

Southern Arkansas University Tech
AQIP ACTION PROJECT #9 TEAM
Minutes of Meeting
April 10, 2012

A meeting of the Southern Arkansas University Tech ("SAU Tech") AQIP Action Project #9 Team was held on Tuesday, April 10, 2012, in the Administration Conference Room located in the Administration Building on the SAU Tech Campus, 6251 Hussey Road, Camden, Arkansas. Jodi Eppinette, team leader, called the meeting to order at 2:00 p.m.

Team members present were Marion Adams, Dr. Diane Betts, Jodi Eppinette, Gaye Manning, Gerald Manning, and Patricia McElroy. Also present was Paula Bergstrom.

Mrs. Eppinette stated the team needed to determine how to proceed with the project. Mrs. Eppinette distributed the "*Six Steps to Deploying a Cost-Containment Strategy*" and discussed each step. Mrs. Eppinette stated the first three steps were self-explanatory and could easily be incorporated by the college's various departments. Mrs. Eppinette stated the college will have to consider how it will enforce compliance and how it will make sure employees are following through per Step 4; the college will have to be transparent and see success as well as reward employees for success per Step 5; and the college will have to appoint a strong leader, someone who will continually push and promote, to keep the process going and successful per Step 6.

Mrs. Eppinette distributed a "*Cost Containment: A Survey of Current Practices at America's State Colleges and Universities*" and discussed several of the survey's recommendations applicable to the college. Team members commented that some of the recommendations were currently being used and employees may be surprised to know what measures are being, or have already been, taken to contain costs once they start focusing on cost containment. Mr. Manning stated the college's recently approved energy plan addresses reducing expenses and provides both short- and long-term goals for doing so. Mr. Manning stated the plan also includes reducing expenses other than just energy. Mrs. Manning stated the college will outsource the college Bookstore when the Bookstore is relocated to the new student center. Dr. Betts stated another action project is looking at program/course review relating to productive and non-productive programs. Mrs. Eppinette stated Academics is using more adjunct faculty instead of hiring full-time faculty. Mrs. Manning stated the college purchases through the state consortium, and she will ask the college's Purchasing Agent to write a brief narrative for costs savings relating to purchasing. Mrs. Eppinette stated a skills inventory may be needed so the college can add in-house training to improve in-house skills. Mrs. Manning stated the college issued a RFP for its health, life, dental and disability coverage, and even though the current provider submitted the lowest proposal, the rates were still going up, just not as much as the other proposals received.

Mrs. Eppinette asked "*Is the team on the right track?*" It was the general consensus of the team members that the steps and recommendations presented by Mrs. Eppinette provide guidance for the team, and they could easily be adapted to support and implement the "*Suggested Process*" distributed by Mrs. Eppinette. Dr. Betts stated the action project's challenge was to develop, implement and evaluate.

Mrs. Eppinette stated the team's first step was to see what the college has already done. Mrs. Manning stated departments need to supply a list of their cost containment efforts, and the team could add the responses to the initial cost containment list the college provided ADHE. Dr. Betts stated each department needs to set cost containment goals along with a realistic target to work toward for reaching the goals, i.e., a small goal each year. It was the general consensus of the team members that the departments would include their goals in their Master Plan each year.

Mrs. Eppinette stated a timeline needed to be established for the suggested process. The team members agreed for the following phases as the project's timeline:

- Phase I – Gather data for what is being, or already has been, done by departments to reduce expenses. Dr. Betts will distribute an email to employees responsible for Master Plan goals/actions/results reminding them of the purpose of the action project and advising them what the team is proposing and what information is needed now for the college's cost

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containment list. Information beginning 2010-2011 and going forward will be requested. Cost containment measures prior to 2010-2011 will be accepted if they provide on-going expense reduction. Dr. Betts will also include SACUBO's website for *Best Practices* for employees to review to see what other higher education institutions have done, are doing, or plan to do in the future, to reduce costs. Dr. Betts will also announce Phase I at the April Administrative Council meeting.

Due Date for Phase I – End of September 2012.

- Phase II – Ask departments to set short- and long-term goals to reduce expenses. Departments review cost containment data gathered for Phase I and set realistic short- and long-term goals which support the college's overall cost containment program.

Due Date for Phase II – Late Fall 2012.

- Phase III – Departments add cost containment goals to Master Plan. It was the general consensus of the team that by adding cost containment goals to the Master Plan the college would have a better tracking system for reviewing and reporting cost containment goals/actions/results. This information would also be available for all employees to see what the college was doing to reduce costs.

Due Date for Phase III – March 2013.

- Phase IV – Measure cost containment processes and overall program.

Due Date for Phase IV – Spring 2014.

Dr. Betts stated fall staff development will include a presentation for AQIP, action projects, and *Systems Portfolio*.

Mrs. Eppinette asked the team members to report their "homework assignment". Ms. Adams distributed and discussed her review for student debit cards and paperless payroll. Mrs. Manning stated the Business Office is currently communicating with other institutions about using student debit cards. Mrs. Eppinette discussed best practices she reviewed for lean management training and incentive to reward.

Mrs. Eppinette stated the action project has a target completion date for June 2014 and asked how often the team will need to meet since the project's timeline has been established. Dr. Betts stated the team will need to meet at least two more times.

It was the general consensus of the team members that any employee can submit a cost containment measure, and the college's overall cost containment policy/process needed to include rewarding employees for cost savings.

There being no further business, Mrs. Eppinette adjourned the meeting at 3:10 pm.

Minutes recorded by Paula Bergstrom.

Handouts: *Six Steps to Deploying a Cost-Containment Strategy*
Cost Containment: A Survey of Current Practices at America's State Colleges & Universities
Student Debit Card
Paperless Payroll

Six Steps to Deploying a Cost-Containment Strategy

From: www.navigatorteam.com

Step 1: Set Financial Targets by Department

Assign targets by department. (Example: Reduce expenses by 5% , 10%, 20% during the 2012-2013 budget year.) This goal could be incorporated into each department's master plan. May use both long- and short-term goals.

Step 2: Identify Savings Targets & Improvements by Process by Department

Departments identify savings targets for specific processes within the department. These process goals should add up to at least the department's savings goal established in Step 1.

Step 3: Create a Project Roadmap by Department

Create a roadmap for each department that allows the accomplishment of goals set in Step 2. Goals may be categorized as short-term (1-3 months), medium-term (3-6 months), and long-term (6 months or greater). Goals should be prioritized.

Step 4: Establish Change Governance

Change Management occurs at the executive, functional and project level.
Executive Team –The executive team owns the savings roadmap and enforces compliance.
Project Teams–Project teams are used to accomplish specific tasks such as developing recommendations or implementing solutions.

Step 5: Pilot Success then scale and Replicate

Build momentum through successful projects. Good pilots have three criteria:

1. Significant financial return
2. Bring resolutions to an organizational issue felt by all
3. They create competitive advantage.

Celebrate accomplishments – reward success

Step 6: Decide Who Owns Performance

Strong leadership is required for this process to be successful. One senior executive must take personal ownership of the process. This person becomes the "Performance Champion" and must be chosen wisely.

Cost containment: A Survey of Current Practices at America's State Colleges and Universities

American Association of State Colleges and Universities, SunGard Higher Education
www.aascu.org (Access the Special Reports from the Issues Link)

Improved accountability and transparency can be realized through a more proactive and regular reporting of both cost containment activities and the results generated.

Recommendations:

1. Harness Costs through Enhanced Energy Management

Example: Strategic Energy Plan (StEP) fits this criterion

2. Take Advantage of Cost Containment Opportunities in Business Services/Processes

Example: Outsourcing of business operations/Information technology services.

3. Realize enhanced Cost Management through Judicious Academic Programming Measures, While Taking into Account Core Academic functions

Cost savings may be achieved through cost effective academic programming and course offerings. Review of faculty course loads. Use of adjuncts. Online course offerings. Be cautious of degrading academic programs.

4. Exploit the Full Potential of Purchasing Consortiums Participation

State Purchasing Consortium

5. Report and Quantify Cost Containment Outcomes

Report both effort and improvement. Quantify the effectiveness of cost management efforts and publish the outcomes. Results might be reported in terms of student FTE, SSCH, cost per square foot.)

6. Invite ideas and Solutions from Employees and Students While Also Tapping Outside Expertise

Institutions which encourage employees to offer cost savings ideas have a greater satisfaction level with their cost containment achievements.

Reported Sources of Cost Containment in State Colleges and Universities

1. Facilities and Infrastructure
2. Business Services/Processes
3. Academic Programming
4. Staffing Levels
5. Salaries
6. Student Services
7. Benefits
8. Athletics and Extracurricular Programming

Student Debit Card:

One of the worst customer service “no-no's” is to have your customers (students) wait in line. Under the old paper check method, students would have to stand in line to pick up their refund check and then go to the bank (stand in another line) to cash the check. Frustration was building within the student body about the amount of wasted time involved and who was getting the blame – yes it's the Business Office. So Philander Smith College partnered with a local bank and designed a “Philander Card”. The “Philander Card” is a debit card on which funds can be loaded by the Business Office. Each new student (freshman, transfer) is issued a card a few weeks after enrolling. The card is retained by the student for the entire matriculation of the student at Philander. Students are notified when their card is available and can come at their leisure to pick the card up from the Business Office Cashier. This has eliminated students waiting in line to pick up their coveted “refund check”. Financial Aid refunds, book voucher refunds, and Federal Workstudy payroll are all applied to the card.

The students benefit from not having to stand in so many lines and the line. Students also benefit from the security of not carrying so much cash around. Our student population consists of 50% being from out of state, so they may or may not have ties to a local bank

or may not even have a personal account of their own. Students can use the card at any merchant (like any debit card), get cash from an ATM or get a cash advance from the bank. The College also benefits from not printing checks and dealing with frustrated students. The College has also experienced savings in manpower as and bank reconciliation became simpler. The banking partnership took time, but there were no cost involved. The only cost ongoing is for replacement cards (original cards are free to the college and student). The bank charges the school \$25 and the school charges the student \$35.

Paperless Payroll:

Philander Smith College outsources much of its payroll function. The College has for years encouraged its employees to sign up for direct deposit. Approximately 85% of employees benefited from direct deposit, but the Human Resource department (with help from the Cashier) distributed pay stubs and the 15 % hard checks each payroll. Since most pay is salary or contract (faculty), payroll for employees didn't change much, therefore the majority of employees would not come and pick up the pay stub (they did pick up the hard checks). After a while the Business Office/Human Resources would send out notices and then decide whether to shred or keep old pay stubs.

The College worked with its existing vendor and developed a paperless system. The College now requires all employees to either have direct deposit or have a "Philander Card" (same as for student refunds). Pay stubs are also no longer being printed. The vendor maintains a website where employees can retrieve pay stubs and even W-2 information (password protected). The cost of going paperless has been minimal. The only extra cost was the cost of maintenance to the website, but both the College and its employees have benefited and we have also saved a few trees.