

TAB 6 – Unified Finance & Administration Update

Board of Trustees Meeting - July 20, 2015

- One year ago in July, the Board of Trustees approved the 2014 Strategic Outcomes which included the following:

Strategic Integration Target 2: Develop and implement a comprehensive financial management structure for the entire System that **enhances transparency, enables appropriate fiscal control, and advances comprehensive intra-system collaboration.**

Strategic Integration Target 3: Develop a comprehensive administrative plan that **reduces total administrative costs.**

- **Summer 2014.** Last summer, the budget schedule for FY16 was revised to enhance transparency and ensure Trustees had sufficient opportunity to exercise their fiduciary responsibility for budget development. The new schedule allowed for detailed budget information to be available two months in advance of final Board approval at the May meeting.
- **September 2014.** Options for the Unified Finance & Administration structure were outlined last September.
- **November 2014.** In November 2014, the Board adopted the “Full Integration” approach to a Unified Finance & Administration structure following a public comment period.
- Also in November, the Board approved the adoption of a new budget policy effective for FY16 governing: the schedule and process for developing the unified unrestricted budget; the format of the budget document by cost center, fund and program; and the process for monitoring and adjusting the budget once approved. The policy also governs the use of unbudgeted assets.
- And finally in November, the Board approved the unification of Human Resources and Labor Relations under a functionally aligned structure.
- **March 2015.** In March, the Board approved the recommendations of the Facilities Administrative Review.
- **May 2015.** In May, the Board approved the recommendations for a Unified Finance & Administration structure projected to realize ongoing savings between \$886,000 and \$1.7 million, with a reduction in headcount between 14 and 28 FTE (1.6% - 3.3%).
- **May-July 2015.** In May and June I conducted a round of campus visits - meeting with the campus president, campus CFO, and other stakeholders identified by the president at each of the seven institutions.

- The purpose of the visits was to conduct a “listening tour” to understand how the change effort was impacting campus stakeholders, and also to explain in person the next steps related to the implementation plan and respond to any questions.
- **Following the May Board Meeting** and during the period of the campus visits the implementation plan was being operationalized:
 - Job descriptions for the System Chief Financial Officer, the System Chief Facilities and General Services Officer, and the Campus Chief Business Officers were developed and reviewed with key stakeholders.
 - A search for the System Chief Financial Officer was conducted and Ryan Low was hired to fill the position.
 - The position of System Director of Facilities and General Services held by Chip Gavin was retitled as the Chief Facilities and General Services Officer.
 - The campus CFOs were transitioned into the campus Chief Business Officer positions.
 - Key positions in finance, facilities, human resources and other administration were identified and agreed upon by stakeholders for transfer to the University Services business unit.
 - All personnel changes were effective as of July 1, 2015.
 - The new finance and facilities structure has been operationalized and implementation is begun.
- **In June and July**, the Presidents Council:
 - Developed the set of **system-wide budget priorities for FY17** the Chancellor reviewed under his remarks earlier as groundwork for the Unified Budget;
 - Reviewed options for the development of the **FY17 Unified Budget** with CFO Ryan Low; and
 - Discussed how to operationalize the recommendations for the **Administrative Council** comprised of the campus presidents and the enterprise functional leaders that will provide oversight for functionally aligned administrative services going forward.
- In summary, the new unified finance & administration structure is comprised of the recommendations from the Administrative Reviews on Information Technology, Strategic Procurement, Human Resources & Labor Relations, and Facilities, as well as the work of the campus CFOs and system financial staff on Finance and general administration.
- Combined, the total annual **ongoing savings for these initiatives after FY2017 is approximately \$7 million.**