Administrative Excellence Advisory Committee

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<th>Date:</th>
<th>Thursday, October 6, 2011</th>
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<tr>
<td>Start/End Time:</td>
<td>10 am to 11:30 am</td>
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<td>Location:</td>
<td>260 Bascom Hall</td>
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Present:
- Members: Brad Barham (Chair), Aaron Crandall, Irwin Goldman, JoBeth Dudley, Anne Mekschun, Jeff Shokler, Bethany Pluymers, Mark Bugher, Nicholas Brigham Schmuhl
- Ex Officio: Don Miner, Kim Moreland, Joanne Jones (for Bruce Maas)
- Staff: Alice Gustafson (Project Manager), Scott Hildebrand, Eden Inoway-Ronnie, Maury Cotter
- Huron Consultants: Scott Friedman, Adam Fennell, Peter Rubow, Laura Cox, Chris Slatter

Unable to attend: Julie Underwood, Bob Lavigna, Alan Fish

----- MEETING NOTES-----

Highlighted Activities:

Agenda Review and Announcements –
Brad Barham welcomed the committee and announced that the first Administrative Excellence campus forum is scheduled for October 27.

Plans for Phase II –
Alice Gustafson directed the committee to the “Initiative Progression” document, which described the three phases of Administrative Excellence. Alice said interim Chancellor David Ward is delivering an “incredible message” about why we’re doing this. She said the chancellor frames Administrative Excellence within the framework of the campus priority of resource stewardship. Alice said the chancellor shared his message at the Oct. 5 Vice Chancellor for Administration (VCA) Retreat. The chancellor’s message is that “there will be change” but what that change looks like is up to the campus.

Referring back to the “Initiative Progression” document, Alice said Administrative Excellence is coming to the end of Phase I. At that point, we will receive permission to study some opportunities in greater depth. There also is a window for the campus to engage in the process and provide feedback. During Phase II, working groups will start digging deeper in some areas and developing solutions to bring to the Advisory Committee.

Alice used the issue of computer bundling as an example of how messages about Administrative Excellence were tested at the VCA retreat. She said retreat participants thought the messaging was at the right level. It will be used as a template for how the message is presented on the web and in talking points. Irwin Goldman agreed that the message was at the right level and has a “very nice feel to it.”

Jeff Shokler said he is starting to get requests from groups like the Madison Academic Staff Association (MASA) to come and talk about Administrative Excellence. Jeff asked about how
Advisory Committee members should handle such requests. Brad Barham said the committee should respond and be involved in communications about the initiative. Alice said she would like to be informed about any requests committee members receive. She said she wants to know with whom the committee is communicating. She also said she could help prepare communication materials. Alice said the campus will be notified of the Oct. 27 forum through board campus communications, including e-mail and the Inside UW-Madison e-newsletter. The forum will be streamed on the web, she said. Bethany Pluymers said the Nov. 16 Chairs’ Breakfast also would be a good opportunity for communications about Administrative Excellence.

Areas of Review –

Internal Budget/Resource Allocation –

Adam Fennell of Huron explained that this area of review actually involved two workstreams: (1.) Requirements gathering and analysis and (2.) Internal budgeting. Requirements gathering is the process of documenting the expected core features of a budget system. Requirements analysis is the process of refining and categorizing of the requirements gathering. Laura Cox said the requirements-gathering process included a cross-section of the campus community. This helps build institutional ownership of the process, she said. Alice said representatives from UW System, UW-Extension, and UW-Milwaukee also were invited to participate. The process generated a list of 119 requirements, which were submitted to UW System to be combined with requirements from other UW institutions. Laura said the most important take-away was bringing together financial stakeholders from across the campus to discuss shared challenges and opportunities.

Moving to a discussion of resource allocation, Adam said trends in higher education have increased the importance of managing institutional resources. He said UW-Madison is in the “vanguard of complexity” with respect to funding sources. He said universities need to focus on revenue drivers, full costs of key activities, entrepreneurial activities, incentives, communication, collaboration and other areas. He said we also need to make sure our resources are allocated in a way that’s consistent with our strategic priorities. Adam said the benefits of clear data and informed decisions are many. Based on Huron’s understanding of UW-Madison and interviews with central administration and school financial administration, Huron used a draft set of principles to guide its analysis. An important principle is that the budgeting process and decisions will be sensitive to key aspects of the university’s culture and remain committed to its core missions. Plus, all budgeting decisions will be made in adherence to the university’s strategic plan. All budgetary decisions will be communicated in a transparent reporting process. Jeff Shokler said he was impressed with the principles. But he said the challenge will be to change thinking “on the ground” so self-interest isn’t guiding every decision. Jeff said part of the chancellor’s message that impresses him is when the chancellor asks, “Now that we’ve been given these new flexibilities, what are we going to do with them?”

Chris Slatter of Huron said Huron’s approach to its assessment of resource allocation has focused on collecting information about UW-Madison practices and those of benchmark institutions, which were identified as a result of being Top 20 research institutions and also through discussions with the Budget Office. Adam Fennell said the benchmarking is an analysis of what is happening at other institutions and does not mean “what they’re doing is right.” Adam highlighted a few items they have gathered through the benchmarking process.

- Penn State has engaged in an annual “recycling” program for about 20 years. One or two percent of each school/unit permanent general fund budget has been returned to central administration. This drives units to remain vigilant in controlling costs year after year.
- UCLA is beginning to use metrics in the budgeting process. Academic indicators include graduation rates, faculty teaching workload, extramural research funding per faculty member, and graduate placement.
- Michigan levies a 24% “general tax” on adjusted expenditure base other than externally sponsored grants and contracts including expenditures on gift and endowment funds.
- Also at Michigan, the direct operating costs of “general fund space” are assessed directly to the units that occupy the space.

Wrap up – The next meeting will focus on the Phase II road map.

**NEXT MEETING WILL BE:**
Thursday, October 20 10 am to 11:30 am in Room 260 Bascom