Sustaining New Synergies Initiative

February 19, 2010 • A.V. Diaz
Purdue’s Budget Assumptions FY 2012

- Assumptions
  - Flat appropriation
  - 3% salary increase
  - 1% supplies and expense
  - Mandatory costs increases
  - Maintain
    - Student Success initiatives
    - Instruction
    - Scholarships/financial aid

- Results: shortfall
  - FY 2011 $11.1M
  - FY 2012 $40.0M
  - FY 2013 $67.4M

(before fee considerations)
Understanding Our Budget Challenge

FY 2010: $10.3 M (Cash: $11.1 M, Recurring: $10.3 M)
FY 2011: $25.5 M (Cash: $25.5 M, Recurring: $25.5 M)
FY 2012: $40 M (Cash: $11.1 M, Recurring: $28.9 M)
FY 2013: $67 M (Cash: $11.1 M, Recurring: $55.9 M)
Recurring Challenge – Plan Elements

$67 M

$25 M
Admin. Efficiencies Target

$42 M

$27 M – Total Compensation

$5 M – Energy Conservation

$10 M – IT Governance

Strategic Sourcing
Sustaining New Synergies Initiative

February 19, 2010 • Ken L. Sandel
A/P Forum • February 19, 2010

Task Force for Assessment and Implementation

- Project Manager: Ken Sandel, Office of the Treasurer
- Melinda Bain, Office of the Treasurer
- Denise Laussade, Treasury Operations
- Chris Martin, Business Office, Engineering
- Sharon Steen, Business Services
- Marissa Sura, Marketing & Media
- Julie Talz, Housing and Food Services
- Erick VanMeter, Physical Facilities
- Masters and Ph.D. Students (8)
Task Force Scope

Engage in a targeted assessment of Purdue University’s administrative processes, practices, policies, organizational structures and systems to achieve the financial targets established by the executive leadership of Purdue University.

Approach

- Collect, analyze and assess feedback
- Review current Purdue initiatives
- Determine, evaluate, prioritize and recommend opportunities
- Develop detailed implementation plans
- Work with units targeted for savings initiatives
- Maintain a project savings scorecard to established targets
- Develop a methodology for sustaining Task Force’s efforts
Initiatives

- Strategic Sourcing
- Information Technology
- Energy Conservation
- Compensation and Benefits
- Administrative Organization Benchmarking Study
- Administrative Efficiencies

www.purdue.edu/sustaining/
Strategic Sourcing

Our approach:

• Look at how goods and services are acquired, and find ways to improve the overall price or quality.
  – May involve new bid process
  – Develop vendor alliances
  – Improve and simplify processes

• Strategic Sourcing consultant
  – RFP submitted, responses in
  – March 1 – Engage firm
  – April 30 – Complete analysis and prioritize quick wins
  – June 30 – Organizational structure review

• Gather peer/comparative data
Information Technology

• Formed Campus Information Technology Plan Committee (CITPC)
  – Chair: Connie Lapinskas
  – Launched Governance and Cost-Savings sub-committees

• Review of central IT (ITaP), administrative computing and academic computing
Energy Conservation

- Kicked-off Building Control System (BCS) adjustments
  - Sent campus-wide communication (Feb. 2)
  - Identified initial 11 buildings

- Planning “Lights Out” campaign with campus groups

- Developing Web-based promotion and consumption tracking
  - Consumption data
  - Building-specific action plans
  - Feedback portal
Compensation and Benefits

• Reviewing options as part of total compensation rebalancing
  – Retirement contribution
  – Medical (healthcare split to average 80/20)
  – Salary off-set

• Recurring savings options
  – Benefits for part-time employees
  – Early retirement incentive
  – Revision of overtime pay policy
  – Delay recurring annual merit increases

• Non-recurring savings options
  – Furloughs/pay reductions
  – Extend constrained hiring
  – Temporary suspension of retirement contributions

• Hewitt study – total compensation, benefits for part-time
Administrative Efficiencies

• Evaluating Campus Feedback / Idea Generation
  – Prepared executive summary and consolidated document of feedback
  – Shared with the Steering Committee sub-committee
  – Task force evaluating ideas based on a standard set of criteria

• Administrative Organizational Benchmarking Study
Communications

- Up-to-date information on Web site
- Purdue Today / Inside Purdue
- Department talking guides
- FAQs and Q&As with Executive Leadership
- Scenarios
- Upcoming forums
  - 10 colleges
  - 5 open forums
  - 3 regional campus forums
- Monthly summary reports
- Communication Advisory Board
- Communication plan and cadence
Campus Engagement

• Share ideas
• Identify best practices
• Be open to scrutiny
• Participate in energy conservation efforts
• Remain productive
• Keep a positive attitude
• Assist with special data requests
• Targeted tiger team efforts
• Stay up-to-date on team efforts

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