



**BOARD OF REGENTS  
EFFICIENCY & EFFECTIVENESS WORKGROUP MEETING**

Minutes  
March 4, 2020  
University System of Maryland Office, Columbus Center

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The Workgroup on E&E2.0 of the University System of Maryland (USM) Board of Regents met in public session on Wednesday, March 4, 2019, in the Multi-purpose Room at the University System of Maryland Office, Columbus Center.

Chairman Robert Wallace called the meeting to order at 9:59 a.m.

Attendees:

**E&E Workgroup Members:** Regent Robert Wallace (chair), Regent Linda Gooden, Regent Gary Attman, Regent Robert Rauch, UMD President Wallace Loh

**USM Staff to Workgroup:** Ellen Herbst, Dr. Donald Spicer, Bob Page, Michael Eismeier, Suzcelle Sembrano

**Presenters:** Barbara Aughenbaugh (UB), Cindi Hale (UMCP), Mark Beck (USMO)

**Guests:** Carlo Colella (UMCP), Bill Olen (UMCP), Terri Cook (UMBC), Tim McDonough, Denise Wilkerson (USMO)

Robert Wallace began the meeting by telling the WG that the first agenda item order was shifting to accommodate schedules. He explained that the first agenda item will focus on analytics and improving decision making by more effective use of data and gave an overview of the WG's history with analytics. He then teed up the three institutions who were asked to share how they have proceeded and what benefits they have derived to this point.

Frostburg State University (FSU) was unable to present due to technical difficulties, so Donald Spicer suggested we move on to University of Baltimore (UB).

University of Baltimore:

- Barbara Aughenbaugh started by saying that she is presenting on behalf of Beth Amyot. She mentioned that Beth joined UB in February 2018 and by June 2018, it was clear to them that they needed an analytic tool.

- Penta developed a financial group model and helped UB as a consultant. The Financial Review Model is a tool to inform decisions and plans by providing effective and efficient analysis. This tool allocates and links revenues and expenses to enable profitability analysis by program. It generates recurring annual financial reports which show revenues, expenses, and margins for all areas of the University. Lastly, it provides useful corollary information and ad hoc reports and analysis.
- The Financial Review Model gave UB the power of data for informed decision making, sustainable campus support for reported data, robust means to examine costs by course or major, high level or granular academic detail, and ability to easily review trends over time.
  - Gary Attman asked how overhead costs are allocated, Barbara explained that it distributes all institutional costs. For the first 4 years, they have allocated direct expenses to the colleges. UB produces a report that shows all this data but it's all not allocated back to the colleges.
  - Linda Gooden asked if this tool is something UB built or software package they purchased, Barbara said that they purchased from the Penta Group. They bought the data model and they fed their data components into it.
  - Barbara added to Gary Attman's point and said that UB had a steering commission to launch this and they had to negotiate methodology. They can now present data without disputes.
  - Robert Wallace asked Barbara to define campus support, whether there's resistance. Barbara said that she feels like they have their buy-in. Ellen Herbst said that there are no decisions made based on implementing the system right away. Barbara said that it's not the only data tool they have and it's relatively easy to use and understand for a non-financial person.
  - Linda Gooden asked if the system is secure. Barbara said it is secure and requires institutional credentials.
  - Robert Wallace asked what tool was UB using prior to this, Barbara said they were using queries out of their financial system or data from their institutional research.
  - Ellen Herbst added that activity-based costing is not embedded in the DNA of higher education. Linda Gooden asked if any other schools are adopting this approach. Ellen Herbst said that UMCP has been working on an activity-based costing approach. Ellen also said that we are trying to promote this idea that this is a tool and making sure other universities are making informed decisions about where it fits in their priorities to put this effort in. Dr. Perman would like to take the responsibility of telling this story, because faculty would trust leadership if this data is presented to them.

Donald Spicer briefly discussed how UMUC at that time had a very significant analytics initiative that helped them get out of a financial hole and they have spun that off into a for profit product called Helio campus. One of their first clients was FSU, they have been working together for 5 years and they were going to show how the analytics which helped UMUC has helped FSU. Ellen Herbst suggested that we reschedule a presentation with one other university to discuss their work with UMGC ventures (Helio).

University of Maryland College Park:

- Cindi Hale from UMCP gave an update on two analytics driven initiatives that they have been working on for several years that have been driving some efficiencies and improvements on the UMCP campus.
- The first one is the Cost of Education model, in 2015, they realized they needed better data on the cost of delivering instructions on campus, so they partnered with Grant Thornton and Pilbara from Australia. They began to build a massive database by connecting 5 different sets of data from their campus which they loaded into the Pilbara's software. The reason UMCP did this is because they wanted the ability to respond to external inquiries about what it costs to deliver instructions at their campus. They also wanted to ability to advocate for resources.
- The other project is called Budget Remodel Initiative and the goal is to improve the campus' budgeting and planning process.
  - Linda Gooden asked how much control UMCP has and Cindi Hale said that they have minimal control of what the state allocates to them, but they can see who's tapping into it.
  - Linda Gooden also asked Cindi Hale how long she thinks it will take to replicate this project for another university. Cindi Hale thinks with enough resources, it could be done in 2 years.
  - Robert Wallace asked if the dashboard is open to the public and Cindi Hale said it's not.
  - Robert Wallace also asked how many full-time ongoing staff supports this, Cindi Hale said for the Cost of Education model, they have a full-time graduate assistant and part of a very senior Finance person. They also use Grant Thornton's resources and their payment to them goes down as the model becomes stabilized. Robert Wallace thinks it's a small support staff.
  - Robert Wallace also asked if UMCP has done an analysis on Return on Investment, Cindi Hale said not yet but hopefully within a year.
  - Robert Wallace's last question was what percentage of the capital was used to train the staff, Cindi Hale said they simply brought together existing campus resources and used them.

-Linda Gooden asked how we are addressing cyber security and privacy in general when it comes to these projects, to which Donald Spicer said security falls under each campus under the framework of the BOR. Ellen Herbst said that USM produced an IT security framework and policies that was done through the CIO council so that the campuses have to live within these expectations. For privacy, Ellen Herbst said we are hoping for a bill to be passed and we will develop policies and a framework of expectations that each campus will execute. She also said that there is a lot of discussion going on in MDREN about upgrading network services. Ellen Herbst said we would welcome the Regents' support in sharing human resources especially since smaller institutions can't attract or retain cyber resources which are scarce and expensive. Robert Wallace asked Ellen Herbst what level of transparency we can give to Annapolis. Ellen Herbst said that not every university has these models yet but the more we promulgate these tools, the more agile we are at handling shifting state appropriations.

The second item in the agenda focuses on questions related to construction management of capital projects across USM institutions. Two questions have come up in recent years, what drives higher costs of USM projects and what can we do to reduce costs on these projects. Mark introduced Terry Cook from UMBC, Bill Olen from UMCP, and Carlo Collela from UMCP.

- The two types of impacts on costs are general costs which are cost implications inherent in all Maryland higher education projects and market costs, which are market-driven impacts on costs.
- There are four types of general costs, which are regulatory, logistics, scope, and comparability. Gary Attman asked if prevailing wage is required in every public building in Maryland. Terri Cook said the dollar threshold of \$500K has been in place for 30 years. Linda Gooden asked if research laboratories can be included in the comparisons. Robert Wallace said we should include any metrics to compare against other educational institutions. Linda Gooden said this might be a good topic for the next board meeting.
- There are two types of market costs, which are materials costs and labor costs. Robert Wallace asked if we are required to use union workers. Terri Cook said no due to prevailing wage. Robert Wallace asked if we have an incentive to use state-based companies, Mark Beck said that we don't have a mandate or requirement to use state-based companies. This is to avoid similar restrictions being placed on Maryland firms by other states.
- Mark Beck listed the solutions to help reduce costs. One way is to select the most effective project delivery method. Another way is to adopt creative construction techniques where they add value. UMBC has a pilot project that will

use Modular construction. The third solution is to make strategic capital facilities decisions. Lastly, improve service center coordination. Mark Beck wants to go back and talk about comparison and wants to present it very factual. Linda Gooden wants to have the comparison summary by next board meeting in June.

Robert Wallace announced that the next E&E Workgroup meeting is on May 20<sup>th</sup> from 10am-12pm. Donald Spicer said the main agenda for the next meeting will be a discussion about the reports regarding Institutional Collaboration plans relative to the BOR Statement of Values and expectations.

For follow up/next agenda:

- 1) Comparison of higher ed projects to be added to next BOR meeting's agenda
  - 2) Mark Beck will give Ellen Herbst comparison materials for next board meeting
- [Note: A presentation was made, resulting in much discussion at the following Board Finance Committee meeting on March 26, 2020.]

The Workgroup meeting was adjourned at 11:54 a.m.

Respectfully submitted,

Robert Wallace, Chair  
BOR E&E2.0 Workgroup