Texas A&M System chancellor orders audits to identify savings - The Eagle: Local News

Texas A&M System chancellor orders audits to identify savings

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EDITOR'S NOTE: This is the first in a series of stories looking at the state of finances within the Texas A&M University System, including examinations of information technology, communication and Easterwood Airport operations, along with the overall fiscal outlook for the system. This story looks at the planned administrative reviews. Upcoming stories will examine the ongoing audit of the system's information technology departments and communications personnel, as well as recommended projects that are likely to generate revenue.

Texas A&M University System Chancellor John Sharp, who presided over the largest outsourcing of services ever at a public university, is now heading up moves to examine information technology, communications, airport operations and every single administrative position in the system.

The 62-year-old former state comptroller is leading the system through a self-evaluation aimed at examining efficiencies and quality of service.

Contracts have been awarded to private consultants to scrutinize the system's information technology services and communications staff, with completion expected this year, and the university is trying to outsource the management of Easterwood Airport. All 17,000 employees across 11 Texas universities and nine state agencies in the A&M system are set to be assessed in separate administrative audits that could be awarded to a contractor as early as this month.

Sharp oversaw the largest-ever outsourcing of services of a public university in August. The $270 million deal with Compass Group privatized dining, landscaping, maintenance and custodial services.

The latest five reviews are targeted at cutbacks and are not necessarily a prelude to more outsourcing. The scope may be broad, but Sharp said his philosophy is plain.

"What we're trying to do is real simple -- find whatever savings we can and become as efficient as possible," Sharp said.

Still, with A&M in the thick of the overhauls, there are some who worry longtime employees might lose their jobs, quality of services could decline or that the sense of Aggie community will get lost in number-crunching.

Texas tax collector

The foundation for A&M's unprecedented comprehensive audits started at least two decades ago when Sharp won election as state comptroller, a job he held from 1991 to 1998. As comptroller, Sharp was the gatekeeper for the money the state had on hand as well as expected expenses and revenues. During his tenure as chief tax collector, Sharp was also tasked with establishing the Texas Performance Review, an

ongoing audit of state government that Sharp said saved the state $8.5 billion. The project eventually branched out into auditing the state's K-12 schools, which is widely credited with saving $350 million. Former legislators said Sharp, in the role of comptroller, earned a reputation as a no-nonsense businessman. Considered to be a conservative Democrat, Sharp was described by former colleagues as a politician who, for the most part, did a great job of working across party lines.

"The first few years that [the Texas Performance Reviews] were done, they were pretty doggone good because they identified some serious areas that needed improvement," said former Republican state Sen. Steve Ogden of Bryan, a longtime legislator who served as chairman of the finance committee. "I thought they were particularly good in the beginning, a big improvement in state government."

Ogden, who served as a junior House member on the appropriations committee at the time, said he sees parallels between Sharp's approach as comptroller and his actions as chancellor.

Former House appropriation committee member and longtime Republican legislator Talmadge Heflin had a similar opinion.

"With his history and propensity of trying to run an efficient shop, I think I would have been more surprised if they weren't undergoing that," Heflin said of the A&M System reviews.

When asked if his time as comptroller shaped his approach as chancellor, Sharp said, "There's no doubt." He said he has performed the same type of reviews since he was a freshman comptroller more than 20 years ago.

"Nobody wants to change," Sharp said. "But if you don't check it every now and then, every government organization will forget why it's there. Private organizations typically don't forget because they'll go broke."

His approach toward higher education is no different, and Sharp believes that, after the audits, A&M will be better off.

"Every single review I've ever done, and I've done dozens and dozens of school districts and practically every state agency, they all felt the same way ---- that we're not going to find any money," Sharp said. "Everybody is nervous, but at the end of virtually every review, teachers said we needed that."

Sharp, who was appointed as chancellor in 2011, said he planned the assessments from the get-go. The exception was the airport, Sharp said, which was reviewed because of performance complaints. The university is in the process of reviewing bids by companies seeking to manage the airport.

"You can't do them all at once," Sharp said of the examinations that started with the Compass Group deal. "These were all things that we talked about amongst ourselves and staff in the very first month I were here."

A national trend

The comprehensive search for cost savings may be somewhat new to Texas A&M, but is representative of trends in higher education, according to Peter Eckel, vice president of programs and research at the Association of Governing Boards, a national association focused on quality in higher education.

"What we have seen and continue to see are institutions trying to gain as many efficiencies as possible because revenues are scarce and expenses are greater," Eckel said. "What I think is happening, it's been a crescendo -- we've outsourced food service and bookstores for a long time. What's different now is the scope and the scale."

For several institutions of higher education, Eckel said, talks about restructuring started in 2008 with the U.S. financial crisis. He called the search for places to cut back a common practice, and said he was not surprised at the A&M System's outsourcing or reviews.

Michael McLendon, professor of higher education policy at Southern Methodist University, acknowledged the economic trends impacting higher education, but said that the policy change in Texas has been heavily influenced by political debates about good governance and institutional performance. Texas has weathered the economic climate better than most states, and McLendon said broad discussions about higher education accountability are driving state university systems to look for ways to save money.

McLendon also noted that savings from outsourcing are not always a given, and the possibility exists for third-party contractors to raise costs over time.

"The devil is in the details," McLendon said. "Universities and the public are hopeful for lower costs, but at the same time it doesn't always happen that way."

Eckel said many institutes of higher education are pondering "what is their core function." That question might seem simple from a strictly business point of view, he said, but noted that many people don't believe higher education is big business. That philosophical divide is present as university systems nationwide.

"The challenge of course is many times that's a conversation that disrupts what people feel are very important community aspects," Eckel said.

Behind the figures

There are plenty of people who don't see higher education through the same lens of numbers and operational efficiencies.

"Education to me is not a business," said Mary Aldridge Dean, executive director of the Texas Faculty Association. "Education is almost a right."

Dean reflected on her time as a faculty member at South Texas College and shared several stories of staff members who worked to earn degrees. She said a university is not an accounting spreadsheet and that the sense of camaraderie and community can be diminished through outsourcing or cuts.

"I do think there was a strong sense of community and if jobs are outsourced there will not be the same sense of helping and working together for the benefit of everyone," Dean said.

That raises the question of what constitutes an Aggie. Is it only those who wear the ring, or are Texans or longtime staff included? The Bryan-College Station community is filled with workers who proudly display A&M caps, sweatshirts and bumper stickers, but who hold no degree from the institution.

The answer to that question is clear to staff.

"Whether you graduated from here or not, you're a vested employee," said Staff Council President Lisa Blum. "While you may not have the piece of paper, in spirit you are a true Aggie and the university has always embraced that."

The reality that some staff positions could be cut or jobs consolidated has fueled a sense of fear and low morale among the university staff.

It's a topic the rank-and-file don't want to talk about. The Eagle reached out to more than a dozen staff members who either declined comment or didn't respond to interview requests.

"If staff are nervous about losing their jobs, if staff are worried about if they have a future at A&M, I think no matter how hard we try to cover it, it's still going to show through our interaction with students," said Blum, a business administrator in the political science department. "Not maybe intentionally, but unintentionally."

Blum said employees understand change is inevitable, but that the uncertainty causes stress. Staff does not want to see student services scaled back, she said.

"It's more the unknown at this point, everybody is in purgatory if you will -- where are we, where do we go, when is the shoe going to fall?" Blum said.

Workers want to prepare for whatever may come, Blum said, and many would like an update from Sharp. She said an update would go great lengths to alleviate staff concerns.

"The only individual who could soothe those anxieties is the chancellor, because he is the one whose office is the one who initiated these surveys," Blum said. "I think the ball lies in his court."

A spokesman for the chancellor confirmed that the staff council invited Sharp to speak in June, but Sharp asked for a date after the legislative session ended.

Still, Blum said, employees retain a shared sense of community.

"We hang together, we work together, we support each other through thick and thin," Blum said. "It's the Aggie spirit, if you will -- the Aggies are we."

A good test

The concerns have made their way up the food chain. Sharp said staff members have not been shy in voicing their opinion.

"I'm sensitive to those things but the most important employees, to me, within the university system are the professors and researchers because that is the reason we're here," Sharp said.

On more than one occasion during the interview, Sharp pointed out that he is an administrator, and that his staff will be included in the review. He addressed morale concerns by pointing to the completed outsourcing of dining, maintenance, landscaping and custodial services, which he believes saved money without negatively impacting service levels.

"I think that outsourcing was a pretty good test and I think there were a lot of things people were saying, 'Things are going to be horrible and the end of the world is nigh,'" Sharp said. "That did not happen."

He expects a similar result when the dust settles after the current reviews. As with the Compass outsourcing, Sharp has pledged savings from cuts or restructuring to be placed back into the classroom. The university announced in December that $6 million from the Compass contract had been budgeted toward faculty hiring and graduate assistant support. Sharp tasked A&M President R. Bowen Loftin with allocating the money gained from the outsourcing. A university spokesman said Friday that he did not have new numbers regarding the contract.

"The primary purpose of the university is to teach and do research," Sharp said. "How do you get all of the resources you can into those two areas? It's not a university because there's a chancellor or someone who mows the yard or does IT systems. The only reason we're here is to make it better and more efficient for faculty and researchers to do their jobs."