

AGENDA ITEM SUMMARY

AGENDA ITEM

Administrative Cost Reduction Work Groups
Coordinating Board for Higher Education
April 6, 2017

DESCRIPTION

The core statutory responsibilities of the Coordinating Board for Higher Education include “more effective coordination and mutual support among institutions in the utilization of facilities, faculty and other resources” (§ 173.020, RSMo).

In addition, during the process of gathering the information that provides the underpinning of the *Blueprint for Higher Education*, the steering committee received multiple comments about the need for the state to improve both the efficiency and effectiveness of its education system. Those comments led in part to the inclusion of Strategy 3.3 in the final document:

Support the appointment of a blue-ribbon third-party panel to review Missouri’s postsecondary education system – including governance and regulatory structures, efficiency, missions, adequacy of funding and selectivity policy – to assess how effectively the system is meeting the needs of stakeholders and made recommendations as appropriate.

While the Higher Education System Review Task Force addressed some of these issues, the questions of regulatory structures and efficiency merit additional attention. This is especially true in light of Governor Eric Greitens’ interest in significantly reducing administrative costs and investing in excellence at the state’s public colleges and universities.

The following purpose, charge, and timeline will be discussed by the Coordinating Board at their April 6 meeting and finalized at the conclusion of that discussion.

Purpose

The Coordinating Board for Higher Education is establishing two work groups to study and make recommendations for reducing administrative costs at Missouri’s public colleges and universities. The work groups will complement ongoing 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, including 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 estimate 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 executive directors 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.

Commitment to Transparency and Communication

Department staff will use the transparency and communication model established for the Higher Education System Review Task Force to document and provide information about the progress of these work groups. Email updates will be provided throughout the process to the board, the governor's office, and all public college and university presidents and chancellors, and information suitable for public viewing will be posted on the MDHE website.

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

It is recommended that the Coordinating Board establish two Administrative Costs Work Groups, with membership as described in Attachment A, and direct the groups to fulfill the charge described above.

It is further recommended that the Coordinating Board direct the work groups to submit an interim report to the Board containing recommendations by August 15, 2017.

ATTACHMENT(S)

Attachment A – Task Force Membership

MDHE ADMINISTRATIVE COST REVIEW TASK FORCE

Four-Year Roster

Institution	CEO	CFO	Leadership
Northwest Missouri State University	John Jasinski		
State Technical College of Missouri	Shawn Strong		
Truman State University		Dave Rector	
University of Central Missouri	Charles Ambrose		
University of Missouri System		Ryan Rapp	Chair

Two-Year Roster

Institution	CEO	CFO	Leadership
Crowder College		Amy Rand	
East Central College	Jon Bauer		
Jefferson College		Daryl Gehbauer	
Metropolitan Community College		Shelley Kneuvean	
Mineral Area College	Steve Kurtz		
Moberly Area Community College	Jeff Lashley		Co-Chair
North Central Missouri College		Tyson Otto	
Ozarks Technical Community College		Marla Moody	Co-Chair
St. Charles Community College	Barbara Kavalier		
St. Louis Community College	Jeff Pittman		
State Fair Community College	Joanna Anderson		
Three Rivers College		Charlotte Eubank	