

AGENDA ITEM SUMMARY

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Administrative Cost Work Groups
Coordinating Board for Higher Education
June 8, 2017

DESCRIPTION

The Commissioner of Higher Education launched two administrative cost work groups in April 2017. This agenda item presents a summary of the work groups' progress to date.

Background

Governor Eric Greitens asked the Department of Higher Education to examine opportunities for administrative cost savings on March 7, 2017. Commissioner of Higher Education Zora Mulligan asked the Missouri Community College Association (MCCA) and Council on Public Higher Education (COPHE) to establish work groups to address the issue on March 17, 2017, outlining the following purpose, charge, and timeline:

Purpose. The Coordinating Board for Higher Education is establishing work groups to address administrative costs at Missouri's public colleges and universities. The work groups will complement individual institutions' efforts to identify cost-savings measures that will allow them to invest in core mission activities and enhance public confidence in the fiscal discipline of public higher education.

Charge

1. **Shared services and procurement.** Identify opportunities for significant cost savings that can be achieved by providing common essential services through a cross-institutional shared services model and by changing procurement practices, including:
 - a. Estimated savings;
 - b. Identification of the regulatory, policy, and cultural changes needed at the statewide and institutional level to achieve savings;
 - c. A detailed implementation plan; and
 - d. A plan for evaluating implementation of the changes.
2. **Regulatory relief.** Identify state regulatory and statutory requirements that (1) constitute a significant burden to implement at the institutional level and that are not justified by advancing a meaningful public good, and/or (2) if eliminated, would allow the institution to operate more efficiently, and make recommendations regarding changes to or rescission of those requirements. Include estimated savings associated with each recommended change.
3. **Employee benefits.** Analyze current retirement and health insurance benefits, make recommendations regarding changes that would reduce the cost of those benefits while

still providing substantial and competitive benefits to employees, and estimated savings associated with the recommendations.

Timeline

- **Thursday, April 6:** CBHE approves charge and timeline.
- **TBD.** Work groups prepare for and schedule initial meetings. In preparation for initial meetings, co-chairs and commissioner decide what data need to be reviewed at initial meeting and ask institutions to provide. Initial meetings should include the commissioner, be a data-based conversation, provide an opportunity to brainstorm and identify focus areas for each prong of the charge, and conclude by identifying homework and additional data needed to finalize the work group's direction.
- **Monday, May 15:** Work groups provide commissioner with preliminary scan of *regulations/statutory requirements* to be evaluated, scope of *employee benefits* to be reviewed, and initial perspective regarding the areas of greatest opportunity for *shared services and procurement* savings and data on which that perspective is based. Follow-up conversation with association EDs to identify any issues that cut across both sectors and could potentially be addressed together.
- **Thursday, June 8:** Work groups provide Coordinating Board with detailed report of progress in each area, including (1) areas of opportunity for shared services and procurement that will be seriously pursued; (2) estimated cost savings associated with each; and (3) identification of barriers and strategies to overcome barriers.
- **Friday, July 14:** Work groups provide commissioner with detailed report of progress in each area, including updated estimated cost savings and progress on eliminating barriers, and a preliminary implementation plan.
- **Tuesday, August 15:** Work groups provide final recommendations and establish a timeline for issues that will take longer to address.

Current Status

The CBHE approved the charge and timeline at their April 6, 2017, meeting. The work groups have met regularly and have developed preliminary scans of regulations/statutory requirements to be evaluated, scope of employee benefits to be reviewed, and initial perspective regarding the areas of greatest opportunity for shared services and procurement savings and data on which that perspective is based. MCCA and COPHE will provide the CBHE with detailed progress reports at the June 8, 2017, meeting.

Next Steps

The work groups will continue to meet over the summer and will provide a detailed progress report by July 14 and final recommendations by August 15. MDHE staff will work with institutions to follow through on those recommendations.

Conclusion

The process described above is clearly a major undertaking by the Coordinating Board, MDHE staff, and the higher education community in Missouri. Given the rapid changes in the higher education environment, both from a state and national perspective, it is essential that we begin this process now if we are to ensure the efficient and responsive higher education system needed to make Missouri a national leader in providing high-quality, affordable postsecondary education that will equip Missourians with the personal and professional skills to succeed in the twenty-first century.

STATUTORY REFERENCE

Section 173.020 – Responsibilities of the Coordinating Board

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT(S)

None