



# The University of North Carolina

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## MEMORANDUM

TO: The Chancellors

FROM: Erskine Bowles

SUBJECT: PACE Update

I have reviewed the interim reports on proposed campus PACE activities and want to provide some feedback to all of you collectively.

First, several documents are attached. The first series of documents (on legal paper) summarize the activities underway at each of the campuses. There are four summaries that lump similar activities together as follows:

- (1) proposals that relate to institutional reorganization, whether wholesale reviews of specific areas within the organization or simply the elimination of a vacant position;
- (2) proposals that employ more sophisticated technology usage or business systems redesign;
- (3) proposals that address improvements in energy usage; and
- (4) other proposals that do not fit within the first three summaries.

Note that these summaries cover only 14 institutions. North Carolina A&T State University is not included because this campus generally did not propose campus initiatives beyond those recommended in the PACE report but provided commentary on whether or not to adopt the already identified initiatives. UNC Wilmington's initiatives were too voluminous to fit neatly into the format and are summarized and attached separately. For UNC Charlotte, the summary contains only a partial listing of activities and a detailed summary of all of UNC Charlotte's effort to review operations on a wholesale basis is separately attached. Similarly, the summary is not reflective of all activities underway at WCU and an outline of activities underway on that campus is also attached. All of this information is provided so that you can glean the best of what others have done and include it in your future work.

I realize that this summary doesn't capture all campus activities and that seeking improvements in business practices is not a new activity. I also realize that the final reports with specific identified dollar savings associated with all activities will provide much more information. I'm also sure that for each proposed activity the final reports will show next to each activity not only

Appalachian State University

East Carolina University

Elizabeth City State University

Fayetteville State University

North Carolina Agricultural and Technical State University

North Carolina Central University

North Carolina School of the Arts

North Carolina State University at Raleigh

University of North Carolina at Asheville

University of North Carolina at Chapel Hill

University of North Carolina at Charlotte

University of North Carolina at Greensboro

University of North Carolina at Pembroke

University of North Carolina at Wilmington

Western Carolina University

Winston-Salem State University

the dollar savings but also a timeline for completing the task and who will be held accountable. It would also be helpful to know in which of your academic areas you plan to reallocate the resources saved. With these caveats, I offer the following comments.

First, I applaud all of you that have used the financial data gathered early in this initiative and based some of your activities on reviewing and right sizing staffs relative to peers as UNCG is doing in the facilities area and ASU is doing with its motor pool. PACE is *not* about just the elimination of a vacant position or other traditional means of approaching budget reductions imposed by the General Assembly. PACE is about thinking differently, using data and other information to make good decisions about organizational structures and business practices. Please review the summary for NCSU and see an institution that is seeking to make real improvements in the way it meets campus needs. As the report reveals, others of you are approaching this on a hit or miss basis or not at all.

Next, in the technology and business systems arena, there is plenty of low hanging fruit. For those campuses not using procurement cards or mandating direct deposits, please do so. Some of you have embraced the recommendations in the PACE report and are co-locating servers, requiring common personal computers, implementing central scheduling software and using other online, web-based applications to promote increased efficiency and effectiveness. There is much additional work that can be done in this area.

Implementing an energy conservation program will not only result in cost savings but it is just plain the right thing to do. Although we are working with the Office of State Budget and Management to ensure that savings from energy are not captured by that office, I have little patience for those that are not seeking to conserve energy, to use less water, or to fail to embrace green initiatives solely because there is not a budgetary incentive. When the final reports come in this June, I expect to see a detailed plan for each campus outlining conservation measures. I know that we can do more.

Finally, look carefully at the "other" initiatives. There are easily implemented initiatives that all might embrace, like improving mail service operations. There are bold thoughts, like UNCG's decision to not build a \$13 million parking deck but instead to negotiate for improved transit in and out of the campus provided by the City of Greensboro, saving over \$800,000 per year in debt payments. Although it's important to pay employees from the right source of funds, switching employees to non-state funds or taxing auxiliaries, both of which may result in increased student charges, is not a substitute for real savings.

At General Administration, we are working to implement all of the short-term recommendations included in the PACE report for your benefit. We have offered to the General Assembly 10% of our core budget as we make improvements. I'm prepared to do more. We are watching our expenditures carefully, improving processes, and thinking differently. For us, this is a start. As I look at your reports, I see that there is a real mix of effort on the whole PACE initiative. Some of you have truly embraced this initiative and I am thankful. Others of you have an opportunity ahead of you to build

upon the initiatives you submitted. A few of you I am very disappointed in. Every chancellor will embrace this effort; of that, I am sure.

Leaving the campus reports, I want to update you on overall project progress. We are still on schedule to have all of the short-term PACE initiatives implemented by October of this year. For implementing the medium- to long-term recommendations, we have asked the former workgroup chairs to lead implementation teams. Jack Colby, of NCSU, will be addressing the Capital Projects Coordinators in Greenville next week to outline the timing and methodology for submitting the facilities benchmark data to APPA. The survey must be completed between October and December of this year and Jack will host training sessions before October as well as sessions after the first of the year to analyze the data. We will have a team available to assist campuses that need help in completing this survey. Carolyn Elfland, of UNC Chapel Hill, is leading the implementation of the initiatives to improve operations in the dining and bookstore areas. Two individuals, Bob Wood of NCSU and Martha Pendergrass of Chapel Hill, will be leading the purchasing initiatives with a focus on conducting all business electronically. These individuals will be seeking assistance from other institutions in both leading and coordinating the efficiency improvements. Additionally, Robyn Render and the Chief Information Officers are already acting on the technology recommendations and Harold Martin will personally be leading the initiatives for improvements in academic administration.

cc: Chief Academic Officers  
Chief Financial Officers  
Chief Information Officers  
General Administration Council  
PACE Committee  
Hilary Coman  
James Smith  
Sam Metzler  
Jack Colby  
Carolyn Elfland  
Bob Wood  
Martha Pendergrass

Attachments