MEMORANDUM

TAB D

September 18, 2020

USHE – Shared Services

In the legislation creating the Utah Board of Higher Education S.B. 111, *Higher Education Amendments*, the Utah Legislature gave the new Board the charge to "maximize efficiency through the Utah System of Higher Education by identifying and establishing shared administrative services." The Finance and Facilities Committee is tasked with discussing how the Board should best approach this charge.

Shared services is a concept used in both public and private organizations to describe the allocation of common internal business services between divisions or business units. Shared services organizations operate like internal businesses that treat users as customers and charge rates for services. Internal governance structures ensure shared services organizations understand customer needs and remain price competitive. Examples of common business functions consolidated into shared service centers include: finance and accounting, human resources, information technology, procurement, and facilities. Benefits of shared services may include reduced costs, improved services, and standardized processes.

The attached documents provide additional information for the committee, including presentation slides of a shared services overview and a proposed survey of USHE institutions.

Commissioner's Recommendations

This is a discussion item only; no action is required.

Attachments:

Shared Services Overview

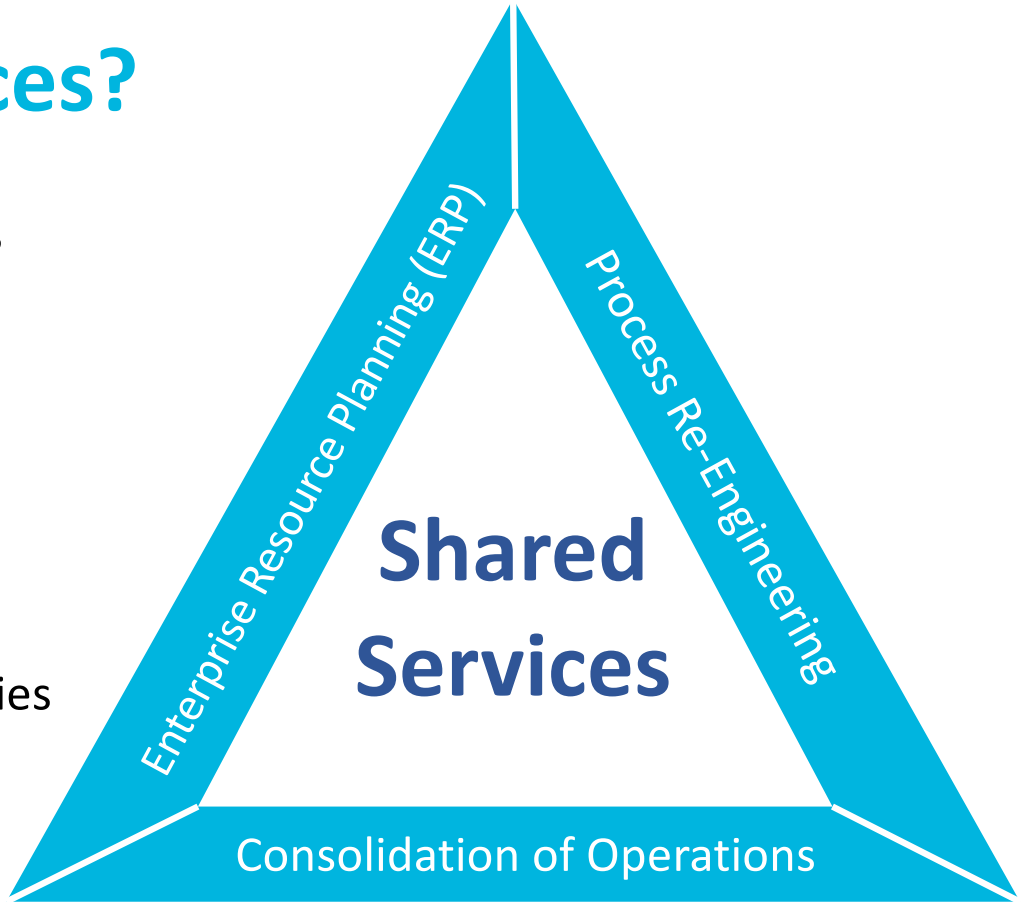
September 18, 2020

UTAH SYSTEM OF HIGHER EDUCATION

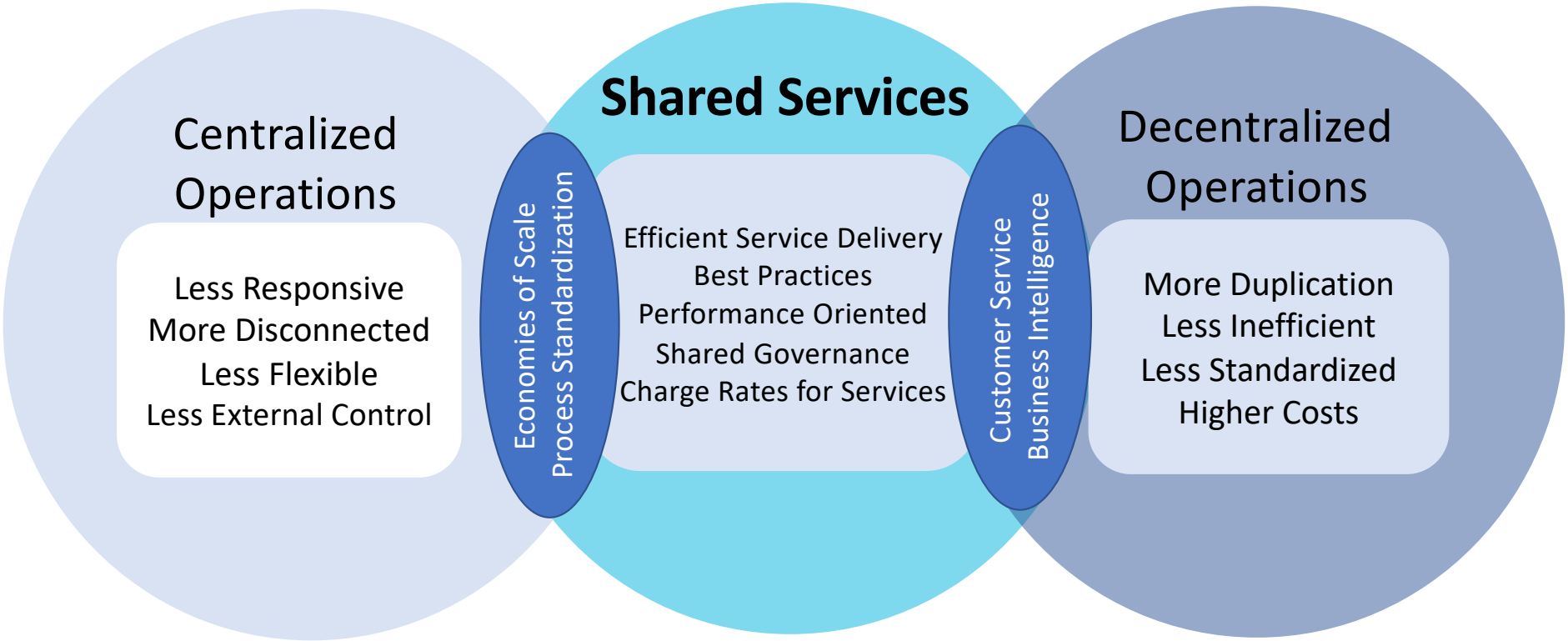
What is Shared Services?

- Sharing common internal business services between business units
  - Finance/accounting
  - Information Technology (IT)
  - Human Resources (HR)

- Tactical not Strategic Decision
  - Consolidation of nonstrategic activities allowing more focus on the strategic



What is Shared Services?



Institutional Survey

- Brief description of institution's business services:
  - Centralized (Yes/No)
  - Budget of Central Org
  - Number of Central FTE
  - Number of Decentralized FTE

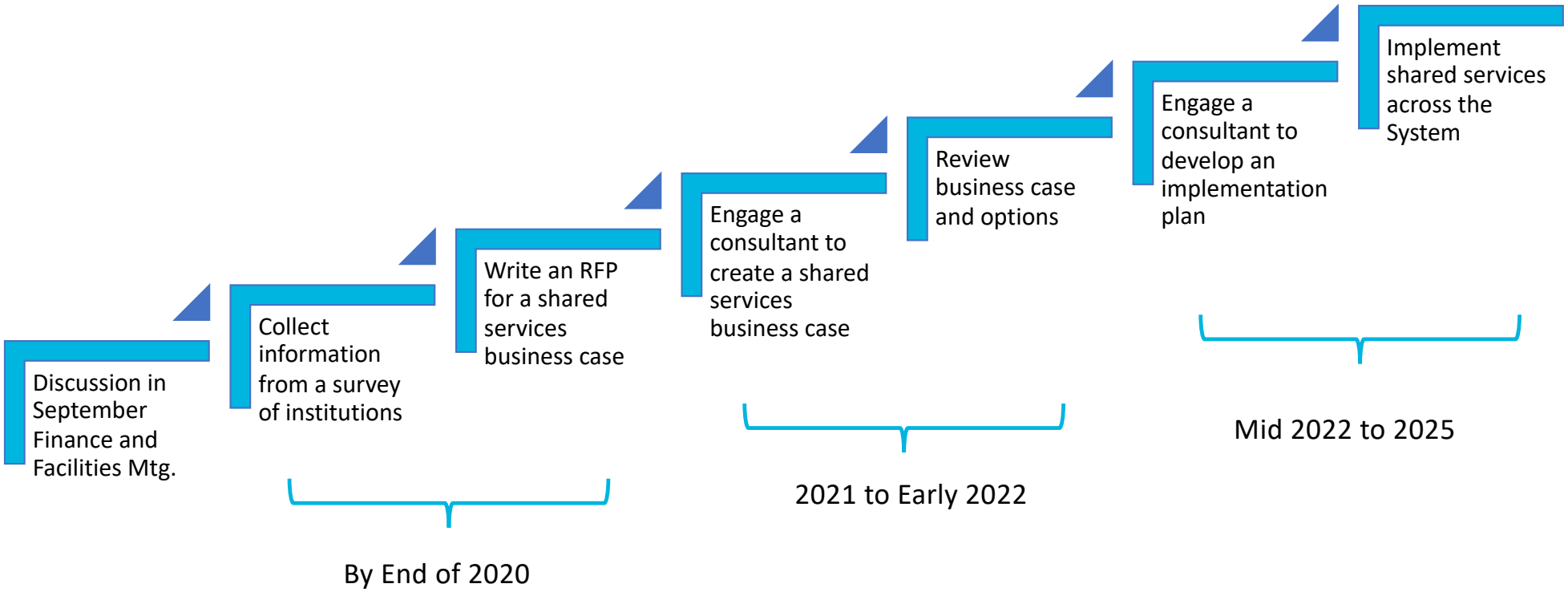
- Business Services include:
  - **Accounting and Finance**
  - **Human Resources**
  - **Information Technology**
  - **Student Financial Aid**
  - **Purchasing**
  - Fleet
  - Facility Maintenance
  - Risk Management
  - Internal Audit
  - Police
  - Legal

RFP for Shared Services Business Case

A business case can quantify the impact and opportunities for shared services in the System

1. Review the current state of business services in the system
2. Present a realistic future state of shared services in the system
3. Identify the costs and benefits in moving from the current state to the future state

Potential Steps



University of Michigan Example

	Accounting and Finance							Human Resources		Student Financial Aid	
	Accounts Payable	Accounts Receivable	Fixed Assets	Cash Mgt.	Credit/ Collections	Travel & Expense	Billing	Human Resources	Payroll	Federal, State, System Aid Administration	Insitutional Aid/ Student Counseling/ Other Admin
Centralized at Institutional Level (Yes/No)											
FY20 Central Budget											
Number of Central Institutional Employees											
Estimate of Non-Centralized Budget											
Number of Non-Centralized Department Employees											

	Information Technology				Other Services						
	IT - Network Admin	IT - Desktop Support	IT - Cyber security	IT - Application Development	Purchasing	Internal Audit	Fleet	Facility Maint.	Risk Mgt.	Police	Legal
Centralized at Institutional Level (Yes/No)											
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