



# **Leadership Steering Committee Report**

**Response to Administrative Review of Texas A&M University  
conducted by PwC**

**September 2014**

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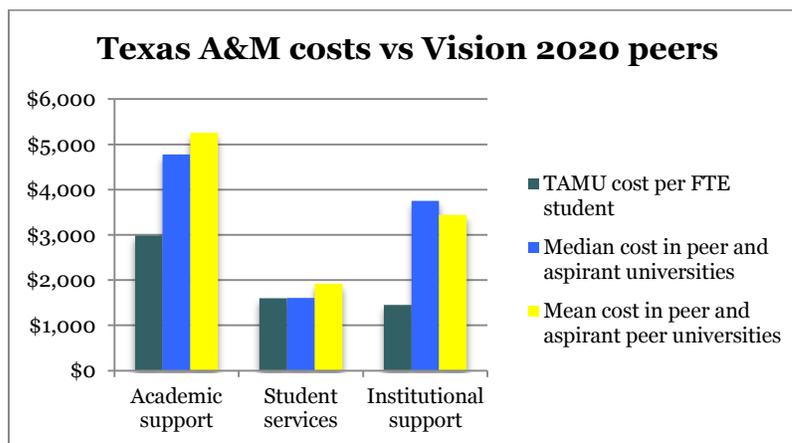
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## Overview

- The PricewaterhouseCoopers (PwC) report affirmed Texas A&M’s position as one of the nation’s leading tier-one research universities in terms of efficiency and control of administrative costs. At the same time it identified significant opportunities for continued improvement and for reallocating funds internally in order to support Texas A&M University’s core mission of teaching, research, and outreach connected to the land grant mission and heritage.



**Figure O1** (Same as Figure 2.1 of report) — Administrative cost comparison between Texas A&M University and the group of peer and aspirant peer universities selected as comparators for Vision 2020. The data are for FY12 and come from IPEDS. The data do not include the Health Science Center. The same information is presented as a table on page 7 of the PwC report.

- Building on the analyses in the PwC report and the Leadership Steering Committee’s own research this report proposes actions that will make available for internal reallocation a total of
  - \$13,681,299 (= \$17,144,893 in total compensation) in annually recurring funds and**
  - \$3,344,551 in one-time funds.**

These funds will be used at the direction of the president of Texas A&M University to support excellence and to move the university closer to its Vision 2020 aspiration for a culture of excellence as one of the consensus top 10 public research universities in the country.

- In addition to identifying funds to be used at the direction of the president the report documents an extensive range of internal actions that have been taken since June 1, 2013, in order to redirect funds internally to supporting the core mission and to improving services. These already completed actions have internally reallocated
  - \$7,997,800 in annually recurring funds, and**
  - \$1,762.407 in one-time funds.**

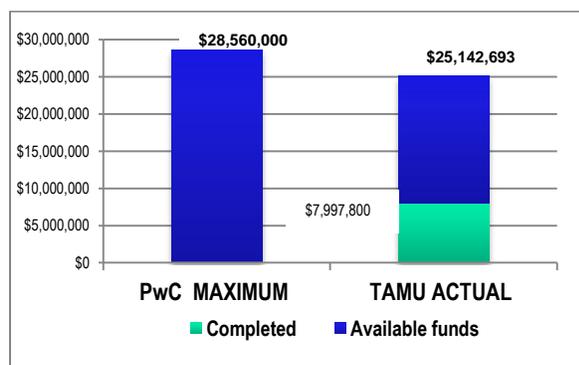
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- Using the PwC methodology of aggregating total compensation over a five-year window the aggregate reallocation achieved is **\$130,820,422**. See the following table.

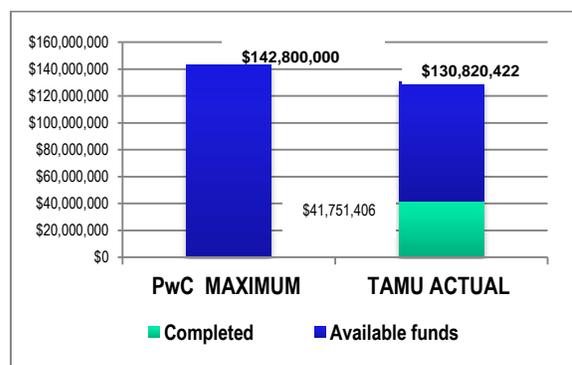
Campus	Action	Annual recurring \$	Adjusted annual total	5-year total recurring \$	One-time	Total for reallocation
Main	College effectiveness initiatives	\$2,129,471	\$2,129,471	\$10,647,355	\$1,033,647	\$11,681,002
Main	Division effectiveness initiatives	\$2,502,103	\$2,502,103	\$12,510,515	\$98,760	\$12,609,275
HSC	Effectiveness initiatives	\$1,681,651	\$1,681,651	\$8,408,255	\$630,000	\$9,038,255
Main	Vacant academic positions reallocated	\$394,885	\$505,453	\$2,527,264		\$2,527,264
Main	Vacant positions reallocated	\$545,991	\$698,868	\$3,494,342		\$3,494,342
TAMUG	Vacant positions reallocated	\$375,198	\$480,253	\$2,401,267		\$2,401,267
Main	Vacant position base retrieval	\$901,398	\$1,153,789	\$5,768,947		\$5,768,947
HSC	Vacant position base retrieval	\$823,001	\$1,053,441	\$5,267,206		\$5,267,206
Main	Vacant position salary savings	\$5,988,303	\$7,665,028	\$38,325,139	\$2,222,964	\$40,548,103
HSC	Vacant position salary savings	\$3,462,731	\$4,432,296	\$22,161,478	\$951,733	\$23,113,211
TAMUG	Vacant position salary savings	\$576,987	\$738,543	\$3,692,717	\$169,854	\$3,862,571
HSC	Savings: outsourcing and integration	\$616,960	\$789,709	\$3,948,544		\$3,948,544
Main & HSC	Elimination of communications allowances	\$1,312,087	\$1,312,087	\$6,560,433		\$6,560,433
	Completed internal reallocations	\$7,629,299	\$7,997,800	\$39,988,999	\$1,762,407	\$41,751,406
	New funds identified for reallocation	\$13,681,467	\$17,144,893	\$85,724,465	\$3,344,551	\$89,069,016
						\$130,820,422

**Table O 1** (Same as Table 13.5 of report)—Aggregate reallocation achieved at Texas A&M since June 1, 2013. This uses the PwC methodology of aggregating total compensation over a five-year window.

Further analysis of these potential reallocations can be found in the following figures.



**Figure O2** —Total annual reallocation. All numbers include benefits at 28%. Includes both completed actions and recommended actions.



**Figure O3** — Total five-year reallocation. All numbers include benefits at 28%. Includes both completed actions and recommended actions.

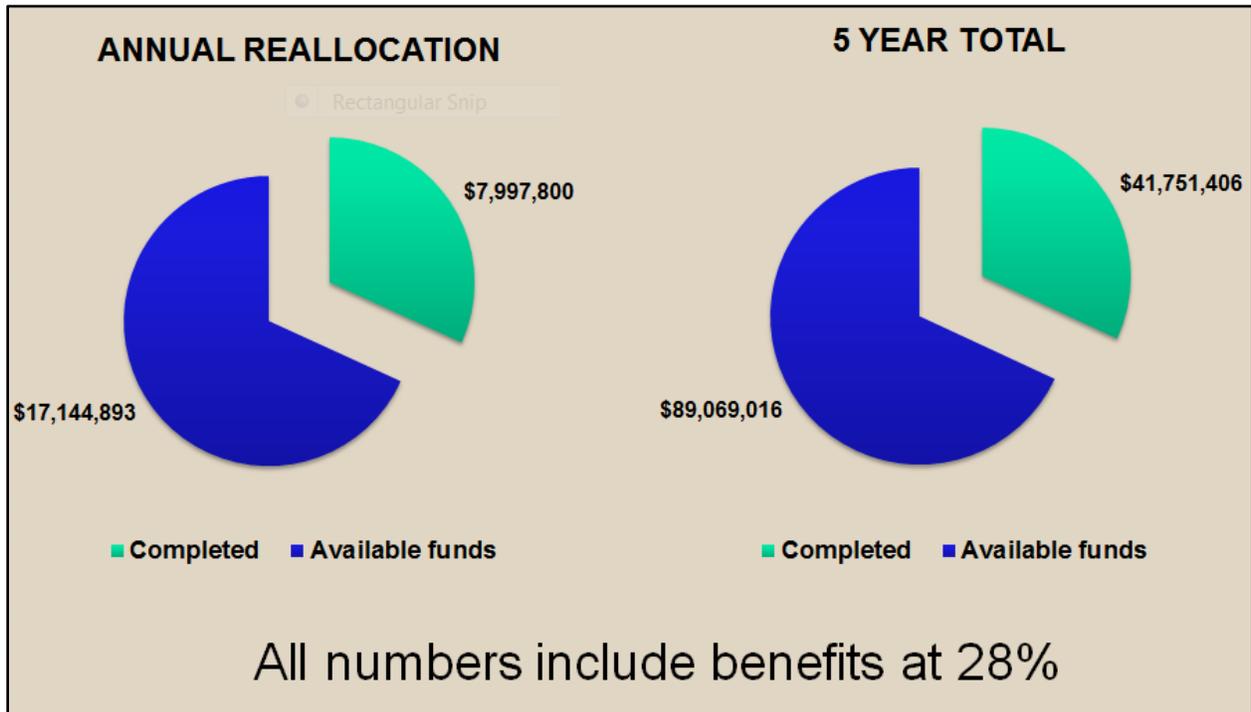


Figure O4 — New available funds vs. completed initiatives.

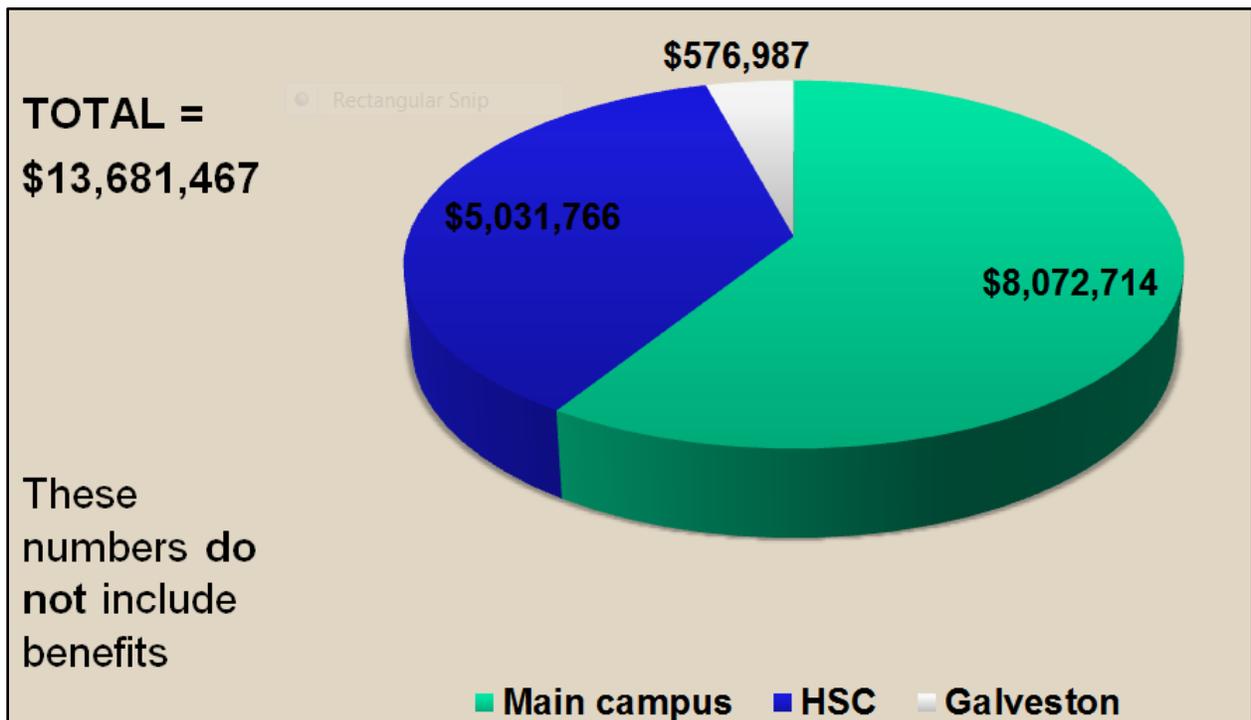


Figure O5 — Total annual funds to invest in excellence.

- The Executive Summary and main body of the report explain these actions and a significant number of additional recommendations that address opportunities raised by the PwC report

## Executive Summary

S1 The Leadership Steering Committee acknowledges the PricewaterhouseCoopers (PwC) report's recognition that Texas A&M University is in many respects a highly efficient university relative both to other Texas universities and our designated peer and aspirant peer universities for the Vision 2020 strategic plan.

S2 At the same time the committee agrees with the PwC report that Texas A&M faces some distinctive challenges. The PwC report draws attention on page 11 to a number of key issues including

- a) a decentralized and siloed structure that divorces leadership from oversight and control of critical resource decisions,
- b) numerous small departments with significant administrative infrastructure, and
- c) inadequate and antiquated financial management and human resources systems.

S3 The work of the committee has been guided by three basic principles articulated in the May 9, 2014, communications from Chancellor John Sharp and Interim President Mark Hussey announcing the results of the Comprehensive Administrative Review.

Principle 1 The overriding aim of reviewing Texas A&M's administrative structure is to improve the university's ability to fulfill its core mission of teaching, research, and engagement/outreach.

Principle 2 To the extent possible, organizational and personnel changes will be implemented through the review of currently vacant positions, through reconfiguring positions and funding streams as they become vacant, and through internal reallocation.

Principle 3 Criteria for decision-making and organizational change need to be aligned with Texas A&M planning to create and sustain excellence.

S4 As a first step in reviewing the PwC report, the Leadership Steering Committee compiled an inventory of effectiveness initiatives implemented by the colleges and divisions at Texas A&M's Main Campus, Texas A&M University at Galveston, and the Texas A&M University Health Science Center. The committee focused on initiatives effective after June 1, 2013. Examples are given in table 3.1.

S5 Since June 1, 2013, effectiveness initiatives at Texas A&M's Main Campus, Texas A&M Health Science Center, and Texas A&M at Galveston have resulted in a total reallocation of **\$6,313,225 in recurring funds** and **\$1,762,407** in one-time funds.

S6 On May 16, 2014, Chancellor Sharp and Interim President Hussey announced a selective hiring freeze for all non-faculty positions, with the exception of

- a) positions budgeted in academic departments,
- b) positions paid from restricted grant funds (Accounts 4XXXXX), and
- c) positions where an offer of employment was made prior to the effective date.

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Unit	Effectiveness initiative
<b>Colleges/Branch Campus</b>	
Education and Human Development	Consolidated IT services at the college level
Dwight Look College of Engineering	Consolidated of business services at college level
Liberal Arts	Consolidated IT services at the college level
Texas A&M at Galveston	Outsourced dining services, facilities, and custodial services
<b>Divisions</b>	
Student Affairs	Consolidated IT services and virtualized servers
Undergraduate Programs (Academic Affairs)	Created Academic Success Center
Academic Affairs	Academic Affairs Business Services provides business services for all units in the division
Finance and Administration	"Insourced" utilities maintenance

**Table 3.1.**—Examples of effectiveness initiatives at Texas A&M Main Campus and Galveston since June 1, 2013.

S7 The salary savings captured from vacant non-faculty positions across the three components of Texas A&M for the last four months of FY14 has identified **\$3,344,551** in one-time funds for reallocation to strategic priorities.

S8 The committee recommends continuing to retrieve the periodic salary savings from vacant, non-faculty positions in order to provide a source of funds to support university-level strategic priorities.

S9 The PwC report identified significant anomalies in the position titles at Texas A&M University. During the first part of July 2014, **a total of 935 position titles were eliminated at Texas A&M’s Main Campus, Texas A&M at Galveston, and the Texas A&M Health Science Center.** This represents a total decrease in the number of titles available for use of **29.50%**.

S10 As part of their Activity Analysis PwC reviewed vacant positions across The Texas A&M University System. The Activity Analysis identified 73 positions at Texas A&M University that supervisors indicated that they had no intent to fill. (Henceforth: Vacant: NITF positions.). On July 3, 2014, Dr. Hussey announced that the base funding associated with the Vacant: NITF positions on Texas A&M’s Main Campus would be retrieved during preparation for the FY15 budget.

S11 Exceptions to the base funding retrieval were granted for positions located in academic departments and for positions that had been demonstrably reallocated to support core mission or improve service. The **total base funding salary retrieval on Texas A&M’s Main Campus was \$901,399 (= \$1,153,798 total compensation).** This retrieval was implemented in the preparation for the FY15 budget.

S12 **At Texas A&M at Galveston salaries totaling \$375,221 (= \$480,283 total compensation) were reallocated** to supporting the core mission of the special purpose branch campus.

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S13 The **total base funding salary retrieval at the Texas A&M Health Science Center was \$642,970 (= \$823,001 total compensation)**. The retrieval of Vacant: NITF positions was implemented in the preparation for the FY15 budget.

S14 The PwC Activity Analysis identified 294 positions at Texas A&M University that were vacant at the time of carrying out the analysis and where supervisors indicated that they planned to fill the vacancy.

S15 The committee recommends that a one-time review be carried out of all budgeted non-faculty vacancies across the different units and components of Texas A&M University and should incorporate information from the PwC span of control and staffing analyses. The review should be carried out by a working group to be appointed by the president. The process should include a review of the overall organizational structure in each academic college and non-academic division. The purpose of the review is to identify whether existing vacancies should be filled, relative to an analysis of the effectiveness of the existing organizational chart.

S16 The committee recommends continuing a modified version of the process of requiring approval and justification for all non-faculty positions that are neither paid from restricted funds nor budgeted in academic departments. The criteria for decision-making should be clearly aligned with Texas A&M's excellence initiatives.

S17 Based on their external benchmarking analysis, the PwC report identified the following offices at Texas A&M University as significantly above the peer average in terms of their staffing ratio.

- Office of Admissions, Texas A&M Main Campus
- Office of the Controller, Texas A&M Main Campus
- Office of Finance and Administration, Texas A&M Health Science Center

The committee recommends that the vice presidents responsible for these three units be briefed on the PwC staffing analysis and report to the president on the size, organization, and functional responsibilities of their units.

S18 The committee recommends that the president require each dean and vice president to implement a span of control analysis within their respective units. Span of control issues should also be addressed in all requests to fill non-faculty vacancies and in the review of all budgeted non-faculty vacancies described above.

S19 The committee recommends that the president work with counterparts at other members of The Texas A&M University System to communicate to A&M System leadership the importance of replacing the legacy FAMIS financial management system.

S20 The committee supports The Texas A&M University System's ongoing initiative to replace the existing Budget/Payroll/Personnel (BPP) system with a comprehensive Human Capital Management system that will cover both staff and faculty human resources needs.

S21 The committee recommends that the president appoint a working group with significant representation from senior business staff to advise on mission-critical modifications that could be made to FAMIS and BPP, as well as other workarounds that will help reduce workload and increase efficiency.

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S22 The committee recommends eliminating communication allowances for all employees of Texas A&M University with the exception of individuals employed by the university in a first responder capacity or who are regularly required to come to campus to deal with emergencies outside working hours.

S23 The committee recommends that the president request the vice president for finance and administration, the vice president for research, and the chief information officer to review the risk and compliance policies in their respective divisions.

S24 Significant savings have already been achieved through shared services between the Texas A&M Health Science Center and Texas A&M's Main Campus, particularly in the area of enrollment-related services. In order to build on these successes, the committee recommends that a working group appointed by the president identify opportunities to achieve additional economies of scale through contracting service delivery and other forms of shared services.

S25 There are many examples of successful consolidations and shared services at Texas A&M University. In order to build on these, the committee recommends consolidating the following functions at the college/division level.

- information technology
- business services
- communication
- undergraduate advising (colleges only)

S26 The committee will use college and division consolidation plans as the basis for a report to the president on potential consolidations and collaborations that span two or more colleges or divisions.

S27 As part of that report, the committee will identify consolidations and collaborations that could serve as pilots for collaboration centers that are University-wide (and potentially even broader in scope). The committee will devote particular attention to the following functions identified by the PwC report as promising areas for collaboration centers.

- finance
- human resources
- information technology
- purchasing/travel

## Section 1

### Background

1.1 On May 9, 2014, Chancellor John Sharp announced the results of the Comprehensive Administrative Review carried out by PricewaterhouseCoopers (PwC). That same day Interim President Mark Hussey announced the formation of the PwC Leadership Steering Committee.

1.2 During the week of May 12, 2014, Dr. Hussey asked Dr. José Luis Bermúdez, at the time dean of the College of Liberal Arts and now associate provost for strategic planning, to chair the Leadership Steering Committee. Dr. Hussey worked with Dr. Karan Watson, provost and executive vice president for academic affairs, and Dr. Brett Giroir, executive vice president and CEO of the Health Science Center, to establish the membership of the committee.

1.3 The Leadership Steering Committee has the following membership.

#### *Chair*

Dr. José Luis Bermúdez, associate provost for strategic planning (*Texas A&M Main Campus*)

#### *Committee Members*

Ms. Amanda Allen, executive director for academic operations (*Texas A&M HSC*)

Mr. Gary Barnes, associate vice president for finance and controller (*Texas A&M Main Campus*)

Dr. Barry Nelson, vice president for finance and administration (*Texas A&M HSC*)

Mr. Joseph Pettibon, associate vice president for academic services (*Texas A&M Main Campus*)

Dr. Jerry Strawser, dean, Mays Business School (*Texas A&M Main Campus*)

#### *Resource members*

Mr. Matt Fry, chief of staff, Office of the President

Ms. Deena McConnell, associate vice president for administration and academic affairs (*Texas A&M Main Campus*)

Ms. Janelle Ramirez, interim associate vice president for human resources (*Texas A&M Main Campus*)

1.4 The Leadership Steering Committee met for the first time on May 20, 2014, and subsequently at weekly intervals throughout the summer.

1.5 In July 2014, at Dr. Hussey's request, a PwC Advisory Committee was convened with representation from the Texas A&M University Staff Council, the Faculty Senate, the Council of Principal Investigators, and the Distinguished Professors. The purpose of the Advisory Committee is to provide feedback on the Leadership Steering Committee's recommendations and then to serve in an advisory capacity for the next steps determined by the president.

1.6 The Chair of the Leadership Steering Committee met with a number of other stakeholder groups during this process, including the Staff Council, the Council of Senior Business Administrators, and the Academic Business Officers Council.

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1.7 The Chair of the Leadership Steering Committee would like to express his gratitude to David Hemmingson and his colleagues at PwC for their speedy responses to requests for information.

## Section 2

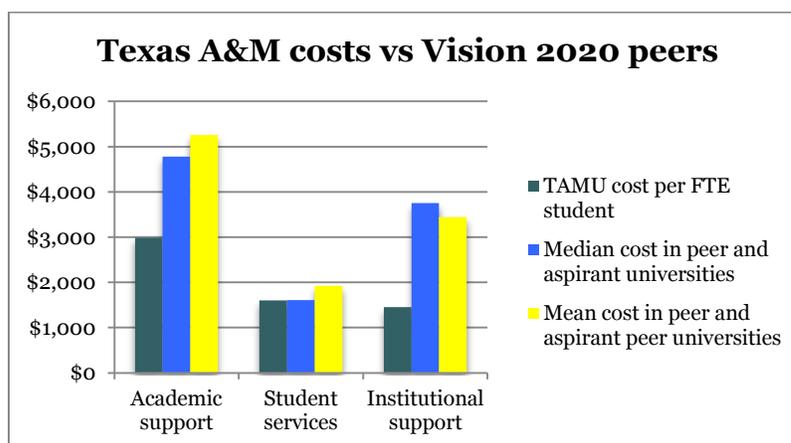
### The PwC’s report’s overall assessment of Texas A&M University

2.1 The PwC report recognizes that Texas A&M University is in many respects a highly efficient university. The Leadership Steering Committee appreciates this recognition of Texas A&M’s longstanding commitment to careful stewardship of tuition income, State-appropriated funds, and other revenue sources, and the efficient investment of those funds to promote excellence at Texas A&M University.

2.2 Appendix A in the PwC report compares Texas A&M both to other Texas universities and to a group of peer research universities that we ourselves selected — the designated peer and aspirant peer universities for our Vision 2020 strategic plan. These comparisons were carried out using data from the United States Department of Education’s Integrated Post-Secondary Education Data System (IPEDS) in the following three categories, as defined by the National Association of College and University Business Officers (NACUBO).

- academic support
- student services
- institutional support

2.3 As shown in figure 2.1, the Texas A&M Main Campus is highly efficient relative to our selected group of peer and aspirant peer universities in the categories of academic support and institutional support. Costs in these two categories are significantly below both the median and the mean of the comparison group. Texas A&M is at the median and a little way below the mean in student services costs.



**Figure 2.1.**—Administrative cost comparison between Texas A&M University and the group of peer and aspirant peer universities selected as comparators for Vision 2020. The data are for FY12 and come from IPEDS. The data do not include the Health Science Center. The same information is presented as a table on page 7 of the PwC report.

2.4 At the same time, the committee fully agrees with the PwC report and with Chancellor John Sharp that the funding prospects for higher education in the United States make it imperative to look hard at our administrative structures and costs to

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ensure that Texas A&M can meet strategic goals and continue its rise to preeminence among public research universities.

2.5 The committee agrees with the PwC report that Texas A&M faces some distinctive challenges. The PwC report draws attention on page 11 to a number of key issues including

- a) a decentralized and siloed structure that divorces leadership from oversight and control of critical resource decisions,
- b) numerous small departments with significant administrative infrastructure, and
- c) inadequate and antiquated financial management and human resources systems.

2.6 The committee recognizes these and other challenges identified through the PwC review and Activity Analysis. In the recommendations to the president made in the main body of this report the committee respectfully offers its suggestions for making Texas A&M into a more effective and efficient university better able to serve its students, faculty, staff, and other stakeholders.

2.7 The work of the committee has been guided by three basic principles articulated in the May 9, 2014, communications from Chancellor Sharp and Interim President Mark Hussey announcing the results of the Comprehensive Administrative Review.

Principle 1 The overriding aim of reviewing Texas A&M's administrative structure is to improve the university's ability to fulfill its core mission of teaching, research, and engagement.

Principle 2 To the extent possible, organizational and personnel changes will be implemented through the review of currently vacant positions, through reconfiguring positions and funding streams as they become vacant, and through internal reallocation.

Principle 3 Criteria for decision-making and organizational change need to be aligned with Texas A&M's planning to create and sustain excellence.

### Section 3

#### Recent and ongoing effectiveness savings and reallocations at Texas A&M University

3.1 The leadership, faculty, and staff at Texas A&M University continue to be engaged in many activities that are designed to cut costs and improve effectiveness, while enhancing the services provided to students, faculty, staff, and other stakeholders.

3.2 As a first step in reviewing the PwC report, the committee compiled an inventory of effectiveness initiatives implemented by the colleges and divisions at Texas A&M Main Campus, Texas A&M at Galveston, and the Texas A&M Health Science Center. The committee focused on initiatives effective after June 1, 2013. Many of these initiatives postdate the PwC analysis and in a number of cases they are directly attributable to internal discussions sparked by the PwC Comprehensive Administrative Review.

Unit	Effectiveness initiative
<b>Colleges/Branch Campus</b>	
Education and Human Development	Consolidated IT services at the college level
Dwight Look College of Engineering	Consolidated of business services at college level
Liberal Arts	Consolidated IT services at the college level
Texas A&M at Galveston	Outsourced of dining services, facilities, and custodial services
<b>Divisions</b>	
Student Affairs	Consolidated IT services and virtualized servers
Undergraduate Studies (Academic Affairs)	Created Academic Success Center
Academic Affairs	Academic Affairs Business Services provides business services for all units in the division
Finance and Administration	"Insourced" utilities maintenance

**Table 3.1.**—Examples of effectiveness initiatives at Texas A&M Main Campus and Galveston since June 1, 2013.

3.3 Since June 1, 2013, effectiveness initiatives at Texas A&M Main Campus and Texas A&M at Galveston have resulted in a total reallocation of **\$4,631,574 in recurring funds** and **\$1,132,407 in one-time funds**.

These effectiveness initiatives are classified in table 3.2.

3.4 Funds from the effectiveness initiatives at Texas A&M Main Campus and Texas A&M at Galveston have been reallocated in two broad categories. Savings within the colleges and academic divisions (e.g., Academic Affairs) were primarily reallocated to support the University's core mission of teaching, research, and service. Within the non-academic divisions (e.g., Finance and Administration and Student Affairs) the savings were primarily reallocated to improving services for students, faculty, staff, and other stakeholders.

3.5 The reallocations are illustrated in table 3.3.

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Source	Colleges	Divisions	Total
<b>Recurring dollars</b>			
Consolidation of business functions	\$328,028	\$0	\$328,028
Organizational review/operational efficiencies	\$1,164,034	\$2,209,576	\$3,373,610
Consolidation of IT	\$448,062	\$155,988	\$604,050
Consolidation of communication	\$145,347	\$136,539	\$281,886
Consolidating advising/student support	\$44,000	\$0	\$44,000
	\$2,129,471	\$2,502,103	<b>\$4,631,574</b>
<b>One-time dollars</b>			
Consolidation of business functions	\$0	\$0	
Organizational review/operational efficiencies	\$160,000	\$98,760	\$258,760
Consolidation of IT	\$865,147	\$0	\$865,147
Reconfiguring research support	\$0	\$0	
Consolidation of communication	\$0	\$0	
Consolidating advising/student support	\$8,500	\$0	\$8,500
			<b>\$1,132,407</b>

**Table 3.2.**—Effectiveness savings at Texas A&M Main Campus and Texas A&M at Galveston since June 1, 2013, by source and category. The Office of the Provost is included with the Colleges, as is Texas A&M at Galveston. Academic Affairs is included with the Divisions.

	Support of Core Mission		Improving Service		TOTAL	TOTAL
	Recurring	One-Time	Recurring	One-Time	RECURRING	ONE-TIME
<b>Colleges</b>	\$1,834,124	\$1,016,747	\$295,347	\$16,900	\$2,129,471	\$1,033,647
<b>Divisions</b>	\$86,600	\$95,000	\$2,415,503	\$3,760	\$2,502,103	\$98,760
<b>Total</b>	<b>\$1,920,724</b>	<b>\$1,111,747</b>	<b>\$2,710,850</b>	<b>\$20,660</b>	<b>\$4,631,574</b>	<b>\$1,132,407</b>

**Table 3.3.**—Reallocations at Texas A&M Main Campus and Texas A&M at Galveston since June 1, 2013, by source and category. The Office of the Provost is included with the colleges, as is Texas A&M at Galveston. Academic Affairs is included with the divisions

3.6 Since June 1, 2013, effectiveness initiatives at the Texas A&M Health Science Center have resulted in salary savings and/or reallocation of funds and effort totaling **\$1,681,651 in recurring funds** and **\$630,000 in one-time funds**. These effectiveness initiatives can be classified as shown in table 3.4.

3.8 Funds from the effectiveness initiatives at the Texas A&M Health Science Center have been reallocated as outlined in table 3.5.

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Source	Colleges	Divisions	Total
<b>Recurring funds</b>			
Consolidation of services/functions	\$40,000	\$406,640	\$446,640
Organizational review/operational efficiencies	\$115,000	\$1,098,006	\$1,213,006
Reconfiguring research support	\$0	\$22,005	\$22,005
	\$155,000	\$1,526,651	<b>\$1,681,651</b>
<b>One-time funds</b>			
Consolidation of business functions	\$300,000	\$0	\$300,000
Organizational review/operational efficiencies	\$330,000	\$0	\$330,000
Reconfiguring research support	\$0	\$0	\$0
	\$630,000	\$0	<b>\$630,000</b>

**Table 3.4.**—Effectiveness savings at Texas A&M Health Science Center since June 1, 2013, by source and category.

	Support of Core Mission		Improving Service		TOTAL RECURRING	TOTAL ONE-TIME
	Recurring	One-Time	Recurring	One-Time		
<b>Colleges</b>	\$155,000	\$630,000	\$0	\$0	\$155,000	\$630,000
<b>Divisions</b>	\$22,005	\$0	\$1,504,646	\$0	\$1,526,651	\$0
<b>Total</b>	<b>\$177,005</b>	<b>\$630,000</b>	<b>\$1,504,646</b>	<b>\$0</b>	<b>\$1,681,651</b>	<b>\$630,000</b>

**Table 3.5.**—Reallocations at Texas A&M Health Science Center since June 1, 2013, by source and category.

## Recommendations

Many of the initiatives discussed in this section are developed further in specific recommendations later in this report, particularly in section 10 (Improving processes) and section 12 (Collaboration centers).

**R3.1** A working group with representatives from Texas A&M University Human Resources, the Office of the Dean of Faculties, and the Mays Business School should work with content experts on and off campus to develop an executive leadership program for position titles at the director-level and above with an emphasis on building an efficient and effective organizational culture. Content will focus on change management, organizational structure, and strategic planning within the context of higher education. This program should be made available to, and reflect the needs of, all three components of Texas A&M University. The plan for this program should be in place by March 1, 2015.

## Section 4

### Immediate actions (1): Hiring freeze and salary savings retrieval

4.1 On May 16, 2014, Chancellor John Sharp and Interim President Mark Hussey announced a selective hiring freeze for all non-faculty positions, with the exception of

- a) positions budgeted in academic departments,
- b) positions paid from restricted grant funds (Accounts 4XXXXXX), and
- c) positions where an offer of employment was made prior to the effective date.

4.2 At the same time, President Hussey established a process for requesting exceptions to the hiring freeze in the case of positions deemed by the unit to be essential to the core mission of the university. All requests are submitted to the president by deans/vice presidents through the provost and executive vice president for academic affairs (Texas A&M Main Campus and Texas A&M at Galveston) or the executive vice president and CEO (Texas A&M Health Science Center).

4.3 The hiring freeze and exception request process has been extremely useful in allowing span of control and other organizational issues to be addressed in a reflective manner. All exception requests must be accompanied by an organizational chart, together with justification for the position's supervisory role (where appropriate).

4.4 Beginning with the May 2014 payroll, all salary savings from vacant non-faculty positions as defined in paragraph 4.1 are being moved at the end of each payroll cycle into accounts controlled by the president. These funds are available for reallocation in support of excellence initiatives that will further the strategic priorities of Texas A&M University. (See section 13 for further discussion of reallocation and recommended processes.)

4.5 The salary savings captured from vacant non-faculty positions for the last four months of FY14 has identified **\$3,344,551** in one-time funds for reallocation to strategic priorities.

Salary savings retrieval	May	June	July	August (estimate)	TOTAL
Texas A&M Main Campus	\$501,484	\$565,697	\$655,783	\$500,000	\$2,222,964
Texas A&M at Galveston	\$50,040	\$50,041	\$39,773	\$30,000	\$169,854
Texas A&M HSC	\$192,844	\$284,698	\$274,191	\$200,000	\$951,733
<b>TOTAL</b>	<b>\$744,368</b>	<b>\$900,436</b>	<b>\$969,747</b>	<b>\$730,000</b>	
<b>GRAND TOTAL</b>					<b>\$3,344,551</b>

**Table 4.1.**—Salary savings captured from vacant non-faculty positions for last four months of FY14.

## **Recommendations**

R4.1 The committee does not recommend continuing the hiring freeze, but we do recommend retaining a revised process of requiring justification and approval for all non-faculty vacancies as defined in paragraph 4.1. This will encourage continued attention to organizational structure and efficiency throughout Texas A&M University and will complement other effectiveness initiatives.

R4.2 The proposed process for justification and approval for non-faculty vacancies is specified in the Recommendations in section 7 (Vacant positions with intent to fill). See in particular recommendation R7.5.

R4.3 We recommend continuing to retrieve the periodic salary savings from vacant, non-faculty positions in order to provide a source of funds to support university-level strategic priorities. Savings should not be captured from positions that are budgeted in academic departments or paid for from restricted grant funds (Accounts 4XXXXX). Nor should salary savings be captured from non-administrative faculty budgeted at the college level. See section 13 for further discussion of reallocation and recommended processes.

R4.4. In the case of auxiliaries and service centers, where there are restrictions on transferring funds outside of the unit, we recommend that retrieved funds should be held by the vice president to whom the auxiliary/service center reports. These vice presidents should be accountable to the president for retrieved funds. Because the funds can only be used within the auxiliary/service center, each director will need to provide a detailed analysis of their operation, explaining how increased efficiencies might allow the reduction of overall auxiliary/service center costs and hence the charges to other units within the university.

## Section 5

**Immediate actions (2): Position titles**

5.1 The PwC report identified significant anomalies in the position titles at Texas A&M University. On page 38, for example, the report says: “The State of Texas has < 1,000 position titles; TAMUS has over 8,000.” On p, 48 it states that “TAMUS members maintain thousands of position titles, some of which relate to one position.”

5.2 The Leadership Steering Committee investigated the number of position titles at Texas A&M University and, more broadly, within The Texas A&M University System.

5.3 A&M System-wide there were 12,491 different position titles (including 1,292 faculty position titles) as of June 25, 2014. Only a relatively small proportion of these are at Texas A&M University. The total number of position titles at Texas A&M University, as of May 31, 2014, was 3,168, representing 25.3% of the System total. This number includes titles at Texas A&M at Galveston and the Texas A&M Health Science Center.

5.4 During the first part of July 2014 **a total of 935 position titles were eliminated at Texas A&M Main Campus, Texas A&M at Galveston, and the Texas A&M Health Science Center**, giving a total decrease in the number of position titles at Texas A&M University of 29.5%.

5.5 Table 5.1 gives the distribution of the closed position titles

Campus	Number of titles on 5/31/14	Number of titles on 7/21/14	Number of titles closed	Percentage decrease
Texas A&M Main campus	2135	1495	640	29.97%
Texas A&M HSC	689	537	152	22.06%
Texas A&M at Galveston	344	201	143	41.56%
<b>TAMU Total</b>	<b>3168</b>	<b>2233</b>	<b>935</b>	<b>29.51%</b>

*Table 5.1.—Position titles closed at Texas A&M University in July 2014.*

**Recommendations**

R5.1 The recently completed review of inactive position titles at Texas A&M needs to be repeated on an annual basis in order to identify and, where necessary, close position titles that have not been used for a certain period (two years is recommended).

R5.2 Human resources needs to conduct a comprehensive review of position titles in order to consolidate highly specific titles that may have only one occupant into more generic titles (e.g., director, assistant director, manager). The review of position titles will need to be coordinated with the ongoing A&M System review of compensation structures and pay scales across the Brazos Valley System members. The target completion date for this review is June 30, 2015, but will depend on the status of the A&M System review.

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R5.3 The committee supports the A&M System's initiative to replace the existing Budget/Payroll/Personnel (BPP) system with a comprehensive Human Capital Management system that will be used for human resources and payroll administration for all employees. This will improve the personnel and compensation processes and data management issues currently experienced in the outdated legacy BPP system. This investment is likely to be a large expense and so will need to be worked into Texas A&M's long-term strategic reallocation priorities.

## Section 6

### Vacant positions with no intent to fill

6.1 As part of their Activity Analysis PwC reviewed vacant positions across The Texas A&M University System. The Activity Analysis identified 73 positions at Texas A&M University that supervisors indicated that they had no intent to fill. (Henceforth: Vacant: NITF positions.)

6.2 The vacancies identified through the Activity Analysis were matched to salary information in the BPP system on September 30, 2013, for Texas A&M University, including the Main Campus and the Health Science Center, and January 30, 2014, for Texas A&M at Galveston.

6.3 At the time of drawing the information from BPP the distribution and total compensation associated with these Vacant: NITF positions is shown in table 6.1.

Campus	Number of PINs	Total compensation
Texas A&M Main Campus	46	\$2,876,113
Texas A&M HSC	22	\$1,524,974
Texas A&M at Galveston	5	\$480,283
<b>Texas A&amp;M University Total</b>	<b>73</b>	<b>\$4,881,340</b>

**Table 6.1.**—*Summary of Vacant: NITF positions. (N.B. The total compensation identified in the PwC report includes 28% for employer benefit costs.)*

6.4 On July 3, 2014, Dr. Hussey announced that the base funding associated with the Vacant: NITF positions on the Texas A&M Main Campus would be retrieved during preparation for the FY15 budget.

6.5 Positions budgeted in academic departments and the equivalent on the Texas A&M Main Campus were excluded from this base funding retrieval. There were nine positions in this category, with salaries totaling \$394,885 (= \$505,453 total compensation).

6.6 Also excluded were positions outsourced since the PwC Activity Analysis. This covered five positions, with salaries totaling \$253,403 (= \$324,355 total compensation).

6.7 Additional exceptions were granted for 13 positions. Two were due to internal reporting errors, with salaries totaling \$128,190 (= \$164,083 total compensation). In the other 11 cases the base funds had been demonstrably reallocated within the relevant unit either to supporting core mission activities or to improving service. The total salaries for these excluded positions total \$776,478 (= \$993,892 total compensation), of which \$545,991 (= \$698,869 total compensation) has been internally reallocated.

6.8 The total base funding salary retrieval associated with the Vacant: NITF positions on the Texas A&M Main Campus was \$901,399 (= \$1,153,798 total compensation). This retrieval was implemented in the preparation for the FY15 budget.

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6.9 At Texas A&M at Galveston the base salaries for all positions funded through State accounts (except special item accounts) are retrieved centrally and then reallocated. This process has already been completed for the five positions identified through the PwC Activity Analysis as Vacant: No Intent to Fill. Salaries totaling \$375,221 (= \$480,283 total compensation) have been reallocated to supporting the core mission.

6.10 Positions budgeted in academic departments at the Texas A&M Health Science Center were excluded from base funding retrieval. There were four positions in this category, with salaries totaling \$118,370 (= \$151,514 total compensation).

6.11 Also excluded at the Texas A&M Health Science Center were positions that had been filled in the time since the PwC Activity Analysis. This covered five positions, with salaries totaling \$430,044 (= \$550,457 total compensation).

6.12 The total base funding salary retrieval associated with the Vacant: NITF positions at the Texas A&M Health Science Center was \$642,970 (= \$823,001 total compensation). The retrieval of Vacant: NITF positions was implemented in the preparation for the FY15 budget.

6.13 Table 6.2 summarizes the actions taken with regard to the positions identified in the PwC report as Vacant: No Intent to Fill at each of the three components of Texas A&M.

Campus	Exempted (e.g., academic depts.)	Reallocated to support core mission	Reallocated to improve service	Base funding retrieval
Texas A&M Main Campus	\$993,892	\$121,777	\$607,092	\$1,153,798
Texas A&M at Galveston	\$0	\$480,283	\$0	
Texas A&M HSC	\$701,971	\$0		\$823,001
<b>Total</b>	\$1,695,863	\$602,060	\$607,092	\$1,976,799
<b>GRAND TOTAL</b>				<b>\$4,881,814</b>

**Table 6.2.**—Actions taken with regard to the positions identified in the PwC report as Vacant: Not Intent to Fill. Salary numbers are given as total compensation to secure comparability with PwC report.

## Recommendations

R6.1 The base funds returned from the Vacant: No Intent to Fill positions at Texas A&M Main Campus and the Texas A&M Health Science Center should be made available for reallocation by the president after receiving recommendations through a well-defined strategic process that allows for input from appropriate constituencies. See section 13 for further discussion of reallocation.

R6.2 In a number of cases vacant positions were not eliminated in accordance with established processes. The committee recommends that Payroll Services, in

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collaboration with Human Resources and the Office of Budget and Planning, review the current process for operational effectiveness and recommend improvements to ensure consistency. This review should lead to a training module for supervisors on dealing with vacant positions that can be shared with Texas A&M at Galveston and the Texas A&M Health Science Center. These processes and training modules should be automated to the extent possible and in place by March 1, 2015.

## Section 7

**Vacant positions with intent to fill**

7.1 The PwC Activity Analysis identified 294 positions at Texas A&M University that were vacant at the time of the analysis but supervisors indicated that they planned to fill the vacancy. Table 7.1 shows the distribution and total compensation for these positions.

Campus	Number of Positions	Total compensation
Texas A&M Main Campus	223	\$12,346,000
Texas A&M HSC	65	\$3,854,780
Texas A&M at Galveston	6	\$315,183

**Table 7.1.**—*Distribution and total compensation for vacant positions identified through PwC Activity Analysis where supervisors indicated their intention to fill the position. (N.B. The total compensation includes 28% to cover employer benefits contributions.)*

7.2 The majority of these positions have been filled since the time of the Activity Analysis and the committee decided that it would not be appropriate to try to reconstruct historical vacancies. Instead the committee proposes to focus on positions that are currently vacant and on setting up processes to ensure that all non-faculty positions are filled in ways that enhance the effectiveness of Texas A&M University.

7.3 All current budgeted non-faculty vacancies at Texas A&M University have been subject to a hiring freeze since May 16, 2014, with the exception of

- a) positions budgeted in academic departments,
- b) positions paid from restricted grant funds (Accounts 4XXXXXX), and
- c) positions where an offer of employment was made prior to the effective date.

Exceptions to the hiring freeze may be requested through the process outlined in paragraph 4.2. Recommendation R7.5 suggests that a modified version of this process be retained.

7.4 The hiring freeze exception process allows university leadership to address issues of organizational structure, such as span of control, as they arise. At the same time, however, the committee sees value in taking a more systemic perspective on non-faculty vacancies.

**Recommendations**

R7.1 The committee recommends that a one-time review be carried out for all budgeted non-faculty vacancies in each of the three components of Texas A&M University. The review should be carried out by a working group to be appointed by the president. The process should include a review of the overall organizational structure in each academic college and non-academic division. The purpose of the review is to identify whether existing vacancies should be filled, relative to an analysis of the effectiveness of the existing organizational chart. The target date for the completion of this review is November 1, 2014.

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R7.2 The recommended review of all budgeted non-faculty vacancies should pay particular attention to the organizational chart for each college/division, as well as the particular unit in which vacant positions lie, to allow a holistic perspective on organizational structure. In doing this the review should integrate information from the PwC span of control analysis (see section 9 for further discussion).

R7.3 The recommended review should incorporate information derived from the PwC staffing analysis in order to provide internal and external benchmarks as starting-points for discussion and further analysis. See section 8 for further details of the PwC staffing analysis.

R7.4 The committee recommends that the base funds for all positions that the review determines not to be justified relative to current staffing levels and organizational structure be retrieved and reallocated to support the university's core mission according to the process outlined in section 13.

R7.5 The committee recommends modifying the process of requiring approval and justification for all non-faculty positions that are neither paid from restricted funds nor budgeted in academic departments. Here is the proposed process.

- R7.5.1 After September 1, 2014, the base funds for all vacant, qualifying non-faculty positions will be retrieved automatically 60 days after the position becomes vacant.
- R7.5.2 In order to avoid this automatic retrieval, deans and vice presidents will have to request authorization either to fill the position or to eliminate the position and reallocate funds internally within their unit.
- R7.5.3 Requests for authorization should be routed to the president through the provost and executive vice president for academic affairs (for Texas A&M Main Campus and Texas A&M at Galveston) or the executive vice president and CEO (for the Texas A&M Health Science Center), copying the Leadership Steering Committee for coordination purposes.
- R7.5.4 If a vacant position is approved for filling the retrieval of salary savings will continue until the position is filled.
- R7.5.5 Salary savings will no longer be retrieved if a vacant position is approved for internal reallocation.

R7.6 The approval and authorization processes for non-faculty positions covered by the recommendations above needs to be clearly documented and the criteria for decision-making be specifically aligned with Texas A&M University's excellence initiatives. If the previous recommendations are accepted, the committee will provide direction and accountability measures on behalf of the president by November 1, 2014.

## Section 8

### Staffing analysis

8.1 The PwC team used their Activity Analysis to carry out a staffing analysis in three key functional areas.

- academic support and departmental administration
- financial management
- student services

8.2 The staffing analysis identified both internal and external benchmarks and used those benchmarks to evaluate staffing levels, as documented through the Activity Analysis.

8.3 The internal benchmarking process was carried out within organizational categories, so that Texas A&M Main Campus colleges were compared with each other. The Texas A&M Health Science Center College of Medicine and Baylor College of Dentistry were benchmarked to each other, with the other Texas A&M Health Science Center colleges in a separate category. Divisions were internally benchmarked by executive level within Texas A&M Main Campus and the Texas A&M Health Science Center. Units were normalized by faculty and staff FTE or by student enrollment where appropriate in order to identify outliers.

8.4 The external benchmarking process used peers selected by Texas A&M University in order to compare the person-power dedicated to specific functions and offices. The list was derived from the list of peer and aspirant peer institutions identified through the Vision 2020 strategic planning process. A separate group of peers was used to benchmark the health-related units.

8.5 The key metric in the external benchmarking analysis was the ratio of the total FTEs dedicated to a particular function to the total faculty and staff at the university. (The staffing analysis was performed prior to the merger with the Texas A&M Health Science Center and so the total faculty and staff number was calculated for just the Main Campus and Texas A&M at Galveston.) In all cases, efforts were made to exclude from the analysis functions that may be performed in certain offices at Texas A&M but not in their counterparts at other institutions (e.g., by not counting staff located on the Main Campus but primarily serving other A&M System entities).

8.6 Based on the external benchmarking the PwC report identified the following offices at Texas A&M University as significantly above the peer average in terms of their staffing ratio.

- Office of Admissions, Texas A&M Main Campus
- Office of the Controller, Texas A&M Main Campus
- Office of Finance and Administration, Texas A&M Health Science Center

Table 8.1 gives the staffing ratios.

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Office	Staffing ratio	Peer average	% difference
Admissions—Texas A&M Main Campus	0.29	0.24	+ 20.83%
Controller—Texas A&M Main Campus	0.78	0.38	+ 105.26%
Finance & Administration—Texas A&M HSC	1.3	0.8	+ 62.50%

*Note 1*

The staffing ratio for Admissions is total headcount (-noncomparables) /total student enrollment.

*Note 2*

The staffing ratio for the Controller and Finance and Administration is total headcount (-noncomparables)/total student enrollment

**Table 8.1.**—*Staffing ratios compared with average ratios in peer comparison class.*

8.7 The committee recognizes that there may be legitimate reasons for an above average staffing ratio in each of these areas. However, the Committee also believes that the comparative data identified by the PwC report need to be directly addressed.

### **Recommendations**

R8.1 The results of the internal benchmarking exercise should be communicated to the president and to the working group appointed to carry out the review of all non-faculty vacancies in Fall 2014. This should be completed by October 15, 2014, and may take the form of a face-to-face briefing from the PwC consultants. The data points provided should be taken into account in the review of all non-faculty vacancies and should also be referenced subsequently in the ongoing review of non-faculty vacancies (recognizing that the original data will become less relevant as time elapses following the PwC Activity Analysis).

R8.2 The vice presidents responsible for the three units identified in paragraph 8.6, or their designees, should be provided with the results of the PwC external benchmarking analysis. This may take the form of a face-to-face briefing from the PwC consultants. With that information in hand they should be asked to report to the president on the size, organization, and functional responsibilities of their units. These reports should be provided by December 31, 2014.

## Section 9

### Span of control analysis

9.1 The PwC team carried out a span of control (SOC) analysis using paper organizational charts provided by supervisors and unit leaders at Texas A&M Main Campus and Texas A&M Health Science Center. The SOC analysis used the Equal Employment Opportunity (EEO) classification of job titles in order to identify supervisory positions with a low number of reports.

9.2 Key findings from the SOC analysis include the following.

9.2.1 Of the 2,487 supervisory positions at Texas A&M Main Campus and Texas A&M Galveston, 1,955 have five reports or fewer.

9.2.2 666 of the 2,487 supervisory positions at Texas A&M have one report or no reports.

9.3 The PwC report acknowledges that a significant number of these positions, particularly at the lower compensation levels, represent employees promoted to give them a merited salary increase when no other alternative was available. This draws further attention to shortcomings in the Texas A&M University and The Texas A&M University System pay scales, career paths, and compensation levels. These shortcomings are addressed in the recommendations below and elsewhere in this report (see recommendations XXXX).

9.4 While recognizing the importance of addressing span of control anomalies at Texas A&M University, the committee respectfully observes that at Texas A&M University the EEO category of Executive-Administrative-Managerial (EEO category 1) is understood to mean the following.

*Occupations in which employees set broad policies, exercise overall responsibility for execution of these policies, or direct individual departments or special phases of the agency's operations, or provide specialized consultation on a regional, district or area basis.*

This definition is adapted from the EEO Commission website and the State Auditor's Office. The internal span of control analyses suggested below should be guided by this definition, since it has been used for our internal classification of position titles.

### Recommendations

R9.1 The PwC analysis revealed that many units within the university do not currently have the capacity to generate organizational charts and to map out supervisor and employee reporting relationships. The committee recommends that Texas A&M University Human Resources be charged with identifying a solution to this problem and communicating it to the president at the earliest opportunity and at the latest by December 31, 2014.

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R9.2 The PwC span of control analysis reinforces the importance of addressing pay scales, career paths, and compensation levels at Texas A&M University. As observed in section 5 of this report, these issues are currently being addressed at the A&M System level. The committee recommends that data be gathered at Texas A&M Main Campus, Texas A&M at Galveston, and Texas A&M Health Science Center to inform the upcoming A&M System review of compensation structures among the Brazos Valley. The committee will work with Texas A&M Human Resources to provide a report to the official responsible at the A&M System by October 15, 2014. The committee recommends that staff members from Texas A&M University be included in the A&M System-level consultant project.

R9.3 Span of control issues are currently being addressed at Texas A&M University on a case-by-case basis, as all requests for exceptions to the hiring freeze are accompanied by organizational charts and are being reviewed for span of control. The recommendations in section 7 (particularly R7.1 and R7.5) provide further opportunities for span of control to be analyzed for existing and future vacancies.

R9.4 In addition, however, the committee recommends that the president require each dean and vice president to implement a span of control analysis within their respective units. The analysis should cover all positions that are EEO category 1 (noting the definition in paragraph 9.4) or currently have supervisory responsibilities. Reports should be routed to the president through the provost and executive vice president for academic affairs (for Texas A&M Main Campus and Texas A&M at Galveston) or the executive vice president and CEO (for Texas A&M Health Science Center), copying the Leadership Steering Committee for coordination purposes. Reports should be submitted by December 31, 2014.

## Section 10

### Improving processes at Texas A&M University

10.1 As part of the Comprehensive Administrative Review, the PwC consultants identified a number of opportunities to improve existing processes. Suggestions were made on the basis of input from focus groups, in addition to the results of the Activity Analysis.

10.2 A number of the identified opportunities have already been implemented. In the areas of academic support, departmental administration, and student services, for example, the following actions have either been completed or are in process.

- Unifying the Texas A&M Main Campus and Texas A&M Health Science Center catalogs [complete for Fall 2014].
- Integrating the Texas A&M Main Campus and Texas A&M Health Science Center Student Information Systems [complete for Fall 2014].
- Consolidating the financial aid systems at Texas A&M Main Campus and Texas A&M Health Science Center [complete for Fall 2014]
- Establishing a single information technology project manager for student systems across Texas A&M Main Campus and Texas A&M Health Science Center [complete for Fall 2014]
- Reducing the number of steps required for course catalog approval [in process]

10.3 Another area identified by the PwC report that has been partially addressed is the email system. Page 49 of the report notes that “Multiple/redundant email and calendaring systems create inefficiencies.” All faculty, staff, and student email is now handled centrally by Texas A&M Main Campus Computing and Information Services.

10.6 The PwC report notes that the highly decentralized nature of Texas A&M Main Campus creates considerable inefficiencies and redundancies. Some of these are discussed and addressed in section 3 (effectiveness initiatives) and in section 12 (Collaboration centers) See in particular recommendations R12.1 and R12.2.

10.5 A recurrent theme through the PwC report and in follow-up discussions has been the limitations of some of Texas A&M University’s information technology systems. FAMIS in particular was singled out. Page 38 of the PwC report observes that for every dollar spent entering transactions into FAMIS, an additional \$1.96 is spent entering information into local systems and then reconciling to FAMIS. Dissatisfaction with FAMIS was a recurrent theme in the focus groups convened by PwC and also in feedback given to the Leadership Steering Committee from campus stakeholder groups. Recommendation 13 in the PwC report calls for FAMIS to be replaced.

10.6 The PwC report also stressed the importance of replacing the existing Budget/Payroll/Personnel (BPP) system with a comprehensive Human Capital Management system. Recommendation 13 in the PwC report calls for BPP to be replaced.

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10.7 In comparison to peer institutions, the PwC report noted that Texas A&M University has a high number of FTEs devoted to compliance, particularly in the areas of financial management and information technology. The consultants noted a low level of risk tolerance in the institution and at the same time observed that inconsistency of processes and decentralized management structures create compliance risks. The total FTE at Texas A&M University (including Texas A&M at Galveston and the Texas A&M Health Science Center) dedicated to compliance is 91, with 40 positions devoting 50% or more effort to institutional compliance and internal audit activities, as defined in the PwC Activity Analysis.

10.8 Based on internal discussions and focus groups that met with the PwC team, the Leadership Steering Committee suggests eliminating communication and cell phone allowances. Current annual expenditures on cell phone allowances at Texas A&M University (including the Texas A&M Health Science Center) total \$1,914,732.

## Recommendations

R10.1 The committee agrees with the PwC report that the antiquated FAMIS system is creating significant inefficiencies at Texas A&M University. The medium-term solution is to replace FAMIS with a modern enterprise resource programming (ERP) software solution, probably using a non-legacy commercial product (as used by the majority of our peer institutions). Responsibility and ownership for FAMIS lies at the level of The Texas A&M University System. The committee recommends that the President work with counterparts at other components of The Texas A&M University System to communicate to A&M System leadership the importance of replacing FAMIS. This will be a significant investment, however, and needs to be carefully worked into the university's reallocation priorities.

R10.2 The committee supports The Texas A&M University System initiative to replace the existing Budget/Payroll/Personnel (BPP) system with a comprehensive Human Capital Management system that will cover both staff and faculty human resources needs. This will be a significant investment, however, and needs to be carefully worked into the university's reallocation priorities.

R10.3 In the short-term the committee recommends that the president appoint a working group with significant representation from the Academic Business Operations Committee (ABOC) and the Committee for Senior Business Administrators (CSBA) to advise on mission-critical modifications that could be made to FAMIS and BPP, as well as other workarounds that will help reduce workload and increase efficiency. This group should report with a set of actionable recommendations by March 1, 2014.

R10.4 The committee recommends that the president request the vice president for finance and administration, the vice president for research, and the chief information officer to review the risk and compliance policies in their respective divisions. The reviews should be completed by December 31, 2014.

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R10.5 The committee recommends eliminating communication allowances for all employees of Texas A&M University. The only exceptions will be for individuals employed by the university in a first responder capacity or who are regularly required to come to campus to deal with emergencies outside working hours. Individuals who currently have a communication allowance and earn less than \$50,000 annually will be grandfathered. Exceptions must be approved by the president. The committee anticipates that this action will result in annual savings of \$1,183,012 at Texas A&M Main Campus and \$129,074 at Texas A&M Health Science Center, working from the payroll data for May 2014. The funds made available by eliminating the allowances should be held for reallocation by the executive vice president and provost (Texas A&M Main Campus) or executive vice president and CEO (Texas A&M Health Science Center). No savings are anticipated at Texas A&M at Galveston.

## Section 11

### **Integrating the Health Science Center into Texas A&M University**

11.1 On July 15, 2013 the Texas A&M Health Center became an administrative unit of Texas A&M University, while retaining its status as a State agency and its eligibility for Health-Related Institution (HRI) funding. This new governance structure provides significant academic opportunities for collaboration in teaching and research. It also presents opportunities for thinking strategically about how to provide key services collaboratively and economically.

11.2 The PwC reviewed all administrative management positions in the Texas A&M Health Science Center with an EEO classification of Executive/Administrative/Managerial in the following eight areas.

- central student services
- facilities management
- finance
- information technology
- marketing and communications
- procurement
- research administration
- safety and security

The PwC report identified opportunities for consolidation of administrative leadership positions to achieve annual savings of \$1.6 million in total compensation (see page 91).

11.3 One of the consolidations identified by the PwC report was achieved on June 19, 2014, when Interim President Hussey appointed Mr. Scott Honea, then serving as assistant vice president for information technology and chief information officer of the Texas A&M Health Science Center, to the position of interim associate vice president for information technology and chief information officer for Texas A&M University.

11.4 The area of central student services is another area where significant progress has been made. A memorandum of understanding signed on July 19, 2014, contracted certain enrollment-related services at the Texas A&M Health Science Center to Texas A&M Main Campus. These services will be provided to students at the Health Science Center through the following Texas A&M University offices.

- Registrar
- Scholarships and Financial Aid
- International Student Services
- Enterprise Information Systems
- Student Business Services

The contract is effective on September 1, 2014, and will automatically renew each year. The Texas A&M Health Science Center pays a fixed cost calculated on the basis of the per student operating costs of the offices identified above.

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11.5 The combined annual savings achieved through the two initiatives described in paragraphs 11.3 and 11.4 total \$541,960 (= \$693,709 in total compensation), together with \$75,000 in recurring operating funds.

11.6 The committee recognizes the complexities created by the Health Science Center's distinctive mission and geographical spread, as well as the restrictions imposed upon State funding to Health-Related Institutions (HRIs). At the same time, the committee believes that there remain opportunities for further consolidation. Whereas the PwC report focused exclusively on administrative leadership, the committee recommends a more wide-ranging review focusing on all aspects of service delivery and organization.

### **Recommendations**

R11.1 The committee recommends that a working group appointed by the president of Texas A&M University examine all eight functional areas identified by the PwC report in order to identify opportunities to achieve additional economies of scale through contracting service delivery and other forms of shared services. The working group should also evaluate the existing organizational structures for overall effectiveness, incorporating where possible information from the PwC Activity Analysis. The review should be completed by March 1, 2015.

R11.2 This working group should be distinct from the existing Texas A&M University-Health Science Center Merger Committee, which has a very different charge.

R11.3 The memorandum of understanding referenced in paragraph 11.4 contained clauses setting up an annual evaluation of productivity, student satisfaction, and overall effectiveness. The committee recommends that all consolidations emerging from the working group be governed by similar mechanisms to ensure quality of service.

R11.4 The committee recommends that, where possible, savings achieved at the Health Science Center through consolidations and shared service delivery should be used to support increasing academic collaboration between the Health Science Center and the other components of Texas A&M University that will further the strategic goals of Texas A&M University. These might include, for example, support of joint research projects or joint faculty appointments where areas of excellence overlap.

## Section 12

### Collaboration Centers

12.1 The PwC report identified significant opportunities for cross-university collaboration and shared services. The committee agrees with the PwC team that these opportunities need to be thoroughly explored to secure efficiency savings and economies of scale, as well as to avoid unnecessary duplication and inconsistency of processes.

12.2 A good foundation for building increased collaboration already exists because Texas A&M University has already made significant progress in sharing services at the college/division level and between the three components (Texas A&M Main Campus, Texas A&M at Galveston, and the Texas A&M Health Science Center).

12.3 Section 3 of this report (effectiveness initiatives) details several examples of recent college/division collaboration centers, including:

- consolidation of business services at the division level in Academic Affairs Business Services and at the college level in the Dwight E. Look College of Engineering; and
- consolidation of information technology services at the college level in the College of Education and Human Development and the College of Liberal Arts and at the division level in the Division of Student Affairs.

These recent initiatives supplement longstanding examples of consolidated services in, for example, the Colleges of Architecture and Geosciences.

12.4 The Division of Finance and Administration is currently providing a significant number of university-wide shared services. Departmental Accounting Services (DAS) provides financial reporting, reconciliation, and transaction processing services on a fee basis to departments on campus, in addition to performing rate study reviews for every service center on campus. Forty-one (41) departments used DAS in FY13, providing revenues of \$1,026,252. Fee revenues almost exactly matched the budgeted salaries and wages of \$1,007,496 for the 15.5 FTEs in DAS.

12.5 To devote resources efficiently to its mandated enrollment growth to 3,000 students, Texas A&M University Galveston has significantly streamlined its organizational structure and consolidated key functions centrally, in addition to outsourcing facilities, dining services, and custodial services to Chartwells and SSC. These efforts build upon longstanding shared service arrangements with Texas A&M Main Campus for systems that have large fixed costs and/or would otherwise require significant personnel resources. These include:

- agreement between Texas A&M Galveston and the Texas A&M Main Campus Division of Finance for financial services,
- course management software and software administration,
- PeopleAdmin applicant tracking and position management system,
- library electronic stack purchasing agreements,
- student information systems,
- parking hang tag and citation systems,
- imaging system,

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- e-commerce software,
- Aggiebuy purchasing system, and
- Concur travel system.

Instead of paying for entire systems, Texas A&M at Galveston pays a relatively small assessment in each of these areas.

12.6 As outlined in section 11, the integration of the Health Science Center into Texas A&M opens up many opportunities for collaboration and consolidation, some of which have already been realized (e.g., consolidated leadership for Texas A&M University information technology and the transfer of enrollment and other student services to the Division of Academic Affairs on Texas A&M Main Campus).

12.7 The principal excursion into shared services at a level that involved the entire university has been Sponsored Research Services (SRS). This has been a learning experience as SRS continues to struggle to deliver services within their organizational framework. One of the key lessons to emerge is the importance of developing shared services initiatives on a firm foundation, where this involves, at a minimum:

- building on existing areas of collaboration in an incremental way,
- running pilots to test feasibility,
- developing a uniform and clearly articulated set of processes before integrating units and/or personnel, and
- clearly demarcating roles and responsibilities that will be shared and those that will be retained locally.

## Recommendations

R12.1 Colleges and divisions should either consolidate the following functions at the college/division level or provide a compelling business case for why this is not the most effective use of resources.

- information technology (including but not restricted to servers and hardware support, in addition to instructional technology and support for individual users, and faculty and staff workstations)
- business services (e.g., human resources, payroll, financial reporting, reconciliation, purchasing and travel)
- communication

Many colleges and divisions have already centrally consolidated information technology. The benefits include consistency of service and process; economies of scale in software and procurement; improved information security; the elimination of hardware redundancies; and accountability and equity in salaries, annual review, and career advancement. Colleges and divisions that have consolidated business services have realized benefits, such as employee time savings; elimination of duplicated efforts across departments; creation of specializations and back-ups within colleges; flexibility during vacancies and absences; elimination of inconsistencies on policies and procedures across departments; and implementation of best practices on an organization-wide basis. A

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request for exception should explain how these benefits will be achieved without consolidation.

All deans and vice presidents should provide a plan for consolidation (or request for exception where appropriate) by December 31, 2014. The plan should be routed to the president through the provost and executive vice president for academic affairs (for Texas A&M Main Campus and Texas A&M at Galveston) or the executive vice president and CEO (for Texas A&M Health Science Center), copying the Leadership Steering Committee for coordination purposes. When the plans are approved by the president, colleges and divisions should provide quarterly updates on progress and implementation in accordance with the routing as described previously.

R12.2 In addition, colleges should either consolidate undergraduate academic advising at the college level or provide a compelling academic case for why this should not be done. The benefits of consolidation include the ability to distribute advisers to secure equal access to advisers for students, with each adviser responsible for roughly equal numbers of students. The median number of students per adviser is 296, according to the National Academic Advising Association (NACADA) and Texas A&M University takes 300 as the target load for academic advisers. Consolidation also yields equity and accountability in compensation, advancement, and annual review. A request for exception should explain how these benefits will be achieved without consolidation. The report should be submitted by December 31, 2014.

R12.3 Colleges and divisions should explore consolidations and collaborations that span two or more colleges/divisions. Potential areas for cross-unit consolidations and collaborations should be identified in the consolidation plans submitted under R3.1. The committee will act as a clearing-house and facilitator, working with individual colleges and divisions at Texas A&M Main Campus, Texas A&M at Galveston, and the Texas A&M Health Science Center as appropriate. The Leadership Steering Committee will provide a report to the president suggesting opportunities for colleges and divisions to explore further through the executive vice presidents by March 1, 2015.

R12.4 As part of the report identified in recommendation R12.2 the committee will identify consolidations and collaborations that could serve as pilots for collaboration centers that are university-wide (and potentially even broader in scope). The committee will devote particular attention to the following functions identified by the PwC report as promising areas for collaboration centers.

- finance
- human resources
- information technology
- purchasing/travel

The committee endorses the criteria for collaboration center implementation identified by the PwC report on page 125 and strongly endorses the thoughtful and deliberative process outlined there.

### Section 13 Reallocation to support excellence at Texas A&M

13.1 The initial actions taken in response to the Comprehensive Administrative Review have identified significant funds for transfer to Presidential Reserve Accounts for reallocation.

13.2 Table 13.1 shows the breakdown of the **\$3,344,551 in one-time funds that has been identified for reallocation through the retrieval of salary savings** (see section 4 for further details)

Salary savings retrieval	May	June	July	August (estimate)	TOTAL
Texas A&M Main Campus	\$501,484	\$565,967	\$655,783	\$500,000	\$2,222,964
Texas A&M at Galveston	\$50,040	\$50,041	\$39,773	\$30,000	\$169,854
Texas A&M HSC	\$192,844	\$284,698	\$274,191	\$200,000	\$951,733
<b>GRAND TOTAL OF ONE-TIME FUNDS FOR REALLOCATION FROM FY14 SALARY SAVINGS</b>					<b>\$3,344,551</b>

*Table 13.1—One-time funds identified for internal reallocation through the retrieval of salary savings from vacant non-faculty positions.*

13.3 The retrieval of base salary lines from positions identified in the PwC report as **Vacant: No Intent to Fill** has identified **annual recurring funds totaling \$1,724,399 (= \$2,207,320 in total compensation)**. These funds will be available for internal reallocation on September 1, 2014.

Campus	Type	Timeline	Annual recurring \$	Total compensation
Texas A&M Main	Vacant - NITF base retrieval	FY15 budget and then recurring	\$901,398	\$1,153,789
Texas A&M HSC	Vacant - NITF base retrieval	FY15 budget and then recurring	\$823,001	\$1,053,441
<b>GRAND TOTAL</b>			<b>\$1,724,399</b>	<b>\$2,207,231</b>

*Table 13.2—Funds made available for reallocation through the retrieval of base salary lines from positions identified as Vacant: No Intent to Fill by the PwC report.*

13.4 If recommendation R4.3 is accepted, salary savings from all vacant non-faculty positions except those budgeted in academic departments or paid from restricted grant funds will continue to be retrieved for internal reallocation. Based on the historical average salary savings over the five-year period FY10 through FY14, this action will make available **annual recurring funds totaling \$10,592,513 (= \$13,558,417 in total compensation)**, as outlined in table 13.3.

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Recurring Funds	Type	Timeline	Annual recurring \$	Total compensation
Texas A&M Main Campus	Vacant position salary savings	FY15 and then recurring	\$5,988,303	\$7,665,028
Texas A&M HSC	Vacant position salary savings	FY15 and then recurring	\$3,462,731	\$4,432,296
Texas A&M at Galveston	Vacant position salary savings	FY15 and then recurring	\$576,987	\$738,543
<b>GRAND TOTAL</b>			<b>\$10,028,021</b>	<b>\$12,835,867</b>

**Table 13.3**—Projected funds made available for reallocation from retrieving salary savings from vacant positions.

The Texas A&M Health salary savings have historically been proportionally higher than Texas A&M Main Campus and Texas A&M at Galveston because vacancies are typically open for longer in the Health Science Center and average salaries are higher.

13.5 As outlined in section 11 the process of integrating the Texas A&M Health Science Center has yielded **\$541,960 (= \$693,709 in total compensation) in recurring salary funds, in addition to \$75,000 in recurring operating funds** through consolidating the leadership of information technology and contracting with central offices for enrollment-related student services.

13.6 The elimination of cell phone allowances (subject to the exceptions specified in section 10, R10.5) is projected to make available **\$1,312,087 in recurring funds**

13.7 When these funds are combined the actions recommended in this report will make available to the president of Texas A&M University for internal reallocation a total of **\$3,344,551 in one-time funds and \$13,681,299 (= \$17,144,893 in total compensation) in annually recurring funds**. See table 13.4.

13.8 Table 13.4 gives a total breakdown of the funds that will be annually available for reallocation through actions taken in response to the PwC report.

Campus	Action	Annual recurring \$
Texas A&M Main Campus	Vacant - NITF base retrieval	\$901,398
Texas A&M HSC	Vacant - NITF base retrieval	\$823,001
Texas A&M Main Campus	Vacant position salary savings	\$5,988,303
Texas A&M HSC	Vacant position salary savings	\$3,462,731
Texas A&M at Galveston	Vacant position salary savings	\$576,987
Texas A&M HSC	Identifiable savings: outsourcing and integration	\$616,960
Texas A&M Main Campus	Elimination of communications allowances	\$1,183,012
Texas A&M HSC	Elimination of communications allowances	\$129,074
	New funds identified for reallocation	<b>\$13,681,299</b>

**Table 13.4**—Year-by-year breakdown of funds made available for reallocation as a result of the initial actions taken in response to the PwC Comprehensive Administrative Review.

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13.9 Using the PwC methodology of projecting annual funding totals over a five-year period when calculated as total compensation, the actions proposed in this report will make available for reallocation a total of **\$89,307,538 calculated as total compensation**. See Table 13.5 for further details.

13.10 Using the PwC methodology of aggregating total compensation over a five-year window, the effectiveness initiatives described in section 3, together with the other actions described in section 4, have resulted in internal reallocations totaling **\$41,751,406 calculated as total compensation**. See table 13.5 for further details.

13.11 Using the PwC methodology, the aggregate reallocation achieved is **\$130,820,422 calculated as total compensation**. This number combines the internal reallocations achieved since June 1, 2013 and the five-year results of actions proposed in this report.

Campus	Action	Annual recurring \$	Adjusted annual total	5-year total recurring \$	One-time	Total for reallocation
Main	College effectiveness initiatives	\$2,129,471	\$2,129,471	\$10,647,355	\$1,033,647	\$11,681,002
Main	Division effectiveness initiatives	\$2,502,103	\$2,502,103	\$12,510,515	\$98,760	\$12,609,275
HSC	Effectiveness initiatives	\$1,681,651	\$1,681,651	\$8,408,255	\$630,000	\$9,038,255
Main	Vacant academic positions reallocated	\$394,885	\$505,453	\$2,527,264		\$2,527,264
Main	Vacant positions reallocated	\$545,991	\$698,868	\$3,494,342		\$3,494,342
TAMUG	Vacant positions reallocated	\$375,198	\$480,253	\$2,401,267		\$2,401,267
Main	Vacant position base retrieval	\$901,398	\$1,153,789	\$5,768,947		\$5,768,947
HSC	Vacant position base retrieval	\$823,001	\$1,053,441	\$5,267,206		\$5,267,206
Main	Vacant position salary savings	\$5,988,303	\$7,665,028	\$38,325,139	\$2,222,964	\$40,548,103
HSC	Vacant position salary savings	\$3,462,731	\$4,432,296	\$22,161,478	\$951,733	\$23,113,211
TAMUG	Vacant position salary savings	\$576,987	\$738,543	\$3,692,717	\$169,854	\$3,862,571
HSC	Savings: outsourcing and integration	\$616,960	\$789,709	\$3,948,544		\$3,948,544
Main & HSC	Elimination of communications allowances	\$1,312,087	\$1,312,087	\$6,560,433		\$6,560,433
	Completed internal reallocations	\$7,629,299	\$7,997,800	\$39,988,999	\$1,762,407	\$41,751,406
	New funds identified for reallocation	\$13,681,467	\$17,144,893	\$85,724,465	\$3,344,551	\$89,069,016
						\$130,820,422

**Table 13.5**—Aggregate reallocation achieved at Texas A&M since June 1, 2013. This uses the PwC methodology of aggregating total compensation over a five-year window.

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**Recommendations**

R13.1. Following the guidance given by Chancellor John Sharp and Interim President Mark Hussey, the committee recommends that the funds identified for reallocation be primarily directed to support and strengthen excellence in Texas A&M University's core mission areas of teaching, research, and outreach.

R13.2 The committee recommends that funds be reallocated at the discretion of the president and that the president be guided by the goals and metrics for elevating the university identified in the 2015-2020 strategic planning process. This planning process involves all colleges and divisions. Reallocations will be made by the president after receiving recommendations from a well designed strategic process allowing for annual inputs from appropriate constituencies.

R13.3 In addition the committee recommends that funds be made available to support expenses (e.g., training and software) associated with enhanced efficiencies and organizational changes in academic and non-academic units.