

2020 FINANCIAL PLANNING COMMITTEE

APRIL 16, 2019

AGENDA

1. FY2019 Update
2. FY2020 Budget
 - Tuition & Fee Proposal
3. FY2019-FY2024 Multi Year Financial Plan
4. Shared Services Update
5. TA/RA Business Process Review



FY19 & FY20 BUDGET UPDATE

FACULTY STAFF FORUM

BUDGET UPDATE

Budget Pressures

- Decreases in state funding relative to growth
- Board of Trustees financial sustainability goals
- Demographic changes and increased competition
- Rising Labor and benefit costs
- Student debt and affordability
- Debt service and other rising facility costs



FACULTY STAFF FORUM

BUDGET UPDATE

- Total FY 2019 Budget Gap ~ \$8 million
 - Ad hoc committee on cost savings
 - 5 percent budget cuts to non-academic units
 - Staff and faculty vacancy management
 - Oprah!
- Estimated FY 2020 Budget assumes:
 - 2 percent enrollment increase
 - 10 percent increase in online revenue
 - 18:1 student faculty ratio
 - Working to close a \$5 million budget gap
 - Shared services system cost-savings

COST

Savings

LOWELL: FY2020 ASSUMPTIONS

<i>\$ in thousands</i>	Assumption	\$ Value
Revenue Assumptions		
University Level		
State Appropriation	0.0%	-
State Collective Bargaining	2.0%	1,888
Modeled Tuition - In State UG	2.5%	2,589
Modeled Tuition - Out of State UG	2.0%	633
Modeled Tuition - Grad	0.0%	-
Campus Level		
Enrollment Increase	FY20 = 2%	2,322
Auxiliary: Parking Rates		106
Online: Rates & Enrollment		10%
Expense Assumptions		
University Level		
Collective Bargaining	2.0%	3,423
Fringe Rate	35.55%	1,129
Campus Level		
Expense Reductions to achieve margin	pending detailed plans	5,525
Debt	FY20 borrowing	80,650

LOWELL: REVENUE & EXPENSES

(\$ in Thousands)

LOWELL

Revenues	Actual					Budget	
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Gross Tuition & Fees	189,808	205,731	224,065	243,228	256,002	269,821	274,927
Tuition Discounts	(37,245)	(40,768)	(45,417)	(54,517)	(61,218)	(64,403)	(67,770)
Discount Rate	19.6%	19.8%	20.3%	22.4%	23.9%	23.9%	24.7%
Net Tuition & Fees	152,563	164,963	178,648	188,711	194,784	205,418	207,157
Grants	40,013	44,186	41,346	42,190	44,875	44,584	54,308
Sales & Service, Educational	33	66	89	767	925	814	979
Auxiliary Enterprises	45,101	52,725	57,782	60,570	65,030	66,774	69,681
Other Operating	6,726	8,205	7,984	7,008	7,438	7,435	8,070
State appropriations	88,136	96,633	104,725	111,859	117,668	120,354	126,431
Other NonOperating	29,329	23,378	27,826	28,738	28,322	28,032	30,692
Total Revenues	361,901	390,156	418,400	439,843	459,042	473,410	497,318
% Growth		7.8%	7.2%	5.1%	4.4%	3.1%	5.1%
Expenses	Actual					Budget	
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Salaries & Fringe	203,762	219,200	239,536	249,312	262,133	273,894	285,318
Non-personnel	101,991	111,693	114,923	116,761	121,734	124,252	133,023
Scholarships and fellowships	9,932	9,383	9,134	9,316	9,983	11,261	10,891
Depreciation	23,926	28,666	32,985	34,127	37,806	39,236	42,514
Interest	12,311	18,371	21,272	18,790	19,896	21,500	22,796
Total Expenses	351,922	387,313	417,850	428,306	451,552	470,143	494,542
% Growth		10.1%	7.9%	2.5%	5.4%	4.1%	5.2%
Operating Margin	Actual					Budget	
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
UMass OM Calc Revenues	356,535	390,241	418,546	437,730	459,042	473,410	497,318
Total Expenses	352,864	387,313	417,850	428,306	451,552	470,143	494,542
Surplus / (Deficit)	3,671	2,928	696	9,424	7,490	3,267	2,776
UMass OM Calc	1.0%	0.8%	0.2%	2.2%	1.6%	0.7%	0.6%



2019-2020 TUITION & FEES

2019-2020 STUDENT CHARGES

FY2020 WILL BE ANOTHER CHALLENGING BUDGET YEAR

1. Academic Year 2019-2020 tuition & fees will be reviewed by Board of Trustees at June 3rd & June 19th meetings
2. Tuition & fee increases depend on FY2020 state budget support for University
 - State appropriations for campus operations, capital improvements and salary increases will continue to be insufficient to meet needs
 - FY20 budget assumes state funding increase to cover only state portion of collective bargaining costs (governor's budget recommendation)
3. Enrollment growth and any new state or student revenues will need to fund fixed cost increases for:
 - financial aid,
 - collectively bargained wage increases,
 - debt service and depreciation
 - new faculty to maintain an 18:1 student/faculty ratio
4. Academic and Administrative Efficiency & Effectiveness (E&E) Reallocations will fund Strategic Investments in student success, retention and advising initiatives
 - Essential hiring committee process
 - Cost savings committee recommendations
 - Level-funded budgets from the FY19 base 5% cut to administrative departments

2019-2020 STUDENT CHARGE PROPOSAL

Tuition & Mandatory Fees

- +2.5% tuition increase for in-state undergraduate students
- +2.0% tuition increase for out-of-state undergraduate students
- +2.5% tuition increase for New England Regional undergraduate students
- \$100 increase in the Campus Technology Fee (CTF) to support:
 - Online Educational Resources (OER), & expansion of eBook offerings to reduce textbook costs
 - IT infrastructure upgrades to classroom and lab buildings
- No increase in Student Activity Fee

Other Fees:

- **Room rents** continue to be realigned to provide students more options at lower rate levels. Rate increase for Rate A beds will be 2.5%.
- **Meal Plan** options are proposed to increase between 2.3% and 2.7% in FY2020.
- **Student Parking rates** will not increase for students accepted 2015-16 or later and will remain at \$450 per year. Students accepted prior to 2014-15 will increase to \$385 and students accepted in 2014-15 will increase to \$441.

TUITION: UNDERGRADUATE

Undergraduate Tuition: In State

	FY19	FY20	\$ Change	% Change
Amherst	\$15,406	\$15,791	\$385	2.5%
Boston	\$13,840	\$14,187	\$347	2.5%
Dartmouth	\$13,496	\$13,833	\$337	2.5%
Lowell	\$14,710	\$15,078	\$368	2.5%

Undergraduate Tuition: Out of State

	FY19	FY20	\$ Change	% Change
Amherst	\$34,089	\$35,112	\$1,023	3.0%
Boston	\$33,640	\$34,649	\$1,009	3.0%
Dartmouth	\$28,716	\$29,578	\$861	3.0%
Lowell	\$32,357	\$33,004	\$647	2.0%

TUITION, MANDATORY FEES, ROOM & BOARD: UNDERGRADUATE

Tuition, Mandatory Fees, Room & Board: In State

	FY19	FY20	\$ Change	% Change
Amherst	\$28,513	\$29,276	\$763	2.7%
Boston	\$29,025	\$29,903	\$878	3.0%
Dartmouth	\$27,220	\$28,228	\$1,008	3.7%
Lowell	\$27,928	\$28,708	\$780	2.8%
Average ⁺	\$28,171	\$29,029	\$857	3.0%

Tuition, Mandatory Fees, Room & Board: Out of State

	FY19	FY20	\$ Change	% Change
Amherst	\$47,196	\$48,597	\$1,401	3.0%
Boston	\$48,824	\$50,365	\$1,541	3.2%
Dartmouth	\$42,440	\$43,973	\$1,532	3.6%
Lowell	\$45,576	\$46,634	\$1,059	2.3%
Average ⁺	\$46,009	\$47,392	\$1,383	3.0%

In-State Tuition & Fees						
Sorted by Fall 19 T&F	Fall 2018 Tuition & Fees	Fall 2018 Room & Board	Fall 2019 Tuition & Fees	T&F % Increase from 2018	Fall 2019 Room & Board	R&B % Increase from 2018
1 University of New Hampshire	18,499	11,580	18,499	0.0%	12,100	4.3%
2 University of Vermont	18,276	12,492	-	0.0%	-	0.0%
3 UMASS AMHERST	16,072	13,202	16,278	1.3%	13,598	2.9%
4 University of Connecticut	15,730	12,874	-	0.0%	-	0.0%
5 UMASS LOWELL (FY20 Proposed)	15,180	12,748	15,648	3.0%	13,060	2.4%
6 Virginia Commonwealth University	14,490	10,428	-	0.0%	-	0.0%
7 UMASS BOSTON	14,167	16,290	-	0.0%	-	0.0%
8 University of Rhode Island	14,138	12,950	-	0.0%	-	0.0%
9 UMASS DARTMOUTH	13,921	13,487	-	0.0%	-	0.0%
10 University of Maryland Baltimore County	11,778	11,696	-	0.0%	-	0.0%
11 University of Maine	11,170	10,418	-	0.0%	-	0.0%
12 University of Wisconsin-Milwaukee	11,084	10,728	-	0.0%	-	0.0%
13 Georgia State University	10,858	11,378	-	0.0%	-	0.0%
14 SUNY University at Albany	9,816	13,664	-	0.0%	-	0.0%
15 SUNY University at Binghamton	9,808	15,058	10,096	2.9%	15,838	4.9%
16 SUNY University at Stony Brook	9,625	13,698	-	0.0%	-	0.0%
17 San Diego State University	7,488	16,735	-	0.0%	-	0.0%
				0.0%		
18 Boston College	55,464	14,478	-	0.0%	-	0.0%
19 Boston University	53,948	15,720	-	0.0%	-	0.0%
20 Northeastern	51,522	16,270	-	0.0%	-	0.0%
21 Worcester Polytechnic Institute	50,530	14,774	52,495	3.7%	15,291	3.4%
22 Harvard	50,420	17,160	-	0.0%	-	0.0%
23 Bentley University	49,880	16,320	-	0.0%	-	0.0%
24 Clark University	45,730	9,170	-	0.0%	-	0.0%
25 Bryant University	43,973	15,702	45,395	3.1%	15,094	-4.0%
26 Stonehill College	42,746	16,000	-	0.0%	-	0.0%
27 Merrimack College	41,760	15,845	-	0.0%	-	0.0%
28 University of New England	37,620	13,990	-	0.0%	-	0.0%
29 Endicott College	33,050	15,726	-	0.0%	-	0.0%
30 Southern NH University	31,136	13,120	-	0.0%	-	0.0%
				0.5%		
31 Salem State University	10,884	12,722	-	0.0%	-	0.0%
32 Westfield State University	10,429	10,948	-	0.0%	-	0.0%
33 Bridgewater State University	10,367	13,090	-	0.0%	-	0.0%
34 Fitchburg State University	10,355	10,922	-	0.0%	-	0.0%
35 Worcester State University	10,161	12,262	-	0.0%	-	0.0%

Out-of-State Tuition & Fees						
Sorted by Fall 19 T&F	Fall 2018 Tuition & Fees	Fall 2018 Room & Board	Fall 2019 Tuition & Fees	T&F % Increase from 2018	Fall 2019 Room & Board	R&B % Increase from 2018
1 University of Vermont	42,516	12,492	-	0.0%	-	0.0%
2 University of Connecticut	38,098	12,874	-	0.0%	-	0.0%
3 Virginia Commonwealth University	35,138	10,428	-	0.0%	-	0.0%
4 UMASS AMHERST	34,755	13,202	35,599	2.4%	13,598	2.9%
5 UMASS BOSTON	33,966	16,290	-	0.0%	-	0.0%
6 University of New Hampshire	33,879	11,580	35,409	4.3%	12,100	4.3%
7 UMASS LOWELL (FY20 Proposed)	32,827	12,748	33,574	2.2%	13,060	2.4%
8 University of Maine	30,970	10,418	-	0.0%	-	0.0%
9 University of Rhode Island	-	-	-	0.0%	-	0.0%
10 Georgia State University	29,432	11,378	-	0.0%	-	0.0%
11 UMASS DARTMOUTH	29,141	13,487	-	0.0%	-	0.0%
12 SUNY University at Stony Brook	27,295	13,698	-	0.0%	-	0.0%
13 University of Maryland Baltimore County	-	-	-	0.0%	-	0.0%
14 SUNY University at Albany	26,656	13,664	-	0.0%	-	0.0%
15 SUNY University at Binghamton	24,488	15,058	26,736	8.4%	15,838	4.9%
16 University of Wisconsin-Milwaukee	22,364	10,728	-	0.0%	-	0.0%
17 San Diego State University	19,368	16,735	-	0.0%	-	0.0%
18 Boston College	55,464	14,478	-	0.0%	-	0.0%
19 Boston University	53,948	15,720	-	0.0%	-	0.0%
20 Northeastern	51,522	16,270	-	0.0%	-	0.0%
21 Worcester Polytechnic Institute	50,530	14,774	52,495	3.7%	15,291	3.4%
22 Harvard	50,420	17,160	-	0.0%	-	0.0%
23 Bentley University	49,880	16,320	-	0.0%	-	0.0%
24 Clark University	45,730	9,170	-	0.0%	-	0.0%
25 Bryant University	43,973	15,702	45,395	3.1%	15,094	-4.0%
26 Stonehill College	42,746	16,000	-	0.0%	-	0.0%
27 Merrimack College	41,760	15,845	-	0.0%	-	0.0%
28 University of New England	37,620	13,990	-	0.0%	-	0.0%
29 Endicott College	33,050	15,726	-	0.0%	-	0.0%
30 Southern NH University	31,136	13,120	-	0.0%	-	0.0%

FY19 TO FY24 MULTI YEAR FINANCIAL PLAN

LOWELL: FY19 TO 24 ASSUMPTIONS

<i>\$ in thousands</i>	Assumption	\$Value				
Revenue Assumptions	FY2020-24	FY20	FY21	FY22	FY23	FY24
University Level						
State Appropriation	0.0%	-	-	-	-	-
State Collective Bargaining	2.0%	1,888	1,923	1,958	1,995	2,032
Modeled Tuition - In State UG	2.5%	2,468	2,538	2,611	2,686	2,759
Modeled Tuition - Out of State UG	3.0%	633	846	875	905	927
Modeled Tuition- Grad	3.0%	632	653	675	698	720
Campus Level						
Enrollment Increase	FY20=2% FY21-24=0.5%	3,080	3,242	4,608	4,967	5,351
Auxiliary: Parking Rates	Annualized rate increases	431	443	453	464	476
Online: Rates & Enrollment		10.0%	10.0%	10.0%	10.0%	10.0%
Expense Assumptions						
University Level						
Collective Bargaining	2.0%	3,807	3,149	3,782	3,995	3,585
Fringe Rate	36.62% - 43.52%	4,001	4,750	5,154	5,770	7,325
Campus Level						
Expense Reductions to achieve margin	pending detailed plans	5,534	7,197	8,607	8,944	5,266
Debt	FY20 borrowing	80,650	77,962	75,139	72,175	69,063

Revenues	Actual					Budget		Projection				
	Forecast											
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Gross Tuition & Fees	189,808	205,731	224,065	243,228	256,002	269,821	264,831	276,247	289,533	304,762	320,871	337,904
Tuition Discounts	(37,245)	(40,768)	(45,417)	(54,517)	(61,218)	(64,403)	(64,490)	(67,188)	(69,743)	(72,573)	(75,499)	(78,977)
Discount Rate	19.6%	19.8%	20.3%	22.4%	23.9%	23.9%	24.4%	24.3%	24.1%	23.8%	23.5%	23.4%
Net Tuition & Fees	152,563	164,963	178,648	188,711	194,784	205,418	200,341	209,059	219,791	232,189	245,372	258,926
Grants	40,013	44,186	41,346	42,190	44,875	46,836	46,836	49,042	51,357	53,783	56,326	58,992
Sales & Service, Educational	33	66	89	767	925	814	814	838	863	889	916	943
Auxiliary Enterprises	45,101	52,725	57,782	60,570	65,030	66,774	67,461	69,739	71,491	73,289	75,133	77,024
Other Operating	6,726	8,205	7,984	7,008	7,438	7,435	7,835	8,070	8,312	8,561	8,818	9,082
State appropriations	88,136	96,633	104,725	111,859	117,668	120,354	122,942	127,548	132,274	136,899	141,644	145,790
Other NonOperating	29,329	23,378	27,826	28,738	28,322	28,032	29,531	30,574	31,253	31,726	32,270	32,872
Total Revenues	361,901	390,156	418,400	439,843	459,042	475,662	475,760	494,870	515,341	537,336	560,478	583,630
%Growth		7.8%	7.2%	5.1%	4.4%	3.6%	3.6%	4.0%	4.1%	4.3%	4.3%	4.1%
Expenses	Actual					Budget		Projection				
	Forecast											
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Salaries & Fringe	203,762	219,200	239,536	249,312	262,133	273,894	277,038	286,952	298,232	310,531	324,615	343,435
Non-personnel	101,991	111,693	114,923	116,761	121,734	124,252	123,620	129,628	134,868	139,200	142,568	144,787
Scholarships and fellowships	9,932	9,383	9,134	9,316	9,983	11,261	10,454	10,891	11,305	11,764	12,239	12,802
Depreciation	23,926	28,666	32,985	34,127	37,806	39,236	39,867	41,827	43,184	45,150	45,902	47,634
Interest	12,311	18,371	21,272	18,790	19,896	21,500	21,514	22,796	25,091	24,471	23,824	23,224
Total Expenses	351,922	387,313	417,850	428,306	451,552	470,143	472,493	492,095	512,681	531,115	549,146	571,882
%Growth		10.1%	7.9%	2.5%	5.4%	4.1%	4.6%	4.7%	4.2%	3.6%	3.4%	4.1%
Operating Margin	Actual					Budget		Projection				
	Forecast											
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Surplus / (Deficit)	3,671	2,928	696	9,424	6,779	3,167	3,267	2,676	2,559	6,121	11,233	11,648
UMass OM Calc	1.0%	0.8%	0.2%	2.2%	1.5%	0.7%	0.7%	0.5%	0.5%	1.1%	2.0%	2.0%

LOWELL: KEY RATIOS

Key Ratios	Actual					Forecast*	Projection				
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Margin (%)	1.0%	0.8%	0.2%	2.2%	1.5%	0.7%	0.5%	0.5%	1.1%	2.0%	2.0%
Operating Margin (\$)	3,671	2,928	696	9,424	6,779	3,267	2,676	2,559	6,121	11,233	11,648
Operating Cash Flow Margin (%)	11.8%	13.3%	12.8%	14.6%	14.3%	13.7%	13.7%	13.8%	14.1%	14.5%	14.2%
Operating Cash Flow Margin (\$)	40,839	50,613	51,839	62,350	64,009	63,642	66,170	69,334	74,055	79,312	80,857
Debt Service Burden (%)	6.3%	7.6%	7.5%	7.3%	7.4%	7.5%	7.5%	8.0%	7.8%	7.4%	7.0%
Annual Debt Service Coverage (x)	1.8	1.7	1.7	2.0	1.9	1.8	1.8	1.7	1.8	2.0	2.0
Enrollment (FTE)	13,022	13,369	13,619	13,906	14,425	14,566	14,862	15,159	15,463	15,776	16,098
Enrollment (% Change)		2.7%	1.9%	2.1%	3.7%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%

OPERATING MARGIN

	Actual					Budget	Projection	Forecast				
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (B)	FY2019 (P)	FY2020	FY2021	FY2022	FY2023	FY2024
Amherst	4.4%	2.8%	4.1%	3.0%	2.6%	0.9%	1.1%	1.0%	0.6%	1.3%	2.0%	2.0%
Boston	2.7%	0.5%	-1.3%	-0.7%	0.6%	0.0%	0.0%	0.0%	1.0%	1.5%	2.0%	2.0%
Dartmouth	-1.5%	2.8%	3.1%	3.4%	1.1%	1.1%	1.1%	1.1%	0.7%	1.7%	2.0%	2.0%
Lowell	1.0%	0.8%	0.2%	2.2%	1.5%	0.7%	0.7%	0.5%	0.5%	1.1%	2.0%	2.0%
Medical	-3.6%	-4.2%	-1.1%	3.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Central	14.7%	-1.5%	0.7%	6.4%	10.4%	1.3%	2.5%	1.6%	1.8%	2.0%	2.0%	2.0%
University	1.2%	0.1%	0.2%	1.6%	2.3%	1.1%	1.2%	1.1%	1.1%	1.5%	2.0%	2.0%

DEBT SERVICE BURDEN

	Actual					Budget	Projection	Forecast				
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (B)	FY2019 (P)	FY2020	FY2021	FY2022	FY2023	FY2024
Amherst	6.2%	6.4%	6.4%	6.6%	6.8%	6.7%	6.9%	6.9%	7.4%	6.5%	6.4%	7.3%
Boston	4.5%	5.2%	4.9%	5.9%	6.3%	6.9%	7.2%	7.7%	7.6%	7.3%	7.1%	6.6%
Dartmouth	8.5%	9.3%	8.4%	7.8%	7.6%	7.1%	7.5%	6.8%	7.1%	6.5%	6.3%	6.4%
Lowell	6.3%	7.6%	7.5%	7.3%	7.4%	7.5%	7.5%	7.5%	8.0%	7.8%	7.4%	7.0%
Medical	5.6%	6.2%	5.2%	6.0%	5.1%	6.1%	6.1%	5.9%	5.6%	5.4%	5.2%	5.0%
Central	0.1%	3.1%	3.7%	3.4%	2.8%	5.8%	4.2%	4.2%	4.3%	4.3%	4.3%	2.8%
University	6.0%	6.6%	6.1%	6.5%	6.5%	6.8%	6.9%	6.9%	7.1%	6.6%	6.4%	6.5%



SHARED SERVICES UPDATE

SHARED SERVICE PROJECT BACKGROUND

The Shared Services project was launched at the request of the President with the support of the Board to assess the potential of a shared services model at UMass

- Objectives
 - Evolve A&F organization to provide world-class service across the entire system
 - Modernize functions to provide services at lower cost
 - Re-invest savings back to academic programs and ensuring continued affordability
- Shared Services planning project should build on momentum of past initiatives:
 - 2011 Procure-to-Pay Study
 - Business Process Review (BPR)
 - Efficiency & Effectiveness Taskforce (E&E)
- Delivery of comprehensive plan by January 2019*
 - Refresh 2011 study on Procure-to-Pay and perform initial assessment of payroll
 - Collaborate with campus leadership, faculty, and staff
 - Focus on accounts payable, procurement, and payroll

* Originally December 2018 but extension granted to allow for more analysis on Procurement

Processes Reviewed

Accounts Payable

- Invoice Management
- Travel & Expense
- Vendor Management

Procurement

- Procurement Management
- Sourcing & Category Mgmt
- Requisition/PO Processing
- Compliance Management
- Contract Management
- Procurement Technology
- Card Management

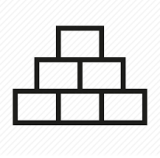
Payroll**

- Employee Data Maintenance
- Payroll Integrations
- Time and Labor
- Employee Pay
- Schedule Management
- Payroll Processing
- Pre-Payroll
- On-Cycle
- Ad-Hoc Transactions
- Post-Confirm Processing
- Administer Retroactive Payroll

** Payroll process analysis will continue through the end of FY 19

Peer Analysis - Key Characteristics

Organizational Structure



- Separate operating unit
- System-wide unified procurement services led by a Chief Procurement Officer (CPO)
- All procurement and AP staff report to CPO

Customer Service



- Emphasis on customer service
- Service Level Agreements (SLAs) in place
- Technology supports customer service functions

Staffing Strategy



- New job descriptions developed
- Leverage internal talent
- Staff co-located and campus based

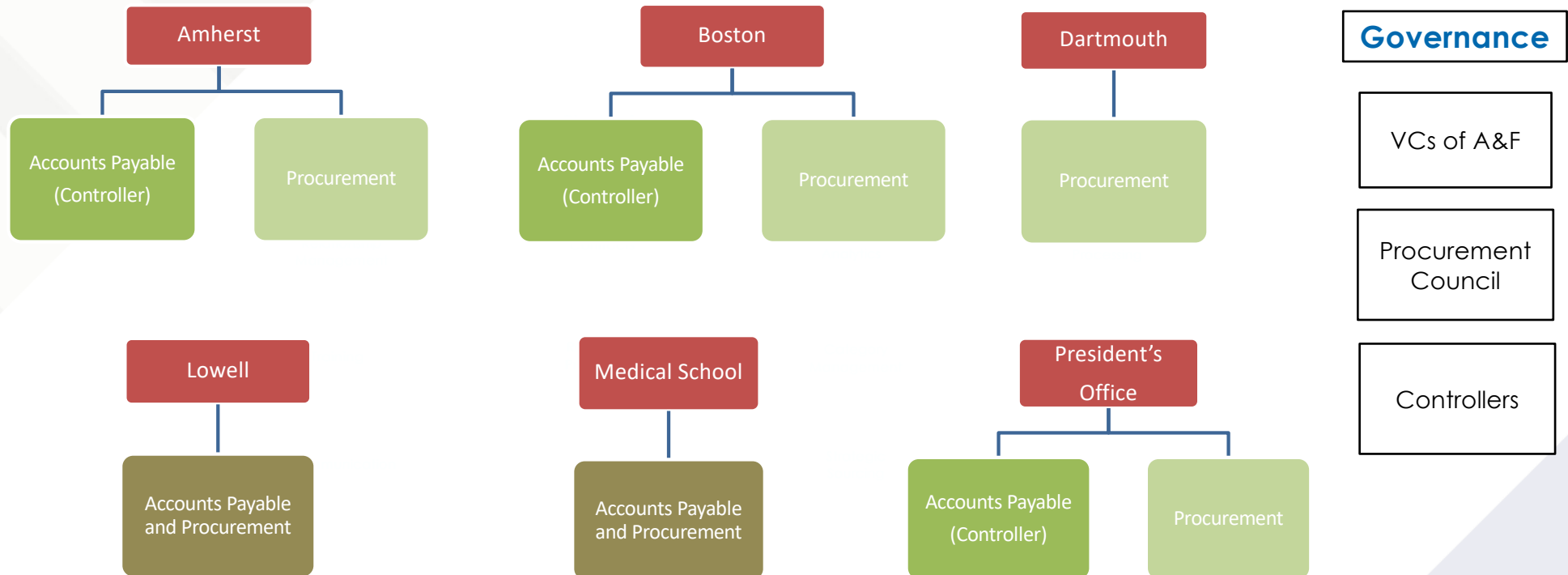
PLAN HIGHLIGHTS

Key Recommendations

- Establish a Unified Procurement Services Team responsible for system-wide procurement and accounts payable led by a Chief Procurement Officer (CPO)
- Provide services to all campuses through the Unified Procurement Services Team
- Establish a governance structure to ensure strong campus customer relationships
- Measure and report results against agreed-upon Service Level Agreements (SLAs) and Key Performance Indicators (KPIs)
- Continue to analyze payroll and time and labor to develop a future service delivery model

Implementation Timeline – FY19 – FY 21

Current Procure to Pay Structure



SAVINGS OPPORTUNITY OVERVIEW

Strategic Sourcing and Category Management

\$13.75 million*

Estimated, ongoing savings attributed to increased emphasis on strategic sourcing and category management

Operational Efficiency

\$1.5 million**

Estimated annual savings attributed to a shift to a Unified Procurement Services Team model based on peer research

Prompt Pay Discounts

\$1.25 million***

Estimated annual savings attributed to greater utilization of prompt pay discounts

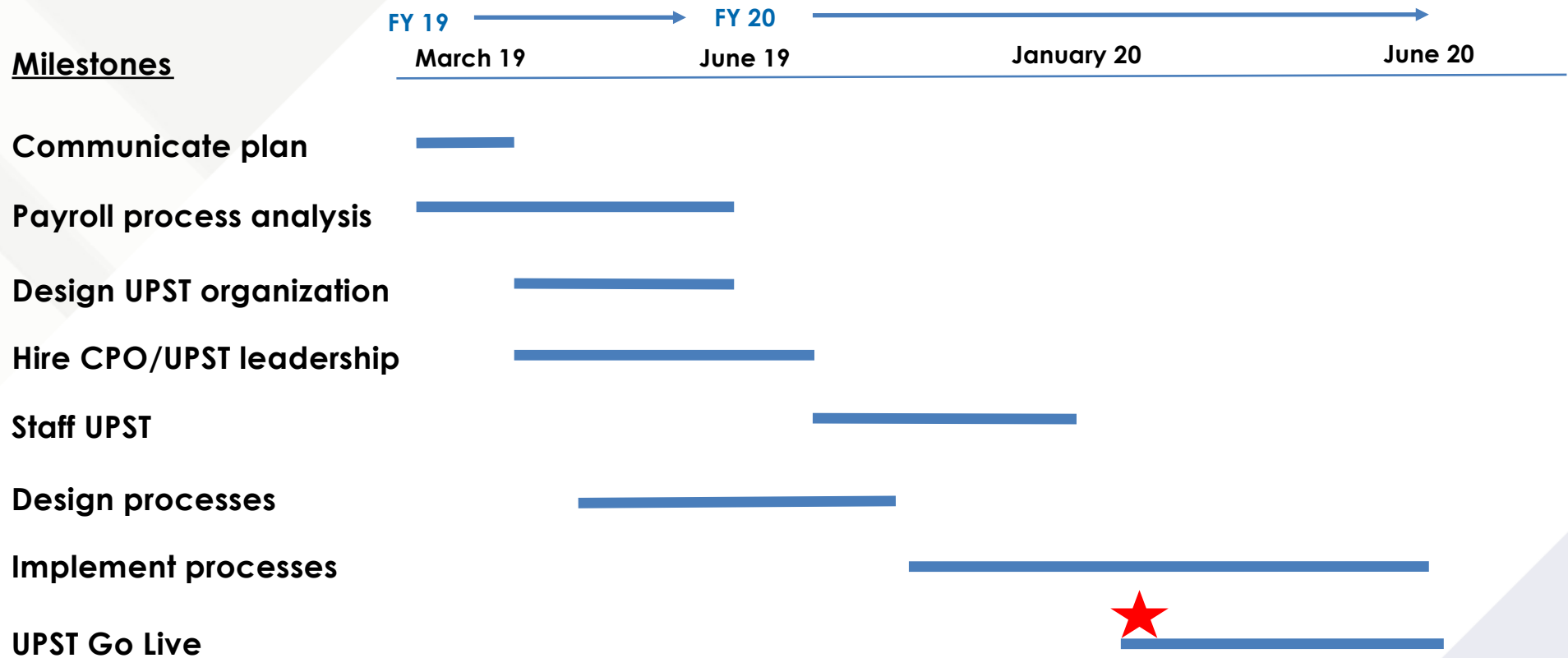
\$16.5 million total estimated savings

* Mid-point savings estimate from Accenture spend analysis (range from \$5.3M to \$22.1M)

** Mid-point savings estimate from FTE analysis (range from \$1.25M to \$1.75M)

*** Mid-point savings estimate from Accenture benchmark (range from \$1.0M to \$1.5M)

MILESTONE TIMELINE



TA/RA BUSINESS PROCESS REVIEW