

Workforce Planning Progress Report

April 2005

Workforce Planning Report
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Table of Contents

Executive Summary

General Overview	1
Future Direction	1
Accomplishments	2

Detail Report

Context for the Workforce Planning Initiative	4
Progress on Overall Objectives	5
Clarifying Roles and Responsibilities and Accountabilities	5
Financial Savings and Other Financial Indicators	11
Competitive Market Pay Position	15
Project Costs	15
Status of Functional Reviews	16
Next Steps: Meeting the Continuing Challenges of Stewardship and Accountability	17

Appendices

Organizational Chart Depiction of Primary Administrative Functions Relationships	A
Non-Academic Staffing Trends	B
Analysis of Direct Mission vs. Support Cost	C

Executive Summary

General Overview

The workforce planning effort began in November 2001. Eight specific functional reviews were conducted under this broad initiative, including human resources, financial transactions, alumni affairs and development, information technology, facilities, student support, libraries, and purchasing. Significant progress has been made and positive results achieved toward accomplishing the original objectives of clarifying roles, responsibilities, and accountabilities; realizing significant financial savings; and improving the effectiveness of major support functions. This report summarizes the accomplishments and major activities as of April 2005 and provides direction for continued institutional focus on the long-term objectives of optimizing the effectiveness and efficiency of operational support activities on campus. The report is not intended to provide a detailed analysis of the successes and challenges remaining in each of the functional review areas.

Future Direction

While the workforce planning effort has accomplished more than many expected, its most significant impact is that it has set in motion a continuing institution-wide focus of review and improvement of operational support activities.

The Workforce Planning Team has identified the following eight issues that would benefit from a broad institutional planning effort (see pages 19-21 for detailed explanation):

1. Perform a comprehensive review of **research administration activities** across campus units.
2. Review policies and practices associated with the various **cost recovery operations and other budgetary models** to ensure resource allocation processes are optimized and in support of campus priorities.
3. Review opportunities to improve administrative support operations and coordination **between the Ithaca campus and the Weill Medical College**.
4. Conduct **post-implementation reviews** in each functional area and periodically analyze key indicators regarding effectiveness and the amount of resources invested in support operations.
5. Examine significant **support functions and operations not addressed** as part of the workforce planning initiative (e.g., communications, student financial systems, financial management and budget).
6. Review policies and practices about **data access** to ensure that the appropriate staff throughout campus have proper access to the data necessary to perform their jobs timely, efficiently, and effectively.
7. Define the evolving role and responsibilities of an academic **department administrator manager** and supporting staff through this development.
8. Examine the differences in major operating practices between the **contract college and endowed divisions** to streamline administration.

Additionally, the Workforce Planning Team urges timely completion of the student services review of the registrar and student financial processing functions in order to properly inform the implementation of a new student records system.

Accomplishments

There have been many positive gains from the workforce planning initiative and the specific recommendations from each of the reviews. The major accomplishments are summarized below. Some of these achievements have already been fully realized, while others will be realized upon the successful completion of implementation efforts currently in progress. Detailed explanation on each of these can be found on pages 5-15 of this report.

- Clarified key points of responsibility and accountability within each functional area and established a foundation that can be further built upon in the future.
- Established the basic objectives and principles of the workforce planning initiative as a continuing priority for central university and unit administrative leaders.
- Established a shared-service model in HR and finance, leading to greater efficiencies and effectiveness.
- Identified estimated financial savings of over \$15 million. This savings estimate does not reflect the one-time costs many units have incurred to implement the recommended actions.

	<u>Estimated Annual Savings</u>
HR, Finance, and General Admin. Support	\$5,750,000
Purchasing (strategic sourcing review)	5,000,000
IT Support	1,900,000
Facilities	1,000,000
Library	575,000
Student Services	750,000
Other – Cornell Business Services	<u>750,000</u>
Estimated Total Annual Savings	\$15,725,000

- Reversed the rate of staff growth (i.e., staff head count decreased) or slowed this rate of growth in most nonacademic support functions.
- Strengthened the ratio of direct mission costs (instruction, research, and public service) versus support costs (academic support, student services, institutional support).

Included among the original objectives of clarifying responsibilities and realizing financial savings, the workforce planning effort sought to improve the competitive market pay position for staff. The overall market pay posture for nonacademic positions has improved during the past three fiscal years from a position 8 percent below the mid-market pay level to 4 percent below mid-market. Continued improvement in this area remains a priority for the university, particularly for those positions significantly affected by changes in responsibilities due to workforce planning.

The success of the workforce planning effort will ultimately be dependent upon the impact at the unit level in terms of savings realized, efficiencies gained, and quality of support provided. It is premature to fully assess the impact of workforce planning in this regard; however, recent discussions with unit leaders provide some perspective. Here is a summary of the most common feedback received:

- The objectives of the workforce planning effort to achieve savings and improve quality of support remain a very necessary and important focus for the university.
- Good progress has been achieved in several areas, but this progress is very fragile due to continued lack of clarity in expectations, inadequate technology systems and data access, insufficient performance management tools and processes, and underlying cultural issues. In

In addition to the issues described earlier, the culture of support operations has been described as very risk adverse, too bureaucratic in some areas, and overly concerned with the possibility of being questioned or even disciplined if errors in process or judgment occur.

- Some units have incurred one-time costs, primarily due to facilities renovations, in order to support implementation efforts. These unit costs are not reflected in the university-wide costs savings estimate.
- Communication about workforce planning efforts has been inconsistent on an overall basis and within individual reviews. Inaccurate perceptions persist that workforce planning recommendations have generally promoted a “one-size-fits-all” approach, when most agree that this is not the case. Perceptions about the extent of implementation of workforce planning recommendations in various units are also causing challenges in managing expectations and making significant change in some units.

The challenge that existed at the onset of workforce planning to establish and sustain agile and responsive administrative support operations at the lowest possible cost remains. As we continue to move forward with implementation activities and future reviews, we must strive to develop a deeper understanding of the similarities and differences in support requirements across units. Efforts to improve support systems and operating practices should be driven by the following key principles:

- Unit-specific needs and university needs are inextricably linked, and neither can be fully satisfied separately.
- The integration of support activities across organizational boundaries and functions should be optimized. Rigid one-size-fits-all approaches are generally not the solution in our complex environment.
- Accountability must be based on clear expectations jointly defined and regularly evaluated by all relevant stakeholders.

The Workforce Planning Team wishes to thank all those who led, participated in, and supported the workforce planning initiative. We recognize the demands such an effort places on individual units and staff members, and we are very appreciative of the outstanding commitment to improving the university demonstrated by so many individuals through this process.

Detail Report

Context for the Workforce Planning Initiative

The focus on improving effectiveness and efficiency was certainly not a new concept for the Ithaca campus when the workforce planning initiative began in November 2001 nor were many of the basic tenets that shaped the focus of this initiative. Recommendations from the university's 1992–1995 strategic planning effort called for the organizational structure of the university to be “strategically conceived to support the decision making and programmatic interactions most important to our success.” The Final Report of the Task Force on Exercising Effective Stewardship recommended use of reengineering techniques, clarification of responsibilities, establishment of incentives, and consolidation of administrative services to achieve greater efficiency as well as improved quality in support operations.

Project 2000 followed with the objective of developing radically new and different ways of doing business to provide better service at lower cost. Reengineering policies and practices began as a major component of the Project 2000 effort, along with the implementation of new core administrative systems. However, the magnitude, complexity, and resource requirements of the systems implementation eventually consumed the reengineering efforts, and the vision of more effective processes university-wide was not realized. Individual operating units and central functional offices continued to create and seize opportunities to make improvements when possible, but these efforts did not result in broad, consistent, and coordinated adoption throughout the campus.

With the general slowdown of the U.S. economy in 2000 and 2001, coupled with the immediate financial incentive provided by the anticipated impact on New York State's budget of the September 11, 2001 terrorist attack, President Rawlings reignited the institutional quest for improved administrative effectiveness at a reduced cost. In doing so, important lessons learned from previous efforts informed the structure of the workforce planning initiative, the objectives established, and the handling of budget reductions.

- Workforce planning from the very start was an initiative of the President. The overall project lead team and all subsequent individual review teams were established as advisory to the President. The President made it clear that all major decisions would be made directly by the President, Provost, and Vice President for Administration and Chief Financial Officer. Further, the overall project lead team appointed by the President included three Deans, one from each of the college budgetary models, a vice provost, and two vice presidents. This level of institutional leadership, particularly including the active leadership of three deans, provided the necessary focus and accountability throughout campus to conduct a critical examination of current practices.

The Workforce Planning Team responsible for this initiative has been chaired by Carolyn Ainslie, Vice President for Planning and Budget, and has included Deans Susan Henry (CALS), Bob Swieringa (Johnson School), Phil Lewis (A&S, 2001–03), Peter Lepage (A&S, 2004–05), and Ed Lawler (ILR, 2003–05), Vice Provost Walter Cohen (2001–03), and Inge Reichenbach, Vice President for Alumni Affairs and Development. Senior Project Director Paul Streeter supported the team.

- The primary focus of the workforce planning initiative was on defining major roles, responsibilities, and accountabilities for functional activities across organizational

boundaries. This was deemed the critical first step necessary to achieve sustainable improvement in both the effectiveness and the efficiency of campuswide support functions. The tools that would assist in streamlining work (such as technology and systems) would be considered after there was clarification of roles and responsibilities and a prioritization of necessary work.

- In prior years, financial challenges were typically met by assigning budget reductions to each operating unit and allowing each dean or vice president to make their own discrete decisions about where to reduce costs. The impact of this practice on support activities was a widely differentiated and uncoordinated system of support between operating units and central offices. Workforce planning responded to this by initiating reviews of entire support functions, thereby achieving greater consistency in the definition and coordination of responsibilities. Each workforce planning review was charged with realizing a significant amount of financial savings, and as an incentive to each unit, the savings realized would generally remain within the operating unit in which the savings were achieved.

With the expectation that defining roles, responsibilities, and accountabilities was a critical first step to achieving sustainable improvement, workforce planning was initiated as the first phase of a longer-term effort to achieve sustainable improvement in effectiveness and efficiency of support operations.

Progress on Overall Objectives

The Workforce Planning Team established the following three objectives for the review:

- Clearly define roles, responsibilities, standards of performance, and accountabilities within each major administrative area and function throughout the university.
- Realize substantial and on-going financial savings as well as increased effectiveness and efficiency in support services across campus.
- Improve the competitive market pay position for staff.

Provided below is a description of the progress made as of April 2005 toward fulfilling each of these objectives. The progress certainly varies within each area reviewed as well as within each major organizational unit. The nature of these objectives requires a sustaining effort to achieve the desired outcomes.

Clarify Roles, Responsibilities, and Accountabilities

A basic premise behind the workforce planning effort was that responsibilities were not well defined in several support areas. Past experience indicates that failing to adequately manage support activities across campus results in a more chaotic and uncoordinated system of support that consumes too many resources and leads to redundancies and inadequacies. In order to realize and sustain financial savings in the long run, it is critical to have responsibilities well defined and coordinated.

A fundamental element of clearly defined roles and responsibilities in the major functional support areas is the clarity in the role of each vice president's office, or university librarian for the libraries, relative to unit-based functional activities. Prior to the workforce planning effort, the relationship between most central functions and the related unit-based staff was primarily informal in nature and could not consistently be relied upon as a vehicle for communication and/or decision and planning support. The

most notable exception to this is in alumni affairs and development, which has been directly responsible for related activities in the endowed colleges since 1996 and has had established points of collaboration for major giving activities in the contract colleges and designated schools.

The workforce planning reviews have clarified the relationship of the central institutional office with the related unit staff in several areas. The end result was not a one-size-fits-all approach. Solid-line reporting relationships were established in some areas and less direct relationships were established in others. The actions taken varied depending on which would be most effective for the business requirements of the function. A before-and-after illustration of the change in the relationships between central offices and units is shown in Appendix A.1 and Appendix A.2 and are briefly summarized as follows:

In the areas of human resources and alumni affairs and development, a solid-line reporting relationship was established between unit and central staff, given the needs and risks associated with policy, compliance, and operational matters.

For the facilities and information technology support functions, units will designate the primary staff member responsible for overseeing each function in the unit, and this person will serve as part of a campuswide advisory committee for the function. This change will result in much-improved lines of communication on important operating matters and should support the appropriate consideration and balancing of unit needs as institutional policies and practices evolve. A similar advisory committee structure has also been established between the Vice President for Financial Affairs and the senior unit administrative officer for financial matters, including oversight of business service centers.

Although no solid-line reporting relationships have been established in the facilities, information technology, and finance areas, the key points of responsibility and accountability within each function for matters of policy, regulatory compliance, and major operational activities have been clearly defined.

In addition to clarifying the relationship of the central office to operating units, significant progress has been made in defining basic operating responsibilities common to all units. Defining these basic responsibilities and major points of accountability has resulted in a clarity of expectations that did not formerly exist. Mechanisms have been established to help manage and coordinate functional activities that are common to most campus operating units. The major recommended changes in each functional area are shown on the following pages.

Workforce Planning Report – April 2005
 Analysis of Recommended Changes in Roles and Responsibilities

Operating Unit Relationship
 With Central Office

Major Changes
 Within Central Office

Major Changes
 Within Operating Unit

<p><u>Human Resources</u></p> <ul style="list-style-type: none"> • Dual solid-line reporting to unit dean/V.P. (or designee) and central Office of Human Resources 	<ul style="list-style-type: none"> • Expanded responsibility for Recruitment and Employment Center • Redefined central functions (e.g., recruitment and employment, employee and labor relations, training and org. dev.) as necessary to support local HR functions • Established centrally managed direct service center to support small operating units 	<ul style="list-style-type: none"> • New roles defined—director/manager, generalists, transaction specialists • Major transaction processing work and compliance responsibility shifted to HR transaction center
<p><u>Finance – Transaction Processing</u></p> <ul style="list-style-type: none"> • Advisory committee of unit business officers working with VP for Financial Affairs • Business Service Centers Directors Group formed 	<ul style="list-style-type: none"> • Shifted to post-transaction review process • Eliminated voucher audit function • Established centrally managed direct service center to support small operating units 	<ul style="list-style-type: none"> • Unit business officers have primary financial compliance responsibility. • Department administrative managers (academic units) report jointly to college business officer and dept. chair. • Major transaction processing work and compliance responsibility was shifted to business center.
<p><u>Alumni Affairs and Development</u></p> <ul style="list-style-type: none"> • Direct oversight by VP of AA&D in all colleges 	<ul style="list-style-type: none"> • Reconfigured staffing for individual giving programs to expand carrying 	<ul style="list-style-type: none"> • Redefinition of responsibilities in contract colleges and designated

Workforce Planning Report – April 2005
 Analysis of Recommended Changes in Roles and Responsibilities

Operating Unit Relationship With Central Office	Major Changes Within Central Office	Major Changes Within Operating Unit
	<p>capacity of senior individual giving officers</p> <ul style="list-style-type: none"> Expanded technical support operations to support stewardship activities in contract colleges and designated schools 	<p>schools as VP assumes oversight.</p>
<p><u>Facilities</u></p> <ul style="list-style-type: none"> Each unit will designate a facilities rep. responsible for planning, construction, and major operating issues. Units may designate an additional operational rep. for daily project and operational activity. Operational rep. (or equivalent) for each unit will have a dotted-line responsibility to Assoc. VP of Facilities Services. An advisory committee led by the Assoc. VP of Fac. Services has been established to support communication, collaboration, and policy and procedure development. 	<ul style="list-style-type: none"> Clarified role of Assoc. VP of Fac. Serv. as primary campus steward of facilities development and operations Shift in focus to establish a competitive market of facilities service providers Increased emphasis on collaborative project planning and distributing project management responsibilities when appropriate Establish core competencies for central facilities managers 	<ul style="list-style-type: none"> Increased and clarified accountability through establishment of facilities representative and operational representative roles Establish core competencies for unit facilities managers.
<p><u>Information Technology</u></p> <ul style="list-style-type: none"> Unit-designated IT manager to participate in a campuswide IT Managers Council led by new CIT Mgr. of Distributed Support Although no major changes resulted, major IT responsibilities are clearly 	<ul style="list-style-type: none"> Broaden responsibilities of CIT/Dir. of Business Information Systems to develop administrative systems architecture which meets central <u>and</u> unit needs. Assume responsibility for delivering 	<ul style="list-style-type: none"> Units are expected to organize IT staff resources—most are expected to consolidate all or most of IT staff into a single organization. Once organized, units are expected to redeploy IT staff and redefine

Workforce Planning Report – April 2005
 Analysis of Recommended Changes in Roles and Responsibilities

Operating Unit Relationship With Central Office	Major Changes Within Central Office	Major Changes Within Operating Unit
<p>defined and distributed between CIT and local units.</p>	<p>institutional systems, based on requirements specified by the central administrative unit.</p>	<p>responsibilities to maximize use of staff resources.</p> <ul style="list-style-type: none"> For central administrative units, shift responsibility to CIT for delivery of systems to support the functional needs defined by the central administrative unit.
<p><u>Student Services – Career Services and Undergraduate Admissions Support</u></p> <p><u>Career Services</u></p> <ul style="list-style-type: none"> Common best practices have been identified, and coordinated planning and implementation efforts are in progress. Efforts will continue to establish a university-wide employment services center that will coordinate and integrate responsibilities between the central office and unit staff. <p><u>Admissions</u></p> <ul style="list-style-type: none"> Responsibilities for certain specific activities may shift, but there is no fundamental change in the relationship between units and central offices. 	<p><u>Career Services</u></p> <ul style="list-style-type: none"> Responsibilities for certain specific activities may shift, but there is no fundamental change in the relationship between units and central offices. Central Career Services Office will reorganize into four primary service units. <p><u>Admissions</u></p> <ul style="list-style-type: none"> Responsibilities for certain specific activities may shift, but there is no fundamental change in the relationship between units and central offices. 	<p><u>Career Services</u></p> <ul style="list-style-type: none"> Responsibilities for certain specific activities may shift, but there is no fundamental change in the relationship between units and central offices. <p><u>Admissions</u></p> <ul style="list-style-type: none"> Responsibilities for certain specific activities may shift, but there is no fundamental change in the relationship between units and central offices.

Workforce Planning Report – April 2005
 Analysis of Recommended Changes in Roles and Responsibilities

Operating Unit Relationship With Central Office	Major Changes Within Central Office	Major Changes Within Operating Unit
<p><u>Libraries</u></p> <ul style="list-style-type: none"> • Technical services functions to be integrated under University Library (CUL) oversight 	<ul style="list-style-type: none"> • Increase number of unit libraries supported by CUL tech. serv. Operation. • reassign and redefine positions as necessary to support 	<ul style="list-style-type: none"> • Redefine former unit-based technical service positions as necessary to meet unit library needs.
<p><u>Procurement</u></p> <ul style="list-style-type: none"> • Unit relationship with central Purchasing Office will evolve to a more strategic partnership in meeting unit procurement needs. 	<ul style="list-style-type: none"> • Responsibility of the central Purchasing Office will change to provide more strategic procurement support for units. 	<ul style="list-style-type: none"> • No significant changes within operating units

The workforce planning effort has helped create a sense of institutional drive, leadership, and in some cases, cover, for tackling organizational issues that have been around for a long time within core functional areas and within individual operating units. The framework and guiding principles of this planning initiative positively influenced other planning discussions centrally and in campus units. These principles include:

- Clarify roles and responsibilities and assign responsibility where it can be managed most effectively.
- Clarify accountability.
- Increase efficiency and effectiveness.
- Seek broad solutions to local challenges.
- Define priorities and reallocating resources accordingly.
- Pause before adding new staff to consider other options (e.g., shared services).

Financial Savings and Other Financial Indicators

The financial impact of the workforce planning effort can be examined by looking at the specific estimated dollar savings from each functional review and by looking at changes in staffing trends and other financial indicators.

Estimated Recurring and Non-Recurring Financial Savings

In July 2002 President Rawlings established a goal to “make available \$20 million for reallocation to institutional and unit-specific strategic priorities by fiscal year 2004-05.” He further stated that achieving the goal “will require a combination of efforts, including workforce planning, academic program reviews, and the implementation of targeted budget reductions.” Significant progress has been toward reaching this goal through the broad workforce planning effort as well as specific unit managerial decisions.

A summary and brief explanation of the estimated annual financial savings and/or cost avoidance resulting from workforce planning reviews and unit-driven administrative staff reductions is provided below. The actual financial savings are generally being realized within each operating unit, and each unit is determining how to recapture or reallocate the associated resources.

	<u>Estimated Annual Savings</u>
HR, Finance, and General Admin. Support	\$5,750,000
Purchasing (strategic sourcing review)	5,000,000
IT Support	1,900,000
Facilities	1,000,000
Library	575,000
Student Services	750,000
Other – Cornell Business Services	<u>750,000</u>
Estimated Total Annual Savings	\$15,725,000

In addition to estimated recurring savings of \$15,725,000 described above, it is estimated that the hiring freeze in fiscal 2001 resulted in additional non-recurring financial savings of approximately \$1.0 to \$1.5 million.

HR, Finance and General Administrative Support (\$5,750,000)

There are three components to this category of savings: staff reductions due to the HR and finance workforce planning reviews plus staffing reductions in the administrative job family within each unit. These three areas have been grouped together since HR and financial transaction processing responsibilities at the unit/department level prior to the workforce planning reviews were often assigned to someone with general administrative responsibilities as well. The \$5.75 million savings estimate is based on examining staff changes in all three job functions combined.

- The approved HR workforce planning recommendations estimated a net reduction in staffing of 24 full-time equivalent positions (FTEs) from a baseline of 202 FTEs across the university. Staff positions were reallocated to various HR support areas to meet priority needs, including an increase of 3 FTEs in the central Office of Human Resources to support the functions of recruitment and employment and employee relations.

The approved HR staffing plan has been substantially implemented, resulting in a net reduction of 24 FTEs supporting the HR function. The estimated value of this reduction is \$900,000.

- The approved financial transaction processing recommendations estimated a reduction of 46 FTEs from a baseline of 355 FTEs. A total of 61 positions in the finance and administrative job families have been eliminated. Included in this total reduction is the elimination of 14 positions in the Division of Financial Affairs, 8 of which have been reallocated to the University Business Service Center to support an increase in the number of small operating units serviced.

The estimated value of the 61 positions is \$2.6 million.

- The actual number of staff positions in the administrative job family decreased by 119 between the start of the workforce planning effort in November 2001 and November 2004. These reductions were the result of decisions made by individual operating units after considering changes resulting from the HR and finance workforce planning efforts, operating budget reductions, and possibly other unit-specific factors.

The estimated value of this reduction is \$4.7 million. However, to avoid the double counting of savings with the HR and finance estimates identified above, the savings for this category is being valued at approximately \$2.25 million.

Purchasing—Strategic Sourcing Review (\$5,000,000)

In the summer of 2003 the workforce planning effort was expanded to examine non-personnel expenditures. In addition to examining roles, responsibilities, policies, and practices, a strategic sourcing review was initiated with the goal of achieving \$5.0 million in annual savings without changing buying behaviors (i.e., without changing vendor or product). Strategic sourcing is a concentrated effort to examine current spending patterns for specifically selected commodities and to use this information to realize savings through improved price negotiations with vendors. Huron Consulting was hired to support this review effort.

Eight commodity areas were selected based on an analysis of total university spending data. The eight commodities included office supplies, office equipment, scientific supplies, courier, IT hardware, books and subscriptions, furniture, and telecommunications. The estimated total

annual savings from this sourcing review, net of consultant fees, will exceed \$5.0 million. As of February 2005, actual savings realized, net of consultant fees, was approximately \$4,350,000.

Information Technology Support (\$1,900,000)

Recommendations from the information technology workforce planning review were approved in April 2004. These recommendations focused largely on establishing best practices for organizing, managing, and coordinating IT staff resources and activities to improve the overall effectiveness and efficiency of IT support campuswide. Prior to final approval of the recommendations, Gartner Consulting was hired to review the reasonableness of the recommendations and to assess the potential cost savings that could result. Gartner estimated the potential savings in IT expenditures could total \$9.8 million if all recommendations were fully adopted and implemented.

It is unlikely that the full savings of \$9.8 million will be realized, particularly given the decentralized nature of the institution and the IT support on campus. However, significant savings and/or cost avoidance are expected, and this estimate has been set at 20 percent of the total potential savings, or \$1.9 million.

Facilities (\$1,000,000)

Recommendations from the facilities workforce planning review were approved in June 2004. The total estimated costs savings of \$1.0 million results from the following actions:

- Developing the university's ability to purchase and assign to the contractor selected low-risk building component systems (e.g., laboratory casework, a/v equipment, fume hoods, biosafety cabinets) to capture buy-out savings. The savings are conservatively estimated to be approximately \$300,000 annually.
- Improving the planning and decision-making process regarding the alignment of project scope and budget at each approval milestone (i.e. concept, schematic, design development, construction document, and construction) of a capital project. Potential estimated savings are 0.002 percent of total capital expenditures, or approximately \$400,000.
- Using an annual bid process to establish fixed unit pricing for labor and materials on small capital projects. This will assure fair market prices while reducing barriers to sourcing work to external providers. Annual savings are estimated to be approximately \$300,000, or 2 percent of the annual volume.

The approved recommendations are in many respects enabling actions that will provide the opportunity for additional cost savings to be realized in the future. The Workforce Planning Team is expecting that additional financial goals will be established by the Executive Budget Group to realize greater savings.

Library (\$575,000)

The library workforce planning review was completed in the spring of 2004 with the approval of two recommendations:

- Avoid the purchase of unnecessary duplicate library materials, which will save an estimated \$250,000 annually. Approximately \$75,000 in savings has been realized already by discontinuing the purchase of duplicates for Uris Library's former undergraduate collection.

- Integrate the technical services functions of acquisitions and cataloging that exist in multiple libraries. Integrating technical services will require fewer staff, which will result in total savings estimated at \$325,000.

Student Services (\$750,000)

The career services function campuswide has experienced a 12 percent reduction (approximately 6 FTEs, for estimated savings of \$250,000) in staffing since the beginning of workforce planning. These reductions have come as a result of budget constraints; however, the workforce planning efforts during this period have identified and established practices that have enabled this staffing loss to be absorbed without significant reduction in services.

Cornell Dining has also experienced cost reductions as a result of their workforce planning efforts. A comparison of labor costs in 2001 versus labor costs in 2004 indicates that savings of approximately \$500,000 have been realized.

Other—Cornell Business Services (\$750,000)

In addition to the major functional reviews overseen directly by the Workforce Planning Team, many units conducted their own internal operational reviews. Several such reviews were conducted of university-side support operations that are managed by the Division of Administration, Facilities, and Finance. Operations such as the University Audit Office, Cornell Business Services, CU Police, Environmental Health and Safety, Environmental Compliance, Mail Services, Transportation, and Utilities all went through operational reviews intended to evaluate the effectiveness of operations, benchmark those against comparable external organizations, and identify cost savings.

The most significant cost savings among these reviews were achieved by Cornell Business Services, which includes the Campus Store, Digital Services (formerly the Print Shop), and the Travel Office. These savings totaled \$750,000 and resulted from significant process changes, expanded use of technology, loss-prevention initiatives in the Campus Store, and staff attrition and reassignment

Other Financial Indicators

The rate of staff growth either reversed (i.e., staff head count decreased) or slowed in most nonacademic support functions during the period of the workforce planning effort. Appendix B.1 provides a summary analysis of staffing changes as of November 2004 as measured by head count. Appendix B.2 provides a summary of the changes by FTE and major funding source.

These analyses show that staffing in general administrative support functions has decreased the most during this period for all funding sources. Staffing in the academic program and library support area increased a small amount overall, but there was a significant shift from unrestricted to restricted funding sources for these positions. The majority of the changes in this grouping relates to technical and research support positions.

The IT function campuswide continues to grow at a significant rate. Approximately 40 percent of the IT growth since November 2001 occurred within the central division, primarily in programming positions, and the remaining growth is the result of incremental staff increases across many operating units and departments. Facilities staffing also increased by a significant

amount in the past couple of years. This increase occurred primarily in central facilities services and is spread among an increase in building trades, project management, and custodial personnel.

Appendix C shows the trend in the ratio of direct mission costs (instruction, research, and public service) versus support costs (academic support, student services, institutional support, and operations and maintenance). This trend has improved since fiscal year 2001. Although the results of the past two years are not solely attributable to the workforce planning initiative, we believe that the strong institution-wide focus on support cost containment and reduction has helped to produce this outcome.

Competitive Market Pay Position

A primary objective of the workforce planning effort was to improve the competitive market pay position for staff. Given the economic times the university has faced in recent years, succeeding in funding competitive pay programs requires achieving savings in other areas to support this financial investment.

The university's competitive market pay position has improved in the most recent years. As measured by the Office of Human Resources, the overall market pay posture for staff positions was approximately 8 percent under the mid-market range in the summer of 2001, compared with 4 percent under the mid-market point in the summer of 2004.

With responsibilities and staffing needs more clearly defined through the workforce planning reviews, achieving substantive progress on improving the competitive market pay position of staff will remain a university priority in the immediate future. Particular attention will be given to those positions most significantly affected by changes in responsibilities due to workforce planning.

Project Costs

The workforce planning effort was structured to be an internally driven process to help ensure that campus operating units would accept the outcomes. This effort was primarily supported by one full-time staff member plus the contributed effort of the members of the Workforce Planning Team, functional area vice presidents and their staff, and many operating unit staff and faculty who are participating in planning team efforts directly. The very significant value of this contributed personnel effort is not included in the project costs summarized below.

The project has incurred expenses as necessary to support the planning and implementation efforts in each functional area. Total project expenses are summarized as follows:

	<u>Total Costs</u>
Temporary/term staff support	\$122,880
External consultants (see note below)	425,500
External reviews (travel, honorarium)	78,550
Other—miscellaneous	<u>12,200</u>
Total	\$639,130

Notes:

1. The projected total expenses exclude the cost of the strategic sourcing consultants, which will be a percentage of the savings realized. The estimated savings for the procurement review discussed previously is net of the estimated consultant fees.

2. In addition to the specific project costs noted above, some operating units are incurring significant one-time implementation costs, particularly for facilities renovations to accommodate newly formed finance and human resources service center units. These costs vary considerably by unit, depending on each unit's starting point, the size of the operation, and the degree to which other renovation needs are incorporated into the project.

Status of Functional Reviews

The following is a brief summary of the status of each of the specific functional reviews charged by the Workforce Planning Team as of spring 2005. A formal follow-up review will be conducted in the 2005-06 fiscal year to determine the implementation status of all approved recommendations.

Human Resources:

Recommendations from the HR review were approved in November 2002. Significant progress has been made in fully implementing recommendations and improving HR support systems and structures. The development of a long-term staffing plan in the area of organizational development has been deferred. The planned FTE reduction of 24 has been achieved.

Finance (transaction processing):

Recommendations from the review of financial transaction processing were approved in November 2002. Significant progress has been made in establishing business service centers in accordance with the approved plan. The business service center structure is operational in 17 of the 18 operating units. The research division is the sole unit that does not yet have an implementation plan in place. The planned FTE reduction of 46 has been achieved.

Alumni Affairs and Development:

Four of the five recommendations from the AA&D review were approved in November 2003. The final recommendation regarding the alignment of unit-based AA&D staff was approved in June 2004. Implementation is under way for the implementation of a staffing plan for the capital campaign and the reconfiguration of responsibilities in the Individual Giving Program, and this will continue as staffing increases to support the campaign. Progress has been made in streamlining dues processing and other support activities centrally. These implementation efforts will continue and be expanded to support gift and dues processing and other stewardship activities at the unit level. The realignment of unit-based AA&D staff in the contract colleges and designated schools with the Division of AA&D is in process.

Information Technology:

Recommendations from the review of campuswide IT activities and administrative computing were approved in January 2004. Implementation of recommendations is in process. Additionally, an independent benchmarking study of voice and data infrastructure costs was completed in May 2004.

Facilities:

Recommendations from the facilities review were approved in June 2004 and implementation began in the summer of 2004. Other related reviews within the Division of Administration, Facilities, and Finance, including a specifically requested review of Environmental Health and Safety and the Office of Environmental Compliance specifically requested by the Workforce Planning Team, have been completed and implementation efforts are under way.

Student Services:

External reviews of Cornell Dining and Community Development (i.e., housing) have been completed. Reviews have also been completed in the areas of admissions and career services as of November 2004. Recommendations from the admissions review support establishment of a coordinated recruitment plan and development of a document imaging system. The career services review has already resulted in improvements in service efficiency and effectiveness, and additional improvements are planned. Major support activities have been redefined and reorganized to improve service to students and employers.

The review of the registrar function has been closely linked to implementation of a new student records system in fiscal year 2005–06. The clear definition of roles and responsibilities and improvement in business practices is expected as a result of this effort. A review of student financial systems is expected to begin once the key leaders for this review complete other review and system implementation efforts currently under way.

Library:

The overall review effort was completed in the winter of 2004. Two primary recommendations were approved from this effort. One recommendation called for reducing the amount of unnecessary duplicate materials purchased among all the libraries, and significant progress has already been made in this area. The second recommendation was for the integration of technical service operations, and an implementation effort is underway to accomplish this.

Procurement:

Approximately \$4,350,000 of the total \$5,000,000 of expected savings from specific commodity sourcing reviews has been achieved as of February 2005, and efforts in this area are continuing. The functional review of purchasing operations has been completed and is resulting in a significant change in the role of the central purchasing office. The purchasing office will be reorganized and activities redefined to focus efforts on strategic purchasing activities. Recommendations from this review were approved in November 2004, and implementation is in process.

Next Steps: Meeting the Continuing Challenges of Stewardship and Accountability

Success in sustaining effective and efficient support operations, and ultimately success in meeting stewardship responsibilities, is largely dependent on operating practices, structures, relationships, and incentives that truly enable the academic mission to flourish. Stewardship is too often thought of as a responsibility to preserve and protect resources, but this responsibility extends much further to enabling, advancing, and leveraging the resources entrusted to the university to achieve the greatest good.

Further progress in integrating, coordinating, and redefining support activities across the university is vitally important to ensuring high-quality support to academic programs in the future. We must continue to develop a deeper and more complex understanding of the similarities and differences in support requirements across units and engage in productive review across organizational boundaries and functional areas.

The workforce planning initiative effectively served as the first phase of what needs to be a continuous university-wide effort intent on ensuring agile and responsive systems of support at the lowest possible cost. This initiative must now transition to an on-going university function supporting new and continuing planning efforts that address major operating challenges on a university-wide basis.

The workforce planning reviews have highlighted the fact that support operations, both centrally and at the unit level, have suffered from an inability to build dependencies and integrate activities across organizational units. The result has been inconsistent perceptions of quality and responsiveness, lack of mutual trust and respect, wasted resources, and a “silo”-oriented culture that has evolved to an accepted norm. Progress made in several workforce planning reviews indicates that the culture is beginning to change, but continued, focused effort is essential to avoid a reversal in the progress made and to realize the full potential such change can bring.

Future efforts toward expanding collaboration and establishment of shared accountability should be driven by the following key principles:

Key Principles:

- Unit-specific needs and university needs are inextricably linked, and neither can be fully satisfied separately.

Actions that optimize the functioning of a particular department or central unit without addressing the needs of other stakeholders (i.e., local optimization) are typically counter-productive and costly. Just a few instances of local optimization at either the department or central level can cause significant missed opportunities to establish more efficient and effective solutions university-wide.

Decisions that lead to local optimization should be made with an awareness and assessment of any costs to the greater community, including the cost of minimizing the potential for university-wide integration.

- The integration of support activities across organizational boundaries and functions should be optimized. Rigid one-size-fits-all approaches are generally not the solution in our complex environment.

We must strive to achieve greater integration of university support operations without calling for centralization or for the elimination of all unit differences. Common needs should be met with common systems, processes, and services. Unique unit differences and requirements should be addressed to the extent possible by building upon common solutions rather than creating entire individualized systems.

Support functions and offices campuswide need to be accommodating when those they serve present valid business reasons justifying the need for flexibility and adaptation. All university departments, units, and central offices must be discriminating when differentiating between a local need (i.e., a mission-critical requirement) or merely a local preference against perhaps an unwelcome change but one that could lead to a higher level of optimization for the university as a whole in the long run.

- Accountability must be based on clear expectations jointly defined and regularly evaluated by all relevant stakeholders.

Without clear expectations understood and accepted by all relevant stakeholders, individual performance accountability will generally be self-defined and often based solely on meeting local needs. This is ineffective in the long run and is counter to building a culture of trust, collaboration, and shared accountability.

Improving the effectiveness and efficiency of support operations not only is a worthy goal, but it is a fundamental stewardship responsibility essential for ensuring that limited resources are used most effectively and high-quality support is provided for core mission activities.

Institutional and individual unit leaders must set the example and establish the expectations of those they work with to transform the organizational culture.

The Workforce Planning Team has identified eight issues that would benefit from a broad institutional planning effort. These include:

a. Review research administration activities across campus units.

Research administration functions are among the highest-risk activities in terms of compliance with external, university-policy, and individual sponsor requirements and in terms of dependency on high-quality support to achieve program objectives. Despite the associated risks and the evolving nature of research programs to become more interdisciplinary, insufficient progress has been made through the workforce planning reviews to define and align support operations to effectively manage the risks.

The responsibility of the Office of the Vice Provost for Research for oversight of research administration activities is not clearly defined. Additionally, the responsibilities and accountabilities for research support activities across campus are not clearly defined or consistently practiced. We recommend that a review of broadly defined research administration activities be conducted to clearly define responsibilities and accountabilities and to ensure a high-quality, reliable, and efficient system of support is in place.

b. Review the policies and practices associated with cost recovery operations (i.e., internal enterprise units).

Numerous concerns have arisen about the incentives and disincentives created by the “enterprise” nature of many university operations funded on a cost recovery basis. Many believe that the current system results in poor decisions, driven by misdirected incentives and unproductive relationships, and wasted administrative resources between service providers and those they serve. Additionally, institutional oversight mechanisms to provide continual review of actual operating results and practices, including establishment of billing rates, are inadequate or nonexistent.

A review of policies, practices, incentives, etc. associated with cost recovery operations on campus should be conducted with the intent of defining when this funding model is most appropriate to use and establishing the appropriate governing principles, policies, practices, and oversight.

c. Review policies and practices about data access.

The inability to readily access needed data from university systems is a primary driver for the development of shadow reporting systems and various process inefficiencies in units throughout campus. Data access problems cause operational difficulties and result in additional costs.

Data access policies and practices should be reviewed to ensure that needed data is readily available to those who require it to perform their jobs effectively.

- d. Define the role and primary responsibilities of an academic department administrative manager.

The administrative manager in an academic department is very important to the successful fulfillment of the academic mission as well as to the effective stewardship of institutional resources. The establishment of business service centers and a dual reporting relationship to the department chair and the college business officer are resulting in changes in the expectations for these positions.

It is important that specific operational responsibilities and expectations for the administrative manager be defined within each department. However, it would be of significant long-term benefit to departments, colleges, and most importantly, the individuals in these positions, for the basic responsibilities and accountabilities of these positions to be clearly defined in a consistent manner and to be properly supported with appropriate training and development programs.

- e. Conduct post-implementation reviews in each functional area, and periodically analyze key indicators regarding resources invested in support operations.

Continued institutional oversight and support for the full implementation of the approved recommendations are essential to ensure that the original objectives of improved effectiveness and efficiency are actually achieved. It is expected that actual implementation activities will evolve from the original plan to meet detailed operating needs. Conducting post-implementation reviews will reinforce the need for continued focus on the original objectives, measure progress toward achieving desired goals, and provide insight for continuous improvement.

Understanding the underlying driving forces that influence the demands on university support operations is critical to making informed management decisions regarding investment of resources in these areas. Workforce planning provided some initial insight regarding key drivers. However, further effort is necessary to understand, develop, and periodically analyze appropriate key indicators.

- f. Examine significant support functions and operations not addressed as part of the workforce planning initiative.

There are significant support functions that were not reviewed as part of the workforce planning initiative. Examples of such functions include communications, financial management and budget, and student financial systems. The Workforce Planning Team recommends that the university continue efforts to examine significant support functions with the objectives of clarifying roles and responsibilities and achieving financial savings. The disciplined review methodologies used in the workforce planning initiative should provide an appropriate framework for structuring future review efforts.

- g. Critically examine the differences in major operating practices between the contract college and endowed divisions.

The university has significant stewardship responsibility to manage contract college operations in a manner that ensures that state-provided resources are used appropriately and in compliance with state regulatory requirements. Operating practices between the contract college and endowed divisions have often been defined differently in many areas due to the regulatory and political realities at the time.

Much of the regulatory oversight from the state has changed, and the university's relationship with SUNY has evolved to the point where significant opportunities may exist to eliminate costly contract/endowed operating differences. We recommend that the most significant and costly differences be examined to determine if changes can be made to costs without risking failure to meet basic stewardship responsibilities.

h. Review opportunities to improve support operations between the Ithaca campus and the medical college.

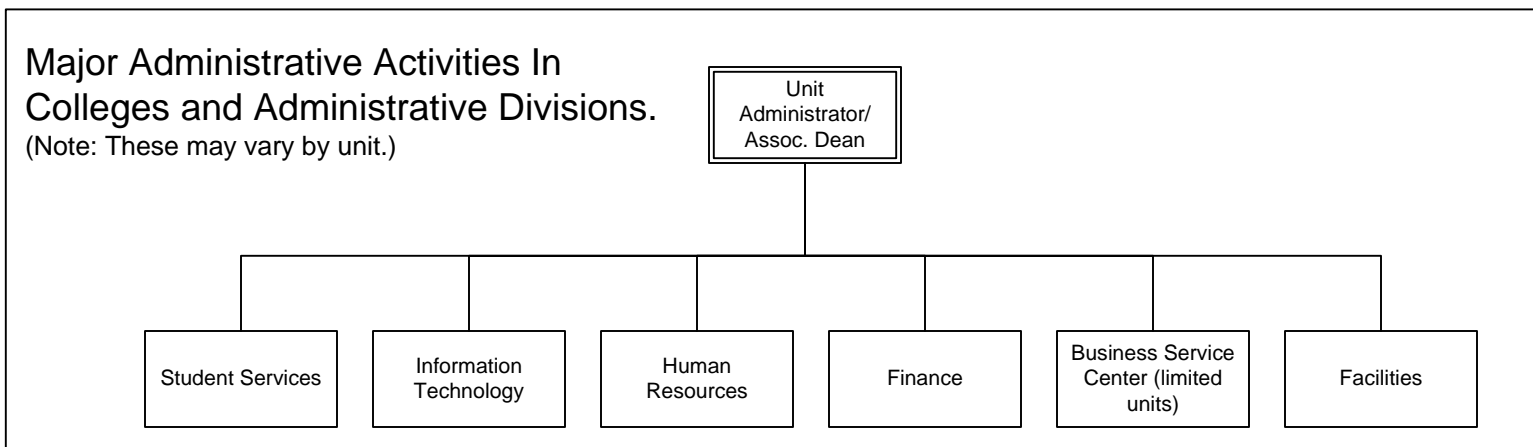
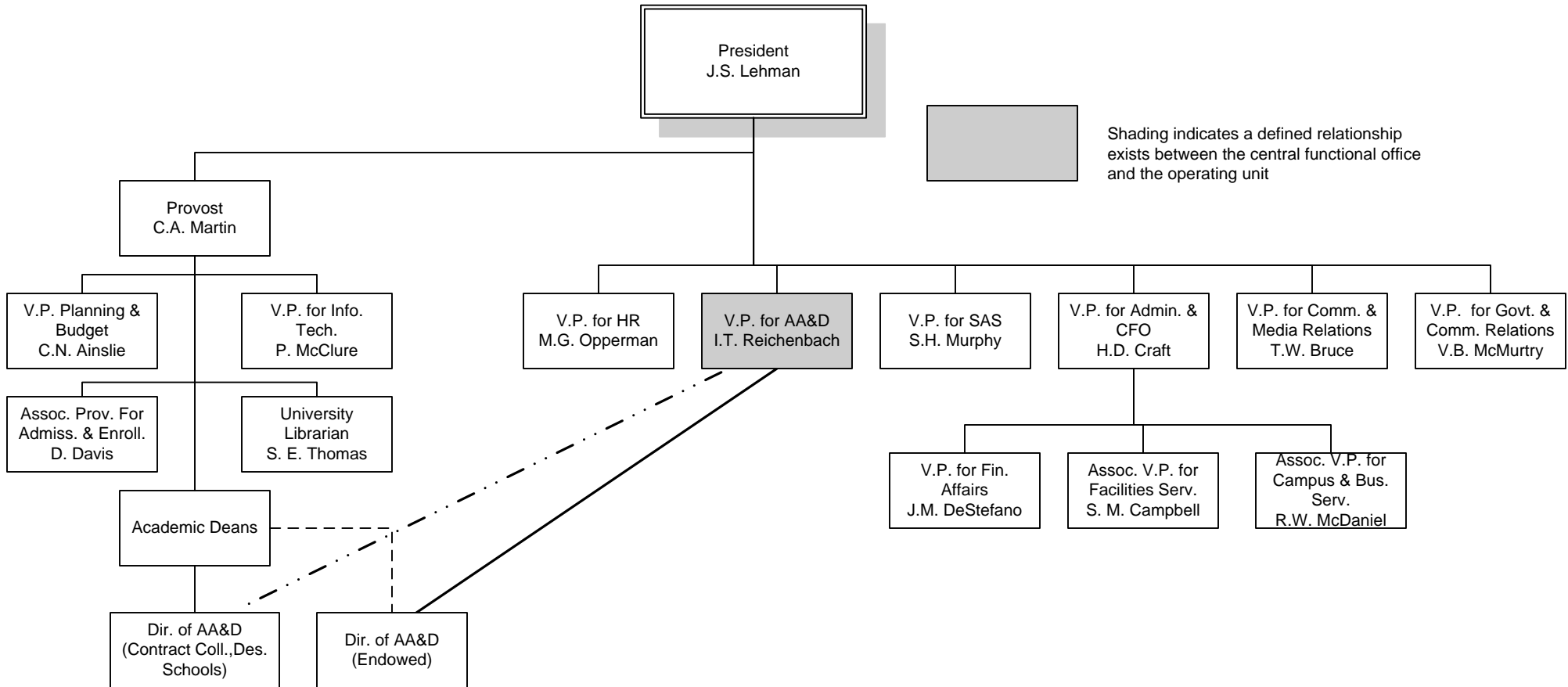
The finance, alumni affairs and development, and facilities reviews each identified opportunities to improve support operations in certain areas between the Ithaca campus and the medical college. The opportunities are varied, but the most significant in terms of cost savings and improved operations will require leadership and direction from the President and the Dean and Provost for Medical Affairs.

We recommend that the scope of future efforts be expanded to include functions for which there is overlap between the Ithaca campus and the medical college. Objectives should be established and reviews initiated to develop appropriate, specific recommendations.

Critical to successfully sustaining effective integration and coordination of support activities across the Ithaca campus will be the strengthening of the partnership between unit senior administrators and functional vice presidents. As dependencies grow and support activities become more integrated across organizational boundaries, the need for a stronger partnership between unit senior administrative staff and functional vice presidents grows as well. Historically, the effectiveness of this partnership has been largely dependent on personal relationships rather than rooted in mutual understanding of expectations and dependencies. The specific responsibilities of each unit business officer vary by unit, and this variability contributes to the difficulty in building strong partnerships.

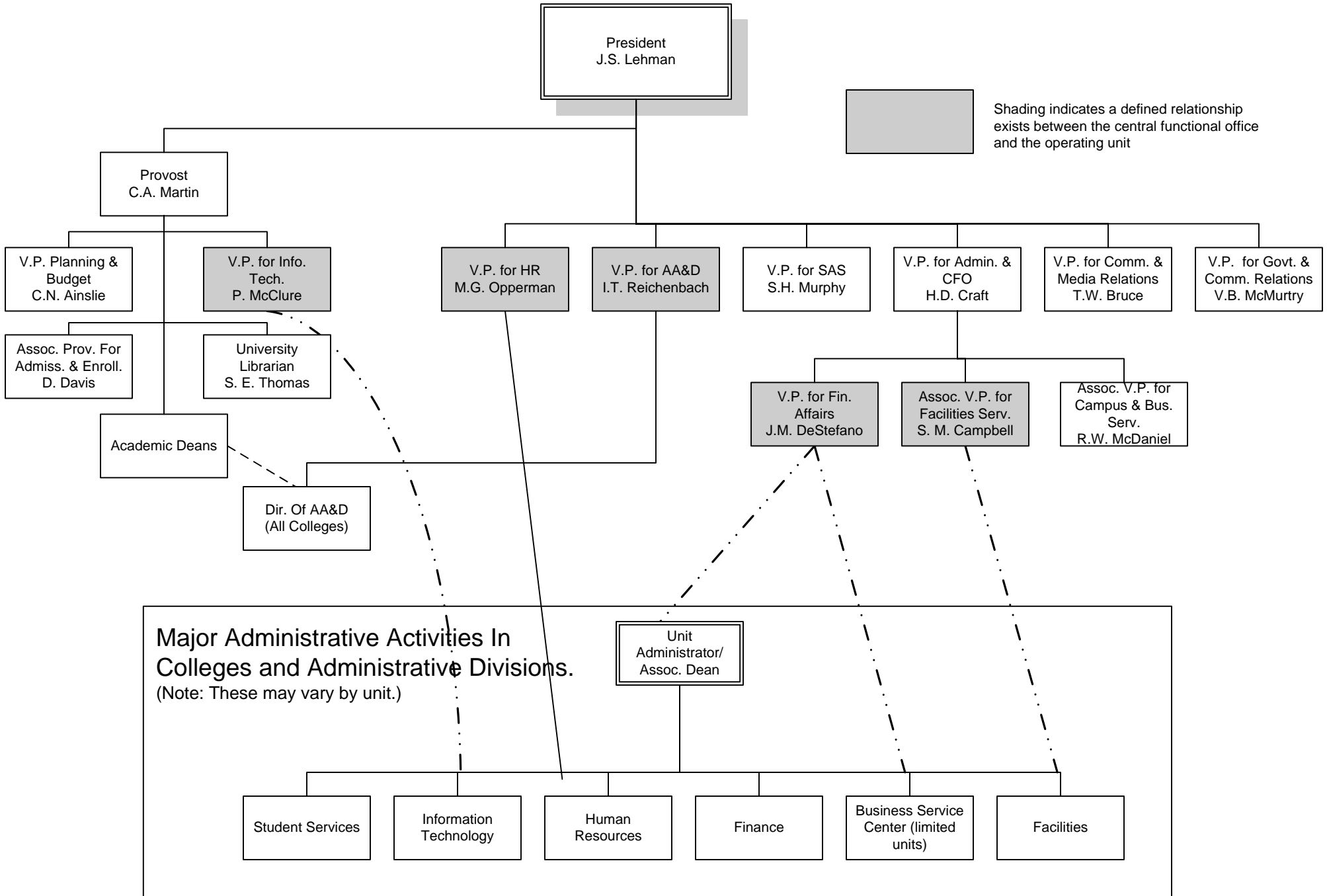
Although many of the workforce planning–implemented changes are expected to strengthen functional linkages with unit operations, there is significant risk of ineffective planning, coordination, and communication with the unit administrators who provide much of the management oversight for discrete functional activities. The Workforce Planning Team encourages the senior university administration to develop a strategy and assign specific responsibilities as appropriate to strengthen the working partnerships between unit administrative officers and the primary vice presidents with whom their functional oversight responsibilities are most linked. The primary focus of these partnerships should be to consistently define mutual expectations, to ensure timely communication and discussion on major administrative issues, and to bring continual focus and visibility to the mutual accountability of central and local operating units for administrative matters.

University Organization Chart for Primary Administrative Functions Relationships Prior to Workforce Planning



University Organization Chart for Primary Administrative Functions Relationships After to Workforce Planning

Appendix A.2

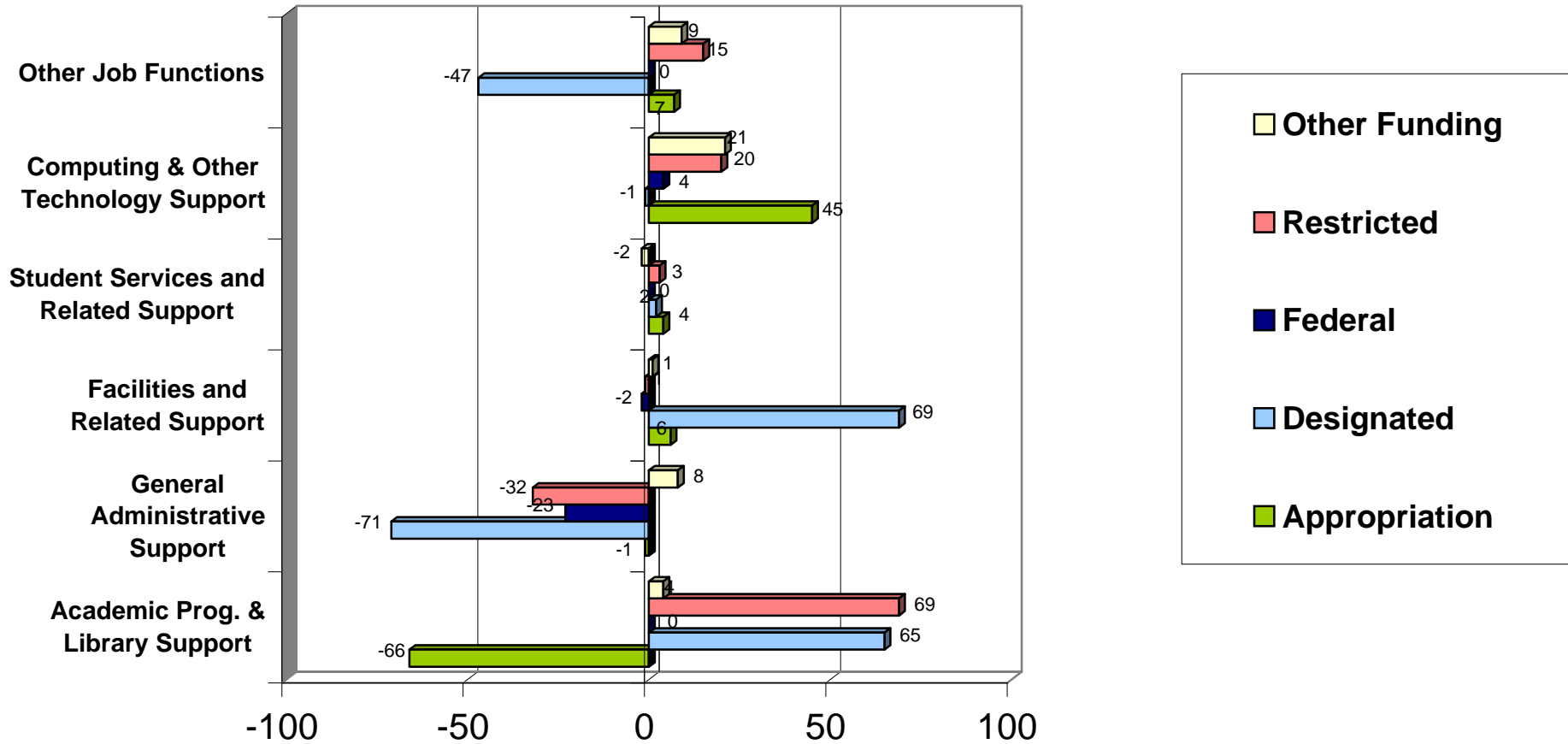


**Non-Academic Staffing Trends
Analysis of Change in Headcount
November 1996 - November 2004**

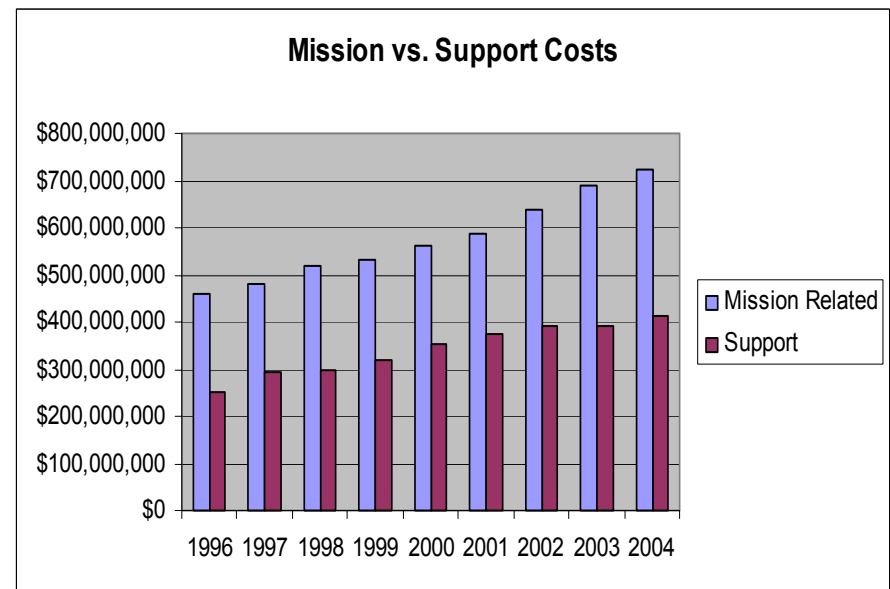
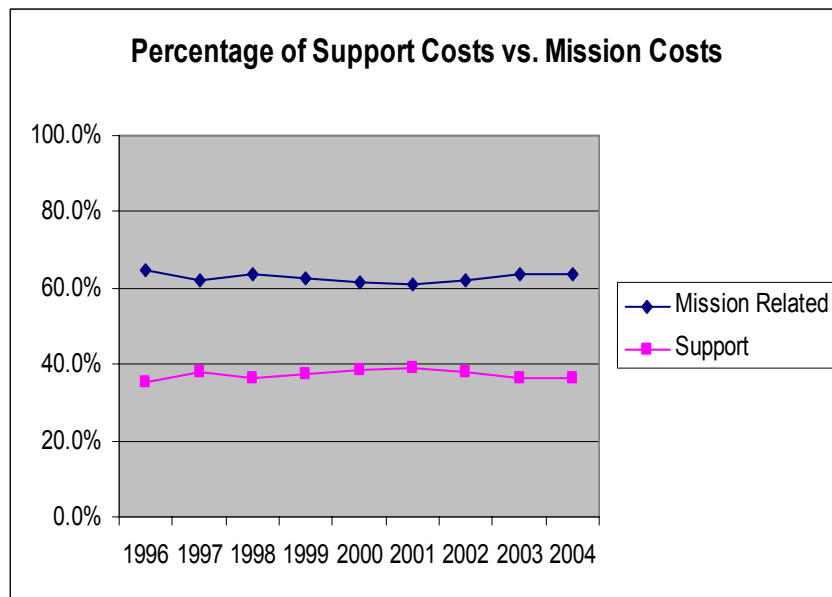
Major Functional Grouping	Nov-96	Nov-01	Nov-02	Nov-03	Nov-04	Pre Workforce Planning: % Change from Nov 1996 - Nov 2001		Change Since Workforce Planning Began: Three Years Nov 2001- Nov 2004		
						5 Year Total	Avg Annual (CAGR)	#	3 Year Total	Avg Annual (CAGR)
Academic Prog. & Library Support	1331	1455	1535	1541	1531	9.3%	1.8%	76	5.2%	1.7%
General Admin. Support	2214	2276	2215	2145	2156	2.8%	0.6%	-120	-5.3%	-1.8%
Facilities and Related Support	1269	1387	1406	1437	1441	9.3%	1.8%	54	3.9%	1.3%
Student Services and Related	644	750	713	717	771	16.5%	3.1%	21	2.8%	0.9%
Computing & Other Technology Sup	511	689	720	742	770	34.8%	6.2%	81	11.8%	3.8%
Fundraising and Alumni Relations	140	167	170	172	174	19.3%	3.6%	7	4.2%	1.4%
Communication	211	272	263	262	259	28.9%	5.2%	-13	-4.8%	-1.6%
Auxiliary & Miscellaneous Support	131	112	109	110	113	-14.5%	-3.1%	1	0.9%	0.3%
Grand Total	6451	7108	7131	7126	7215	10.2%	2.0%	107	1.5%	0.5%

CAGR is compounded annual growth rate.

Non-Academic Staffing Trends Change in FTEs Nov 01 - Nov 04 By Funding Source



Analysis of Direct Mission vs. Support Costs (Ithaca Campus)



Note: Mission related costs are assigned directly to the instruction, research, and public service functions.

Support costs include academic support, student services, institutional support, and operations and maintenance costs.