Leadership Steering Committee Report

Response to Administrative Review of Texas A&M University conducted by PwC
The PwC report recognizes that Texas A&M University is already highly efficient relative to the leading national public research universities.
The challenges identified by PwC

A highly decentralized and siloed structure that divorces leadership from oversight and control of critical resource decisions.

Numerous small departments with significant administrative infrastructure.

Inadequate and antiquated financial management and human resources systems.

(PwC report p.13)
The PwC report identifies potential savings and internal reallocations of up to $142.8 million for Texas A&M University (including Galveston and HSC) over the 5 year period FY15 – FY19

Proposed initiatives:

- Review of vacant positions
- Staffing analysis
- Span of control analysis
- Synergies through HSC integration
Presentation overview

- Completed effectiveness initiatives at main Campus, HSC, and Galveston
- Recommended budgetary actions
- Recommended organizational actions
- Recommended process actions
TAMU effectiveness initiatives and other efficiency gains completed since June 1, 2013 have resulted in internal reallocations of

$7,997,800 in annually recurring, budgeted funds

$1,762,407 in one-time funds

These funds have been redirected to supporting the core mission of teaching, research, and extension/outreach.
Examples of effectiveness initiatives

<table>
<thead>
<tr>
<th>Unit</th>
<th>Effectiveness initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Colleges/Branch Campus</strong></td>
<td></td>
</tr>
<tr>
<td>Education and Human Development</td>
<td>Consolidated IT services at the college level</td>
</tr>
<tr>
<td>Dwight Look College of Engineering</td>
<td>Consolidated business services at college level</td>
</tr>
<tr>
<td>Liberal Arts</td>
<td>Consolidated IT services at the college level</td>
</tr>
<tr>
<td>Texas A&amp;M at Galveston</td>
<td>Outsourced dining services, facilities, and custodial services</td>
</tr>
<tr>
<td><strong>Divisions</strong></td>
<td></td>
</tr>
<tr>
<td>Student Affairs</td>
<td>Consolidated IT services and virtualized servers</td>
</tr>
<tr>
<td>Undergraduate Studies (Academic Affairs)</td>
<td>Created Academic Success Center</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>Academic Affairs Business Services provides business services for all units in the division</td>
</tr>
<tr>
<td>Finance and Administration</td>
<td>“Insourced” utilities maintenance</td>
</tr>
</tbody>
</table>
The committee recommends actions that will make available for internal reallocation

$13,681,299 (= $17,144,893 in total compensation) of annually recurring funds

$3,344,551 in one-time funds

These funds will be used at the direction of the president to support excellence and to move Texas A&M University closer to our goal of becoming a top-10 public research university
Recommended budgetary and related actions (2)

- Central retrieval of all salary savings from non-faculty vacant positions

- Central retrieval of base budget funds for vacant positions identified through PwC analysis

- Outsourcing of enrollment and other student services in HSC to Main Campus [completed August 2014]

- Elimination of cell phone allowances (except for first responders and emergency personnel)
<table>
<thead>
<tr>
<th>Campus</th>
<th>Action</th>
<th>Annual recurring $</th>
<th>Adjusted annual total</th>
<th>5-year total recurring $</th>
<th>One-time $</th>
<th>Total for reallocation $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main</td>
<td>College effectiveness initiatives</td>
<td>$2,129,471</td>
<td>$2,129,471</td>
<td>$10,647,355</td>
<td>$1,033,647</td>
<td>$11,681,002</td>
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<td>Main</td>
<td>Division effectiveness initiatives</td>
<td>$2,502,103</td>
<td>$2,502,103</td>
<td>$12,510,515</td>
<td>$98,760</td>
<td>$12,609,275</td>
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<tr>
<td>HSC</td>
<td>Effectiveness initiatives</td>
<td>$1,681,651</td>
<td>$1,681,651</td>
<td>$8,408,255</td>
<td>$630,000</td>
<td>$9,038,255</td>
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<tr>
<td>Main</td>
<td>Vacant academic positions reallocated</td>
<td>$394,885</td>
<td>$505,453</td>
<td>$2,527,264</td>
<td>$2,527,264</td>
<td>$5,054,530</td>
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<tr>
<td>Main</td>
<td>Vacant positions reallocated</td>
<td>$545,991</td>
<td>$698,868</td>
<td>$3,494,342</td>
<td>$3,494,342</td>
<td>$6,988,686</td>
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<tr>
<td>TAMUG</td>
<td>Vacant positions reallocated</td>
<td>$375,198</td>
<td>$480,253</td>
<td>$2,401,267</td>
<td>$2,401,267</td>
<td>$4,80253</td>
</tr>
<tr>
<td>Main</td>
<td>Vacant position base retrieval</td>
<td>$901,398</td>
<td>$1,153,789</td>
<td>$5,768,947</td>
<td>$5,768,947</td>
<td>$11,53789</td>
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<tr>
<td>HSC</td>
<td>Vacant position base retrieval</td>
<td>$823,001</td>
<td>$1,053,441</td>
<td>$5,267,206</td>
<td>$5,267,206</td>
<td>$10,53441</td>
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<tr>
<td>Main</td>
<td>Vacant position salary savings</td>
<td>$5,988,303</td>
<td>$7,665,028</td>
<td>$38,325,139</td>
<td>$2,222,964</td>
<td>$40,548,103</td>
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<td>HSC</td>
<td>Vacant position salary savings</td>
<td>$3,462,731</td>
<td>$4,432,296</td>
<td>$22,161,478</td>
<td>$951,733</td>
<td>$23,113,211</td>
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<tr>
<td>TAMUG</td>
<td>Vacant position salary savings</td>
<td>$576,987</td>
<td>$738,543</td>
<td>$3,692,717</td>
<td>$169,854</td>
<td>$3,862,571</td>
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<tr>
<td>HSC</td>
<td>Savings: outsourcing and integration</td>
<td>$616,960</td>
<td>$789,709</td>
<td>$3,948,544</td>
<td>$3,948,544</td>
<td>$7,89709</td>
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<tr>
<td>Main</td>
<td>Elimination of communications allowances</td>
<td>$1,312,087</td>
<td>$1,312,087</td>
<td>$6,560,433</td>
<td>$6,560,433</td>
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<tr>
<td></td>
<td>Completed internal reallocations</td>
<td>$7,629,299</td>
<td>$7,997,800</td>
<td>$39,988,999</td>
<td>$1,762,407</td>
<td>$41,751,406</td>
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<tr>
<td></td>
<td>New funds identified for reallocation</td>
<td>$13,681,467</td>
<td>$17,144,893</td>
<td>$85,724,465</td>
<td>$3,344,551</td>
<td>$89,069,016</td>
</tr>
</tbody>
</table>

|       |                                           |                    |                       |                          |            | **$130,820,422**         |
Total annual reallocation

All numbers include benefits at 28%
Includes both completed actions and recommended actions

PwC projected = $28,560,000 (upper bound)
TAMU achieved = $25,142,693
Total 5-year reallocation

All numbers include benefits at 28%
Includes both completed actions and recommended actions

PwC projected = $142,800,000 (upper bound)
TAMU achieved = $130,820,422
New available funds vs. initiatives completed since 6-1-13

**ANNUAL REALLOCATION**

- Completed: $7,997,800
- Available funds: $17,144,893

**5 YEAR TOTAL**

- Completed: $89,069,016
- Available funds: $41,751,406

All numbers include benefits at 28%
Total annual funds to invest in excellence

TOTAL = $13,681,467

These numbers do not include benefits
Recommended organizational actions (1)

- Carry out a one-time review of all budgeted non-faculty vacancies across the different components and units of Texas A&M University

- Replace hiring freeze with process of requiring approval and justification for filling non-faculty vacancies

- All deans and vice presidents will implement a span of control analysis in their respective units
Recommended organizational actions (2)

- Vice Presidents responsible for the following units identified through PwC staffing analysis as having staffing ratios significantly above peers will report to President on size, organization, and functional responsibilities of the following units:

  Office of Admissions, Main Campus
  [Provost & Executive Vice President]

  Office of the Controller, Main Campus
  [VP, Finance & Administration]

  Office of Finance and Administration, Health Science Center
  [Executive Vice President, HSC]
Recommended organizational actions (3)

All colleges/divisions will submit plans to consolidate
  Information technology
  Business services
  Communication
  Undergraduate advising (colleges only)

The Leadership Steering Committee will use these plans to identify consolidations and collaborations that could serve as pilots for university-wide collaboration centers.
Recommended process actions

- The committee affirms the importance of replacing the legacy FAMIS financial management system.

- The committee supports the TAMU System’s ongoing initiative to replace the existing Budget/Payroll/Personnel system.

- A working group appointed by the president will recommend mission-critical modifications to FAMIS and BPP.
Total annual funds to invest in excellence

**TOTAL = $13,681,467**

These numbers do **not** include benefits.

- **Main campus**: $8,072,714
- **HSC**: $5,031,796
- **Galveston**: $576,987
Total 5-year reallocation

All numbers include benefits at 28%
Includes both completed actions and recommended actions

PwC projected = $142,800,000 (upper bound)
TAMU achieved = $130,820,422