



November 5, 1999

Dr. L. Dennis Smith  
University of Nebraska  
3835 Holdrege  
Lincoln, Nebraska 68583

Dear President Smith:

I am pleased to provide you with the report of the University of Nebraska Task Force on Administrative Efficiency (hereinafter the Burns Committee or the Committee).

When we accepted your charge on February 19 of this year, you set forth a target of identifying cost avoidances or savings of \$20 million dollars. In light of the University's annual overhead budget being \$110 million dollars, all on our Committee felt this was a lofty target. At the same time, no areas were "off limits," save the academic portion of the enterprise. We were invited to be aggressive in our efforts.

I am pleased to report to you that the group, representing the combined efforts of selected University personnel and the Committee, has identified areas which could provide cost avoidance or savings over the next four to five years approximating \$15 million dollars. By adding "stretch" goals on top of each sub-committee's results, the overall result is \$20 million.

## University Strengths

77 D 1 SP President and Chancellors have worked hard to create a

common direction in terms of policy development. This process of establishing a common direction and pulling together was fundamental in allowing forward



## Information Technology

One of the largest opportunities for cost avoidance and savings lies in the area of Information Technology (IT). Standardization, collaboration and optimization are the

\_\_\_\_\_ in this area. Nationally, information

## Summary

Lastly, I would be remiss to close without commenting on the quality of the personnel the committee met and worked with across the University. Their dedication, enthusiasm

**University of Nebraska  
Task Force on Administrative Efficiency  
Membership Roster**

Ron Burns, Chair	Chairman, Burns Capital Partners President and CEO, Security Mutual Life Insurance Company
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# University of Nebraska Task Force on Administrative Efficiency

## Overview

*Background* President J. Dennis Smith convened the University of Nebraska Task



*Overarching, University Wide Issues.* Many of the issues that will act as drivers in the

a sub-committee, but were derived from interviews and committee meetings. These are broad issues, some of which will require attacking barriers that exist at various levels. There are items to be worked on in partnership with the Governor and the Legislature, and some issues that require Regents' attention, other issues necessitate the attention and

[REDACTED]

One of the areas discussed in the detailed section that would benefit greatly from strategic direction is the area of distance education. The distance education initiative to-date involves several committees and many months of meetings with a mixed bag to show in the way of achievements. A strategic plan and an operational/business plan that is clearly stated and focused is needed to meet, in a timely fashion, the President's objective of providing quality distance education to the citizens of Nebraska.

Varner Hall and at the campuses. These structures lead to similar disparate levels of accountability and responsibility.

One campus and Varner Hall have adopted the "strong academic officer" model where

...in the Carter quote points out what the Committee

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This is no academic exercise, and it doesn't come naturally. The harder you fight to hold onto specific assumptions, the more likely there's gold in letting go of them. Step back, reflect – and listen!”<sup>v</sup>

~~Dr. 1 Facing the Customer: The University of today is drastically different than that of~~

even a few years ago. The challenge to attract quality students is greatly increased. When the layers of the college and university “onion” are peeled away, students are at the

The barriers to entry into the business of education have gone away with concepts like

Open University providing asynchronous learning in a variety of subjects, without the investments in brick and mortar. The University needs to be an organization that is more responsive to this new reality in the external environment. Efforts of faculty and staff must be focused with the student viewed as the most important customer. The challenge



SAP. The University has gone "live" with the financials and HR portions of the SAP software. The first phase of the project is drawing to a successful close. The University

The \$12.8 million dollar price tag pales in comparison with the University of Minnesota's reported \$50 million and similar price tags at comparable institutions. But, there is major work yet to be accomplished.

... SAP implementation are those that will accomplish a majority

In addition, the University provides the State with intangible returns. An example is the extension program. Often, University extension personnel are some of the most visible ~~citizens of the State in many jurisdictions of Nebraska~~. The valuable social safety

but \_\_\_\_\_ should not be lost

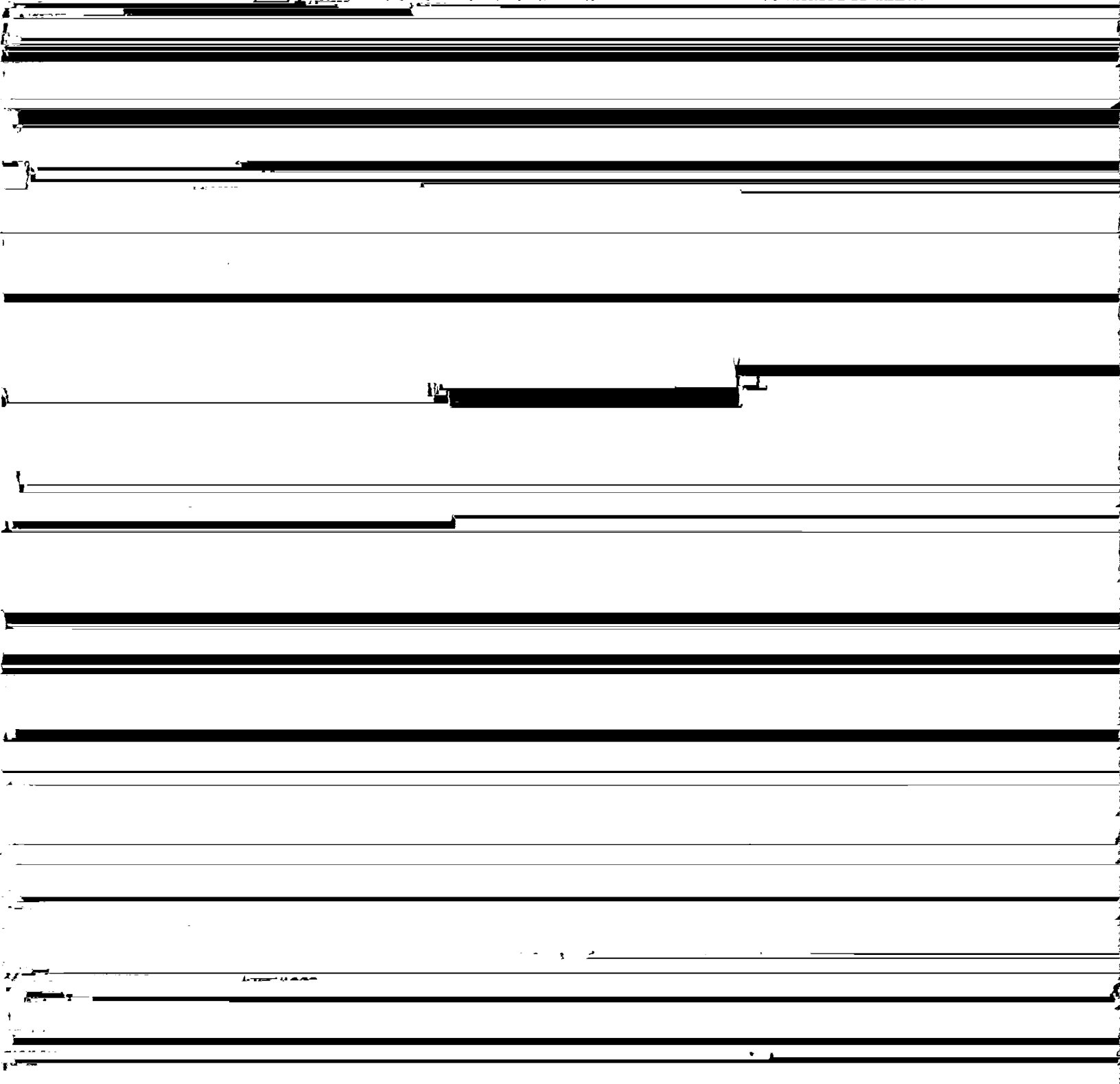


We salute President Smith for undertaking this task and we as the Committee have been proud to be of service. We believe that the University has, and will continue to play an important role in providing quality higher education to the citizens of

**Burns Committee  
Recap of Committee Reports**

*The Process and Committee Background.*

On February 17, 1999, President L. Dennis Smith and Omaha investment executive Ron Burns convened the first meeting of the University of Nebraska Task Force on Administrative Efficiency (hereinafter, the Burns Committee or the Committee). Smith charged the group, comprised of Burns and seven other members from throughout the State, with aggressively examining the business practices throughout the University. The







**Metrics.** The architectural and engineering functions encompass 40.5 FTE's and a budget of \$2,413,664 on all campuses. Project workload is currently:

<u>Campus</u>	<u>A/E or PM Staff</u>	<u>Contracts&gt;\$200,000</u>
Kearney	1.5	\$16,300,000
Lincoln	20	\$184,000,000
Medical Center	10	\$97,200,000
Omaha	9	\$89,300,000

\$200,000,000 are currently in the planning through construction phases

Card Technologies

Estimated Cost Avoidance/Savings: \$50,000



A recurring motif cutting through many of the points set forth above by the NITC is  
[REDACTED] The University must create a strategic business plan formulated by

[REDACTED]

[REDACTED]

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In summary, the information technology committee sees information technology as an asset of the University versus an expense. This is especially true given the realities facing the University in the marketplace: increased competition for students and faculty, flattening public support for higher education, and the need for accountability and measurement of the economic costs and returns for all facets of University operations.

Table 1.1: Potential savings through leveraging information technology identified by the

Intellectual Properties

Estimated Cost Avoidance/Savings: Undetermined

*Metrics.* Current revenue from intellectual properties is negligible.

*Primary Findings.* The academy has long been the wellspring of ideas and the product of the collective intellect of academe has been one of the most valuable assets offered to

society. In today's economy, ideas, intangibles, and intellectual property are among its

intangible assets. Intellectual property is technically defined as intangible assets that

**Motor Pool**

**Estimated Savings: \$220,000**

*Metrics.* The personnel budget for motor pool operations at the various campuses is as follows:

<u>Campus</u>	<u>Budget</u>	<u>Size of Fleet</u>
Lincoln	\$362,000	870 vehicles
Kearney	\$89,000	45 vehicles
Medical Center	\$63,000	53
Omaha	\$58,000	Not Available

**Challenges Remaining.** The group should push toward consolidation of operations at its first opportunity. Consolidations should be approached at the macro level, all campuses, before doing roll-ups of UNL/UNK and UNO/UNMC as suggested by the sub-committee.

The sub-committee is continuing to meet with the goal of making the shared efficiencies set forth in the paragraphs above a reality. The Motor Pool committee should continue to

Printing

Estimated Savings: Undetermined

Estimated savings for all of the campuses is as follows:

[REDACTED]

Campus

Budget

FTE

Kennedy

\$80,000

3

[REDACTED]

Purchasing

Estimated Cost Avoidance/Savings: \$3,000,000

follows (budgets representing personnel costs only):

Agency: (Not a separate department)

N/A



[REDACTED]

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Risk Management

Estimated Cost Avoidance/Savings: \$10,000

*Metrics.* There are currently insurance representatives on each campus, only one of which devotes more than 50% of his time to insurance matters.

*Discussion.* The report of the sub-committee, authored by Burns Committee

Telecommunications

Estimated Cost Avoidance/Savings: Undetermined

*Metrics.* The current telecomm budget for Lincoln is approximately \$7,000,000 of which only \$500,000 represents salaries.

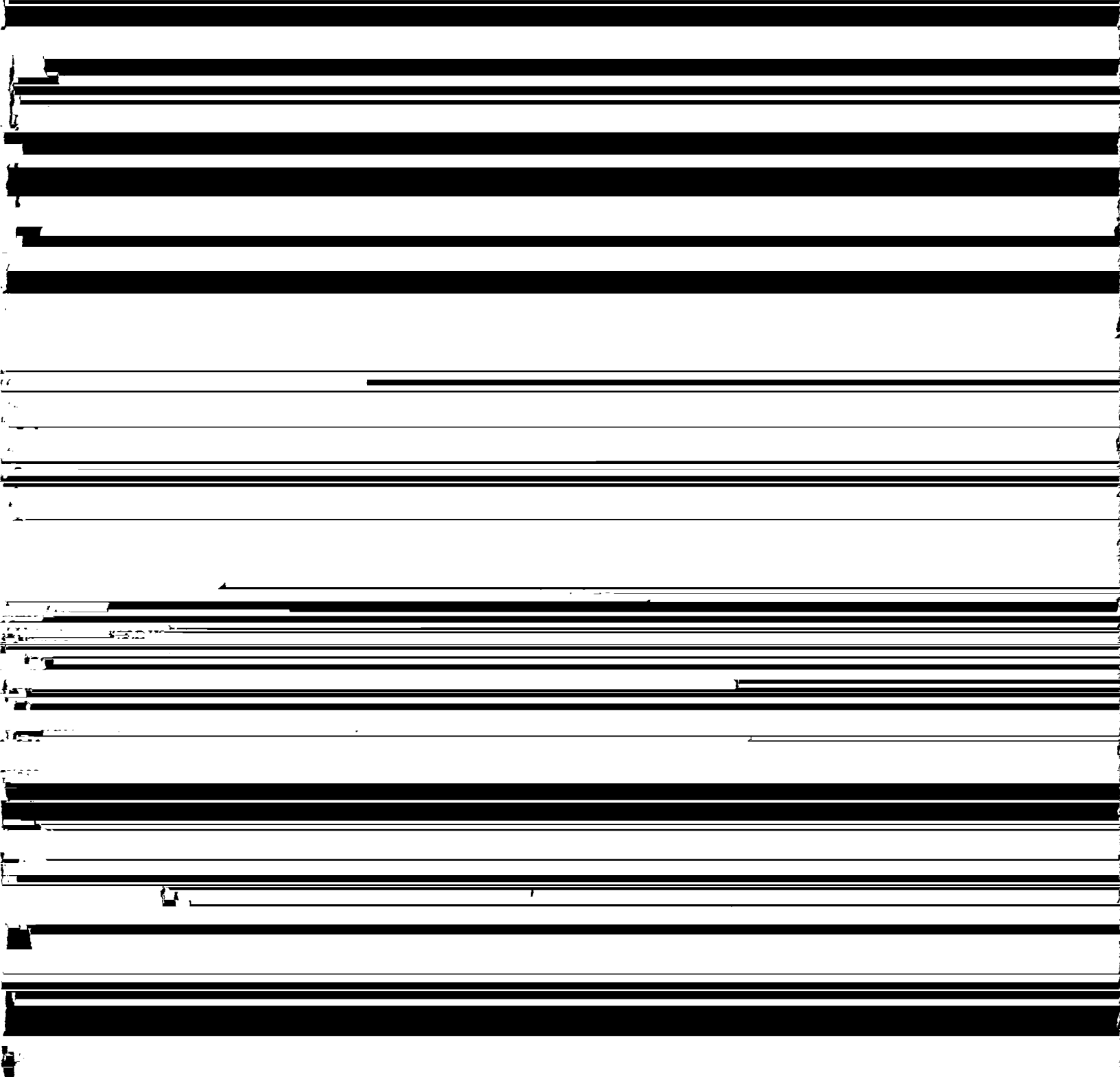
*Primary Findings.* The telecomm committee provided no estimate of cost savings. The final report to the committee touted the many cooperative efforts and savings that had been achieved by mutually beneficial relationships between Aliant (now ALLTEL) and

Travel

Estimated Cost Avoidance/Savings: \$450,000

*Metrics.* The travel budget of the University ranges between \$6 and \$7 million dollars a year. This is all travel, including those amounts charged to grants, contracts and restricted sources. Currently, the University is served by a number of travel agencies at varying commission and transaction fee schedules.

The study of this area was underway when the Burns Committee and





The committee should continue to discuss innovative ways of funding capital improvements and infrastructure modifications. If clear savings can be demonstrated and accurately accounted for, funding mechanisms can be created securitized by those savings. Such projects would have to be prioritized and presented to the Board of Regents prior to approval.



Another business imperative is to capture the "best practices" promised with the advent of SAP. The University of Nebraska purposely chose to approach the change to SAP through going live with basic functions university-wide and then adding on or building around that success. Many other institutions will elect to go-live with all facets of the



The State

Estimated Savings: \$400,000

*Metrics.* The State of Nebraska is a partner with the University in helping it achieve its mission. It is the State's primary vehicle for focusing on the educational needs and

initiatives of all Nebraska's citizens. As such, the University and the State have a

*Challenges Remaining.* Both the State and the University have worked very hard to improve working relationships and to achieve efficiencies that accrue to all. This change has occurred for a number of reasons including efforts the past five years by the President, and the legislative and executive leadership. Personnel changes in Central Administration, as well as the openness demonstrated by the Johans administration have

priority must be given to continuing these relationships with an eye toward greater State/University partnerships and the willingness on the part of both parties to sunset those practices that no longer make sense in today's environment.

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