

# University Budget Advisory Committee

Minutes – 11/05/2020 meeting

Prepared by Michelle Pickham

Voting members present: Nabil Al-Tikriti (Chair, At-large)  
Laura Bylenok (At-large)  
Liane Houghtalin (CAS)  
Kyle Schultz (COE)  
Chris Garcia (COB)  
Suzanne Sumner (At-large)

Voting members absent: Stephen Davies (Secretary, At-large)

Non-voting members present: Michelle Pickham (Staff Advisory Council President)

Non-voting members absent: Patrick Catullo (Athletic Director)

Guests: Melva Kishpaugh (Procurement Services Director)

Kathy Sandor (Business Services Director)

Paul Messplay (VP for Administration & Finance, and CFO)

1. Immediately following the October 29<sup>th</sup> meeting, a miscount of voting faculty members (6 instead of 7) was realized. The committee discussed via email if the number of staff to be added to the committee should then change from two to three based on this correction of number of faculty members. The committee appeared through email to favor adding three staff instead of two, and so decided an amended vote was required to formally change this as two was previously voted on and approved. All other votes from the prior meeting still stand. The vote for this change took place prior to this meeting's presentations:

(a) **Amended Vote: The committee voted unanimously (7\*-0)** to immediately add three new non-voting members from UMW staff, at the SAC's discretion.

\*Dr. Davies voted via email as he was not able to be present during the meeting.

(b) The committee will bring a motion to the next meeting of the UFC, with proposed new handbook language that adds the three new SAC non-voting members. (UFC will refer this to the UFOC.)

2. Mr. Messplay began the presentations by giving a brief update on the status of the state budget:

(a) The house version of the bill prevailed – tuition affordability/moderation pool resulted in 3.3 million in unobligated funds coming back to UMW. 2020 general assembly established this pool for those institutions that held the tuition rates flat. The bill is waiting for the governor to sign. Governor has the opportunity to still amend the budget, but as of now, he does not have any planned amendments. Governor is expected to sign the bill soon.

(b) The University has put together a packet for the upcoming state budget request which includes enhanced level of testing and health services, equipment/materials/software to support distance learning, PPE and cleaning supplies/services, equipment and supplies to support teleworking, support for social distancing protocols including tents and outdoor seating, supplies and rental expenses for isolation/quarantine spaces, and signage and communication for a total request of \$5,550,814.

(c) Dr. Al-Tikriti asked Mr. Messplay if he had heard of any possibilities of federal funding to come? Mr. Messplay indicated that the University hopes there will be another round of CARES act funding but that's not certain. We may not know that until January.

(d) Dr. Al-Tikriti asked have things turned sour in terms of COVID? Mr. Messplay replied

that UMW's numbers are continuing to look good. The University is not in any drastic contingency plans. Right now we haven't made any changes to spring other than delay of spring semester and cancelling spring break, with the exception of some days off for mental health breaks. There is some anxiety about spring

3. Kathy Sandor (Director, Business Services) presented an eagle eye view of Business Services:
  - (a) Business Services' operations are comprised of in-house operations and revenue and service contracts.
    - i. In-house includes parking management, the EagleOne card office, and the licensing office.
    - ii. Commission/revenue generating contracts includes the bookstore, vending, commencement (photography, announcements, regalia, and rings), laundry, and exclusive beverage with Pepsi.
    - iii. Service contracts includes Swiss Post Solutions which is responsible for the copy center, the UMW post office, the print labs, and the MFDs (multi-function devices) around campus. The MFDs are the large print/copy/scan machines strategically places around campus. Not every department has an MFD, but every building should have one.
    - iv. Hardware/software that Business Services uses to support services on campus include IDMS and Blackboard software (for ID cards and transacting) and Nupark, the parking management software.
    - v. Dining Services is the largest contract managed by Business Services with approximately \$10 million in sales and a little over 6 million in meal plan expenditures. The current dining contract ends in July 2022, so the University has commissioned the help of a campus dining consultant to assist with the procurement as it's so complex. Included in their scope of work is design of a dining program with best value for our students. Offerors will be responding to one proposed dining program design instead of offering their own ideas for a program on our campus. Campus surveys and focus group requests will be coming out soon to gather data for the consultant firm.
  - (b) Budgetary challenges for the department include overall escalating contractual costs with no offsetting revenue costs (Blackboard escalation annual). Expanding services such as mobile credentials where students could use their phones instead of their ID cards is too cost prohibitive. And although the University has the MFDs, there are still many desktop printers across campus where the purchase, accessories, and maintenance of those desktop printers comes in at around \$100,000 a year.
  - (c) COVID has presented challenges to Business Services with \$1.4 million in dining refunds and \$57,000 in parking refunds. Several contracts had to be renegotiated which also impacted revenue to UMW:
    - i. For the Bookstore, the minimum commission guarantee was removed and UMW will only earn commission strictly based on store sales.
    - ii. For Pepsi, for the first time, the annual contribution given to UMW of \$125,000 is tied to a minimum number of bottles and cans sold. Ms. Sandor encouraged beverage purchases through vending machines, campus dining, and the bookstore because of this minimum threshold needed.
    - iii. For campus dining, UMW is now only paying costs associated with providing

the dining services and received no commissions and no annual contribution of around \$59,000 annually at this time.

- iv. The Bookstore and Dining contracts will revert to the original contract terms when campus operations return to pre-COVID or more normal operations.
- (d) Dr. Al-Tikriti asked why does it cost more to print via desktop rather than the MFDs? Based on the contract, the MFD printing costs less per page than the desktop printers. Desktop printers total cost include the desktop printer purchase cost, the recurring toner costs which can be expensive, and costs for parts and maintenance. Some departments have a desktop printer per individual, so the cumulative costs add up.
  - (e) Dr. Al-Tikriti made a comment that throughout the years the MFDs have not been user friendly. He asked how can we get them to be more user friendly and urged that ease of use should be included in the evaluation of the machines to be used in the future.
  - (f) Dr. Schultz asked have there been any shifts in practices due to the pandemic in terms of the MFD use that might become permanent, even when operations return to “normal.” Are there practices we are doing now more digitally that we could continue doing? Ms. Sandor indicated that right now less people on campus means less usage of the shared MFDs. Once the 5-year period of the MFDs in the current contract comes up, we have the opportunity to reallocate or reduce the number of machines in the fleet on campus. A switch to more digital practices instead of physical printing could result in a reduced number of shared devices deployed across campus.
  - (g) Mr. Messplay added that the University needs to take a look at all of our business practices when it comes to electronic workflows, digital technology, and electronic signing. Challenge to undertake these projects include not enough current employee/human resources to work on the development/installation and integration of these solutions and the funding/cost for the products themselves.
4. Melva Kishpaugh (Director, Procurement Services) presented on the state of Procurement Services:
- (a) The department manages contracts for the university with a total value of over \$427 million. 97% of the University’s discretionary spend is against established contracts.
  - (b) The department has 5 staff members who regularly review contracts, meeting with contract administrators and departments to find out department needs and trends. The department works closely with UMW finance departments in sharing some responsibilities. Procurement staff are trained professionals in finding contracts and vendors for specific needs and have been educated to negotiate best pricing and value. The department provides instruction and information to decentralized campus buyers (office managers). The department is working on a University certification (CUPA – Certified University Procurement Affiliate) along with certification available through VASCUPP (CUPO – Certified University Procurement Officer). The Procurement department can’t perform all necessary University procurement functions so some tasks are delegated to office managers through the University’s small purchase procedures.
  - (c) Challenges for the Procurement department:
    - i. Budgetary challenges for the department include available funding for initial hire and employee retention. There is a struggle to keep staff salaries competitive in the market. Onboarding of staff includes costs to initially certify and then to recertify. Mr. Messplay has been supportive of educational costs whenever possible.

ii. One major impediment to Procurement's effectiveness on campus is the perception that Procurement Services is a "road block" to "getting things done." However, State laws require the University to follow certain procedures in order to procure goods and services. Involving Procurement on the front end of a purchase can save time and often budget dollars for the end using department. Inefficiencies tend to occur when Procurement is involved too late in the procurement process. The department is ultimately charged with ensuring that the University passes state and internal audits. Dire consequences for noncompliance could be anything from embarrassment by being called out in the newspaper to the loss of the charge card program or procurement autonomy.

iii. External challenges beyond the control of the department include:

- New laws, state systems and navigation and use of those systems (eVA, HR and payroll systems, Cardinal systems).
- Ability to perform true data analysis because the University doesn't have a central system for all procurement and payment functions and data gathering.
- Requirements for vetting vendors are sometimes passed down by legislation which increases the University's responsibilities and workload in order to comply.
- Procurement Services is a member of several organizations that require annual dues which can be cost prohibitive, but the benefits of belonging to these organizations greatly outweigh the costs which is why we dedicate a good portion of the department's budget to continuing membership: VASCUPP (Virginia Association of State College and University Procurement Professionals), VAGP (Virginia Association of Governmental Purchasing), NIGP (National Institute of Governmental Purchasing), VHEPC (Virginia Higher Education Procurement Consortium), NAEP (National Association of Educational Procurement).
- The pandemic presented emergency challenges, but Procurement stepped up to the challenge and worked with internal departments for collaboration and coordination of purchases needed. There have been unanticipated supply chain issues due to transportation delays, lack of raw materials, reallocation of goods and services to other agencies, etc.

(d) Mr. Messplay lauded the procurement department for all the crucial hard work they did and continue to do and their willingness to step up and accept extra responsibilities without complaint to support the University through COVID.

(e) Dr. Al-Tikriti mentioned the University's surplus saying there used to be a "garage sale" of sorts twice a year in facilities and asked what happened to that program. The University has autonomy for disposal of surplus property through internal surplus property procedures typically includes use of GovDeals to dispose of items through auction. At any time, a department can contact facilities to ask what they have in surplus. The surplus program is currently managed by Facilities Services.

(f) Dr. Al-Tikriti asked about the IT laptop/desktop machine refresh. The refresh program

was halted for a number of years and the University's budget did not allow for it, but Dr. Paino was able to reinstate the program and the program is still ongoing and in process throughout the year. Machines are refreshed based on their age where the oldest get replaced first. A user can contact the IT department to inquire about their spot in the refresh cycle if they need to decide whether to buy a new machine or wait to get it replaced by the University at no cost to their department.

- (g) Dr. Al-Tikriti asked if there was any low hanging fruit that could save the University money or anything the Procurement department would recommend or suggest. Ms. Kishpaugh replied that the University is able to use several contracts for service maintenance for scientific lab and other high value equipment that can save departments 30-50% of the cost of using the direct manufacturer. Contracts with third party vendors such as Remi Group, Park Place and Specialty Underwriters charge us significantly less for the same service, using factory technicians.
5. The next meeting is on November 12<sup>th</sup> with Lisa Bowling presenting on the state of University and public relations.