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Robert Donley, Executive Director

MEMORANDUM

To: Robin Madison

From: Robert Donley

Subject: TIER

Date: April 16, 2015

The following information is provided in response to your requests on TIER.

1. What are the costs associated with the TIER study and TIER implementation?

Below are the fees broken out by consultant:

Deloitte (Completed)		
Phase 1 Contract	$	1,400,000
Phase 2	$	1,696,899
Expenses	$	417,001
Total	$	3,513,900
Chazey (in process)		
Contract	$	550,548
Travel (not to exceed 20%)	$	110,110
Total Possible	$	660,658
Huron (in process)		
Contract	$	385,000
Travel (not to exceed 18%)	$	69,300
Total Possible	$	454,300
Pappas (in process)		
Contract	$	537,600
Travel	$	134,400
Total Possible	$	672,000
Ad Astra (in process)		
Contract	$	100,000
Total Possible Consultant Fees	$	5,400,858

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2. What are the anticipated cost savings from implementation of the TIER recommendations?

   The anticipated savings are still a work in progress. Note that the savings are across all funds, not just the general fund. They include savings from self-funded enterprises like, utilities, residence halls, and Athletics as well as federally funded research grants. The savings from these sources are impacted by bond covenants in the self-funded enterprises and savings from federal grants must stay with the grant itself.

   Attached is a table showing Deloitte's estimate by business case the cost to implement as well as the total annual savings. Note that some of the payback periods to recover the upfront investments needed before achieving any annual savings are as much as 5 years. The complete details of the business cases can be found at:
   http://www.regents.iowa.gov/Meetings/DocketMemos/14Memos/October22014/FinalPhase2TIEROperatingModelandBusinessCases10012014.pdf

   However, as you can see from the attached table, SP 01 (Sourcing and Procurement), IT 01 (Information Technology), HR 01 (Human Resources) and FN 01 (Finance) are the largest potential savings areas and the implementation plans are being reviewed and validated by two consulting firms this spring. Chazey Partners is working on IT 01, HR 01, and FN 01. Huron Consulting is focused on SP. Both are mid-way through their review and validation process.

   Finally, the Board of Regents has stipulated that any savings realized by these activities will be reinvested into the universities to strengthen their core missions.

If there are any questions, please don't hesitate to contact this office.

H:\BF\Legislative\2015 Session\responses\madison_tiersavings041615.doc
Attachment
cc: Legislative Liaisons
Legislative Log

Business Case	Total Cost to Implement			Annual Projected Savings			FTE Reductions Additions			Payback Period (Months)			Total cost to Implement	Total Annual Savings
	UNI	ISU	SUI	UNI	ISU	SUI	UNI	ISU	SUI	UNI	ISU	SUI		
SP 01	1,486	3,113	6,129	2,040	5,512	15,120	2	2	3	8	8	6	10,728	22,672
IT 01	350	680	1,000	488	1,528	2,856	-6	-23	-47	15	11	9	2,030	4,872
IT 02	200	300	350	330	500	660	-3	-3	-8	14	14	13	850	1,490
IT 03	1,380	5,840	2,446	390	1,626	2,199	0	0	0	58	63	45	9,666	4,215
IT 04	720	920	1,020	400	1,651	1,329	0	0	0	30	9	23	2,660	3,380
FN 01	2,724	9,964	10,610	680	2,935	3,937	-14	-50	-61	56	61	43	23,298	7,552
HR 01	1,764	29,328	649	291	3,723	921	-10.6	-61	-12	86	104	10	31,741	4,935
ISU Legacy		11,247			1,182			-30			108		11,247	1,182
HR 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAC 03	0	0	0	31	0	0	0	0	0	0	0	0	0	31
FAC 04	616	1,846	0	139	269	0	0	0	0	57	89	0	2,462	408
SS 05	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SS 08	0	0	0	0	0	0	0	0	0	0	0	0	500	0
Total	7,476	51,991	22,204	4,789	17,744		-32	-135	-125				83,935	46,175

All figures in $000s

Totals include FN 01 University and ISU new HRIS system

Note: For HR 10 while there is no savings the value of time saved by employees is SUI - $1,097,300; ISU- $906,771; UNI - $175,086; Total - $2,179,157

Note: No estimate on the remaining academic business cases have been calculated yet