

# January 7, 2019

	Potential Cost-saving Measures	President's Leadership Council Discussion Take-aways	President's Leadership Council Recommendations	Do you agree with the PLC recommendation? Concerns? Implementation suggestions?
1	Implement mandatory two-day, employee furloughs	<p>Generates one-time savings; not sustainable</p> <p>Estimated yield of two furlough days for all faculty and staff earning \$35,000 or more:</p> <ul style="list-style-type: none"> <li>• ~\$280K in faculty salary savings</li> <li>• ~\$230K in exempt staff salary savings</li> <li>• ~\$100K in classified staff salary savings</li> <li>• ~\$610K total salary savings</li> </ul>	Do not implement for FY20; focus instead on identifying permanent cost-savings	
2	Extend computer refresh program for employees	<p>798 employees now included in centralized computer refresh (5-year cycle)</p> <p>Change would generate limited savings</p> <ul style="list-style-type: none"> <li>• ~\$28K with 6-year cycle</li> <li>• ~\$60K with 7-year cycle</li> </ul> <p>Would increase repair costs and limit computers available for part-time employees, GA/TAs and student employees</p>	Do not implement for FY20; minimal savings likely to be offset by increased costs	
3	Move to a high-deductible health (HDHP) plan as a base plan	<p>85% of faculty/exempt staff now participate in UNC health insurance but only 14 people choose HDHP</p> <p>UNC now contributes 65% for all health insurance plans</p> <p>HDHP covers only preventive care until deductible is met; federal government limits deductibles, which were \$1350-\$6650 for individuals, \$2700-\$13,300 for families in 2018</p> <p>Employees could put premium savings into health savings account (HSA) to use for out-of-pocket costs, but cost of significant health issues could exceed savings; HSA limits were \$3450 for individuals and \$6900 for families in 2018 (+\$1000 if 55 or older)</p> <p>Reducing UNC HMO contribution to 50% (HDHP still at 65%) would save ~\$2M and affect employees as follows:</p> <ul style="list-style-type: none"> <li>• HMO single: employee pays \$1260 more/year</li> <li>• HMO family: employee pays \$3465 more/year</li> <li>• HDHP single: employee pays \$672 less/year and more out-of-pocket medical costs</li> <li>• HDHP family: employee pays \$1860 less/year and more out-of-pocket medical costs</li> </ul> <p>Making UNC contribution equal to HDHP single premium would save ~\$2M and affect employees as follows:</p> <ul style="list-style-type: none"> <li>• HMO single: employee pays \$9996 less/year</li> <li>• HMO family: employee pays \$8544 more/year</li> <li>• HDHP single: employee pays \$2928 less/year and more out-of-pocket medical costs</li> <li>• HDHP family: employee pays \$5100 more/year and more out-of-pocket medical costs</li> </ul> <p>Changes could not be implemented until Jan. 1, 2020</p>	Do not implement; would be a competitive disadvantage in recruiting faculty and staff; higher health insurance out-of-pocket costs would have greatest impact on lowest paid employees	

4	Reduce employer contributions to health insurance plans and/or optional retirement plans (ORP)	<p>Would not affect classified staff because State of Colorado determines benefits</p> <p>Faculty/exempt staff health insurance</p> <ul style="list-style-type: none"> <li>• 85% of faculty/exempt staff now participate</li> <li>• UNC now contributes 65%</li> <li>• Each 5% decrease in UNC contribution would save UNC \$682K</li> <li>• Each 5% increase in employee contribution would cost employees \$420/year for single premium and \$1,152 for family premium</li> <li>• Changes would be effective July 1, 2019</li> </ul> <p>Optional retirement plan (non PERA)</p> <ul style="list-style-type: none"> <li>• 90% of faculty/exempt staff now participate</li> <li>• UNC now contributes 11.5%</li> <li>• Each 0.5% decrease in UNC contribution would save UNC \$300K</li> <li>• Each 0.5% increase in employee contribution would cost employees \$325-350/year</li> </ul>	<p>Reduce employer contribution/increase employee contribution to health insurance plan, keeping within competitive range</p> <p>Do not reduce employer contribution to optional retirement plan</p>	
5	Modify the employee/dependent tuition waiver	<p>UNC now offers full-time employees 9 undergraduate or graduate credits per academic year (less for part-time) and a 100% undergraduate and graduate tuition waiver for dependents</p> <p>UNC faculty, staff and administrators use dependent tuition waivers at similar rates; exempt staff are the primary users of employee waivers</p> <p>CSU offers full-time employees 9 undergraduate or graduate credits per academic year (less for part-time) and 50% undergraduate and graduate tuition waiver for dependents</p> <p>CU offers 9 undergraduate or graduate credits per academic year to employees who are 0.5 FTE or greater; may transfer benefit to dependent(s) but employee and dependent(s) may not use benefit in same year; also 30% undergraduate and graduate tuition dependent waiver at Boulder</p> <p>If UNC provides a 50% undergraduate tuition waiver for dependent children and eliminates all other waivers, net tuition and fee revenue is estimated to increase between ~\$240K (if employee/dependent enrollment drops 25%) and ~\$80K (if employee/dependent enrollment drops 50%)</p>	<p>Continue all waivers for current users through a specified time period</p> <p>Reduce undergraduate waivers for dependent children to 50%</p> <p>Eliminate</p> <ul style="list-style-type: none"> <li>• All graduate waivers (for dependents and employees)</li> <li>• Undergraduate waivers for employees</li> <li>• Undergraduate waivers for spouses and domestic partners</li> </ul>	
6	Offer a faculty early retirement program	<p>Vacancies must be left unfilled or filled at lower salary to generate savings</p> <p>UNC did not generate meaningful savings from past two faculty buy-outs because salary increases were necessary to fill vacancies in high-demand departments</p> <p>Buy-out would not be effective for staff because it is difficult to fill staff vacancies at lower salary</p> <p>If 22 faculty participate, 75% opt into COBRA health insurance for full 18 months allowed, and UNC pays 50% of current academic year base salary and employer portion of health insurance, estimated net savings would be:</p> <ul style="list-style-type: none"> <li>• \$110K total in first two years and \$950K/year thereafter, if all are replaced with contract renewable assistant professors</li> </ul>	<p>Implement for FY20, earlier if possible</p>	

		<ul style="list-style-type: none"> <li>• \$915K total in first two years and \$1.35M/year thereafter, if all are replaced with contract renewable instructors</li> <li>• \$1.72M total in first two years and \$1.75M/year thereafter, if half are replaced with contract renewable instructors and half are replaced with overload/adjunct</li> <li>• \$2.53M total in first two years and \$2.15M/year thereafter, if all are replaced with overload/adjunct</li> </ul>		
7	Identify opportunities for outsourcing or external shared services	<p>Areas commonly outsourced in higher education: dining, custodial, information technology, parking, payroll</p> <p>Contractors generally save money through lower labor and procurement costs</p> <p>Contractors are sometimes willing to invest in facilities</p> <p>Would need to be done in keeping with State of Colorado and UNC Board Policy requirements</p>	<p>Because investigating and implementing outsourcing requires significant investment of time and effort, if UNC were to consider outsourcing, it should look first at areas likely to generate the most savings</p> <p>Further research following the PLC discussions indicates that State of Colorado requirements would make it very difficult for UNC to do significant outsourcing</p>	
8	Set targets for reducing expenses and letting units decide how to implement	<p>Recommended overarching cost-savings approaches may yield ~\$1-2M</p> <p>Identifying further savings to address UNC's \$10M structural deficit will require significant restructuring, which is best considered at the division level and below</p> <p>Several cost-savings options being discussed could be used more effectively at the division level (and below) than with a university-level approach (e.g., workload changes, staffing levels)</p> <p>Participation in past cost-savings efforts varied from unit to unit, which raised questions about fairness</p>	<p>Past participation in cost-savings work should be considered when setting division cost-savings goals</p>	
9	Change faculty workload, sections offered, adjunct costs, and/or course releases for research	<p>Of ~500 UNC faculty, ~400 are tenure/tenure-track and ~100 are contract renewable</p> <p>UNC offers ~6,000 credit-generating classes annually, including ~3,000 in-load, ~500 overload, ~1,300 by adjuncts, ~500 by other instructors (e.g., TA, non-faculty employee) and ~700 uncompensated (e.g., directed study, dissertation, some internships)</p> <p>Overload pay totals ~\$2M/year, with an average cost of \$1500/credit hour; adjunct pay totals ~\$4M/year, with an average cost of \$1200/credit hour</p> <p>Though there are significant variations, most tenure/tenure-track faculty teach 3 courses/semester and most contract renewable faculty teach 4 courses/semester; average release time for research is 1 credit hour/semester</p> <p>Increasing teaching loads would require adjustments in evaluation, promotion and tenure expectations for tenure/tenure-track faculty</p> <p>Approximate savings from increased teaching loads</p> <ul style="list-style-type: none"> <li>• ~\$2.55M if all faculty teach 1 additional course/year</li> </ul>	<p>Should be addressed at division/college level</p>	

		<ul style="list-style-type: none"> <li>• ~\$5.1M if all faculty teach 1 additional course/semester</li> <li>• ~\$2.04M if tenured/tenure-track faculty teach 1 additional course/year</li> <li>• ~\$4.08M if tenured/tenure-track faculty teach 1 additional course/semester</li> </ul>		
10	Layoffs	<p>Magnitude of layoffs needed to generate \$1M savings in salary and benefits</p> <ul style="list-style-type: none"> <li>• 10.7 faculty positions, <i>OR</i></li> <li>• 11.5 exempt staff positions, <i>OR</i></li> <li>• 14.9 classified staff positions</li> </ul> <p>Specific processes would need to be developed and followed in keeping with state regulations and UNC Board Policy</p>	Allow at division/college level if needed and establish overarching parameters to guide these decisions	
11	Eliminate contracted services with a low return on investment	<p>A new process would be needed to identify contracted services and software platforms with low return on investment (ROI)</p> <p>Potential criteria for evaluating ROI include:</p> <ul style="list-style-type: none"> <li>• Service/software correlations with federal, state, local, university or other regulatory agencies</li> <li>• Extent to which service/software supports UNC strategic objectives</li> <li>• Extent to which service/software increases efficiency or capabilities</li> <li>• Financial cost associated with the service/software</li> <li>• Risk to operations if service/software is removed</li> <li>• Impact to full-time staff if service/software is removed</li> <li>• Contract obligations related to service/software</li> </ul>	<p>No university-level services recommended for elimination at this time</p> <p>Consider at division/college level</p> <p>Begin more rigorous review of software requests and renewals through existing Information Technology Committee</p>	
12	Permanently reduce travel and/or restrict faculty conference travel	<p>UNC instituted temporary restrictions on out-of-state and international travel for FY19; as a result of this, campus identified ~\$294K in FY19 travel budget reductions</p> <p>Restricting faculty travel could affect faculty promotion and tenure</p> <p>Permanent travel restrictions would necessitate a new approach to addressing professional development needs</p> <p>Travel and professional development funding vary widely by unit and position, as do needs</p>	Should be addressed at division level	
13	Review Athletics for cost-reduction ideas	<p>According to the 2016-17 EADA (Equity in Athletics Data Analysis, U.S. Department of Education), UNC's budget ranks seventh among the 11 full-time members of the Big Sky Conference and ninth in funding per student-athlete.</p> <p>UNC supports more sports than the Big Sky Conference requires, but low scholarship support for non-mandatory sports means they generate more net tuition revenue</p> <p>Eliminating mandatory sports would require moving to a new conference</p> <p>Exploring the possibility of moving to a new conference or division would require significant time and effort, and a move could take years</p>	Set a cost-savings goal for Athletics as part of the campus-wide process; focus on reducing costs rather than exploring a conference/division move at this time	