

Cost Study Commission Hearing May 24, 2010
Temple University Cost Savings Initiatives

Talking Points

Anthony E. Wagner, SVP, CFO & Treasurer

1. Background of over 20 years in State government and higher education finance;
 - a. Four tours including two in the Governor's Budget Office, one in Revenue Department and one in Treasury;
 - b. Nine years at PSU and three at Temple with emphasis on cost savings and public accountability;
 - c. Rating Agency experience including representing the Commonwealth and a detailed understanding of credit analysis and debt capacity issues.

2. **In FY2009 the university operating budget was reduced 5.0% or \$40 million.** What follows is a summary of the major components of that reduction.
 - a. A reduction in force of 149 FTE positions. This yielded \$23.3 million in savings.
 - b. Operating efficiencies contributed the remaining \$16.7 million.
 - c. Implemented a salary freeze for non-represented employees and faculty in FY2009. This saved \$7 million.
 - d. The number of schools and colleges was reduced from 17 to 15 resulting in about **\$1.5 million in savings**
 - e. Faculty workloads were increased to support the elimination of 86 adjunct and non-tenure track faculty, which are excluded from the total in (a) above.

3. Prime Contracts with University acting as CM saved **\$10 million on recently completed \$350 million program** (\$350 million currently in design or under construction).

4. Temple shifted its health insurance from a fully insured to self insured basis and this resulted in a savings of almost **\$2,000,000 per year.**

5. Over the course of the last year, Temple has designed, and then successfully negotiated, prescription drug plan changes which when implemented July 1, 2010, should result in annual savings to the University of **\$750,000.**

6. Implementation of a university-wide electronic administration platform will lead to annual savings of \$3 million.

7. **Joint Data Center** – Consolidated facility for University and Hospital data center operations. Placed facility in University owned space and allows for sharing of core facilities. Estimated to save **\$21 million** over the next 10 years.
8. **Server Virtualization** – Using new virtualization technology to maximize equipment utilization instead of dedicated servers. In the initial stages, 21 servers virtualized are performing like 190 conventional servers. The hardware/software savings by using virtualization is **\$1,027,000** not including soft costs. Program has the potential for some expansion.
9. **Gmail Initiative** – Movement of students and majority of faculty and staff off of a Temple hosted email system and on to resources provided at no cost from Google, Inc. The infrastructure savings for a three year period are **\$831,000**.
10. **Computer Recycling Center** – Award winning program to recycle computers and monitors into extended use. Each year approximately 350 machines are re-issued back into Temple use. The average cost of a new system is \$1,100 thus saving the University approximately **\$385,000**.
11. **Cellular Phone Service** – By entering into a multi-year agreement for cellular phone service for the University, Temple received a 19% discount on applicable services. This equates to an annual savings of **\$245,000**.
12. Construction Waste Recycling (Capital Projects): Excess of **\$400,000 savings**
13. Energy Reduction – Changing shifts to provide building shut-down: **\$500,000 savings**
14. First Phase Energy Mgmt Implementation (5 buildings: +/- 5% savings = Approx **\$200,000 savings**
15. Peak Load Mgmt – Reduce energy capacity: **\$500,000 savings**