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At the *right* level of the organization
Both *efficiently* and *effectively* while
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- seventeen agriculture research centers spread across diverse climates in our state
- a veterinary teaching hospital and diagnostic lab serving the entire state
- the UMKC conservatory and theatre programs
- an academic medical center with over $1 billion in revenue
- MU Extension with a presence in every county across the state
- the Missouri S&T Advanced Manufacturing Center
- the UMSL Accelerator fostering new businesses for Missouri
- Division I, Southeastern Conference Athletics program
- professional programs including two in medicine, two in law, and one in dentistry, veterinary medicine, pharmacy, and optometry
- research centers relating to precision medicine, cardiovascular research, mutant mice and rats, the National Swine Resource Center, high performance computing, infrastructure, and intelligence systems.

Administrative infrastructure must support this broad array of operations and programs while having the flexibility to meet business needs of each of these functions. The University hires leaders for these functions to understand these operations, run them well, and put the right support structures around the operations.

DEFINITION of ADMINISTRATION

In general, "administration" in academia refers to the branch of the institution responsible for maintenance and supervision of the institution separate fro

The assessment did not include other common functions that rest at the individual University level, including but not limited to:

- Advancement
- Registrar
- Financial Aid
-

Figure 2 shows the share of institutional support by University. 78% of institutional support spend occurs on the four universities rather than at the System. Note that both MU and UMKC spend more on their individual universities than System Administration in total. This is largely reflective of the broad array of support activities included in institutional support, and reflects the amount of individual focus already present across the four universities.

Figure 3: Change in Spend by Functional Category 2016-2019

Source: IPEDs Finance, *adjusted for impact of changes in benefit accounting standards*.

Figure 3 demonstrates the change in spending by function from FY2016 to FY2019. Institutional Support and Academic Support had the largest drops over the timeframe, reflecting the University's focus on trimming central administrative costs in response to revenue declines from falling enrollment and state support. As the University faces another revenue challenge

initiatives or reductions will ultimately necessitate changes in the size of the University's workforce. The following analysis reviews the University's workforce, which encompasses all staff no matter their funding source or location. This view of the data gives a sense of the types of job changes that have been made across the enterprise.

Figure 4: Breakdown of Staffing

The critical mass for staffing size and spend is generally located throughout the organization within academic units. Over half of spend and staffing in the organization rests in colleges and schools. The majority of staff and spend occurs close to the delivery of the mission, and is largely controlled by deans and department chairs. From the activity analysis, we know these staff perform a broad array of functions to support their units, 81 TG0 (75 0 T j q T 0 0 1 1652 T21 508.2 cm0 0 m3 9.770 Twl0 1(r)6 m3 9.770 1(r)6 l0 210 2 m3 9.77

Table 1: Staff by Job Function GB

To identify necessary cost savings, the University undertook a process to evaluate implementation of shared services through the Operational Excellence Initiative (OEI). OEI worked with administrative leaders and external consultants to identify potential areas for improvement and consolidation within administration. Identified opportunities included moving towards shared services in specific areas.

Activity Analysis

In January –

#	Function	FTEs	% of FTE	Gross Salary
20	Printing and Publishing	85.4	0.7%	$3,363,856
21	Legal	31.5	0.3%	$2,638,501
22	Real Estate Services	7.1	0.1%	$449,476
	Total:	11,814.4	100%	$513,094,559

Note: **Bolded** lines represent comparable administrative spend.

Key findings of the Activity Analysis include:

- University staff spent 31% of their work effort on the functions from the Administrative

3) A policy framework supported accountability for change
4)

shared services occurred because there was a level of trust amongst units and the demonstrated ability to deliver the service. This is why success in consolidation across central units has worked well –scaled services understood the needs of the enterprise. For services at the academic department level, it is unlikely a large central service could understand the needs and operate well on day one. However, business centers that have been built at each university have developed a high level of trust with their departments and have been successful in gaining additional conversions.

Any change beyond what is described above would be highly disruptive and stories of failed shared services implementations within higher education are numerous. However, administrative leadership must change the way central units operate and build the infrastructure necessary to support scaling of decentralized functions

THE IMPORTANCE OF POLICY AND ACCOUNTABILITY

Existing economic conditions will put immense pressure on institutions within the System. Pressure will invariably force the Universities to cut cost to respond to resource constraints. The easiest point from the outside to focus on is "administration". The definition of administration in this context is generally anything that feels expensive or unnecessary, and generally reflects views on bureaucracy within University structures. As universities

FRAMEWORK FOR DELIVERING ADMINISTRATIVE SERVICES

Leveraging experience and feedback from the Administrative Review, the UM leadership team developed a structural framework to support these functions across the enterprise. This structural framework will serve as the foundation for implementation of best practices surrounding efficient delivery of administration. The framework identified four tiers of administrative services:

Tier 1: Systemwide Central Services
Tier 2: Systemwide Shared Services
Tier 3: University Shared Services
Tier 4: Local/College Shared Services

All tiers will be annually evaluated to ensure constant optimization occurs systemwide.

Systemwide Central Services support key centralized corporate activities governed by the Board and largely related to legal and compliance requirements of operating a $3 billion enterprise. These common corporate functions are already handled at the System level only and include legal, treasury, financial reporting, and IT Security. The President will manage and direct these functions.

Systemwide Shared Services represent common administrative support functions for the enterprise and will remain the same until otherwise justified. The President, with shared oversight of the Chancellors, will direct these services. Participation in a single instance of these services will be mandatory across the Universities, but each University will have a larger say in governance and service delivery as these services have a greater impact on their operation.

University Shared Services are currently located at each institution. Expanding the areas of excellence for each University will be explored, allowing other institutions to leverage the relative strength of each institution. The highest performing versions of these services will be leveraged across the enterprise.

Local/College Shared Services represent administrative services delivered at the individual unit level. These represent key administrative functions that need to remain close to the mission functions and support day-to-day decision-making necessary to run the enterprise. These functions generally remain controlled by deans and department chairs. As cost pressures continue, deans and department chairs will be encouraged to continue to collaborate and seek scale in delivery of these services. Each University has already built shared services for their colleges and units and this will continue at the local level, allowing colleges and departments to leverage scale at the individual University level.

IMPLEMENTATION OF MODEL

The first step in implementation of the framework will be combination of MU and UM System leadership structures into a single leadership team. This combination will create *Systemwide Central Services* and *Systemwide Shared Services* after conclusion of the November Board Meeting with adoption of the Council of Chancellors plan. Each UM System leader has met with their MU counterpart and developed a plan to integrate leadership structures and teams. The first step will be to move structures at MU that support all four universities into the Systemwide Shared Services function. These functions, coupled with the Systemwide Central Services, will compose the Systemwide Services function. The Systemwide elements of consolidation will remain on a separate budget; the other three Universities will not pay for services specific to MU.

The specific functions in Tier 1 Systemwide Central Services - The President will manage most of these function areas, except those already reporting to the Board of Curators – Office of the General Counsel, Secretary to the Board, and Compliance and Audit:

1. Office of the General Counsel
2. Compliance & Audit
3. Treasury
4. Investments
5. Financial Reporting and Accounting
6. Risk & Insurance
7. Benefits & Retirement
8. Human Resources Service Center
9. Human Resources Information System
10. Compensation (i.e. Global Grading System)
11. Affirmative Action
12. Union Negotiations and Management
13. Unemployment Administration
14. Core Recruitment Technology and Tools (job posting platforms, background/reference checks)
15. Search Firm Contract Management
16. Family Medical Leave Act Process and Vendor Management
17. Enterprise Resource Planning Applications (HR, Finance, Student, Advancement) and Ancillary Applications Integrated with core ERP pillars for additional functionality
18. Information security program
19. Intercampus Network & Internet Access
20. Enterprise Data Warehouse and Integrations
21. Institutional Research/Institutional Effectiveness Compliance Reporting & Data Governance
22. Facilities Planning & Development

The specific functions in Tier 2 Systemwide Shared Services - The President, with shared oversight of the Chancellors, will direct these services:

1. Procurement
2. Accounts Payable
3. Real Estate
4. Government Relations
5. System Academic Affairs
6. System Research
7. eLearning
8. Supervisory Training
9. Exit Surveys (Qualtrics)
10. Leadership Development
11. Onboarding
12. Performance Management
13. Grievance Administration
14. Executive Recruiting
15. Shared Leave Management
16. Enterprise Architecture & Information Technology Compliance
17. Emergency Alert
18. Enterprise Software Licensing
19. Information Security Tools
20. Non-Enterprise Resource Planning Systemwide Applications
21. Identity Management
22. Systemwide Communication Tools (email, calendaring, video/audio conferencing, etc.)

To accompany the shift and align with the financial accountability policy, these two areas of administrative services in the framework will be funded via a new budget model in FY2022. Instead of funding administration with state appropriations and investment income, these services will be funded via a cost allocation to the universities based upon their share of total operating expenses or other costs drivers.

Implementation of Tier 3 and Tier 4 will continue at each campus. Tier 3 services represent those services provided at each university that could allow for the highest performing version of these services to be leveraged across the enterprise. In FY2022, these services will be evaluated in a system-wide coordinated fashion to determine opportunities to leverage centers of excellence or scale that may exist at individual Universities.

The specific functions in Tier 3 University Shared Services will be governed by individual Chancellors and include:

1. Budget & Planning
2. Research and Sponsored Programs Administration
3. Finance & Human Resources Transaction Processing
4. Auxiliary Services
5. Campus Operations
6. Design & Construction
7. Cashiering
8. Business Services
9. Marketing & Communications
10. Institutional Research/Institutional Effectiveness Campus Reporting
11. Human Resources Core Administrative Processing Support

Tier 4 Services represent services delivered at the individual college and department level. Individual deans and department chairs control delivery of these services underneath a University. Administrative efficiency in these areas will ultimately be the responsibility of the Deans with support from the Chancellors, and each college will have the ability to build their services on an opt-in basis. These types of shared services have already begun across all four Universities, with various business processing centers created to improve administrative efficiency of those individual units. Additionally, colleges have been more willing to share staff than in the past, sharing fiscal and HR support staff either across colleges or departments and splitting the cost. Some work has already been done by the Universities in this area and is highlighted in the SPOTLIGHT ON SUCCESS section.

CONCLUSION

In summary, the overall goal of this proposal is to deliver administrative services:

Deliver the *right* support services
At the *right* level of the organization
Both *efficiently* and *effectively* while supporting the mission