Board of Regents
University System of Georgia

USG Shared Services Initiative Update
April 16, 2013

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Discussion Items

• Shared Services:
  – Oversight
  – Background and Brief History
  – Update on Current Operations

• Issues:
  – University System Standardization
  – Vendor Evaluation and Alternatives
  – Additional Shared Service Offerings

• Next Steps

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Shared Services Oversight

• Board of Regents
  – Shared Services Oversight Committee (2008 to 2012)
  – Committee on Finance and Business Operations (2013)

• Shared Services Governing Council
  – President Timothy Mescon, Chair
  – Total of 19 members representing Academic and Student Affairs, Fiscal Affairs, Human Resources, Information Technology and System Office
  – Subcommittees (Evaluation, Opportunities, Hosting and Contract)
  – Council Activity Past 15 Months

• Director of Shared Services – Becky Prince

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Background

• Shared Service Initiative Approved By Board in 2008
• Goals:
  – Reduce costs through economies of scale/shared capabilities
  – Streamline and standardize processes
  – Improve functionality and service quality
• Initial Shared Service Offering – Payroll/HRMS
  – Transitioned from PeopleSoft to ADP (August 2009)
  – Currently – 28 of 31 Institutions are on ADP
• Continued Commitment to Shared Services
• Commitment to Sandersville Facility
• Must Get Better and Meet Goals!

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Sandersville SSC

- Opened April 2010
- 27,000 Square Feet
- 44 Employees
- Lease Payments Begin April 1, 2015
- Annual Lease Amount $388,500 (30 Years)
- Space Available for Additional Services

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Shared Service Investment
(Expenditure By Year)

2009: $5,430,750
2010: $9,153,359
2011: $9,290,150
2012: $8,663,347
2013 Est: $8,600,000
Accomplishments

• Through transition – employees have been paid!
• Payroll now centralized for 28 institutions
• SSC open in Sandersville and providing economic benefit
• Employee/Retiree call center open with increasing volume and timely resolution of issues
• Retirement processing
• Shared Service staff have overcome initial resistance to change and have gained acceptance
• Payroll function has moved from triage to stability

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Challenges

- Rapid Deployment of Shared Services
- Initial Resistance to Change (Some still exists)
- Transition to ADP – Over $40 Million Expended By End of FY 2013 (Not Including Institutional Costs)
- Little or No Corresponding Savings to System
- Negative Return on Investment
- Payroll Process Not Standardized
- Difficulties With Vendor Contract, Price and Performance
- Few Shared Services Beyond Payroll
- Missed Opportunities

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Issue: System Standardization

• Shared Services Center must accommodate 31 institutions with 31 different business practices
• Additional vendor expense due to non-standardization
• Examples:
  – Policies and procedures vary widely and are specific to institution
  – 129 different voluntary benefit plans (dental, vision, disability, etc.)
  – 10 different investment plans – some with low enrollment
  – 5 institutions offer no voluntary benefits due to size
• Employees may be paid bi-weekly or monthly with an additional vendor cost for each extra check
• System must pursue standardization regardless of platform to achieve economies of scale

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**Action: System Standardization**

- Shared Services Governing Council has been working to identify areas for improvement
- Seeking Board support to continue to standardization to improve efficiency and reduce expenses
- Will return to Board for full briefing on specific items and any required policy changes
- Potential Candidates (Or Already in Progress):
  - Benefits
  - Recruitment Platform
  - Hiring/Onboarding/Termination
  - Human Resource Procedures
  - Retirement Processing

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Issue: Vendor Performance

• Concerns with current vendor performance and capabilities
• Chancellor met with ADP leadership in January 2012 and June 2012 to discuss concerns
• Contract is approaching 5 years and should return to market
• Shared Services Governing Council has identified market leading alternatives that may provide better functionality and reduce contract cost significantly
• Existing contract does have remaining renewal options
• Questionable: how much we can improve with status quo

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Action: Vendor Performance

- Issue an RFP to Assess Vendor Alternatives
  - Potential Reduction in Annual Cost
  - Improve Terms of the System Contract
  - Address Performance Issues

- Shared Service Governing Council
  - Draft and issue an RFP with requirements (vendor, hosting, etc.)
  - Continue to identify business process improvements

- Contingent Upon Vendor Selection and Cost
  - Design and Thoroughly Test New System
  - Deploy New System in Phases

- Recognize Change Carries Some Sunk Costs!

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Issue: Additional Services

• Many Opportunities Exist
• Payroll has been primary focus
• Shared Services Center in Sandersville has considerable vacant space (second floor)
• First Lease Payment Due April 1, 2015
• Annual Lease Amount - $388,500
• Expansion of Shared Service Concept
• Fulfill Economic Development Mission of Facility
• Savings to the University System

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Action: Additional Services

- Continue to identify and explore additional shared services
- Develop a plan for each service to include transition and marketing
- Potential Candidates:
  - Back Office Financial Aid Functions (Call Center)
  - Benefits Administration/Call Center
  - Enrollment/Admissions Call Center
  - Document Imaging
  - Procurement
  - Centralized Vendor Repository
  - Other Human Resource Functions

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Next Steps

• Finance and Business Operations Committee – Today
  – Receive Informational Report
  – Authorize Shared Services Governing Council to Begin Development of RFP
  – Endorse in Principle the Concept of Standardization
  – Approve Further Study of Additional Shared Service Offerings

• Return to the Board – By September
  – Updates/Full Report of Activities (Specifically RFP)
  – Approval of Specific Recommendations and/or Required Policy Changes

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