



NACUBO Planning and Budgeting Forum

Developing a Strategy for Administrative Spend
in Your University- Data Can Help!

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www.abc-insights.com



Your hosts for this session



Dr. Paul Friga

Clinical Assoc. Prof. – UNC CH
Co-Founder/Chief Strategy Officer –
The Academic Benchmarking
Consortium

pnf@unc.edu;

www.abc-insights.com



Bryan Elmore, M.Ed., CPA

Assistant VP, Budgets &
Business Operations

elmorbj@auburn.edu

Overview

Developing a Strategy for Administrative Spend in Your University- Data Can Help!

Why benchmark?



- Cost management pressure
- The Big 3: performance, budget, and best practices
- The Auburn story

How to benchmark?



- The Academic Benchmarking Consortium
- Activity-based costs
- Managerial-based costs

What is learned?



- Spending comparisons to peers
- Analysis of levels of centralization
- The “So Whats”

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There are significant pressures on universities today

DEMAND-SIDE PRESSURES

- Investment in facilities, IT and services to attract top students
- Investment in research infrastructure to support top faculty

REVENUE PRESSURES

- Continued cuts in state appropriations
- Nascent limitations on increasing tuition
- Declining projections in traditional students

INCREASING REGULATORY COMPLIANCE

- Title IX
- Research Administration
- Facilities and Athletics

COST MANAGEMENT

The Big 3: Top reasons for benchmarking

Benchmarking is vital to a university's strategic decision-making abilities

Strategic Performance Evaluation

- Overall university
- Individual units

Resource Allocation

- Budget decisions
- Over-investment?
- Under-investment?

Best Practice Sharing

- Across campus
- Across universities

Introducing Auburn University

- Auburn, Alabama
- Land-grant, sea-grant, and space-grant institution
- Established 1856
- 2017 Enrollment: 29,776
- 1,800-acre campus
- 2017 Endowment: \$738M



Why benchmark?

Auburn University's top reasons for benchmarking

Performance

Evaluation of units on campus and activities (such as IT)

Budget

Initiating RCM

Best Practices

Seeking a new budget implementation process

The Auburn Journey

Transition

- 5 Year Process
- Transparency
- Autonomy
- Accountability

Governance

- Budget Advisory Committee
- Space Management/Repair & Renovation Committee
- Central Unit Allocation Committee

Data

- Lack of data to assess administrative spend
- Duplicative services
- Over or under-invested in critical areas

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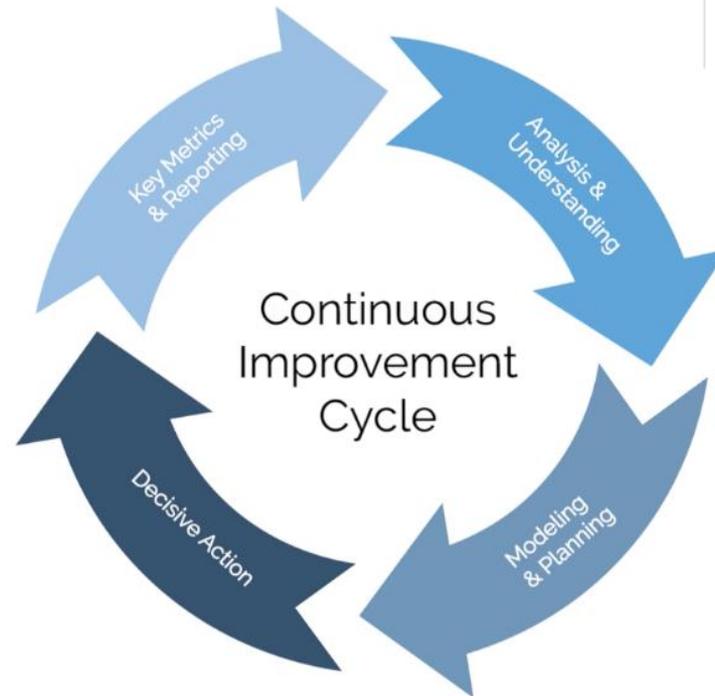
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The mission and vision of the Academic Benchmarking Consortium

*The **mission** is to improve strategic decision-making within higher education by providing reliable, actionable benchmarking data*



*The **vision** is to become the national standard in higher education*

Academic Benchmarking Consortium: Turning benchmarking data into insights

To whom should we compare?

What level of analysis?



How do we normalize?

of students,
of faculty,
of acres/ft. sq, % OpEx,
research \$, development \$, etc.

Where costs are located?

Which activities to analyze?

Facilities
IT
Student Services
Finance
Communications
Research Administration
HR
Development

Introducing a new way to look at your costs: Activity-Based

Our Standard Activity Model (SAM™) is focused on a subset of non-faculty “staff” labor expenses.

By organizing these expenses into a straight forward and consistently applied model we give you the ability to see exactly where you stand against your peers in a true “apples-to-apples” view.



FINANCE

- Accounts Payable
- Budget and Financial Planning
- Financial Reporting
- General Accounting
- Payroll Processing
- Procurement
- Student Accounts



HUMAN RESOURCES

- Benefits
- Classification and Compensation
- Employee and Labor Relations
- Hiring
- Training



INFORMATION TECHNOLOGY

- Application Development
- Education Technologies
- Infrastructure and Operations
- Security and Privacy
- User Support



FACILITIES

- Capital Planning and Management
- Construction Services, Building Maintenance and Repair
- Dining Services
- Energy and Utilities
- Environmental Health and Safety
- Grounds
- Housekeeping
- Public Safety
- Transportation



RESEARCH ADMINISTRATION

- Pre-Award
- Post-Award
- Research Compliance



COMMUNICATIONS

- Marketing and Communication
- Media Relations



DEVELOPMENT

- Alumni Relations
- Fund Raising
- Prospect Management, Research and Analytics



STUDENT SERVICES

- Academic Advising
- Admissions
- Career Services
- Diversity
- Financial Aid
- International Programs
- Recreational Services
- Registration
- Residential Services

ABC uses the well-established labor classifications

Prevalent HR structures over past 30 years



Centralized

Strong corporate HR office that serves as a central decision-making authority that supplies HR services throughout the organization.



Decentralized

Autonomous HR functions housed in separate business units that operate and make decisions mostly independent of the other units



Shared Service (Mix/Matrix)

A shared centralized corporate HR body combined with other relatively independent localized HR functions that benefit from both centralization and decentralization



External Labor (Outsourced)

HR structures that primarily use external brokers and networks to perform the HR function.

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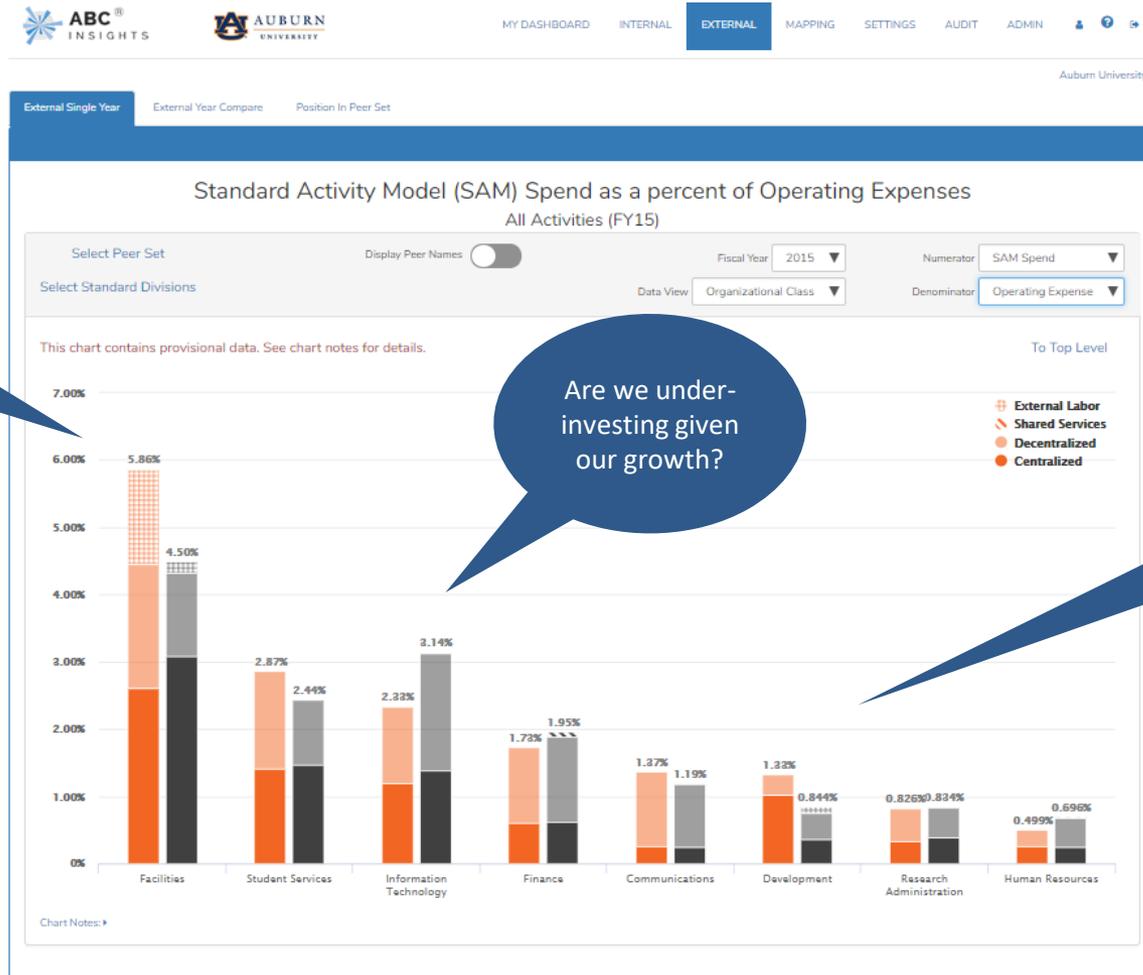
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Our starting point was a look at all of the key Standard Activities – as a % of Op Ex

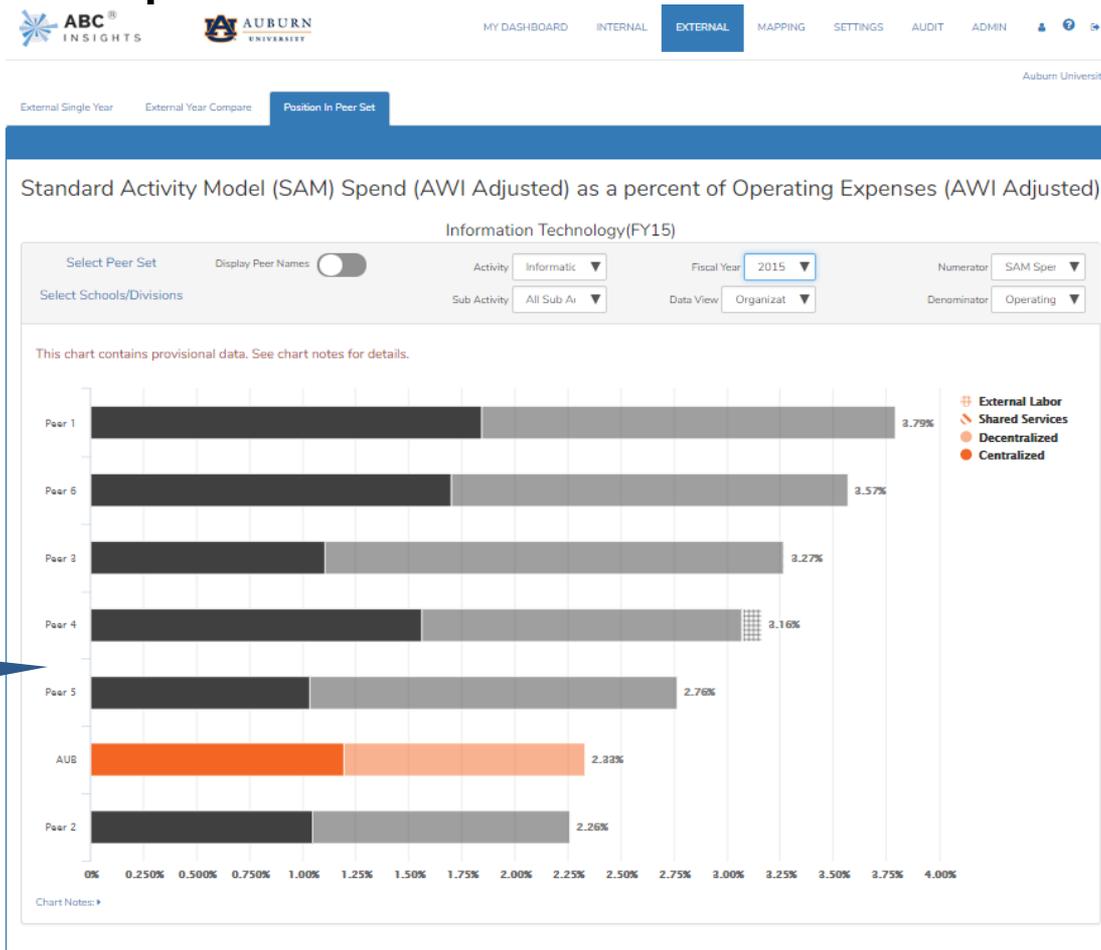


Are we over-investing and where?

Are we under-investing given our growth?

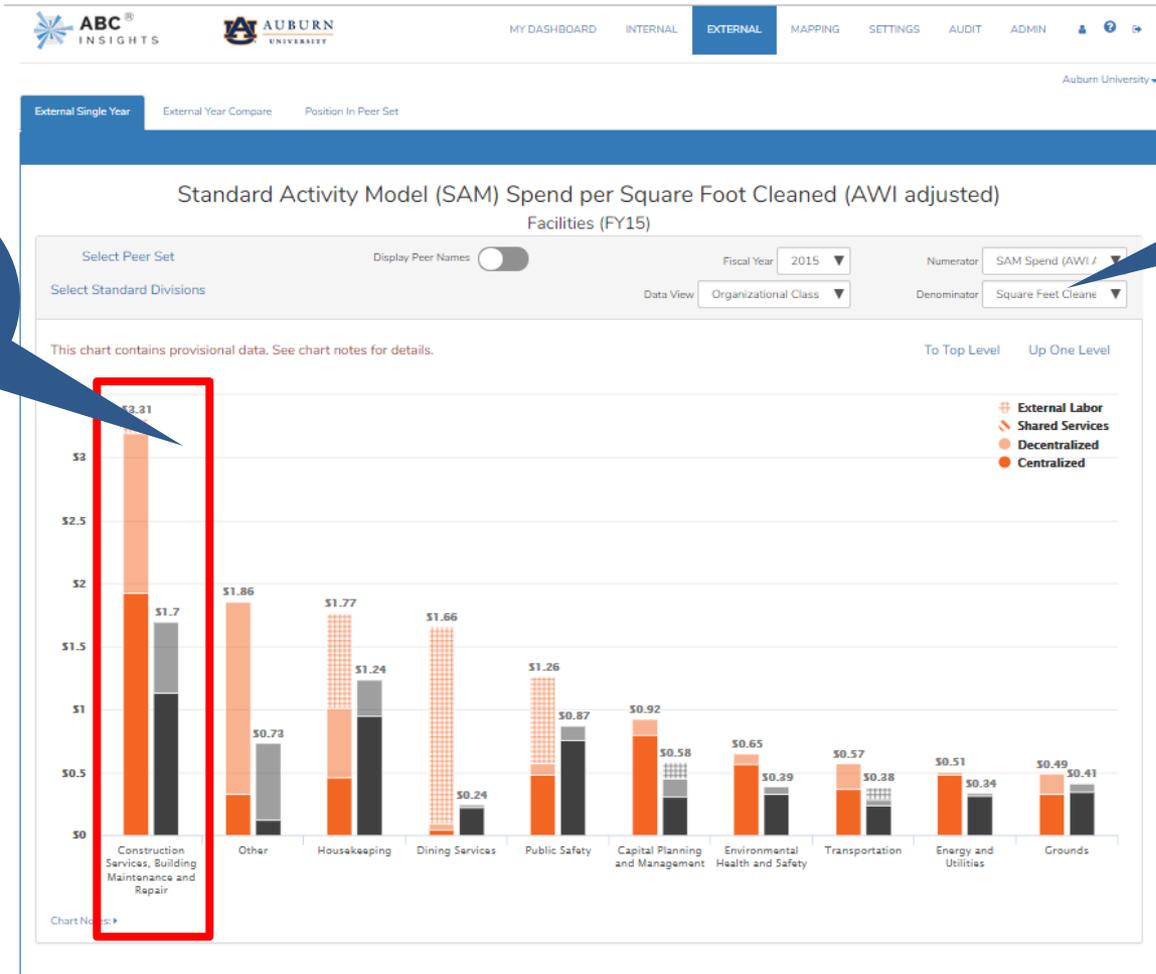
Are we over-investing in central development?

Looking more closely at our IT investment when compared to peers



Where is this higher research peer spending?

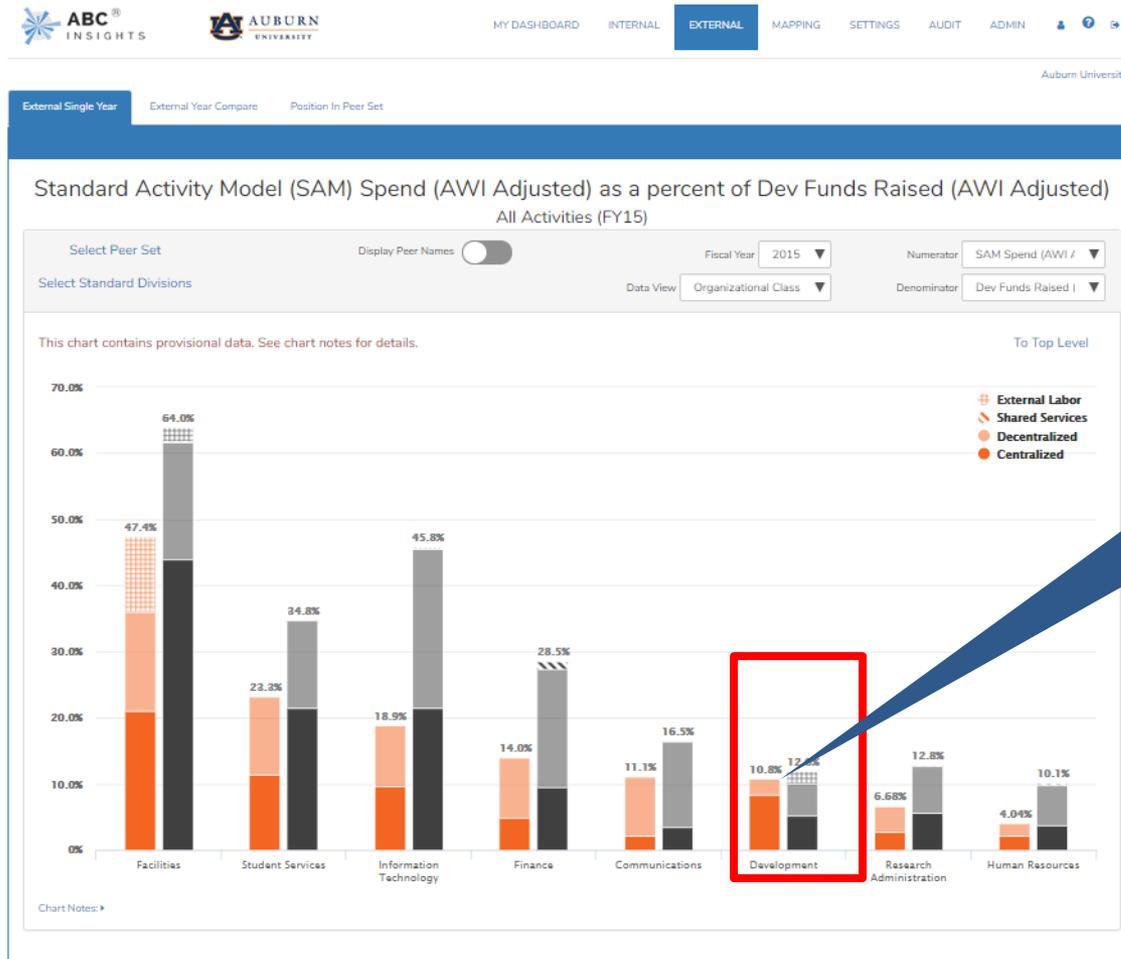
A deep dive in peer comparison on Facilities reveals some interesting findings



Why are we spending so much per sq ft cleaned?

We know that we are ~35-55% the size of peers?

An interesting story when analyzing Development – esp. the ratio of funds raised and centralization

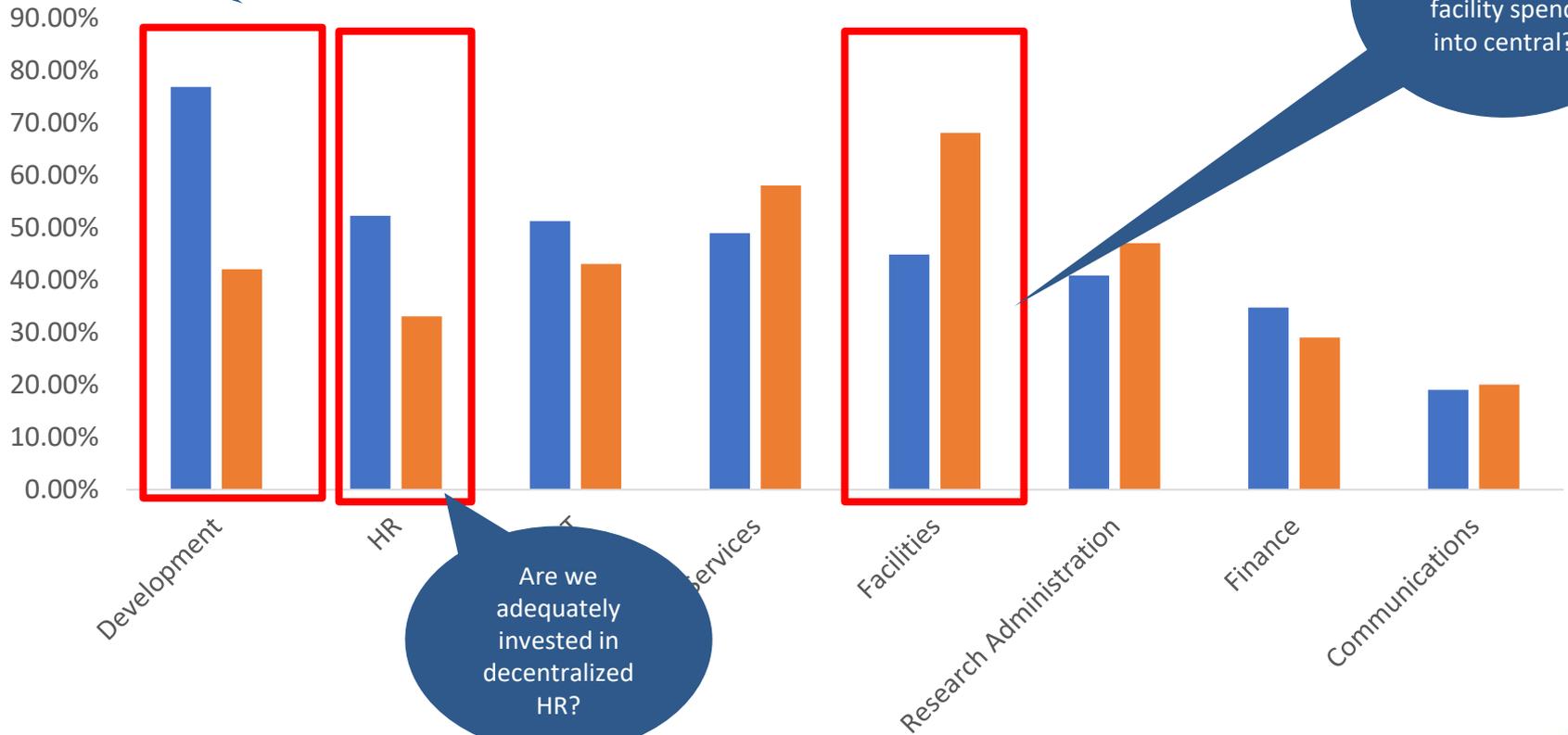


Are we adequately investing in decentralized development?

Auburn is more centralized in many activities

Confirms earlier hypotheses?

Percent of Centralized Spend by Activity



May need to bring some facility spend into central?

Are we adequately invested in decentralized HR?

The “So Whats” of this exercise

Key Questions to investigate moving forward

Are we underinvested in IT and HR compared to our peers?

Are we overinvested in facilities, especially decentralized spend?

Where can we increase partnerships related to shared services and centralized support to increase efficiencies as well as quality of service?

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