 3 and August 5, 2009 with each meeting lasting approximately five hours. Two of the meetings took place in Madison while the other four meetings were held at UW-Marshfield/Wood County, UW-Waukesha, UW-Fond du Lac, and UW-Baraboo/Sauk County. Campus meeting locations were chosen to give the task force an opportunity to view, first hand, the business operations of various-sized campuses. The task force intentionally visited campuses not represented in its own membership, to gain a broader perspective of campus operations. In addition, the task force wanted to be visible and hear directly from those performing business services tasks.

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Approach

The task force approached its work in several steps:

- Defining Business Services
- Benchmarking
- Restructuring

Step 1: Defining Business Services

BSTF discovered that campus business offices all perform the same basic set of functions, but that the distribution of those tasks among staff members can differ greatly. In addition, the amount of time expended on any particular group of tasks varies greatly. It was important that BSTF establish a clear set of activities deemed to be within the realm of “business services,” and then inventory the amount of staff time being expended on those tasks through the use of a survey matrix.

Creation of the matrix turned out to be a pivotal step in the task force’s work, and illustrates the group’s desire to be data-driven and inclusive, rather than rely on anecdotes or sentiment. Extensive time and effort was spent to make sure all responses were incorporated and to resolve outstanding matrix questions. Especially noteworthy is that the survey matrix indicated that business services-related tasks are performed by many staff on campuses; not just those specifically working in the business office. These additional staff can include deans’ executive assistants, faculty secretaries, and others. All routine business services tasks were identified, including those performed by program revenue-funded (PR) and LTE positions.

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The survey matrix appropriately focused on the tasks rather than the individuals. This broad-based task-oriented approach was necessary in order to quantify the amount of staffing resources that the institution is currently expending in business services tasks, regardless of who is performing them.

The two Assistant Deans for Administrative Services (ADAS) on the BSTF called a special four-hour meeting of their ADAS colleagues to review the matrix data and the process used to compile it. The BSTF felt it was important to get feedback directly from the group of administrators who would be managing changes in business services. The assistant deans agreed that the matrix did an adequate job of capturing the tasks on each campus-not perfect, but reasonable. They recognized that regression analysis, while time consuming, is useful in identifying outliers when comparing levels of business services staff against student or faculty/staff headcount across campuses. They also agreed that benchmarking, through the use of regression analysis, is an accepted practice of UW Colleges as it has been used to reallocate physical plant and non-instructional staff positions.

The ADAS suggested studies on 'best practices' within business services and other areas, such as student services. As the institution enacts change and restructuring it would be beneficial to perform value stream mapping or other similar processes. The ADAS also offered a list of recommendations for the BSTF to consider. Many of the recommendations resembled ideas the BSTF had already identified and discussed in its meetings. Generally, the ADAS agree that transformational change is needed

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in all administrative areas within the UW Colleges. This should be kept in mind when considering the BSTF recommendations.

Restructuring, realignment, regionalization and consolidation were all strategies recommended for consideration.

Step 2: Benchmarking

BSTF used the results of the survey matrix to analyze the relative staffing levels across campuses. Regression analysis was chosen because of its usefulness in measuring how the institution currently allocates resources and its ability to consider economies of scale. Statistical results suggested reductions which could be made to ensure that campuses of similar size receive similar resources to accomplish the same set of tasks. Any PR and LTE positions were removed from the regression analysis because they are not part of the fund 103 base budget. It is important to emphasize that regression analysis does not identify the appropriate level of staffing. Rather, it identifies whether campuses have more or less staffing than we would expect, given the way all the campuses are currently staffed.

Step 3: Restructuring

BSTF studied the results of the survey matrix, particularly those areas requiring significant staff time. The advantages and disadvantages of restructuring certain activities were discussed thoroughly, with particular focus on the benefits that could be achieved by restructuring. Restructuring may take the form of centralizing, decentralizing, regionalizing, automating or some other reconfiguration. Restructuring may also include the reassignment of responsibilities across existing positions.

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Perspectives

UW Colleges Business Services Offices keep our campuses and institution running smoothly. They perform a wide variety of tasks and services with an impeccable level of accuracy and efficiency. Business Services has been a long-standing leader in the reorganization of its practices and the integration of technology, all with a never-ending desire to be effective and efficient. Underlying this ongoing effort is a strong and productive working relationship between the campuses and the institutional office, directed squarely toward common goals.

The BSTF members care deeply about the welfare of all UW Colleges employees, and found the nature of the task force's charge to be extremely difficult, both personally and professionally. To say that the task force spent considerable time lamenting at the human impact of its various options would not be an exaggeration. The charge from the Chancellor, however, was both significant and clear, and the BSTF took its responsibility very seriously. It is unfortunate that the recommendations of the BSTF, if implemented, will result in staff reductions. The BSTF worked hard to both deliver on its charge and minimize negative impact to UW Colleges employees.

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Recommendations

Two types of recommendations follow - those which specifically meet the base budget reduction mandate of \$250,000 (Base Reduction Recommendations), and those for which a specific base budget savings could not be calculated (Other Recommendations).

Base Reduction Recommendations (1-4):

1. Adjust Levels of Business Services Staffing

Reduce business services-related staffing at specific campuses to achieve parity in staffing levels. Estimated savings: \$165,000 and 3.3 FTE.

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| UW-Waukesha | \$117,500 & 2.35 FTE |
| UW-Fond du Lac | \$ 30,000 & .60 FTE |
| UW-Manitowoc | \$ 17,500 & .35 FTE |

Numerous regression scenarios were performed which compared the level of campus staffing being used to carry out business services-related tasks. Separate analyses compared staffing on the basis of student headcount, employee headcount, and a weighted combination of the two variables. Incremental reductions were made in the level of staffing for those campuses showing a significant residual (a high level of staffing relative to other similarly sized campuses). Regression was re-run after each incremental adjustment to ensure that each reduction step is warranted. The BSTF consulted with the math department chair to validate its approach to using regression.

Because some business services tasks are commonly performed by staff outside of the business office, staff reductions should not necessarily be confined to business office staff. Campuses should be given as much flexibility as possible to consolidate and reassign tasks where appropriate.

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This may involve staff outside of the realm of Business Services. Campuses will need to work closely with the UW Colleges Office of Human Resources when implementing these changes.

2. Reorganize TER Processing

Reorganize certain aspects of travel expense processing institution-wide through consolidation of activities regionally or institutionally. Estimated savings: \$50,000 and 1.0 FTE.

According to the matrix, over 3.1 FTE of staff effort is expended in travel expense processing institution-wide. An estimated 1.0 FTE can be saved by using technology to consolidate certain aspects of travel expense request and reimbursement, including request submission, pre-audit, and vouchering. Implementation of this recommendation would involve the reduction of approximately 1.7 campus FTE and creation of a .7 FTE consolidated travel coordinator. The BSTF is not recommending a specific distribution for the 1.7 FTE in campus reductions. Rather, we recommend that the Vice Chancellor determine a distribution in consultation with the Assistant Campus Deans for Administrative Services.

3. Shift Grants Accountant Funding

Shift 10% of the institutional grants accountant position from fund 103 (GPR) to fund 150 (federal indirect cost revenue). Estimated savings: \$7,600 and .1 FTE.

Most federal grants bring with them indirect cost recovery revenue that can be used for supporting overhead activities. No portion of the grants accountant position is currently supported by this revenue. This shift represents the

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estimated amount of time the grants accountant spends supporting federal grants.

4. Shift IAS Budget Management

Shift primary responsibility for IAS budget management on small campuses from the associate dean to the ADAS. Reduce academic year associate dean appointments to 25% at campuses with fewer than 700 student headcount and 500 student FTE. Estimated savings: \$35,200.

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| UW-Baraboo/Sauk County | \$ 8,800 |
| UW-Barron County | \$ 4,400 |
| UW-Manitowoc | \$ 4,400 |
| UW-Marinette | \$ 4,400 |
| UW-Marshfield/Wood County | \$ 8,800 |
| UW-Richland | \$ 4,400 |

The background to this recommendation is complex, and begins with a look at the associate dean position. Eleven of the UW Colleges campuses (UW-Marathon County and UW-Waukesha use other arrangements) have part-time associate dean positions, which are actually faculty who receive course releases to perform associate dean work. When created, these positions were primarily intended to assist with course scheduling and instructional staffing. Over time, the typical role of the associate dean has been expanded to include other responsibilities as assigned by the dean. Most associate deans have also assumed responsibility for building and managing the IAS budget. Many of them struggle with this aspect of the job because of the financial complexities involved.

The BSTF believes that, especially on small campuses, IAS budgets would be more effectively managed by the ADAS than the associate dean, and that

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the ADAS has both the capacity and the expertise available to handle those tasks.

Insight into the ADAS position was gained from three main sources. First, both large and small campus perspectives are represented by the ADAS and the financial specialists on the BSTF. Secondly, the BSTF received information from both the outgoing ADAS and the current dean at UW-Marquette. Thirdly, information was gained from the ADAS group when they met to discuss the survey matrix and BSTF process in July.

The BSTF studied the ADAS vacancy at UW-Marquette as it considered whether it was possible to create a more streamlined leadership model for small campuses. The BSTF extensively discussed how the ADAS position is, and is not, affected by campus size. Further, we discussed whether small campuses could be adequately served by a part-time ADAS, or whether reducing the credential required for the position, thereby reducing the pay level and title, would provide the skills needed for the position. We are not recommending any of those changes to the ADAS position at this time. Such a significant change in the ADAS position should only be considered as part of a broader discussion; one which might focus on whether an alternative management or operating model should be considered for very small campuses. Nonetheless, we do believe that capacity exists on small campuses for the ADAS to assume IAS budget responsibilities from the associate dean, thereby allowing a reduction in the associate dean position.

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Other Recommendations (5-8):

5. Encourage Streamlined Services

The UW Colleges should continue to study “one-stop-shop” configurations that enhance services to students and increase operational efficiency. Different variations on the one-stop-shop theme are being piloted at UW-Marquette and UW-Marshfield/Wood County. Both of these experiments involve expanded cross-training and incorporation of fee collection within the domain of Student Services.

6. Discontinue Historical “Faculty Secretary” Support

UW Colleges campuses should discontinue routine word processing and photocopying services that are being provided directly to faculty, instructional academic staff, and other units. Modern software and equipment makes self-service convenient and cost-efficient.

Several campuses discontinued these practices years ago as self-service office equipment and desktop productivity tools became commonplace. Further, BSTF recommends that campuses discontinue any references to “faculty secretaries,” and instead adopt a more accurate working title such as “campus services specialist.”

7. Research Low-cost Options for Madison-based Offices

UW Colleges administration should look for lower cost alternatives to the rent it is currently paying for its Madison-based offices.

UW Colleges spends a substantial amount, approximately \$250,000 per year, on rent for the Regent Street and West Washington Avenue office space. Alternatives outside of Madison should be identified and considered, such

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as in a centrally located community with good access to Madison and primary transportation routes (for example, Portage). Or, funds the institution has been allocating for rent could be redirected into a new central administrative office owned by the institution. Relocating at least a large portion of our central administrative offices outside of Madison also provides a presence for UW Colleges and UW-Extension in another community, extending our statewide presence and building our political capital.

8. Consolidate Campus Payroll Activities

Efforts should be made to consolidate payroll activities on campus.

It is common for several individuals to be engaged in payroll processing. On some campuses, different people might be assigned to process unclassified, classified, LTE, and student payrolls. This can fragment responsibility and increase error rates. Wherever possible, efforts should be made to consolidate these activities while preserving an appropriate level of backup. Further recommendations for reorganizing payroll functions are not being made at this time, pending the implementation of the UW System Human Resources System (HRS). It is anticipated that HRS will dramatically change human resources, payroll, and benefits administration jobs when it is implemented in 2011 or 2012.

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Implementation

If these recommendations are accepted, we recognize that further discussions will need to take place between campus and institutional office administrators regarding implementation steps. As implementation details are developed, some adjustments to these recommendations may be necessary.

As stated earlier in this report, business services-related tasks are commonly performed by individuals who are not considered to be “business office employees”. Campus administrators will need maximum flexibility when making decisions about job descriptions, work assignments, and possible position reductions.

The BSTF discussed the possibility that some campuses may want to use S&E or other program revenue funds as backfill, in an attempt to avoid position reductions. While understandable, the BSTF strongly recommends this practice be discouraged, except where needed for phased implementation.

Transformational change, while difficult and sometimes painful, is necessary as we face a challenging financial future.

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Summary

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| \$ 165,000 | Adjust Staffing Levels |
| \$ 50,000 | Reorganize TER Processing |
| \$ 7,600 | Shift Grants Accountant Funding |
| <u>\$ 35,200</u> | Shift IAS Budget Management |
| \$ 257,800 | Total Recommendations |