

Efficiency Efforts

In July 2000, the University began a four-year internal reallocation strategy that would reallocate and redirect \$21 million towards achieving strategic goals included in the University's strategic plan. This strategy was an attempt to address several factors impacting the institution. First, most Postsecondary Education funding was targeted towards specific initiatives. Second, only modest improvements were expected in general fund appropriation. Third, there has been a clear message from the state that all institutions must resolve their budgetary problems internally.

The goal was to concentrate on six strategic niches (See Appendix A):

- Faculty and Staff Salary Catch-up
- Improve Graduate Student Support/Research Infrastructure
- Enhance the Undergraduate Experience
- Increase Library Books and Collections
- Diversity Initiatives
- Technology Enhancement

UofL has reinvested more than \$10 million of the \$21.2 million identified during Phase III in faculty and staff salaries. Continuing to invest in compensation is a key factor in attracting and retaining outstanding employees. These employees are vital to the University's ability to educate and graduate well-equipped students.

The University has designated \$3 million to enhance graduate student and research infrastructure support by providing new graduate assistantships, health insurance for graduate assistants and support for doctoral programs in public health. An additional \$2.9 million was devoted to undergraduate initiatives, including more scholarships for undergraduates, an enhanced honors program, general education curriculum and funding for the Pathways to Success program. Another \$4 million was invested in library books and collections. The cornerstone of any major research institution is a comprehensive and technologically advanced library system. Each of these areas is crucial to aiding the institution's core customers – our students.

A concentrated and conscious effort has also been made to support diversity initiatives and make additional technology enhancements. Over \$328,000 was dedicated to support Minority Affairs and the Women's Center. Nearly \$1 million was dedicated to the support of Distance Education and institutional data management.

In order to generate the \$21 million necessary to fund the items highlighted above, the University employed numerous strategies. Among the most significant are:

- **Closed the School of Allied Health Sciences, resulting in a savings of \$385,844.**
- **College of Arts and Sciences reallocated lecture lump sum funds previously used to augment faculty teaching assignments thereby saving \$416,677.**
- **College of Business and Public Administration converted both the Urban Studies Institute and the Information Technology Resource Center to self-supporting units. This initiative resulted in a savings of \$157,475.**
- **School of Dentistry made several personnel changes saving \$245,000. First, they shifted support of selected part-time faculty and other appropriate personnel to clinical revenue. In addition, the School of Dentistry was able to capture some net residual funds from retiring faculty.**
- **College of Education and Human Development implemented a targeted enrollment plan to increase enrollment in Secondary Education and Early and Middle Childhood Education, which included the establishment of a new Bachelor of Science degree program in “Birth to 5.” These efforts resulted in new revenue of \$96,000.**
- **University Libraries generated a savings of \$50,905 through the internal reallocation of existing personnel lines and selected operating expense budgets.**
- **School of Medicine elected not to fill several faculty positions that were vacated by retirements, resulting in a savings of \$166,060. These positions were not central to the School of Medicine’s strategic emphasis or the basic medical core curriculum.**
- **J.B. Speed School of Engineering implemented a managed enrollment plan designed to increase graduate student enrollment thereby generating \$297,000 in new revenue.**

The University of Louisville continues to streamline all academic and support operations by implementing unit-specific and campus-wide strategies aimed at increasing efficiency. These efficiencies have allowed the University to redirect scarce resources to strategic priorities and core mission programs.

The following are specific efficiency efforts undertaken by the University of Louisville:

- **Targeted resources in areas of academic excellence to gain national recognition in selected graduate and professional programs. UofL reallocated nearly \$2 million to support graduate students in our programs,**
- **Estimated expenses to the 2004 health plan were reduced by approximately \$1.9 million dollars through the consolidation of pharmacy benefits and administrative services under one carrier,**
- **Implemented Project RUN; a metro data network in which the University shares or independently owns over 90 miles of fiber optic cable. This network provides**

the University with a robust 4 Gigabits of bandwidth to most locations with little annual services cost, saving the University \$740,000. Recovery of implementation costs has averaged less than 2 years when compared to BellSouth lease rates.

- **PeopleSoft has multiple software modules for university applications. Negotiations and participation in “early adopter” programs have allowed the University to save significantly on several new module implementations including Financials and HR/SA version 8.0. This has resulted in a one-time savings of \$750,000.**
- **Renegotiated the University’s BellSouth 5-year telephone contract in 2001 resulting in an annual decrease of \$534,000. This savings is being used to modernize the data infrastructure and provide wireless data services throughout all campuses.**
- **Negotiation with Microsoft Corporation has allowed personal computer users to receive current operating system and office suite products for only \$65 per year. These products purchased separately would cost over \$300 and would not include updates of new versions. Over a 3-year period, savings per user was \$100 minimum and the University community has saved \$400,000,**
- **Phased out general fund support for Student Housing Administration. Student Housing is now separately budgeted as a totally self-supporting operation. This efficiency was accomplished by using innovative ways to reduce operating costs to ensure UofL’s housing rates remain competitive. Any annual surplus from housing operations is expected to fund routine maintenance and renovations for student housing,**
- **Contracted with an alternate vendor for Data Center equipment providing an annual savings of \$180,000. Data Center equipment must be maintained under service contracts in order to ensure operational integrity. Until 3 years ago the manufacturer, IBM, provided maintenance,**
- **Consolidated business operations for several hospital based departments such as Emergency Medicine, Anesthesiology, and Pathology,**
- **Energy Management Initiatives including – installation of new chillers in central plant and more efficient air handlers, and replacement of insulation, approximate savings of \$150,000/year,**
- **Reorganized the Graduate School to promote greater efficiencies in the area of admissions and policy development,**
- **As part of the University’s administrative reorganization, several administrative positions were eliminated. These include the Vice President for New Ventures and the Executive Assistant for Special Events,**
- **Reorganized the Health Science Campus and formed a School of Public Health. This is an interdisciplinary school utilizing resources from both the Health Science and Belknap campuses,**

- **Reduced general fund support for selected Public Service programs,**
- **Revamped the University's Career Center to provide better and more efficient career counseling services for our students,**
- **Developing policies to charge revenue generating units (to include clinical activities) an appropriate overhead rate,**
- **Restructured the University's student remediation program to improve undergraduate retention and graduation rates. All remedial education is now offered through a partnership with KCTCS,**
- **Changed the annual 12-month contract type for engineering faculty to an innovative 11-month contract,**
- **Phased-out residency petitioning by utilizing binding agreements with nonresident medical and dental students,**
- **Re-vamped the University's Distance Education programs, using specialized software, faculty are developing new on-line academic courses more efficiently,**
- **Streamlined commencement ceremonies and related activities to generate savings,**
- **Moved underground transformers above ground to prevent flooding and large expenditures if damaged,**
- **Implemented a two-year cycle for window cleaning with savings of approximately \$30,000/year,**
- **Replaced several domestic boilers with more efficient ones,**
- **Replaced fluorescent lamps with more efficient and environmentally friendly lamps,**
- **Combined coal purchases with Medical Center Steam Plant for savings of approximately \$25,000/year,**
- **Installed more efficient HVAC systems in several buildings,**
- **Began processing LG&E and Louisville Water Company billings through direct billing to reduce paperwork and eliminate late charges,**
- **Revised indirect cost rates with the Federal Government. This action coupled with increased grant activity provided additional funds to support strategically important research initiatives,**
- **Outsourced production of W-2's to a vendor that will mail W-2's to employee homes and provide the opportunity to receive duplicates on-line and on demand,**

- **Instituted a web-based consolidated recordkeeping system for 403(b) retirement plans that improves efficiency of operation, allows employees to self-help, and provides increased customer service to employees and faculty,**
- **Antivirus software is essential in today's email environment. Through negotiation with Symantec, the University now has a Norton's antivirus site license covering all users and reducing the University's annual cost by \$65,000. Data network integrity and user uptime have improved along with significant savings achieved through the site license.**
- **Continued renegotiation of Internet bandwidth contracts has dropped pricing for this service by 50% resulting in an annual cost savings of \$96,000. Pricing benefit will continue with future growth in bandwidth.**
- **The University is currently piloting a Voice over Internet Protocol (VoIP) telephone technology that will allow the routing of telephone calls over the existing data network. 300 of 9100 total telephone users are now served by this technology, which reduces the monthly line costs by \$10.50 per line, per month. Current savings are \$38,000 annually with projected savings of \$1.5 million when fully implemented.**
- **Implemented a web-based employment verification system that allows faculty and staff to verify employment and/or income 24 hours a day, seven days a week,**
- **Pharmacist employed to educate employees about pharmacy benefits (reducing employee costs) and to assist the University in reducing pharmacy costs,**
- **Created a payroll and benefits help desk to assist faculty and staff with expediting resolution of payroll and benefits issues,**
- **Implemented online open enrollment for health insurance, making the process more efficient for employees as well as the benefits office,**
- **Implemented flexible spending expense cards for all employees enrolled in the flexible spending plan, making the process more efficient and reducing out-of-pocket expenses,**
- **Require direct deposit of paychecks for all employees hired after January 1, 2001. This saves check stock costs as well as time saved sorting and distributing checks and stubs,**
- **Implemented HEAT systems for problem resolution in Human Resources. This systems tracks issues/problems/questions and provides monitoring on an ongoing basis,**
- **Discontinued advertising bids in the Courier-Journal with a savings of \$5,000/year,**
- **Discontinued printing small purchase order forms with a savings of \$4,000/year,**

- **Discontinued 10% Escrow Accounts for Retainage on Renovation and New Construction Projects with a savings of \$42,000 over a four year period,**
- **Initiated process of placing negative holds on student accounts for outstanding parking citations and NSF checks. This process initially produced an increase in revenue and annual collection has been consistent since initiation,**
- **Parking permit sales, citation payments and citation appeals processed online, saving personnel and paper costs. This is also more convenient for the University community,**
- **Student workers staff the front counter in the parking office and assist with customer sales and concerns and several student Parking Service Officers employed, reducing personnel costs,**
- **Upgraded parking equipment, i.e. hand-held ticket writers, gates, pay lot equipment and card readers. Faculty and staff can now use their permit to gain entry into the parking lot. This has improved efficiency since gate cards are no longer needed,**
- **Attendants of paid lots responsibility has been expanded to include writing parking citations in their assigned lot and surrounding areas. This increases revenue and reduces parking regulation violations,**
- **Initiated the Cadet Program which consists of university students serving as supplement police officers, reducing personnel cost,**
- **Established a 10-hour workday for some physical plant areas reducing overtime,**
- **Stockroom inventory report available online, assists departmental ordering,**
- **Configured Virtual LAN for registers used for campus card, reducing cost of phone/modem connections,**
- **Installed dual monitor support for payroll staff, printing costs reduced,**
- **Put Bid/RFP's on web site, reducing cost of mailing and advertising,**
- **Instituted UPS WorldShip and CampusShip. Allows departments to enter data directly to UPS, reduces Postal Services staff time and improves customer service,**
- **Implemented five applications to scan, store, retrieve and archive critical documents: Property and Casualty Claims, Workers Compensation Claims, Campus Card Agreements, Contracts and Leases, and other miscellaneous documents,**
- **Installed Radioactive Material Inventory Software. Allows labs to enter their own disposal records directly on the Web. Eliminates paper reports previously filed**

with the Radiation Safety Office (RSO), as well as the re-entry of information by the RSO,

- **Implemented Security Identity Management System (SIMS).** SIMS responds to personnel actions in PeopleSoft to create, modify and remove employees' security access to the network, e-mail and PeopleSoft self-service. Reduces staff time for workflow and improves communication,
- **Web-enabled PeopleSoft application allows faculty and staff to update contact information and directory name, which also updates GroupWise. Reduced work load for IT and HR staff. Also allows faculty and staff to access PeopleSoft and perform self-service or job-related tasks from any location.**
- **Discontinued printed publication of the staff and faculty directory. Beginning with 2004, this directory has been available on-line and updated nightly. Additionally, the directory can be downloaded and customized for department lists and other applications,**
- **Outsourced the Following Services:**

**Physical Plant Items
(partially outsourced)**

- Air Handling Unit Repairs
- Air Sampling
- Aluminum Doors/Frame Installation
- Asbestos Abatement
- Boilers - Major repairs, retubing, breeching work, etc.
- Carpentry
- Carpet/Tile Installation
- Ceramic Tile Work
- Chiller Repairs & Maintenance
- Concrete Repairs
- Cooling Tower Repairs
- Distilled Water System Maintenance
- Dock Repairs
- Dumpster Repairs
- Electrical Work
- Elevator - Major Upgrades
- Engineering
- Environmental Support Mgmt.
- Rigging
- Roofing
- Security System Installation & Maintenance
- Sheetmetal
- Snow Removal
- Training
- Tree Planting & Trimming
- Tuckpointing
- Waste Hauling
- Waterproofing
- Welding
- Window Cleaning

**Physical Plant Areas
(totally outsourced)**

- Crane Services
- Fire Sprinkler Installation
- Food Exhaust Hood Systems - Inspections & Testing
- Glass - New & Replacement
- Halon Systems - Installations, Inspections & Testing
- Handicap Door Openers - Installation
- Hazardous Waste Disposal
- High Voltage Electrical Repair & Maintenance
- HVAC
- Installation of Air Conditioning and Heating Systems
- Installation of Window Blinds
- Key Systems
- Labor
- Lawn Care
- Lawn Irrigation Systems
- Machinery & Equipment Repairs
- Maintenance & Installation of Temperature Controls
- Major Renovation Projects
- Masonry Work
- Millwork
- Movers (furniture and equipment)
- Overhead Door Work
- Painting
- Parking Gate Repairs
- Parking lot Striping
- Parking Lot Sweeping
- Paving
- Plastering
- Plumbing
- Restroom Partition Installation
- Custodial (Dorms)
- Golf Cart Repairs
- Hardwood Floor Refinishing
- Pest Extermination
- Scoreboard Maintenance
- Thermographic Surveys of Roofs & Elec. Systems
- Underground Leak Testing
- Vehicle Repair & Maintenance

Non Physical Plant Items

- Architects
- Bookstore
- Employee Assistance Program
- Employment Verification
- Engineers
- Food Service
- Postal (some services)
- Printing (some specialty jobs)
- Residence Hall Security
- Tax Consulting
- Travel Agency Service
- Vending
- W2-s

Appendix A

Challenge for Excellence Phase III

Financial Summary

<u>Description</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>Total</u>
<u>Strategic Reinvestments:</u>					
Faculty and Staff Salary Catch-up	3,459,200	2,180,300	2,180,300	2,180,300	10,000,100
Improve Graduate Student Support / Research Infrastructure	663,400	850,000	850,000	650,000	3,013,400
Enhance the Undergraduate Experience	1,250,000	777,700	700,000	150,000	2,877,700
Library Books and Collections (one-time funds for four years)	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Diversity Initiatives	307,200	21,600	0	0	328,800
Technology Enhancement	0	117,600	66,800	0	184,400
Subtotal Strategic Reinvestments (CAR)	<u>6,679,800</u>	<u>4,947,200</u>	<u>4,797,100</u>	<u>3,980,300</u>	<u>20,404,400</u>
* Data Warehouse (One Time)	0	250,000	250,000	250,000	750,000
Total Strategic Reinvestments	<u>6,679,800</u>	<u>5,197,200</u>	<u>5,047,100</u>	<u>4,230,300</u>	<u>21,154,400</u>
<u>Student Strategies:</u>	265,200	10,000	1,117,960	0	1,403,160
<u>Academic Units:</u>					
School of Allied Health	0	269,694	269,694	539,389	1,078,777
College of Arts and Sciences	903,508	422,300	398,100	422,300	2,146,208
College of Business and Public Administration	100,000	321,344	147,650	157,475	726,469
School of Dentistry	410,000	247,000	175,000	245,000	1,077,000
School of Education	107,912	279,480	267,384	96,000	750,776
Graduate School	0	0	0	0	0
Kent School of Social Work	40,099	0	0	0	40,099
School of Law	43,928	19,000	10,000	19,000	91,928
University Libraries	108,860	109,762	109,762	50,905	379,290
School of Medicine	1,277,928	510,200	376,200	137,300	2,301,628
School of Music	90,000	195,000	0	0	285,000
School of Nursing	0	0	0	0	0
J. B. Speed School of Engineering	951,575	287,500	297,500	297,600	1,834,175
Subtotal Academic Units	<u>4,033,810</u>	<u>2,661,281</u>	<u>2,051,291</u>	<u>1,964,968</u>	<u>10,711,350</u>
<u>Support Units:</u>					
Office of the President	174,116	26,000	26,000	26,000	252,116
Office of the Provost	194,000	342,639	0	0	536,639
Office of Planning and Budget	143,773	0	0	0	143,773
Vice President for Finance and Administration	755,338	476,972	0	0	1,232,310
Vice President for Information Technology	218,967	214,967	154,967	75,000	663,900
Vice President for Student Affairs	373,899	196,777	163,544	163,544	897,765
Vice President Development and Alumni	77,600	52,600	52,600	52,600	235,400
Vice President for University Relations	127,514	84,900	12,000	16,000	240,414
Vice President for Research	37,418	16,718	16,718	16,718	87,574
Subtotal Support Units	<u>2,102,625</u>	<u>1,411,573</u>	<u>425,830</u>	<u>349,863</u>	<u>4,289,890</u>
University Permanent Projected Savings	<u>6,401,635</u>	<u>4,082,854</u>	<u>3,595,080</u>	<u>2,314,831</u>	<u>16,404,400</u>
University One-time Projected Savings	<u>1,000,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>4,750,000</u>
Total University Projected Savings	<u>7,401,635</u>	<u>5,332,854</u>	<u>4,845,080</u>	<u>3,564,831</u>	<u>21,154,400</u>

Today, the University continues to internally reallocate funds or produce additional revenue to meet the following:

- **Mandated State Budget Reductions –**

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>Total</u>
Recurring FY 2002	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$12.0)
Recurring FY 2003		(\$3.0)	(\$3.0)	(\$3.0)	(\$9.0)
Recurring FY 2004			(\$3.1)	(\$3.1)	(\$6.2)
Nonrecurring FY 2002	(\$3.9)				(\$3.9)
Nonrecurring FY 2004			(\$7.9)		(\$7.9)
	<u>(\$6.9)</u>	<u>(\$6.0)</u>	<u>(\$17.0)</u>	<u>(\$9.1)</u>	<u>(\$39.0)</u>

- **Faculty and Staff Salary Increases**

- 5% in 2001-02 \$8.4 million
- .8% and one-time payments in 2002-03 \$4 million
- 3.85% in 2003-04 \$5.7 million
- 2% in 2004-05 \$3.6 million

- **Increased institutionally supported financial aid programs**

- 2001-02 \$4,112,200
- 2002-03 \$2,656,900
- 2003-04 \$2,540,700
- 2004-05 \$3,445,700

- **Increased Physical Plant budgets to cover increased utility and M&O costs**

- 2001-02 \$880,000
- 2002-03 \$418,800
- 2003-04 \$432,000
- 2004-05 \$590,100

- **Increased Health Insurance**

- 2001-02 \$334,700
- 2002-03 \$774,200
- 2003-04 \$1,014,400
- 2004-05 \$1,609,600