

STRATEGIC COST SAVINGS SUBCOMMITTEE REPORT

2020 STRATEGIC PLAN

Introduction & Summary

February 2019

The University of Massachusetts Lowell is not immune to the forces that are challenging colleges and universities around the country and in our region. Demographic changes, increased competition for undergraduate, graduate, online, out-of-state and international students, rising health and retirement costs and meeting the facility and technology needs of a growing public research enterprise are all areas of concern as we build our budgets and set our strategic goals. We are confident that we will be able to meet this challenge. We think entrepreneurially and embrace new ideas to fund the university in the face of decreased state support for operations and facilities and the shrinking population of college-bound students in our region.

In building the the FY2019 budget the campus committed \$4 million in new funds for Academic Affairs allowing us to hire new faculty and to increase college operating budgets and offer more financial aid to our students. In order for us to make these critical investments and to support student success, research and innovation — while also making needed improvements to our facilities — we must maintain our commitment to delivering services efficiently and effectively and to reinvest any and all cost-savings into our Strategic Plan.

To this end, a Subcommittee on Strategic Cost Savings was established last summer to identify cost controls and other non-personnel cost savings in order to free resources for strategic reinvestment. The subcommittee, which is part of the 2020 Strategic Plan Financial Planning Committee, made recommendations on strategies and initiatives for savings to the Executive Cabinet in September.

The subcommittee was charged with identifying \$2 million in cost controls and other non-personnel savings. They invited broad input from the campus community and received nearly 100 suggestions. The subcommittee followed the following principles when evaluating suggestions:

1. The primary focus is to preserve the core academic mission and critical student support services necessary to sustaining campus progress toward the goals of our Strategic Plan.
2. Campus services essential to institutional operations, safety and other functions that support student success will be preserved and enhanced.
3. Recommendations will support a campus-wide perspective, encourage collaboration across business units and departments, promote efficiency and enhance financial sustainability.

Campus data and policies were analyzed and reviewed along with best practices from other colleges and universities and annual estimated savings from direct budget cuts and reallocations were developed totaling close to the \$2 million target if fully implemented. For example, the campus will reduce the computer replenishment program budget by \$224,000 in FY2019 and \$90,000 on an on-going basis by extending the replacement cycle by one year from 4 to 5 years and moving to a replace as needed program going forward. In addition, the subcommittee estimates departments can save nearly

\$246,000 annually by reducing international travel by 50% and domestic travel by 5% and reallocating those funds to other departmental priorities.

The subcommittee findings and recommendations were reviewed with the Executive Cabinet in the fall and the following cost savings initiatives and policy changes were approved and will be implemented:

- Implement chargebacks to researchers leveraging MGHPCC resources
- Reduce international & domestic travel
- Modify the Computer Replenishment Program
- Reduce University mobile phone deployments substantially
- Improve awareness of and adherence to UMass Lowell policies (e.g. business expense, travel, purchasing policies)
- Modify printing standards
- Optimize software expenses
- Reduce and optimize various publications across campus
- Improve campus awareness of energy costs
- Reduce departmental and university-wide event costs
- Significantly reduce freestanding water bubblers, bottled water and beverages
- Reduce promotional items provided to employees

Other suggestions not reviewed by the subcommittee but that are under consideration include increasing the research assistant chargeback to grants from \$5,000 to \$8,000 and a review of campus owned and leased vehicles. Policy changes reflecting all recommendations are being developed and will be posted on the University's Policy Portal and announced to the campus community on Today@UMass Lowell as appropriate.

STRATEGIC COST SAVINGS SUBCOMMITTEE REPORT

REPORT TO THE EXECUTIVE CABINET

FALL 2018

The Subcommittee was presented with a difficult task. It was quickly agreed that UMass Lowell is generally operating efficiently, and that shedding \$2 million in non-personnel operational expenses annually would be difficult, and likely painful for certain constituencies. As a result, presented with each recommendation is a value for the discomfort or impact to morale of suggestions, as well as a value for the number of people impacted. Both numbers are presented on a scale of one to five, with five being the largest impact on largest population.

The Subcommittee received nearly 100 suggestions from the campus community after a number of campus-wide announcements and directed outreach to senior managers and departments across campus. In addition, Chancellor Moloney's gracious offer of River Hawks tickets to participants was certainly helpful and the Subcommittee appreciated the offer. After meeting weekly for two hours throughout the summer and early September, as well as spending significant time in smaller working groups, the Subcommittee has prepared recommendations towards the \$2 million annual savings target.

As with any process open to input from the community at large, we received several suggestions from the campus that the Subcommittee did not entertain for various reasons. In order to report back to the campus, we have prepared an announcement outlining the broad topics that were reviewed by the committee and existing policies and processes in place.

Finally, the Subcommittee received several suggestions or concerns that we decided to not explore or engage with as they were out of scope of our charter of reducing non-personnel expenses. However, the Subcommittee believes that these suggestions have value and should be reviewed by the Executive Cabinet in a manner of their choosing. These suggestions are presented after the formal recommendations.

While the Subcommittee was tasked with examining expenses primarily in general operating funds, applying these savings to non-general operating funds such as grants and discretionary funds can assist in stretching those resources further as well.

Further details on each suggestion are provided after the following summary.

TARGETED RECOMMENDATIONS (ESTIMATED TOTAL SAVINGS: \$1,956,000 – \$2,081,000):

	Recommendation	Total Savings		Estimated Discomfort	Population Impacted
		Low	High		
1	Implement chargebacks to researchers leveraging MGHPCCC resources	\$ 400,000	\$ 400,000	4/5	1/5
2	Reduce international & domestic travel	\$ 350,000	\$ 350,000	3/5	3/5
3	Modify the Computer Replenishment Program	\$ 270,000	\$ 270,000	3/5	5/5
4	Reduce University mobile phone deployments substantially	\$ 125,000	\$ 250,000	4/5	2/5
5	Improve awareness of and adherence to UMass Lowell policies	\$ 200,000	\$ 200,000	3/5	5/5
6	Modify printing standards	\$ 165,000	\$ 165,000	2/5	2/5
7	Eliminate OCE tabloid advertisement mailings	\$ 120,000	\$ 120,000	1/5	2/5
8	Optimize software expenses	\$ 100,000	\$ 100,000	2/5	3/5
9	Reduce and optimize various publications across campus	\$ 50,000	\$ 50,000	1/5	1/5
10	Improve campus awareness of energy costs	\$ 50,000	\$ 50,000	1/5	5/5
11	Reduce departmental and university-wide event costs	\$ 58,000	\$ 58,000	3/5	2/5
12	Significantly reduce freestanding water bubblers, bottled water and beverages	\$ 48,000	\$ 48,000	2/5	4/5
13	Reduce the frequency of promotional items provided to employees	\$ 20,000	\$ 20,000	1/5	3/5
Total Estimated Annual Savings:		\$ 1,956,000	\$ 2,081,000		

UNEXPLORED SUGGESTIONS:

The Subcommittee received several suggestions from the campus community involving duplicate efforts or departments. We encourage the Executive Cabinet to review areas where more than one department may have an overlap in labor or operational costs and reallocate where appropriate and necessary to achieve further efficiencies and consistency across UMass Lowell's operations.

Multiple suggestions were focused on modifying the academic calendar in both minor and substantive ways. Some examples are included below:

- Switch to a four-day calendar, eliminating Friday classes
- Shift the spring semester to start later, leaving buildings unoccupied during the coldest times of the year
- Eliminate spring break to end the semester earlier, eliminating some use of air conditioning

There is a misconception on campus that funds not used by the end of the fiscal year are "returned to the state." In some cases, employees with budget responsibility are concerned they will be penalized for not using all of their allocation by having future years' budget allocations reduced, leading to additional, and possibly unnecessary, spend during the last weeks of the fiscal year. While the Subcommittee did not exhaustively review, it appears there is an opportunity to improve transparency and communication around the budget and allocation process. This continues to be a priority of the Financial Planning and Budget Review Committee.

Additionally, many suggestions focused on encouraging employees to work remotely – saving the energy required for their offices. These primarily came in two forms. The first was allowing more year-round remote work, to save on energy, parking and office costs. The second encouraged remote work, allowing the campus to increase the duration of existing campus shutdowns and possibly creating new shutdowns such as around July 4.

ADDITIONAL SUGGESTIONS NOT RECOMMENDED:

Finally, there were several suggestions that a majority of the committee *does not recommend*, though we acknowledge that there are cost savings or additional revenue available should the Executive Cabinet wish to pursue them. Among these are:

- The discontinuation of the summer employee gathering completely
- The discontinuation of the Chancellor's holiday gathering
- A reduction in EAP (employee assistant program) benefits for employees by discontinuing the UMass EAP program
- Allowing food purchases from non-university vendors to save costs
- Adjust building controls to reduce or increase heating and cooling when appropriate beyond existing limits for additional energy savings.

ADDITIONAL DISCUSSION & DETAILS OF SUBCOMMITTEE RECOMMENDATIONS:

1. Implement chargebacks to researchers leveraging MGHPCC resources.

The Massachusetts Green High-Performance Computing Center environment was originally subsidized by the university to incentivize usage of an underutilized resource. In the intervening years, the situation has changed.

Currently, demand for resources is outpacing supply, and contention for limited resources is creating management issues, especially with respect to storage needs. As the resource continues to be free, there is little to no incentive to remove data from the HPCC cluster when not in use.

It also was presented to the Subcommittee that this may present an issue of equity among PIs in different disciplines. While this resource is being provided to researchers at no cost, many other University resources require service fees, which typically are built into research grants/contracts as direct cost items (*e.g.* services and instrumentation provided by the Materials Characterization Laboratory; fees associated with the Animal Facility). Thus, it becomes a subsidy to some researchers, who are effectively receiving free research support which others are not. In future, we recommend that researchers requiring the use of the MGHPCC include use fees into their research grants/contracts as is done for other University research facilities.

The Subcommittee recognizes that savings in this area may need to be phased in, based on the lifecycle of grants as to not disrupt university research already in progress. Total savings estimated if fully implemented: \$400,000.

2. Significantly reduce international university-funded travel and modestly reduce domestic travel.

International travel accounts for a disproportionate percentage of the university's travel expense per capita. By reducing international travel by 50 percent we can realize significant cost savings without impacting a large number of employees. The Subcommittee believes that many international conferences have a domestic analog, and we encourage participation in these events whenever possible.

We also recommend reducing domestic travel by 5 percent, with the exception of Athletics, co-curricular student events, and grant-funded travel, which the Subcommittee did not believe was viable to reduce. Total estimated savings available for departmental reallocation: \$246,000

3. Modify the Computer Replenishment Program.

CRP was originally established to address a few concerns including compatibility across the campus and improving the campus' security posture. This acute need to restore compatibility is no longer the case as centralization of IT resources and activities has provided further consistency across the university's deployment.

Currently, the university's CRP program has multiple subsidy levels, which is confusing, and ultimately encourages employees to select a more expensive Apple computer or a laptop, which are known to have higher acquisition and support costs. Many employees who select a laptop rarely or never use the computer portably, leading to wasted expense on that system. Additionally, these computers are replaced every four years, even if they are in perfect working order. It is the norm

rather than the exception for departments to ask if they can keep the “old” system because it is still useful.

In order to provide managers more incentive to pick cost-effective computing solutions, the Subcommittee recommends that devices be eligible for CRP replacement when they are no longer adequate or functional, and no sooner than five years.

Additionally, the subsidy that CRP provides should be equal to the lowest cost computer in the approved device line-up, instead of being based on brand or form-factor. This will increase the “delta” cost that departments will need in order to procure more expensive portable or Apple computers, requiring campus managers to consider the cost more closely. Our numbers are based on 30% of users who previously purchased a premium system instead of the base system.

Because the university’s technology fleet is generally four or less years old, there would be additional savings in fiscal 2019, as few computers would need replacement this first year. We estimate savings of \$270,000 in fiscal 2019 with \$96,000 per year savings in subsequent years.

4. Reduce university mobile phone deployments substantially.

Currently, the university spends over \$250,000 per year on equipment and service plans for UMass Lowell owned mobile phones. Some employees have more than one mobile device, such as a mobile phone and an iPad. Additionally, the university is absorbing over \$70,000 per year in labor costs to administer mobile phone purchases.

Accordingly, we recommend a minimum of a 50 percent reduction in deployed cellphones (210 down from 420) to only employees who absolutely must carry a phone for life-safety or operational on-call reasons.

While many employees will be impacted by this change, it is currently far less common for an employer to provide a mobile device to an employee due to their widespread personal use.

We further believe that some devices on campus could be replaced by radios or WiFi-based devices that require no monthly fee to operate. Total estimated savings available for departmental reallocation: \$190,000.

5. Improve awareness of and adherence to UMass Lowell policies.

The Subcommittee received reports of or discovered several instances when there seemed to have been patterns of not following established policies. Specifically, there were concerns around celebrations, off-campus events, mobile device purchasing and Dining Services purchases for out-of-policy reasons such as departmental lunches or catered meetings with only employees in attendance. Specifically, the Subcommittee believes the business expense and travel policies should be reviewed accordingly to reflect many of these suggestions.

In some cases, policies could be clarified, and will be referred to the Policy Committee. In general, the Subcommittee feels strongly that existing policies are largely appropriate but need more consistent application. It may require more consistent communications and training on the necessity of following defined policies to the campus.

Because this is a wide-ranging area, it is possible to see significant savings across a variety of expense categories. The subcommittee estimates that departments could save \$200,000 in total for reallocation to other priorities.

6. Modify printing standards

Analysis by the Subcommittee comparing the size of multifunction printers to their actual use revealed that the campus is largely using Xerox devices inappropriately sized for the offices they are in. The Xerox contract affords us the opportunity to change devices at any time. Simply making this change will save \$37,000 per year with virtually no impact to productivity of employees.

Additionally, despite the wide proliferation of Xerox devices, desktop or off-contract network printers are still nearly ubiquitous on campus. The Subcommittee recommends aggressively reducing purchasing of non-Xerox supplies by at least 50 percent.

Finally, the UMass Lowell Print Services office can frequently beat external print prices by 50 percent or more. As they may have spare capacity during some parts of the year, the Subcommittee strongly recommends that all planned print jobs be submitted to Print Services so the in-house print team can “bid” on the job. The subcommittee estimates that departments could save approximately \$150,000 for reallocation.

7. Replace the OCE tabloid advertisement mailings

Online and Continuing Education mails out multi-page tabloid advertisement newspapers three times per year, often sending more than one to the same residence. In total, OCE is sending 1.5 million mailings per year.

It is the opinion of the Subcommittee that these tabloids provide little benefit over a well-designed postcard that directs prospective students to a top-quality website with more information than is possible in a tabloid paper.

Therefore, we recommend discontinuing this mailing and replacing it with a more streamlined postcard approach. We also encourage Online and Continuing Education to review the feasibility of targeted marketing approaches that could further reduce the expense and environmental impact of these campaigns.

OCE had already moved to replace the tabloid mailings reallocating approximately \$120,000 to other marketing initiatives.

8. Optimize software expenses

Upon reviewing the university’s software expenses, the Subcommittee felt that there were several sets of software that may not be utilized enough to justify the expense incurred, and that there are several collections that appear to provide duplicate functionality.

Some examples include:

- The university owns Matlab, Mathematica, Stata, SPSS, R, and SAS. All of these packages provide some statistical functionality. It is likely possible that at least one of those packages’ functionality is fully duplicated by one or more of the other packages in the list.

- The university has entered into an agreement with Dropbox that generally duplicates the functionality of OneDrive, which is provided to UMass Lowell free of cost by Microsoft.

As a result, the Subcommittee requests that the Academic Technology Committee review the complete list of software in use, with a goal of reducing packages with duplicate functionalities in order to save \$100,000.

9. Reduce and optimize various publications across campus to better utilize online technologies.

Several colleges and departments publish newsletters or updates at various times throughout the year. Some examples include the Engineering Solutions publication, as well as a forthcoming similar publication from the Kennedy College. These publications can be migrated online for significantly less cost than physical printings and mailings.

Additionally, the new faculty faces book can cost upwards of \$40 per book – most of which are discarded by recipients. This can easily be migrated online to save \$8,000 just on this one publication. The subcommittee estimates departments can save \$50,000 for reallocation.

10. Improve campus awareness of energy costs and ongoing savings initiatives

After some significant dialogue with Facilities, the Subcommittee believes that the best and fastest path towards energy savings is to promote energy efficiency and savings as a core campus value. The facilities and sustainability groups on campus have made significant strides in energy conservation, and further reductions in energy consumption based on temperature adjustments would be unpredictable. However, the Subcommittee believes that with more consistent employee participation, such as being vigilant about shutting off lights, not using space heaters and reducing or shutting off window air conditioners when the room is not in use, we can reduce energy costs further.

The Subcommittee recommends a goal of \$50,000, which represents a reduction of less than one-half of one percent of the university's over \$10 million annual spend on energy.

11. Reduce departmental and university-wide event costs.

There are several event costs that can be curtailed across campus while preserving the ability for all campus community members to participate in occasional gatherings to build relationships and community. For instance, many departments host retirement parties funded out of operating expenses. The Subcommittee contends that if departmental employees wish to celebrate a retiree it needs to be in compliance with existing policies, with other celebrations being personally or independently funded.

Additionally, many departments frequently have summer or holiday gatherings, sometimes off-campus and in excess of university policy. These events should be eliminated as often as possible. Due to poor attendance, the Subcommittee also recommends eliminating the campus-wide retiree gathering.

For events that remain, the reduced use of fresh flowers, catering and stage dressing can reduce expenses modestly for each event, but will add up to significant savings in aggregate.

While the Subcommittee is strongly in favor of opportunities for members of the campus community to network and build relationships, we do not feel the addition of complimentary alcoholic beverages enhances value to the university or to employees. The Subcommittee recommends that the University curtail open bars at all internal-facing University events. Employees who wish to imbibe should purchase their own alcoholic beverages. The subcommittee estimates that departments can save \$50,000 for reallocation to other priorities.

The Subcommittee does not recommend the removal of the summer employee appreciation gathering or the Chancellor's holiday party. These events support the connectivity of diverse stakeholders in the University community. Instead, these events should reduce giveaways and bar service.

12. Significantly reduce freestanding water bubblers

Many areas on campus are very close to a plumbed-in "hydration station" for campus community members to fill water bottles at. Very commonly, these same areas have one, two or more Poland Springs bottled water dispensers.

The Subcommittee recommends removing all Poland Springs bottle stations. In buildings that do not have hydration stations, water should be sourced through WB Mason at a significantly lower negotiated cost. By eliminating 100 bubblers, not only will the cost for keeping them stocked be eliminated, but the estimated \$80 per year in energy for each bubbler will be avoided, as well. The subcommittee estimates that departments can save \$50,000 for reallocation.

13. Reduce the frequency of promotional items provided to employees

The Subcommittee recognizes that reinforcing the UMass Lowell brand is essential. We recommend purchasers review the use of giveaways, promotional items or other gifts to current or prospective students to avoid unnecessary or unbeneficial expenses. Additionally, employees serving on committees or attending events often receive giveaways as "thank you" gifts for their participation. In many cases, these gifts go unused. The Subcommittee recommends these gifts be discontinued, saving \$20,000 for departments to reallocate to other priorities.

Gifts can include small items like pens or notepads, and also includes larger items such as embroidered shirts, backpacks and vests. The Subcommittee acknowledges that these gifts are often not uniformly distributed across the campus community, and that many managers receive multiple gifts per year.

The Subcommittee recognizes that departments that serve in student or public facing roles may have a business need to ensure they are appropriately communicating the university's brand.

SUBCOMMITTEE MEMBERSHIP:

Steve Athanas, Chair

Associate CIO

Brenda Evans

Dean of Student Affairs & Event Services

Monica Galizzi

Professor, Chair, Economics and Co-Chair of Financial Planning Committee

Michael Graves

President of Faculty Senate

Elaine Keough

Director of Digital Communications

Saira Latif

Associate Professor and Chair, Finance

Karen Morin

Director of Academic Budgets, Provost's Office

Chris Mullin

Senior Executive Associate, Chancellor's Office

Gary Nolan

Director of Procurement Services

Steve O'Riordan

AVC Financial Services and Co-Chair of Financial Planning Committee

Nick Piscitello

Director of Administrative Services

APPENDIX A:

ANNOUNCEMENT TO THE CAMPUS

06/26/2018

By Monica Galizzi & Steve O’Riordan, Co-Chairs, 2020 Financial Planning Committee

As the new fiscal year begins, we wanted to share with the campus community our budget priorities for the year and ask for your help in achieving the strategic goals we have set as a university. Although the state budget and student tuition and fees are not yet finalized, the campus has committed \$4 million in new funds for Academic Affairs. This funding will allow us to hire new faculty and maintain an 18:1 student/faculty ratio; increase college operating budgets and offer more financial aid to our students. These investments will continue the tremendous momentum we’ve collectively created in moving our university forward on so many levels.

In order for us to make these critical investments and to support student success, research and innovation — while also making needed improvements to our facilities — we must stay committed to delivering services efficiently and effectively and to reinvest any and all cost-savings into the Strategic Plan.

To this end, a Subcommittee on Strategic Cost Savings has been established that will identify cost controls and other non-personnel cost savings in order to free resources for strategic reinvestment. The subcommittee, which is part of the 2020 Strategic Plan Financial Planning Committee, will make recommendations on strategies and initiatives for savings to the Executive Cabinet by Aug. 30, 2018.

We also ask you, the campus community, for ideas to help us achieve our budget goals and commitments set for FY2019. To meet the commitments outlined above, we must identify cost savings totaling approximately \$2 million in non-personnel costs across the campus Educational & General Operating Budget. Cost savings recommendations and reinvestment will be in accordance with the following principles:

The primary focus is to preserve the core academic mission and critical student support services necessary to sustaining campus progress toward the goals of our Strategic Plan.

Campus services essential to institutional operations, safety and other functions that support student success will be preserved and enhanced.

Recommendations will support a campus-wide perspective, encourage collaboration across business units and departments, promote efficiency and enhance financial sustainability.

All ideas for cost savings and efficiencies are welcome and can be submitted directly to budget@uml.edu.

A cross section of faculty and staff, listed below, has been asked to serve on the subcommittee. They will be staffed by Budget & Financial Planning Office personnel.

Steve Athanas, Associate CIO

Brenda Evans, Dean of Student Affairs & Event Services

Monica Galizzi, Professor, Chair, Economics and Co-Chair of Financial Planning Committee

Michael Graves, President of Faculty Senate

Elaine Keough, Director of Digital Communications

Saira Latif, Associate Professor and Chair, Finance

Karen Morin, Director of Academic Budgets, Provost's Office

Chris Mullin, Senior Executive Associate, Chancellor's Office

Gary Nolan, Director of Procurement Services

Steve O'Riordan, AVC Financial Services and Co-Chair of Financial Planning Committee

Nick Piscitello, Director of Administrative Services

The campus has implemented many academic and administrative efficiency and effectiveness initiatives. By controlling costs and increasing revenues through enrollment, fundraising, sponsored research and entrepreneurial activities, we will remain financially sustainable. We can't afford to slow any of these efforts.

We have achieved great things thanks to the hard work of the entire campus community and we know our efforts in the coming year will elevate UMass Lowell even higher.

APPENDIX B:

WORKING GROUP MEMBERSHIP

- Computer Replenishment & Software
 - Steve Athanas,
 - Mike Graves
 - Gary Nolan
- Cell Phone policy
 - Steve Athanas
 - Steve O’Riordan
- Printers & Duplicating
 - Gary Nolan
 - Nick Piscitello
- Events & Catering
 - Brenda Evans
 - Chris Mullin
- Travel
 - Brenda Evans
 - Monica Galizzi
 - Saira Latif
 - Gary Nolan
 - Nancy Ritchie
- Energy Efficiency
 - Steve Athanas
 - Steve O’Riordan