BEST PRACTICES:
ADMINISTRATIVE AND FINANCIAL OPERATIONS

Council for Administrative and Financial Affairs (CAFA)

State University System of Florida

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EXECUTIVE SUMMARY:
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Council for Administrative and Financial Affairs (CAFA)
State University System of Florida (SUS)

This project is an important first step to identify and analyze those "Best Practices"—administrative and financial—that have the greatest potential for adoption throughout some or all of the eleven institutions comprising the SUS. CAFA members originally identified approximately 200 Best Practices for consideration. However, after painstaking analysis and consensus-building, the members determined that the eight Best Practices we selected best represent the actual and potential financial savings, revenues, and/or administrative "streamlining" that are the essence of what makes a Best Practice.

The extent of adoption and benefits received vary throughout the SUS. Depending upon the size and mission of the eleven institutions, some Best Practices have been fully adopted and proven their ability to accrue financial savings, generate revenues, and/or provide administrative streamlining. In other instances, some Best Practices have just begun, are under consideration, or have been rejected as not being pertinent or potentially beneficial to a particular institution. The extent to which any of these eight Best Practices (or others identified in the future) are adopted depends upon each school's unique mission, size, operations, needs, and resources. Therefore, CAFA members feel most uncomfortable making any recommendations within the report that would imply universal adoption throughout the SUS.

Three of the eight Best Practices have been adopted throughout the SUS, i.e.,E-Commerce, P-Cards, and Collection Agency Contracts. Only Collection Agency Contracts are covered by a system-wide contract; however, that contract provides a great deal of flexibility for each institution and simply sets broad parameters for negotiations between the different collection agencies and schools. The other two system-wide Best Practices are governed by individual institutional contracts and differ widely in use and significance on the campuses.

E-Commerce—the use of computers and their on-line applications—appears to be the most widely adopted Best Practice. All eleven institutions are taking advantage of information technology to provide better customer service, gain greater effectiveness and efficiencies, generate savings, and even boost the revenues of some auxiliary operations. E-Commerce uses range from facilitating core academic functions (e.g., paying tuition and fees) to maintaining balances in students' meal-plan accounts.

The use of Purchasing Cards (P-Cards) was identified as another Best Practice adopted by all SUS schools. These cards not only greatly enhance and/or simplify heretofore complex purchasing operations, they, moreover, have the ability to gain substantial revenues for our schools. As with E-Commerce applications, P-Card applications have proven to be a worthy Best Practice—with unlimited future potential—for our institutions.

Collection Agency Contracts have proven to be an invaluable aide for collecting long overdue past student accounts. The contracts between the eleven schools and a number of national collection agencies provide for wide variances in services, costs, and other contractual provisions. Nevertheless, as a result of these contracts, institutions report that they have collected delinquent debts in the millions of dollars, ranging from 17 % to 47% collection rates.

One Best Practice—Vehicle Purchasing—was not adopted by all institutions as we originally envisioned this Best Practice, i.e., purchasing vehicles *en masse* as a system-wide initiative. Yet, as we collected information about vehicle purchasing, we were pleasantly surprised to discover that all eleven schools have taken substantial steps to purchase suitable vehicles at the lowest cost, substitute smaller vehicles for larger ones, develop mass-transportation systems, and take many innovative steps to reduce costs, pollution, and congestion across our campuses.

The remaining four Best Practices—Strategic Sourcing in Purchasing, Performance Contracting, Maintenance Service Agreements, and FICA Alternative Plans—have not been adopted by most schools. And, even for the schools that have adopted these Best Practices, results have been mixed. For example, although Strategic Sourcing in Purchasing offers substantial financial savings potential, its adoption requires a great deal of effort in terms of contract negotiation, time, and continuous research. The adoption of FICA Alternative Plans also offers great savings to participating schools, but only the larger institutions, with a suitable number of qualified employees, can take advantage of this particular Best Practice. Maintenance Service agreements, specifically underwriter-type agreements, can not only save significant monies, but reduce a great deal of the administrative work and uncertainty associated with numerous manufacturer or vendor warranties. Yet, again, the cost/benefit of this Best Practice appears to correlate with a school's size, mission, and the type of equipment on which it must rely. And the jury is still out regarding the efficacy of Performance Contracting, whereby a school contracts with a national energy contractor to identify potential energy savings and then subsequently purchases new equipment and/or initiates construction projects in order to realize the identified (and future) savings.

Continuous data collection and analyses should be conducted to learn more about these eight Best Practices and other Best Practices that may be considered for adoption. If there is one conclusion from this project that is pertinent to all eleven institutions, it is that we can and should learn from each other. We must maintain our openness towards identifying the means, equipment, and processes that will not only enhance our support missions, but the overall academic excellence of the State University System of Florida.

SUMMARY REPORT ON E-COMMERCE

E-Commerce appears to be the most widely-implemented Best Practice among the eight being analyzed by CAFA. E-Commerce simply refers to the conduct of business activities via the internet as opposed to traditional face-to-face, telephone, or mail interactions. The E-Commerce applications at all eleven SUS institutions focus upon four main areas: 1) student academic interactions; 2) student financial interactions; 3) administrative functions, such as human resources and purchasing; and 4) business (auxiliaries) interactions.

The level of E-Commerce adoption is dependent, to some extent, upon the size and complexity of the individual school. Nevertheless, as discussed throughout this report, the potential for E-Commerce adoptions and improvements is vast for all eleven SUS institutions.

Progress at SUS Institutions

Regarding student academic interactions, most are now available on-line at all schools. This includes registration, searching for classes, drop/add, advising, and applying for financial aid. However, because the focus of this CAFA Project is upon the administrative and financial aspects of Best Practices, our study will concentrate of the other three areas cited above.

Student financial interactions with their respective schools have been greatly enhanced and simplified through the use of E-Commerce. At the University of South Florida (USF) and Florida State University (FSU), for example, student may pay their tuition and fees on-line. At FSU as well as at other schools, students may view their payment status, financial aid status, and complete financial history on-line. The information is both accurate and up-to-date. USF also employs on-line mechanisms for prospective students to pay all admissions applications fees on-line. In fact, E-Commerce in this area has advanced to the point where students may apply to multiple institutions through the State of Florida's FACTS.org web site, which, in turn, facilitates seamless transfer from the on-line application process to the local institution's on-line payment system.

E-Commerce now plays a major role in many institutional administrative and financial functions. The University of North Florida (UNF), University of Florida (UF), Florida Atlantic University (FAU), and FSU jointly decided to use the Invitation to Negotiation (ITN) process to select a total E-Commerce solution for the purchasing function. Implementation of such an E-Commerce solution would include all phases of the purchasing function, including: sourcing, contract management, supplier enablement, catalogue management, requisitioning, order management, diversity supplier management, and "vPayment," an electronic payment solution.

Currently existing E-Commerce applications to the purchasing function are well evidenced by practices such as the Go Shopping Tab on the University of West Florida

(UWF) web site portal, where staff can access the UWF office supply contract and related contracts utilizing the P-Card. At FAU, the University tasks the awardees of its contracts to offer electronic solutions to simplify the ordering and billing processes. For vendors with many invoicing transactions, FAU works with the vendor to establish a simplified electronic billing method. In some cases, FAU will even open a "ghost" card with the vendor. In short, E-Commerce has the ability to synthesize this Best Practice with other Best Practices cited in this project, e.g., P-Card and Strategic Sourcing in Purchasing.

Other in-house administrative functions at SUS institutions have also been streamlined by E-Commerce solutions. At FSU, for example, the employment application process is completely on-line, and members of search committees for executive-level positions may completely review applicants' qualifications from their computers. In addition, employees may directly input their time and leave information on-line. Furthermore, all SUS employees' paychecks are electronically deposited in employees' financial institutions. USF, like other large SUS institutions, has developed both departmental and faculty and staff intranet portals to enhance information sharing and processing regarding many diverse processes such as student information, remote computing, and materials sharing.

Undoubtedly, E-Commerce has played a significant role in facilitating and expanding auxiliary functions at all SUS institutions. At several institutions, athletics event ticket sales for all major sports are now offered on-line. In addition to athletics ticket sales, a myriad of other on-line services are available to a wide array of customers. These include, but are not limited to: bookstore sales, computer sales and repairs, dining services' meal plans, catering, office supplies, parking decals and fines/appeals; vending machines, theater tickets, copy services, and maintaining balances for employee/student institutional cards, such as FAU's Owl Card. These specialty cards serve as both ID and simplified electronic payment/balance maintenance cards to facilitate all types of individuals' financial transactions—both on and off-campus!

The telecommunications function has also been expanded and improved through the use of E-Commerce solutions. At FSU, for example, telecommunications customers (students and employees) may directly access that institution's Office of Telecommunications web site for the following: basic services, cable TV, video and voice conferencing, repairs, and billing.

Measurable Results

The vast majority of information pertaining to E-Commerce applications is anecdotal and general. Nevertheless, it appears that E-Commerce has provided innumerable benefits to all SUS institutions taking advantage of this modern technology and its concomitant services.

Regarding the purchasing function, schools such as UCF report that paper purchase order copies have virtually been eliminated and that purchase orders are provided to vendors instantly after the creation of the electronic purchase order. UCF also reports substantial reduction in award times of contracts, shortening of delivery time for most services and commodities, and a significant reduction in person-hours formerly associated with purchasing tasks.

Similarly, UNF reports that E-Commerce has benefited its purchasing function in the following ways: shortened order cycles, improved customer service, increased contract compliance, more effective analyses, and reduction in errors.

UF reports that through E-Commerce applications to the purchasing function, there has been much faster delivery of services and commodities to that university, thereby enhancing the work of that institution's researchers (and others), who must rely upon the timely delivery of goods and services in order to successfully complete their work.

Regarding student interactions—whether they are directly with the institution or its auxiliary enterprises—general results have been very positive. At Florida Gulf Coast University (FGCU), for example, there has been a noticeable decrease in student traffic at cashiers' windows during peak times, increased convenience for students as a result of providing "24/7" student access to services, and a substantial reduction in student phone calls. This has resulted in greater staff availability to students for more complex challenges. FSU also reports increased convenience and time savings for students (and their parents).

USF's OASIS (On-line Access Student Information System) supports a full-range of student-centered services, both academic and financial. Available to faculty, staff, and students, OASIS has created comprehensive, user-friendly, and flexible efficiencies of scale that have consolidated many diverse functions, thereby benefiting the institution and its core constituency groups.

One-stop shopping for certain consumer services and products has been enhanced through E-commerce. At FAU, a wide variety of student meal plans are ordered directly on-line from that institution's food services contractor. Prior to this innovation, students had to order food services, either through the mail or in-person visits to the University's Office of Food Services. USF reports that its E-Commerce, "24/7" applications for the food services function are convenient for parents who wish to add dollars to their children's declining balance accounts.

The consensus among all SUS institutions is that the universal benefits derived from E-Commerce include high customer satisfaction, vast reductions in processes and time, the offer of additional services with no increases in employees, reductions in internal costs, "24/7" service availability, and the ability of staff to devote more time to accomplishing strategic objectives as opposed to spending inordinate amounts of time on day-to-day tasks.

Although intermittent and not "across-the-board," the measured benefits accruing from E-Commerce are impressive. UF reports that since it converted its purchase order dispatch system from the U. S. Postal Service to fax/e-mail, its postal savings (in spite of an increase in postal rates) were approximately $6,800 for FY 2005-06, while USF's ACH (Automated Clearing House) implementation saved that school approximately $11,000 in postage costs during FY 2005-06. Utilizing a different measurement, UCF's Merkur faxing system to vendors has reduced 75% of its paper purchase orders.

The transformation of day-to-day financial transactions to E-Commerce solutions has resulted in measurable benefits. For example, electronic deposit transactions have substantially less handling costs than do traditionally printed and mailed checks. USF states that traditional checks cost between $2.50 and $3.00 to process, while electronic checks cost between $.07 and $.45 to process. During FY 2005-06, USF electronically processed 39,168 checks directly into student bank accounts. If we assume a minimal average savings of $2.05 per check, that resulted in measurable savings of $80,294.00! FAU's ACH payments, measured for one month, indicated significant time, processing, and cost savings.

E-Commerce's financial rewards for auxiliary enterprises have been impressive. Since implementing an on-line system for the FSU Computer Store, that University received approximately $400,000 in commissions during FY 2005-06. USF's on-line parking and appeals E-Commerce solution has reduced overtime expenses by at least 30% during FY 2005-06, and its College of Visual and Performing Arts ticket sales increased by 20% during the same fiscal year as a direct result of offering on-line ticket sales.

Future Plans and/or Modifications

Future plans and modifications to E-Commerce solutions appears to be limited only by the speed of advancing technologies. That is, future opportunities abound! As reported by SUS institutions, the future applications of E-Commerce will focus upon continuations, advancements, new implementations, security, and staff training.

In terms of continuations, all schools have expressed their plans to continue E-Commerce solutions already in progress. These solutions range from the purchase of meal plans (FSU) to on-line ordering of office supplies (USF).

Similarly, all schools report their desire to advance the functionality of their E-Commerce solutions. FAU will expand its electronic distribution of purchase orders to high-volume vendors in order to further decrease postage/printing costs and order processing time. FSU's Department of Intercollegiate Athletics recently purchased a Paciolan software system to enhance its current, on-line ticket ordering system. This new software will allow customers to print tickets at home. These tickets will then be scanned upon entry into intercollegiate sporting events. One innovation will be USF's expansion of it dining services on-line applications to provide nutritional information for daily menu items.

For some schools, new E-Commerce implementations will concentrate upon obtaining solutions currently in use at other schools. Florida Agricultural and Mechanical University (FAMU) will provide new on-line banking services to provide electronic funds transfers for vendor payments, while New College of Florida (NCF), the smallest institution in the SUS, will implement on-line payment capabilities for tuition, fees, and other outstanding charges.

At the larger institutions, new implementations will be broad-based and/or multi-institutional. FAU, for example, is planning to establish an "FAU Purchasing Mall" that will enable large-volume vendors to interact directly with that University for an on-line ordering/quotation system specific to FAU. For multi-institutional implementations, FAU, UF, FSU, and UWF are jointly exploring the SciQuest solution to facilitate E-Procurement across institutional boundaries, thereby synthesizing the benefits accruing from both E-Commerce and Strategic Sourcing in Purchasing.

Security, however, remains a challenge. FSU is working with its systems staff to develop rules and regulations to safeguard customers' information. In a related development, FSU further reports that the increasing volume of on-line business requires additional staff training in the areas of confidentiality of information, customer service, timeliness of responses, and software maintenance.

Clearly, the future of each institution is somewhat related to its ability to provide its customers (faculty, staff, and faculty) with the technological services they expect. We must anticipate their needs or they will look elsewhere for services. It requires high-cost investments and staff who are trained to respond differently than how they responded in the past. It appears that we are well on the way to meeting these challenges.

DATA/INFORMATION TABLE: E-COMMERCE*

Institution	Core Academic Functions	Benefits/Core Academic Function	Purchasing Function	Benefits/ Purchasing Function	Student-Based Financial Services	Benefits/Student-Based Financial Services	Auxiliaries	Benefits/Auxiliaries	Future Plans
UF	Admission, Student grades, Course syllabi	Convenient access (24/7), reduced paper and postage costs	Conversion of vendors to fax-e-mail; selected vendors have dedicated UF URL	Reduction in postal costs; Reduction in time for processing, faster deliveries	EFT of student awards directly to their bank accounts; On-line fee and account payments	N/A	Dining Services, Bookstore, Vending and Laundry, Parking, Athletic ticketing	Convenient access (24/7), Reduced cash handling, reduced labor	Multi-institutional solicitation for E-Marketplace provider, i.e., Strategic Sourcing in Purchasing
FSU	Not Reported	N/A	Not Reported	N/A	Numerous on-line services, e.g., payments, history.	Greater economies of scale; better customer service; customer convenience	Meal Plans; Parking; Bookstore; Computers; Telecommunications; Athletic ticket sales	Savings, revenues, economies of scale; customer service; reduced cycle time for transactions.	Multi-institutional solicitation for E-Marketplace provider, i.e., Strategic Sourcing in Purchasing; enhanced on-line ticketing services
USF`	Admissions; Intranet portals; OASIS for wide variety of student interactions with USF	Efficient admissions, customer convenience; synergism of processes between USF units	Direct access and downloading of bids, RFPs, ITNs, and award postings; web-based ordering of office supplies.	Cost savings, greater efficiencies	E-checks, E-payments	Cost savings; economies of scale; enhanced functionalities; Reductions in office work; Reduction in time demands.	Meal Plans; Bookstore; Parking Services; Cultural events ticket sales	Customer satisfaction; Customer convenience; Student and USF savings; Reductions in office work; Reductions in time demands.	Multi-institutional solicitation for E-Marketplace provider, i.e., Strategic Sourcing in Purchasing; Bookstore Reservation Program; Enhancements to dining services programs; E-checks; Electronic financial aid/refunds; Academic Advising enhancements.
UCF	Not Reported	N/A	Merkur faxing of purchase orders; electronic bids and RFPs	Paper purchase orders reduced; reduction in man-hours, materials costs, delivery times, and mail times.	Not Reported	N/A	Not Reported	N/A	Multi-institutional solicitation for E-Marketplace provider, i.e., Strategic Sourcing in Purchasing; PeopleSoft implementation; On-line Small and Minority Business Directory.
FIU	Enrollment, Admissions, Grades, On-line Classes, Library, Registration	Customer service, efficiencies, 24-hour convenience for students	N/A	N/A	Touch Net, Cash Net, Financial Aid Distribution	Cost savings, convenience, enhanced customer service	Bookstore, Meal Plan, Parking Services	Cost savings, convenience, enhanced customer service	E-settlement (enables vendors to directly link to FIU)

DATA/INFORMATION TABLE: E-COMMERCE* (Cont.)

Institution	Core Academic Functions	Benefits/Core Academic Function	Purchasing Function	Benefits/ Purchasing Function	Student-Based Financial Services	Benefits/Student-Based Financial Services	Auxiliaries	Benefits/Auxiliaries	Future Plans
FGCU	Enrollment services; Admissions; Grades; On-line classes; Library	"24/7" convenience for students	Not Reported	N/A	Financial Aid; Tuition and fees	Reduction in student traffic; Convenience; Customer service; Reduction in phone calls	Bookstore; Housing	Student convenience; Economies of scale; "24/7" student services.	On-line cashiering and refund system.
FAMU	Admissions; Registration; Academic Status	Not Reported	Om-line requisitions	Faster deliveries; fewer errors.	Tuition, fees, and other debts.	Not Reported	Bookstore; Printing Services	Not Reported	Additional on-line services to students; Additional purchase orders and payments to vendors on-line; Banking service agreement for EFTs.
NCF	Registration, Financial Aid	Positive student feedback	On-line vendor systems and requisitions	Greater efficiencies for routine purchases	Tuition, fees, and financial aid	Reduction in student traffic	Housing, Bookstore, Parking Services	Customer service, convenience	On-line payments for tuition, fees, and other charges.
FAU	Not Reported	N/A	On-line ordering of office supplies; bids and proposals; simplified on-line billing processes with large vendors; "ghost" accounts; Electronic distribution of high-volume purchase order; Automated Clearing House payments.	Improved customer and vendor access; reduced costs; streamlined operations;	Not Reported	N/A	Dining Services; Owl Card declining balances; Catering, Bookstore.	Economies of scale; reduced processed and waiting times.	On-line Purchasing Mall for large-volume vendors; E-payables; Multi-institutional solicitation for E-Marketplace provider, i.e., Strategic Sourcing in Purchasing.
UNF	Registration, Financial Aid, Classes	Student satisfaction	P-Cards; On-line office supply orders; On-line stationery ordering; Banner	Compliance; Better analyses; Error reductions	Debt information and payments; Deposit of student refunds	Student satisfaction	Bookstore	Students buy books without first waiting for financial aid check	Multi-institutional solicitation for E-Marketplace provider, i.e., Strategic Sourcing in Purchasing Parking; E-checks; Additional vendor access to information.;

DATA/INFORMATION TABLE: E-COMMERCE*
(Cont.)

Institution	Core Academic Functions	Benefits/Core Academic Function	Purchasing Function	Benefits/ Purchasing Function	Student-Based Financial Services	Benefits/Student-Based Financial Services	Auxiliaries	Benefits/Auxiliaries	Future Plans
UWF	Not Reported	N/A	Go Shopping Tab/Office Supplies; Self-Service On-line Services;	Increased efficiencies and service quality; Reduced processing and cycle times.	Fees and tuition	Increased efficiencies and service quality; Reduced processing and cycle times.	B2C for dining and vending	Not Reported	Parking permits; Additional electronic catalogues

* The information contained in this table ***only*** reflects that information which was submitted by the individual SUS institutions through their specific Best Practice reports on E-commerce.

SUMMARY REPORT ON COLLECTION AGENCY CONTRACTS

The delinquency status of student monies owed to SUS institutions presents significant financial and administrative problems. Not only do the institutions ***not*** receive substantial funds required for continuing operations and financial integrity, the institutions must also spend considerable effort—in terms of time, manpower, and processes—to take action to collect delinquent accounts. In addition, under the provisions of Section 1010.03, F.S., SUS institutions are directed to exert every effort to collect all delinquent accounts, including employing the services of collection agencies.

Independent collection agencies provide universities with assistance in collecting delinquent accounts receivable at the most economic rates possible. Moreover, as discussed throughout this Summary Report, universities' contracts with various collection agencies require that these agencies have properly trained staff, adequate liability insurance, adequate bonding, and demonstrated collection performance.

Progress at SUS Institutions

Since the early 1980s, an inter-institutional group of university collection managers has been assembled to produce or update a Request for Proposals (RFP) for collection services. The intent of this RFP is to identify and contract with a pool of highly-qualified, reputable vendors that will provide collection services at the best possible pricing for the universities. The latest RFP, developed in September, 2006, includes, but is not limited to, the following points to which potential collection agencies must abide:

- Minimum of five years' experience in collection of specified delinquent student debts, e.g., NDSL/Perkins, institutional loans, fees, fines, etc.

- Implementation of numerous collection procedures in the attempt to obtain a maximum recovery of debts, including, but not limited to: skip tracing procedures, reasonable telephone calls and mailings, and legal action.

- Performance of reasonable asset location.

- Submission of monthly reports to contracting institution, to include: Acknowledgement of accounts assigned, status report of all accounts, list of accounts returned, summary report of all accounts, and contact histories per account.

- Return of all placed accounts to the institutions where there have been no collections for at least six months.

- Provision of annual financial statement to the contracting institution.

- Establishment and maintenance of client trust account, established in-state, to hold all monies collected.
- Purchase and maintenance of a surety bond in the amount of $400,000.
- Agreement to indemnify, defend, and save harmless all universities and their agents/employees for any claims or losses resulting from the performance of the contract.

In turn, SUS institutions' obligations to any collection agency with which it contracts include, but are not limited to:

- Placement of selected accounts, at option of the institution, with the agency.
- Leaving accounts placed with the agency for six months (unless recall is exercised).
- Right to recall accounts from the agency for reasons such as: determination that account was not, in reality, delinquent; cancellation of delinquency per a cancellation agreement; debtor's entitlement to deferment; debtor's declaration of bankruptcy; erroneous placement of debt with the agency; and when in the best interest of the institution.

Currently, all eleven SUS institutions are utilizing the System Collection Agency contract to contract with numerous vendors for the collection of delinquent debts. Each institution has established contracts with vendors with which they desire to work, based upon the former's unique institutional needs and operations and the pertinent services offered by the vendors.

Although contracts differ between each SUS institution and its contracting agency, the essence of the contract—from the financial viewpoint—is that the agency charges a percentage surcharge to the delinquent debt. Depending on whether the debt collection activities are simple "placement" or require legal action, the collection agency adds a surcharge of 20-35% to the debt. Should the agency be successful in collecting the entire debt and surcharge, then it collects a fee equal to the surcharge. For example, if the total debt is $100 and the surcharge is $30, then the agency receives $30 as its fee (or 23%). If the total amount collected is less than the total amount of the debt, then the fee is proportionate. That is, if the total debt and surcharge equal $130, but only $100 is eventually collected, then the agency receives $23.

One major determinant of the surcharge (i.e., fee) is whether the collection agency utilizes simple "placement" procedures or whether it must undertake legal action to recover the debt. For example, the University of Florida (UF) has separate contracts with four collection agencies. Two of those contracts provide for 20% placement and 30% legal, one contract provides for 19.9% placement and 29.9% legal, while the fourth contract provides for 25% placement and 30% legal. Because one agency may have greater expertise in collecting certain types of delinquent debts over others, or operates in certain geographic areas (local, regional, or national), the differing surcharges are but a reflection of the RFP wording, which explicitly states, "It shall be the responsibility of the University Controller at the individual institutions to select from the agencies, which are parties to the agreement, the agency best able to perform the services required by the institution."

Measurable Results

Obtaining accurate and up-to-date system-wide data on the exact amount of revenues obtained from collection agency contracts has been difficult. However, all universities have reported a general 20% - 40% collection rate on those accounts placed with a collection agency. The percentage of debt collected often depends upon the expertise of the specific collection agencies with which an institution has contracted. For example, Florida Gulf Coast University (FGCU), which has contracts with two collection agencies (Williams and Fudge and NCO), estimates that it collect approximately 40% of all delinquent debts it has turned over to one or both of these agencies. At the other extreme, the University of Central Florida (UCF), which also has contracts with two collection agencies (Williams and Fudge and General Revenue Corporation), estimates that it collects only 17% of delinquent debts turned over to these two agencies. Florida State University (FSU) does maintain hard data of its recovery actions from collection agency contracts. During FY 2005-06, it turned over $2.26 million in delinquent debts to collection agencies, which, in turn, recovered $540,000 for the University (i.e., rate of return of 24%) In addition, the Controller at FSU estimates that the University has recovered at least $4,000,000 from Perkins loans debtors since it began turning over this type of delinquent debt to collection agencies.

Although exact data is lacking, all SUS schools have indicated that the administrative costs associated with delinquent debt collection have been substantially reduced through the use of collection agency contracts. The variances between "in-house" costs, however, remain a function of institutional policies proscribing the debt collection function. At FSU, five monthly notices are sent out to the debtor, per University policy, before the debt is turned over to one of three agencies with which FSU has contracted.

"Time is money." An examination of the data available indicate substantial differences between the time a debt is declared delinquent and the time the debt is turned over to an agency. At Florida Atlantic University (FAU) and New College of Florida (NCF), debts are declared delinquent and turned over to the agency at the beginning of the semester for all outstanding charges from the preceding semester. At the University of South Florida (USF) and FSU, collection agencies take over debt collection activities when the debt is six-months past due, while at other institutions, such as the University of North Florida (UNF), the debt is turned over to the collection agencies after being ninety days past due. The University of West Florida (UWF), in turn, states that it will turn the debt over to a collection agency "after reasonable external efforts have been exhausted—approximately 90 days." For some type of student debt, e.g., delinquent repayment of

Perkins loans, an institution, such as UWF, will automatically turn the debt over to a collection agency after 120 days past due.

There is also a wide variance regarding the amount of time that an institution allows the delinquent debt to remain with one or more collection agencies. At FGCU, the University will allow a delinquent debt to remain six to twelve months with one of its contracted agency, and then an additional six to twelve months with a second agency if the first agency is unable to collect. UWF will allow delinquent debts to remain with the agency for up to two years, while schools such as UF and FSU will allow the delinquent debt to remain with the contract agency for up to one year—provided that a payment plan is in effect.

Future Plans and/or Modifications

Notwithstanding "data gaps" and variances in results, practices, and procedures across the SUS, this Best Practice has been implemented and utilized by all eleven schools. Perhaps the greatest benefit available to the SUS has been the continuation of the inter-institutional workgroup that develops and revises the RFP in order to establish evaluation methodologies, protect the interests of both the schools and delinquent debtors, share problems and successes, and utilize the power associated with "strength in numbers" when negotiating with vendors.

It is recommended, however, that more empirical data needs to be collected and analyzed in order to fine-tune the processes discussed throughout this Summary Report. That is, more exact information needs to be obtained concerning: exact percentage of delinquent debts and dollar amounts collected per FY per school; comparison of success rates (percentage of debts collected and dollar amounts) between the different collection agencies; differing success rates (percentage and hard dollar amounts) per type of debt; and the revenues and/or other benefits accruing to the individual institutions as a result of utilizing collection agencies. This type of information-gathering and concomitant analyses should enable the SUS—both as a supra- and inter-organizational body—to ascertain means to make this Best Practice more applicable and rewarding to participating institutions.

One recommendation is to outsource the accounts receivable billing function to an external organization—either completely or after a specific number of notices have been sent to debtors. This recommendation would ostensibly centralize and expedite the billing function, which is often duplicative, time-consuming, and resource-consuming because of the number of collection points within each school. Each institution should make this determination based upon its unique situation.

All in all, collection agency contracts are in place and working well. Improvements could be made by adopting practices in place at other SUS institutions. The adoption of new practices or policies is best determined by individual universities.

DATA/INFORMATION TABLE: COLLECTION AGENCY CONTRACTS*

Institution	Collection Agency Contracts With	Rate Paid to Agencies	% or No. of Debts Collected	Types of Receivables Collected	Time/Point Turned Over to Agency	Time the Debt Remains with Agency	Accounts Returned w/o Collection	Accounts Written Off
UF	Enterprise Recovery (ER), Gen. Revenue (GR), Van Ru Credit (VR), Wms. & Fudge (W&F)	19.9%-25%, Placement; 29.9%-30% Legal	17%-47% (different per agency)	Any debt >$50 not paid when student leaves school	Debtor leaves school, i.e., does not return during term following debt	Up to 12 months for Placement debts.	After 12 months (no success)	No write-offs. Debt rotated among agencies indefinitely.
FSU	GR, Conserve (C), VR	19.9%-25% Placement;29.9%-33.3% Legal	Approx. 30%	Any debt > $10 after 180 days of last attempt to collect	Debt > 180 days past due	Up to 1 year if arrangements made	After 12 months (no success)	Debts > 2 years after being with 2 agencies
USF	C, GR, North Collections Org. (NCO), Todd, Bremer & Lawson (TBL), W&F, Windham Professionals (WP)	20%-25% Placement; 29%-30% Legal	20%-35%	Tuition, Fees, Housing, Meal Plan, Library, Parking & Tickets, Short- & Long-Term Loans	Debt > 180 days past due	12 months	After 12 months (no success)	Debts . 3 years
UCF	GR, W&F	25% (not distinguished between Placement/Legal)	17%	All debts after collection efforts exhausted	> 2 in-house notices; loss of contact with debtor	Several months to full year (depending if payment plan)	After 6 months (no success)	Debts > 2 years or 2 years since last payment
FIU	NCO, W&F	NCO: 20%-Placement; 29%-Legal W&F: 25% Placement; 30% Legal	N/A	Perkins Loans	Perkins: 4 months past due	N/A	N/A	N/A
FGCU	NCO, W&F	20%-33% (not distinguished between Placement/Legal)	40%	Tuition, Fees, Housing, Library, Parking & Tickets	Debts >180 days past due; student not enrolled; debt > $100	6-12 mo. w/1st agency; 6-12 mo. w/2nd agency	22 %	29 %
FAMU	Not Reported	Not Reported	Not Reported	Not Reported	Not reported	Not Reported	Not Reported	Not Reported
NCF	C, GR	20-25%-Placement;30-40% Legal	36%-38%	All debts	Beginning of term for last term's unpaid debts	Up to 12 months after placement	After 12 months (no success)	Debts > 1 year or > 9 months with agency
FAU	C, GR, NCO, VR, W&F	25%033.4% (not distinguished between Placement/Legal	700/ Semester	Tuition, Fees, Housing, Meal Plan, Library, Parking & Tickets, Perkins, FAU Loans	Beginning of term for last term's unpaid debts	Not Tracked	Not Tracked	No write-offs. Debt rotated among agencies indefinitely.
UNF	NCO, W&F, WP	25% (not distinguished between Placement/Legal)	Unable to Determine	Tuition, Fees, Housing, UNF Loans	Debts > 90 days past due	Not Reported	After 12 months (no success)	No write-offs. Debt stays on student records.
UWF	C, GR, W&F	20%-25% (not distinguished between Placement/Legal)	30%-35%	All UWF and Perkins	Reasonable efforts exhausted	Up to 2 years	After 12 months (no success)	Debts > 2 years, but collection efforts continue.

* The information contained in this table ***only*** reflects that information collected during the September, 2006 inter-institutional study on collection agency practices.

SUMMARY REPORT ON PURCHASING CARD (P-CARD) USAGE

The vast majority of information contained in this summary report is derived from a system-wide study conducted in FY 2005-06 by ICOP (Inter-Institutional Committee on Purchasing). Although the extent of usage and benefits received from P-Card usage differs among the eleven SUS institutions, it is evident that that the individual SUS institutions (and the SUS, in general) have reaped benefits from its usage and administration. As discussed throughout this summary report, individual institutions have elected and may continue to elect a myriad of options that are not only suitable to meet individual institutional needs, but, moreover, have the potential to increase the benefits—financial and operational—that may accrue from this merger of "high-tech" and the purchasing function.

Progress at SUS Institutions

One critical first step in the adoption of the P-Card is the assessment of parameters for P-Card usage. These parameters include, but are not limited to: prohibited P-Card users, dollar limits, and exclusions.

Most universities prohibit the issuance of P-Cards to non-full-time employees, i.e., students (undergraduate, graduate, and post-doctoral), OPS workers, and non-institutional employees. At the University of Florida (UF), however, there are some exceptions—student assistants in the O'Connell Center, some Shands Teaching Hospital employees, and non-UF employees with proper justification.

Dollar limits for single swipe usage have been firmly established at all schools. They range from $25,000 at FAMU (for 1 specific P-Card) to $999 at New College of Florida (NCF), the University of West Florida (UWF), and Florida State University (FSU). At FSU, however, the $999 limit applies only to commodities, i.e., the swipe limit for Travel P-Card usage is $2,000.

Of course, as with any administrative procedure, there are exceptions to policy. At the University of North Florida (UNF), exceptions to the swipe limit are examined on a case-by-case basis, while at other schools, such as Florida Gulf Coast University (FGCU), exceptions to the swipe limit include faculty travel abroad, coaches traveling with teams, and laboratory purchases by lab managers. At most institutions, exceptions to the swipe limit are based—in whole or in part—on unusual events, emergency personnel, or purchases that would otherwise cause the swipe limit to be exceeded.

As with swipe card limits, there are also limitations on what may be purchased with the P-Card. Most schools prohibit P-Card usage for the purchase of major capital outlay items. At other institutions, exclusions are numerous and varied, e.g., money orders, cash, flowers, gasoline, food at UWF; computers, hazardous materials, promotional items at FSU; etc.

In addition to the assessments and limitations discussed above, all SUS institutions have established some form of internal control over the P-Card function in order to ensure the integrity of operations. At the smaller institutions, such as NCF and FGCU, internal control and oversight are the responsibility of the Purchasing and Accounting Coordinator and P-Card administrator, respectively. At Florida International University (FIU) and FSU, internal control is the primary responsibility of Controller's Office staff. Of course, all P-Card functions at all institutions are subject to both internal and external audits. Such audits range from random (UCF), to monthly (UF), to quarterly (FSU), to biannually (FAU and UNF), to annually (FGCU).

Mandatory training for P-Card users is required at all institutions. At FSU, for example, P-Card training is required for all participants—cardholders, coders, and reviewers. Upon completion of on-line training, the employee must sign a Certification Agreement stating that he or she has completed the training and agrees to comply with all requirements. No P-Cards will be ordered or issued at FSU until pertinent departmental employees complete the training and sign the Certification Agreement.

Should there be P-Card misuse by employees, sanctions exist throughout institutions. They range from letters of reprimand to cancellation of the P-Card privilege, although the FY 2005-06 ICOP study indicated relatively few instances of misuse by employees.

Measurable Results

The beneficial results accruing from P-Card usage are numerous and varied. Since P-Cards were first instituted throughout the SUS (at staggered times since FY 2000-01), the number of P-Card holders has grown to 9,000 at all eleven institutions. Of the $3 billion spent on purchases by all SUS institutions during FY 2005-06, approximately five percent ($145 million) was spent through P-Card usage (approximately 660,000 transactions). The average purchase throughout the SUS, however, remains small ($220 per P-Card purchase).

From the financial viewpoint, rebates from P-Card providers have facilitated considerable savings, i.e., a total of $720,000 for FY 2006-07 These rebates are based upon "points" per amount of purchase, and range from 1.10% at UF (high) to .40% at NCF, FGCU, and UWF (low). It would appear that there is a correlation between the size of the institution, number of allowable P-Card uses, amount of purchase, and size of the rebate offered by the issuing bank. At UF, for example, the rebate points climbed to 1.36% as of October 1, 2006, while at UNF, the points are tiered depending upon the size of the P-Card purchase(s), e.g., .60% from approximately $83,000-$208,000 to as much as 2.5% for purchases of $2.5 million and over. USF's new banking contract provides 1.22% in rebates, up from the current .50%. While no SUS institution reported any significant measurable savings having accrued from P-Card usage at this point, responses to the ICOP survey indicate that the practice is either too new or not yet refined enough in order to accurately measure savings; however, the potential savings can be substantial.

Non-financial benefits from P-Card usage are evident. Many schools have eliminated or are in the process of eliminating Limited Purchase Orders(LPOs) as a result of P-Card usage. The University of Central Florida (UCF) states that its number of manual checks issued and mailing processes have been reduced as a result of P-Card adoption and use, while UWF indicated that the number of Purchase Orders, LPOs, and direct pays were reduced. Conversely, FIU reported that the reduction in some manual processes has been replaced with other processes required to maintain the P-Card program, e.g., maintenance of secure cardholder and approvers records, audits, training, etc.).

Results of the FY 2005-06 ICOP survey are mixed regarding any reductions in purchase orders resulting from P-Card usage. At UWF, purchase orders have decreased by 31%, while at Florida Atlantic University (FAU), purchase orders actually increased by 3%. The University of South Florida (USF) stated that its 20% increase in purchase orders was a reflection of grant spending.

It would appear that as P-Card usage is refined and expanded, the possibility exists that there will be a simultaneous increase in revenues/savings and operational efficiencies.

Future Plans and Modifications

Future plans and modifications focus on two critical issues: 1) expansion of allowable P-Card uses, swipe limits, and size of purchases; and 2) combined/state-wide SUS contract with a single bank for P-Card services.

As evidenced by this narrative and information depicted in the attached table, allowable P-Card usage varies from institution to institution. At UF, for example, the Purchasing Department has developed a form allowing exception to the single swipe limit based upon whether the vendor has a contract with the University. At USF, exceptions to the swipe card limit are pertinent to Student Government purchases, Continuing Education conferences, and Athletics. At FSU, the exception to the $999 swipe limit is P-Card purchases of travel services up to and including $2,000.

At FSU, the FSU Purchasing Card User Committee recommended that allowable P-Card purchases be expanded to include: OCO purchases on a trial basis, memberships, fuel, business machines, professional memberships, and food/clothing/awards/etc. from dedicated funds. The Committee also recommended that transaction limits be raised to $2,500 per transaction (swipe limit), $7,500 daily, and $15,000 monthly. The Committee also suggested that the list of approved cardholders be expanded to OPS and students (restricted as needed).

CAFA's separate Summary Report on Strategic Sourcing in Purchasing would indicate possibilities for a merger of these two practices. That is, extensive research, "data-mining," and negotiations might lead to a system-wide contract (or individual institutional contracts) that would provide for greater bank services and rebates. However, this possibility must be tempered by any possible negative reactions by local community banks that have heretofore supported the institution.

There is also the possibility of merging the Best Practice of E-Commerce with the P-Card (or semblance of the P-Card). "Ghost" P-Cards may be used for large billings, such as utilities or large volumes of office supplies. The "ghost account" is actually an on-line, "cardless" account used for specific purchases from a specific vendor. The use of "ghost" cards has the capacity to reduce billings for Accounts Payables and increase higher volume (which, in turn, may lead to greater rebates to the institution from the vendor or provider bank).

The use of P-Cards in the SUS can only grow in user numbers and dollar values in the coming years. Our challenge will be in training of staff, establishing banking relationships, and audit controls to maximize the use of this new purchasing tool.

DATA/INFORMATION TABLE: P-CARD USAGE*

Institution	$ in P-Card Expenditures	No. of P-Card Transactions	No. of P-Card Cardholders	% (Points) for Rebates	$ Rebates Received	Exceptions to Single Swipe Rule	Internal Control Authority	% of Purchase Order Reductions	Manual Processes Eliminated or Reduced	Change in No. of Purchasing Staff	Innovative Uses
UF	$71.6 million	346,752	4,711	1.10 (1.36 as of 10//06)	$554,769	Completion of approval form for higher limit	P-Card Team	No. info. Available	LPOs	No change	Direct purchase of construction materials
FSU	$4.6 million	23,286	342 (P-Card); 295 (Travel Card)	.40 (.80 as of 08/06))	$14,542	Purchasing agents & emergencies	Disbursements staff	Unknown or minimal	LPOS Automated GREETS reductions	No change	None
USF	$26.9 million	91,984	1,157	.50 (1.22 for new contract)	$122,000	Student govt., Cont. Ed., Athletics, unusual purchases	USF and State auditors, Purchasing staff, Accts. Payable staff	39% reduction in LPOs; 20% increase due to grant purchases	None	No change	Cont. Ed. conferences, Athletics travel/meals, Computer Store, Memberships, Subscriptions
UCF	$15,6 million	55,206	868	.50	$74,368	1-time override for single transaction; merchant blocked from P-Card	UCF Audit staff	Unknown	Manual checks, mailings, approval time, Avis reservations	1 increase in USPS staff to for increase in P-Card usage	Airlines, Avis rentals
FIU	$12.9 million	68,900	1,053	.50	$64,729	Travel "ghost" card, emergencies, Facilities, Athletics, labs	FIU Controller, State Auditor	10% reduction	Blanket and small $ purchase orders	No, but would like additional position to manage increased P-Card usage	Travel "ghost" card, Athletics travel, Study Abroad, group travel
FGCU	$1.9 million	8,859	150	.40	$6,463	Labs, emergencies, faculty tvl. abroad, coaches tvl. with team	P-Card Administrator; FFCU and State Auditors	5% annual increase	Reimbursement process	No change	All purchases < $100
FAMU	$50,000	100	6	Not Reported	Not Reported	Emergencies	Accounting staff	No. Info. Available	No	No change	None
NCF	$96,900	1,125	45	.40	0	Emergencies	Purch. and Acct. staff	No Info. Available	Manual checks; blanket and small $ purchase orders	No change	None
FAU	$5.3 million	29,735	478	Tiered, starting at .70	$35,000	Biomedical, emergencies, doctors	IG and State Auditor	3% annual increase	None	No change	"Ghost" card, travel, office supplies, ads, construction

DATA/INFORMATION TABLE: P-CARD USAGE*
(Cont.)

Institution	$ in P-Card Expenditures	No. of P-Card Transactions	No. of P-Card Cardholders	% (Points) for Rebates	$ Rebates Received	Exceptions to Single Swipe Rule	Internal Control Authority	% of Purchase Order Reductions	Manual Processes Eliminated or Reduced	Change in No. of Purchasing Staff	Innovative Uses
UNF	$1.5 million	5,939	134	Tiered on volume, .60 to 2.5`	$11,491	Case-by-case	Controller staff	No info. Available	None	1 additional P-Card administrator	Moving to E-payables
UWF	$6.4 million	26,127	380	.40	$20,529	Hierarchical approval process	UWF and State auditors	31% reduction	Purchase Orders, LPOs, and direct pays	1 position for Banner and P-Card	Travel, memberships, purchases < $1,000,; moving to E-payables

* The information contained in this table is excerpted from the FY 2005-06 ICOP survey of P-Card practices at all SUS institutions.

SUMMARY REPORT ON VEHICLE PURCHASING

The purchase of vehicles has been and remains one of the most critical capital purchases within the SUS. Their purchase, maintenance, and replacement costs consume significant monies; therefore, an examination of the Best Practices for vehicle purchasing offers insight into significant potential savings throughout the SUS's eleven institutions. This Summary, however, will cover areas not strictly related to vehicle purchasing, per se. As the eleven SUS schools provided information about their vehicle purchasing practices, a great deal of related information—***important information***—came to light that depicts innovative new ways that the SUS schools are pro-actively managing not only the purchase of vehicles, but, moreover, the means that have been undertaken to more effectively and efficiently manage the ***entire*** transportation function.

Progress at SUS Institutions

Currently, all SUS institutions are taking advantage of the Department of Management Services' (DMS) term for automobiles and light trucks. This contract, which is bid annually by DMS, is complemented by a contract with the Florida Sheriffs' Association (FSA). By "piggy-backing" on these two contracts in order to obtain the best purchase price for a vehicle, significant savings may be accrued. Even when a specified vehicle is unobtainable through these two contracts, SUS schools may still take advantage of the contracts by quoting their prices when shopping with local motor vehicle vendors. Indeed, some schools, such as Florida State University (FSU), Florida Gulf Coast University (FGCU), and New College of Florida (NCF) take this approach. Frequently, the local motor vehicle dealers will offer similarly-equipped vehicles at prices lower than the two statewide contracts.

A variation on one of these contracts, i.e., FSA contract, allows SUS schools to use the lease option for vehicles. Therefore, FIU will sometimes lease a police vehicle rather than purchase one if the overall savings, e.g., maintenance costs savings, prove more beneficial than purchasing the vehicle outright. Likewise, FGCU has entered into contracts with both Avis and Enterprise to rent vehicles for departmental use.

Another variance is practiced by NCF. NCF maintains contact with the State of Florida property surplus officials. When a full-size vehicle, such as a panel truck or police vehicle is needed, NCF officials will evaluate the pertinent surplus property and determine whether it is more feasible to purchase a new vehicle from a statewide contract or purchase a high-quality surplus vehicle from the state surplus property pool.

One problem exists with the DMS vehicle purchasing practices. The manufacturers' "order window" closes in February of any given year, which is four months before the end of the SUS' fiscal year (July 1 – June 30). For both financial planning and vehicle purchasing purposes, it is imperative that institutions determine their vehicle needs by the end of February and obtain solid information about vehicular needs from their myriad departments. This isn't always practical for university budgeting practices and erodes the value of the DMS ordering opportunity.

To the extent feasible, all schools have been replacing full-size vehicles with golf cart type vehicles. Not only are such vehicles significantly less expensive to purchase than full-size vehicles, they, moreover, reduce the institutions' liability, traffic congestion, and maintenance costs

Rising fuel costs have not only presented a threat to the nation, but to SUS as well. The University of Florida (UF), for example, initiated a sustainable vehicle purchasing policy in October, 2005. For available vehicle classes, vehicles purchased at UF must either be Flexible Fuel Vehicles (FFVs), capable of using Ethanol (E-85) fuel, or hybrid vehicles. Florida Atlantic University (FAU) has an option to purchase FFV vehicles, but has found that the availability of such vehicles is limited and sporadic. FIU requires that all vehicles be approved through its Facilities Vehicle Services prior to purchase in order to remain compliant with federal guidelines regarding E-85 alternative flex-fuel vehicles.

Great progress is further indicated by the use of mass-transit services on certain campus. Whether mass-transit vehicles are purchased, leased, or provided by contract with an external agency, mass-shuttle transit buses are being utilized on many our campuses in order to reduce congestion, enhance safety, and more efficiently move people. Schools currently employing mass-transit systems are UF, University of South Florida (USF), Florida State University (FSU), FGCU, and the University of Central Florida (UCF). USF has purchased Flex-Fuel vehicles (E-85) in excess of regulatory requirements in order to earn "credit points."

Measurable Results

Most SUS institutions have provided anecdotal, rather than hard-dollar figures on accrued savings resulting from the DMS/FSA contracts. Although participating schools indicate that, as a general rule, the prices are lower through these contracts, the "window of opportunity" issue discussed above precludes greater SUS utilization of these statewide contracts. Contacts will be made with DMS to see if there are options for greater use of their contract. However, in terms of "shopping" for vehicles through local vendors after obtaining DMS/FSU price quotes, FSU stated that it saved approximately $11,000 on four vehicles for its Facilities Department through local dealer purchases after having obtained state quotes as a bargaining point.

FGCU's leasing arrangements between Avis and Enterprise have resulted in reduced liability to that University and eliminated the need for additional employees to work in the motor pool. FGCU further reports that using leased vehicles has resulted in more available parking for faculty, staff, students, and visitors because parking spaces are not needed for FGCU vehicles replaced with leased vehicles on an as-required basis. Notwithstanding FIU's use of the FSA lease option for its police vehicles, there is no hard data on actual savings versus purchased police vehicles.

NCF's purchase of state surplus vehicles has served this school very well, given the generally low annual mileage that NCF support function vehicles experience subsequent to acquisition and use. That school also reports that it has purchased surplus Florida Highway Patrol vehicles in the past, and that the high quality of these vehicles is such that the law enforcement function has been enhanced at reduced costs.

Small golf-cart type vehicles can be purchased at approximately one-third the costs of full-size vehicles. At those schools purchasing more golf cart vehicles, they have proven themselves to be an economical and reliable alternative. USF, in particular, reports that it saved almost $3.2 million in one-time purchase savings and saved an additional $850,000 in maintenance costs after having purchased golf carts in lieu of full-size vehicles.

For those institutions purchasing FFV or hybrid vehicles, measurable (yet unreported) benefits have been achieved in the areas of fuel economy and reduced pollution. UF's purchase of 40 FFV and hybrid vehicles since October, 2005 has not only achieved such benefits, but also resulted in the installation of an E-85 fuel tank on campus to further reduce fuel acquisition and dispensing costs.

Finally, for the SUS' larger institutions, mass transit systems have become necessities, both in terms of their "people-moving" abilities and positive effect upon fuel consumption, fossil fuel pollution, parking, congestion, and overall traffic safety.

Future Plans and/or Modifications

To the extent that all SUS institutions will need new full-size vehicles, schools will continue to take advantage of both the DMS and FSA contracts, or, in the alternative, use state contract quotes as leveraging tools when negotiating with local dealers. According to UCF, there is a need to establish and publicize a reasonable deadline for ordering vehicles at reduced manufacturers' costs before the latters' cut-off date takes effect.

Centralization of the vehicle purchasing function also has the potential to reduce the overall monies spent on all types of vehicles, FAMU reports that it is considering the establishment of a central motor pool which will facilitate the consolidation (and reduced costs) of motor vehicle purchases.

What is more appealing, however, is the number of innovations taking place (or planned) that have the potential to revolutionize campus transportation systems in coming years. At UF, for example, the Motor Pool is initiating an on-campus taxi service to transport faculty and staff locally. This will reduce the need for UF departments to own vehicles solely for the purpose of campus travel. UF has also issued an Invitation to Negotiate (ITN) for a "car-share" program. Car-share programs are in place in many urban areas and on some campuses across the nation. Vendors would place vehicles conveniently located throughout the campus that UF employees may use for business purposes (for an hourly fee paid to the vendor).

Rather than completely replace an aging motor pool, FAU is investigating establishing long-term, competitive leasing rates. Because so many of its vehicles sit idle when not being used (with on-going maintenance costs), there is merit to the concept. Both FGCU and NCF plan to continue renting vehicles for short-term applications. Given these schools' small purchasing volumes, they shall also continue working with local dealers that are oftentimes willing to offer vehicles at prices below the DMS and FSU statewide contract prices.

FAU also plans to fully support the purchase of E-85 fuel vehicles. Likewise, both FSU and NCF are considering the acquisition of hybrid vehicles, notwithstanding their current scarcity and high cost. Like UF, FAU will also consider the purchase and installation of its own E-85 tank on its campus.

All reporting institutions stated their plan to continue substituting small golf cart type specialty vehicles for full size vehicles when such applications are appropriate. In terms of mass transit systems, FSU has instituted and will expand its off-campus bus service in order to further reduce congestion on campus and in areas contiguous to campus.

In terms of formal cooperation between schools, the SUS Inter-Institutional Council on Purchasing (ICOP), comprised of all institutions' purchasing directors, formed a task force in September, 2006 to study the feasibility of establishing a multi-institutional consortium for purchasing full-size vehicles, specialty vehicles, and specialty carts.

DATA/INFORMATION TABLE: VEHICLE PURCHASING*

Institution	Use DMS/FSA Contract	Local Dealer Negotiation Based on DMS/FSA Price Quotes	E-85 Fuel or Hybrids	Golf/Specialty Carts	Car-Share or Taxi Service,, Planned or In-Effect	Mass Transit System (Buses)	Vehicle Leasing,, Planned or In-Effect	Actual or General Savings	Purchase State Surplus Vehicles	Other Benefits—Tangible and Intangible
UF	Yes	Yes	Yes	Yes	Taxi Service in Effect/Car-Share in Planning	Yes	Not Reported	General	Not Reported	Reduced congestion, less pollution (FFVs mass transit, golf carts)
FSU	Yes	Yes	Planning	Yes	Not Reported	Yes	Not Reported	$11,000 actual through local negotiations/purchases	Not Reported	Reduced congestion (golf carts and mass transit)
USF	Yes	Not Reported	Yes	Yes	Ride-Sharing (Bay Area Commuter Services)	Yes	Not Reported	Golf Cart Purchases: $3.18 million purchase savings; $848,00 maintenance savings	Not Reported	Reduced congestion, greater traffic safety (golf carts, mass transit)
UCF	Yes	Yes	Not Reported	Not Reported	Not Reported	Yes	Not Reported	General savings through DMS/FSA contracts	Not Reported	Not Reported
FIU	Yes	Yes	Yes	Not Reported	Not Reported	Not Reported	Yes (FSA lease/option contract)	General savings through DMs/FSA contracts	Not Reported	Less pollution (FFVs)
FGCU	Yes	Not Reported	Not Reported	Yes	Golf Cart Shuttle Services (in effect)	Yes	Yes (on-campus and local travel)	Not Reported	Not Reported	Reduced liability and insurance costs, less pollution, fewer personnel, more parking (rentals/leases)
FAMU	Not Reported	Not Reported	No	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
NCF	Yes	Yes	Under Consideration	Yes	Limited Golf Cart/Van Shuttle Services	Not Reported	Yes (for faculty/staff travel around state)	General savings through golf cart purchases and rental vehicles	Yes—police vehicles, panel vans, and/or trucks	Not Reported
FAU	Yes	Yes	Yes	Not Reported	Not Reported	Not Reported	Planned	General savings through DMS/FSA contracts	Not Reported	Anticipated—less pollution, less maintenance
UNF	Not Reported	Not Reported	No	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
UWF	Yes	Yes	Yes	Not Reported	Not Reported	Trolley	Not Reported	General savings through DMS/FSA contracts	Police	Reduced congestion, less pollution, greater safety and convenience (campus trolley service)

* The information contained in this table ***only*** reflects that information which was submitted by the individual SUS institutions through their specific Best Practice reports on Vehicle Purchasing.

SUMMARY REPORT ON MAINTENANCE SERVICE AGREEMENTS

All eleven SUS schools must have the ability to continuously use a wide variety of equipment. As with all large organizations, our institutions must ensure that their most critical maintenance and service needs are covered by some type of warranty or service contract. What is of particular importance within the context of this Best Practices Project is to determine and analyze maintenance service agreements that facilitate the accomplishment of institutional missions by minimizing service and equipment disruptions at the least cost. These agreements range from original equipment manufacturers' warranties that are product-specific to large, system-wide contracts that cover multiple items for extended periods of time and offer significant potential savings.

Progress at SUS Institutions

The state's two oldest universities, the University of Florida (UF) and Florida State University (FSU), have used wide-ranging, "underwriter" maintenance service agreements for several years, i.e., UF from 1998 and FSU from 2004. These two schools have used Specialty Underwriters, which assumes the risks of equipment repair costs by consolidating multiple pieces of equipment into one policy, thereby capping equipment maintenance budgets while simultaneously implementing systems to manage the overall repair process. Specifically, Specialty Underwriters streamlines the work required to keep the office, technical, laboratory, and/or patient-care equipment running smoothly. FSU reports that when negotiating directly with Specialty Underwriters, the latter, as part of their presentation, analyzed the University's current maintenance and baseline costs. When one considers the sheer numbers and types of complex equipment that are covered by service and maintenance contracts, the ability of one company to collect, synthesize, analyze, and present pertinent information is of critical importance. In other words, for the SUS' larger and more complex schools, outsourcing the maintenance function to a single external vendor for as many items as necessary has the potential to save the contracting institution a great deal of time and money.

According to FSU, Specialty Underwriters provides a ***guaranteed*** 21% discount on all maintenance contracts for office automation, communications, data processing, scientific, laboratory, security alarms, and other electronic equipment. Actual savings on maintenance service revert to the individual departments, not to the University's central pool. Moreover, individual FSU departments may use the service provider of their choice under this contract and change at any time for any reason—without penalty. Finally, the actual service providers are only paid when they repair the equipment, i.e., they are ***not*** paid in advance as is often required by innumerable other maintenance service contracts.

However, UF recently entered into a new underwriter maintenance service agreement in July, 2006 with Thermo Asset Management. That company is currently identifying medical and laboratory equipment to cover at that institution, which has a plethora of complex equipment due to its Medical, Veterinary, Forestry, and Pharmacy schools and colleges. As discussed in the subsequent section of this Summary Report, Thermo may very well be able to offer UF additional savings, above and beyond its 15%-20% claim, depending on its costs for service calls. Other benefits to the Thermo contract that may assist UF include: an easily-accessible web site that tracks equipment maintenance histories; its recommendations about which equipment should be replaced or removed from the contract; and its assurance that preventative maintenance is scheduled on time for covered equipment.

Such wide-ranging maintenance service agreements are not just suitable to the SUS's larger and more complex schools. The University of West Florida (UWF) recently entered into a formal agreement with Specialty Underwriters in order "to better control maintenance expenses and enable savings versus existing contracts, procedures, and processes with a myriad of providers." UWF claimed that a single point of contact for all corrective repair and maintenance issues would realize hard-dollar savings through the underwriting approach and soft dollar savings by controlling expenses associated with managing multiple vendors and contracts. Likewise, having to track service performance across numerous departments for numerous pieces of equipment could also be very expensive and time-consuming. The University of North Florida (UNF) also entered into a similar agreement with Specialty Underwriters, although its contract is limited to ten service areas.

Although Florida Gulf Coast University (FGCU) did not enter into any "underwriting" contract, per se, with firms like Specialty Underwriters, it has established sole source vendor agreements for chiller service, elevator maintenance, fire alarm certification, maintenance and testing, door access control, postal machines, and building generator maintenance

Consortia contracts are another means to obtain cost-effective maintenance agreements. Taking advantage of consortia purchasing, Florida Atlantic University (FAU) "piggy-backed" on the consortium contract between Manatee County and Dell Computers, thereby obtaining a three-year, on-site warranty (compared to the standard one-year warranty) at no additional cost.

Schools such as New College of Florida (NCF) and Florida A&M University (FAMU) continue to utilize numerous maintenance service agreements, usually provided by the original equipment manufacturer or vendor, for a variety of equipment, including laboratory, telecommunications, data processing, chillers, and elevators. It must also be mentioned that even when institutions contract with a large underwriting organization such as Thermo Asset Management or Specialty Underwriters, schools still have the option of contracting with individual equipment manufacturers or vendors for specific pieces of equipment. Therefore, notwithstanding its contract with Specialty Underwriters, FSU maintains a separate contract for elevator maintenance.

Measurable Results

UF reports that its contract with Thermo Asset Management offers 15% - 20% savings over the warranties offered by original equipment manufacturers. Moreover, UF may gain additional savings if Thermo's costs for service calls are 65% or less than the total premium paid to Thermo. The University would receive 50% of any savings below the 65% threshold.

In addition to the 21% discount guarantee by Specialty Underwriters for specified types of equipment (as discussed in the previous section), FSU estimates that the contract will result in overall savings of 10% - 30% greater than what would be accrued under other equipment maintenance contracts. Although empirical evidence has not yet been collected, FSU further claims that its contract with Specialty Underwriters enhances operational efficiencies by eliminating time-consuming administrative duties. That is Specialty Underwriters tracks repairs, dispatches service vendors, manages the entire repair process, reviews invoices for accuracy, and directly pays the service providers.

UNF's contract with Specialty has only been in effect for several months. Thus far, actual cost savings are less than $50,000. UNF states that the true savings generated from the contract can only be determined after more time has passed and focused cost analyses have been conducted. UWF believes that it will save approximately $41,000 in maintenance costs over a three-year period as a result of its contract with Specialty. Moreover, it plans to expand its Specialty contract by three additional agreements that will provide projected savings of $7,500 - $10,000 per year each of the three agreements.

For more traditional maintenance agreements, e.g., extended warranties included as part of the negotiations, considerable savings may accrue. FAU reports that its extended warranty for an Oce Vario Print 5160 printer costs $24,000 per year. When one single component (a fuser) needed replacement, the cost alone for that part was $60,000! Hence, the $24,000 annually spent for the extended warranty was money well spent, indeed.

FGCU's sole source vendor agreements have resulted in greater flexibility and operational efficiencies (though not exactly measured) for that institution. Such contracts enable FGCU to specify its own terms, such as response time to failure, cost discounts on materials, and priority service.

Future Plans and Modifications

The jury is still out regarding the benefits of underwriter maintenance service agreements versus traditional maintenance service agreements. FAU states that it is necessary to develop a more comprehensive evaluation matrix in order to accurately determine cost savings and operational efficiencies. To compare the amount of historical per incident spending versus the cost of an underwriter policy simply does not provide an accurate synopsis.

Some factors that must be analyzed before this Best Practice can or should be adopted by all SUS institutions include, but are no limited to: equipment obsolescence; repair versus replacement; budget constraints; and frequency of repairs per item. In fact, UCF has investigated umbrella-type, underwriter contracts for the past six years and states it needs better data in order to make a decision. That particular school also states that it is difficult to get significant acceptance of an underwriter-type maintenance service agreement by campus departments that prefer the more traditional maintenance service agreements.

The need to conduct detailed research and analysis of current underwriter-type contracts is readily apparent at those schools that have undertaken underwriter maintenance service agreements. UF will continue to measure savings on equipment covered by the Thermo contract and expand its identification of existing equipment maintenance contracts that may be included under the Thermo contract (should analyses indicate that significant savings would accrue). FAMU is interested in contracting with an underwriter to provide maintenance services for all its equipment, but admits that the metrics for this practice have not yet been suitably developed.

This "wait and see" approach applies to FSU as well. It will closely maintain contact with its UF counterparts to see if the savings are better than those associated with its Specialty Underwriters contract. And although NCF's maintenance needs are substantially less than those of its larger sister institutions, it will maintain close contact with other SUS schools to determine what type(s) of maintenance service agreements will best meet its own unique needs. Even UNF, which has a current agreement with Specialty, plans to continuously evaluate its contract to determine how and ***<u>if</u>*** to proceed.

In conclusion, any wide-ranging acceptance of underwriter-type maintenance service agreement depends upon the results of long-term studies that accurately measure the variances associated with costs, types of equipment, and operational efficiencies.

DATA/INFORMATION TABLE: MAINTENANCE SERVICE AGREEMENTS*

Institution	Underwriter-Type Agreement	Underwriter Areas Covered	Underwriter Savings	Plan to Expand Underwriter Agreement	Underwriter Efficiencies	Traditional Agreements	Traditional Areas Covered	Traditional Savings	Traditional Efficiencies
UF	Specialty (1998-06); Thermo (06-present)	Medical and laboratory equipment	15-20%; and 50% savings below Thermo's 65% service call threshold costs	Yes—identify existing maintenance agreements suitable to Thermo program	Web site maintenance history, equipment inspections, equipment removal from contract,, preventative maintenance	Yes	Not Reported	Not Reported	Not Reported
FSU	Specialty (2004-present	Office automation and communications, data processing, laboratory, security alarms, misc. electronic	10-30% below other agreements	Possibly adopt Thermo contract, depending upon UF successes and applicability to FSU	Track repairs, dispatch service vendors, manage repair process, review invoices, pay service vendors, fewer purchase orders	Yes	Elevators	Not Reported	Not Reported
USF	No	N/A	N/A	N/A	N/A	Yes	Not Reported	Not Reported	Not Reported
UCF	No	N/A	B/A	N/A	N/A	Yes	Not Reported	Not Reported	Not Reported
FIU	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
FGCU	No	N/A	N/A	N/A	N/A	Yes—sole source vendor agreements	Chillers, elevators, fire alarms, door access, building generators.	Cost discounts on materials	Flexibility, i.e., scheduling, response time, priority service
FAMU	No	N/A	B/A	N/A—but will consider	N/A	Yes—with individual suppliers	Printers, copiers, laboratory, telecommunications, data processing	Not Reported	Not Reported
NCF	No	N/A	N/A	N/A—but will consider	N/A	Yes—specialized agreements	Elevators, chillers, copiers, fire alarms, tele-communications	Significant savings on copier maintenance	Priority service; less equipment "down" time
FAU	No	N/A	N/A	N/A	N/A	Yes—extended warranties	Info. technology, scientific, printers, physical plant	Yes—additional years on agreement; significant savings on printer maintenance	Pricing per call; repair frequencies, time between failure and user convenience
UNF	Specialty (06-present)	10 service areas (not specified)	< $50,000	Only if long-term information deems it appropriate	Not Reported	Yes	Not Reported	Not Reported	Not Reported

DATA/INFORMATION TABLE: MAINTENANCE SERVICE AGREEMENTS* (Cont.)

Institution	Underwriter-Type Agreement	Underwriter Areas Covered	Underwriter Savings	Plan to Expand Underwriter Agreement	Underwriter Efficiencies	Traditional Agreements	Traditional Areas Covered	Traditional Savings	Traditional Efficiencies
UWF	Specialty (06-present)	13 service areas (not specified)	$48,000 over 3 years	Anticipate 3 additional agreements savings an additional $7,500-$10,000 annually	Manage multiple vendors and contracts; track service performance	Yes	Copies, printers, card readers, security alarms and lab equipment	Volume discounts on materials; reimbursement for in-house corrective service and maintenance	Consolidated billing, central dispatching, and preventative maintenance

* The information contained in this table ***only*** reflects that information which was submitted by the individual SUS institutions through their specific Best Practice reports on Maintenance Service Agreements.

SUMMARY REPORT: STRATEGIC SOURCING IN PURCHASING

The essence of Strategic Sourcing in Purchasing is, indeed, "strategic." By that term, we mean that the organization has undertaken painstaking steps to research, identify, and take advantage of pertinent information that will enable it to leverage institutional buying power, enhance supplier business relationships, reduce the costs of products and services, reduce order cycle time, reduce the amount of institutional overhead and staff, and maximize the mutual interests of both buyer and seller relationships. In short, this strategic approach takes a wide-ranging and in-depth review of the organization's purchasing environment in order to "enact" its own pertinent environment and achieve the above-cited objectives.

Progress at SUS Institutions

Currently, Strategic Sourcing in Purchasing appears to have been embraced wholly by three of the state's institutions, the University of Florida (UF), Florida State University (FSU), and Florida International University (FIU). At other SUS institutions, this best practice is actively under consideration or, at minimum, basic elements of the practice are being utilized without necessarily adopting this Best Practice *in toto*.

Both UF and FSU, through their contracts with Huron Consulting Group, identified significant strategic sourcing opportunities of which they are taking (or will take) maximum advantage. As a result of the separate analyses conducted by Huron with the two universities, one multi-year contract was signed between FSU and Office Max for office supplies. Huron's analysis of UF's purchasing practices covers five commodity or service areas that will be analyzed and which, moreover, should result in competitive contracts between that university and its vendors within a six-month period. In addition, the contracts that will be signed for all five commodity and service areas will be available for other SUS institutions to use.

At FSU, the consulting contract with Huron resulted in a very favorable contract being signed between the University and Office Max for a full spectrum of office supplies (the financial results of which will be discussed in the next section of this report). In addition to the savings accrued through this strategic sourcing contract, other benefits include "knowledge transfer," (i.e., Huron's training of FSU personnel to perform strategic sourcing research after the contract has ended), the establishment of an FSU Strategic Sourcing Task Force to identify other opportunities, and the dedication of a highly-trained, technical employee to the Strategic Sourcing in Purchasing function.

FIU, on the other hand, has not contracted with an external consultant. Rather, it conducts its own detailed research. For example, it issued an Invitation to Negotiate (ITN) for office products after having carefully reviewed 500 core items and related revenue streams. FIU determined that this Strategic Sourcing in Purchasing approach is much more advantageous than other institutional contracts that may have been issued by the "piggy-back" approach, i.e., participating in another university's contract.

At other SUS institutions, such as the University of Central Florida (UCF) and the University of South Florida (USF), this Best Practice is being actively investigated, with USF having issued an ITN in November. Senior officials at these institutions continue discussions with the Huron Consulting Group about the possibility of entering into a Strategic Sourcing in Purchasing contract as has been accomplished at both UF and FSU. Florida Atlantic University (FAU) is also actively considering initiating discussions with Huron.

In terms of utilizing basic elements of Strategic Sourcing in Purchasing without necessarily adopting the entire strategy, all SUS institutions appear to have either conducted their own in-house research and negotiations or entered into consortia agreements that also achieve (to some extent) the results obtained from effecting this particular Best Practice.

Schools such as FAU, FIU, USF, and the University of West Florida (UWF) have taken a pro-active/semi-strategic approach towards conducting research and entering into negotiations with many major suppliers of commodities and services. Collectively speaking, contracts negotiated or actively being negotiated cover diverse areas such as banking services, food services, maintenance supplies, office supplies, and major capital purchases (e.g., utility chillers).

Nearly all SUS institutions have entered into and successfully taken advantage of consortia and other types of cooperative buying. FIU estimates that it has saved approximately 20% in both direct and indirect costs for major furniture acquisitions through its participation in consortia such as the National Institute for Government Purchasing (NIGP) and the National Association of Educational Purchasers (NAEP). At some schools, such as Florida A&M University (FAMU), the institution conducts comparative research of other institutions' purchasing practices in order to "piggy-back" upon their respective contracts if the research indicates potential savings or other benefits. Therefore, FAMU (along with FSU) joined UF's contract for scientific and laboratory supplies that resulted in significant savings for all participants.

Formal consortia buying among and between SUS institutions appears to achieve some of the benefits accrued by Strategic Sourcing in Purchasing (although it is not evident that all consortia purchasing results from the extensive research and negotiations that are the essence of Strategic Sourcing in Purchasing). Existing consortia include, but are not limited to: State of Florida/Department of Management Services (DMS) contracts; Horizon Group, Educational and Institutional Cooperative (E&I); Houston-Galveston Cooperative (HGC); National Joint Purchasing Alliance; Inter-Institutional Committee on Purchasing (ICOP); National Association of Educational Procurement (NAEP); and Florida Association of Purchasing Officers (FAPPO).

In addition to the practices discussed above, it is important to note that ICOP has formed a subcommittee/task force for consortium purchasing and Strategic Sourcing in Purchasing. To one extent or another, it appears that all 11 institutions participate and take advantage of opportunities identified by this subcommittee/task force. This ICOP sub-group identifies major spend categories that would benefit from the enactment of Strategic Sourcing in Purchasing contracts in addition to identifying measurement tools and more effective cost/benefit analysis models.

Measurable Results

Paralleling the discussion of action steps undertaken so far are the measurable results accruing from such progressive activity. With the Huron Group's consulting services, support, and resultant contracts, the following actual and potential savings/revenues have or will benefit FSU:

- A initial signing bonus of $540,000 from its strategically-sourced contract with Office Max in August, 2006.
- A weighted discount of 80% off the list pricing for 780-plus items most often purchased by the University.
- A weighted discount of 64% for non-core items, 47% for toner, and 55% for office paper.
- An additional $25,000 bonus if departments make 75% of its purchases from Office-Max on-line as opposed to paper orders.
- A $24,000 scholarship from Office-Max for each year of the three-year contract,
- A transaction fee payment of 1% per year based upon gross dollar amount purchased from Office-Max (estimated at $60,000 per year).
- An additional 1% program incentive fee for all net sales > $1 million and up to $2.5 million.
- Departmental savings and revenues during the three-year contract period with Office-Max are estimated at $782,000 over three-years (based upon purchases of $2 million per year).

The data from UF indicate potential first-year savings that were identified from its Huron contract (however, the following data do not include signing bonuses):

- Courier Services ($115,000-$175,000)
- Office Supplies ($705,000 - $1,025,000)
- Laboratory Supplies ($1,105,000 - $1,720,000)
- IT Hardware and peripherals ($825,000 - $1,305,000)

We should add here that the considerable savings accruing from Strategic Sourcing in Purchasing contracts do not just lend themselves to the contracting institution. For example, UF reports that its possible future contract for courier services can be shared by the entire SUS, while it is partnering with FSU for possible IT hardware and laboratory supplies contracts. Similarly, UF will partner with FSU, USF and possibly other state universities to establish a strategically-sourced contract for laboratory supplies.

"Semi-strategic" cooperative and consortia purchases have resulted in actual or potential savings for other SUS institutions as follows:

- FAMU saved 18% on scientific and laboratory supplies when it "piggy-backed" on UF's contract.

- UCF negotiated a contract with Shelby Parking Pay Stations that is $1,500 less per parking pay station that what another SUS university paid, thereby accruing total savings of $45,000. This contract may be used by all eleven SUS institutions.

- UWF, through its research of competitive bid contracts with a host of higher education and other educational institutions, has identified 5% - 20% savings for commodities/services such as moving services and office supplies. Utilizing its DMS contract, UWF purchased natural gas for six winter months on the futures market, yielding significant savings.

- FAU's research resulted in a cooperative contract with E&I for Sysco Products that resulted in $75,000 annual savings.

As previously discussed, USF has conducted or will conduct extensive research and detailed negotiations to effect the following (that may be considered for adoption by other universities):

- Better pricing for banking services, lower fees for merchant services, and increased rebates for P-Card usage. For example, the new banking contract is resulting in a 40-45% reduction in banking fees.

- Actual, to-date savings of approximately $6.8 million on natural gas purchases by going through brokerage companies rather than through local utilities.

- Purchase of chiller based on life-cycle costs rather than manufacturers' quotes will result in approximately $2.1 million in savings.

- Competitive bidding for furnishings realized a cost savings of approximately $1.2 million.

In addition to the dollars and cents results, there are other tangible benefits that make this Best Practice worthy of consideration and adoption:

- Reclassification and training of dedicated Strategic Sourcing in Purchasing position(s) (FSU).
- 24-your desk-top delivery on all Office-Max items (FSU). The previous contract specified 48-hour delivery time.
- Economies of scale (all SUS institutions that participate in or practice Strategic Sourcing in Purchasing or its derivatives). For example, FIU reports that freight costs can be significantly reduced, either through Strategic Sourcing in Purchasing or consortia practices.
- Reduced process-cycle time for Building Code Administration Program activities (USF).
- Capital investments in campus properties paid for by vendors/contractors (USF, FSU, UF).
- Elimination of the need for creating separate spreadsheets and custom formulas to analyze supplier bids and responses (UWF).
- Real-time analysis for enhanced and speedier decision-making (all SUS institutions that participate in or practice Strategic Sourcing in Purchasing or its derivatives).

Future Plans and/or Modifications

For UF and FSU, future plans focus on continuation, expansion, and/or enactment of Strategic Sourcing in Purchasing practices. As mentioned, both schools will partner with each other (and other universities) to effect strategic contracts for computer hardware, IT peripherals, and laboratory supplies. In addition, UF is drafting a competitive solicitation for an e-marketplace provider in which FSU will also participate. The efficiencies and sheer volume of information available via information technology should significantly enhance this Best Practice, thereby increasing purchasing volume and pricing discounts.

USF is actively engaged in Strategic Sourcing in Purchasing. Moreover, it shall continue its deep and wide-ranging research regarding potential purchasing contracts that may well benefit this school as well as other SUS institutions. Invitations to Negotiate (ITNs) have been prepared or are completed for: banking services; office products and services; dining services; beverage services; furnishings for major construction projects; and construction materials for major construction projects. Likewise, UCF is also actively considering this Best Practice and continues to take initiatives to conduct further research pertaining to inter-institutional and cooperative purchasing.

Several schools have indicated that they wish to participate in the Strategic Sourcing contracts initiated by the larger schools. Such desires have been expressed by UWF and New College of Florida (NCF), while all institutions have indicated they will continue to investigate the feasibility of entering into consortia or other universities' contracts in order to effect savings, increase revenues, and/or increase operational efficiencies.

UNF is also investigating the possibility of an e-commerce solution to improve the purchasing function, while Florida Gulf Coast University (FGCU) has actively investigated the possibility of adopting Sci-Quest, the "on-line marketplace." UF, in concert with FSU, is also actively investigating the adoption of an e-commerce solution via the Strategic Sourcing in Purchasing methodology.

All SUS institutions have become actively involved with ICOP and its subcommittee in order to identify better sourcing opportunities and quantitative tools to enhance the purchasing function. For example, FIU reports that its participation in ICOP should result in reduced spending as it gears up to establish its new College of Medicine.

It should be concluded that the wholehearted embrace of this Best Practice is not necessarily suitable for all institutions, particularly the smaller ones that have significantly less purchasing volume. A great investment must be made in terms of research, negotiation, decision-making, and time in order to pursue Strategic Sourcing in Purchasing. Nevertheless, as indicated throughout this summary report, all SUS universities may "pick and choose" those aspects of this Best Practice that are most amenable to their size, needs, and capabilities, and which best benefit their service to the community and enhance their bottom lines.

DATA/INFORMATION TABLE: STRATEGIC SOURCING IN PURCHASING*

Institution	Adopted Strategic Sourcing	Considering Adopting Strategic Sourcing	Will Not Adopt Strategic sourcing	Involved in Cooperative or Consortia Purchasing	Savings/Revenues from Strategic Sourcing Under Contract	Savings/Revenues from Cooperative or Consortia Purchasing	Commodities/Services from Strategic Sourcing (Actual, In Negotiation, or Considering)	Commodities/Services from Cooperative or Consortia Purchasing (Actual or Under Consideration)	Economies of Scale	ICOP Participation	E-Commerce Consideration
UF	Yes (Consultant Contract)	N/A	N/A	Yes	Anticipated: $3 to $4.5 million when contracts with vendors are signed	Not Reported	Courier Services, Office Supplies, Lab Supplies, IT	Furniture, lab supplies, refrigerators/freezers, bio-safety cabinets, fume hoods, microscopes	Not Reported	Yes	Yes
FSU	Yes (Consultant Contract)	N/A	N/A	Yes	Actual: $540,000 Anticipated per Year: Approximately $1.1 million	Not Reported	Office Supplies	Many commodities and services (including telephone services) that similar to UF, above and USF, below	24-hour delivery	Yes	Yes
USF	No	Yes	N/A	Yes	N/A	Approximately $34,000,000 (multi-year—Actual and Anticipated))	N/A	Banking, Office Supplies, Bookstore, Beverages, Dining, Chillers, Energy, Furnishings, Building Code Inspection	Reduced Bldg. Code Permit Inspection Time and Costs	Yes	Not Reported
UCF	No	Yes	N/A	Yes	N/A	$45,000	N/A	Parking Pay Stations	Not Reported	Yes	Not Reported
FIU	Yes (In-House Research)	N/A	N/A	Yes	Awaiting ITN completion	20% savings from major furniture purchases	Office Supplies	Major furnishings, scientific/laboratory supplies	Reduced freight costs	Yes	Yes
FGCU	No	Yes	N/A	Yes	N/A	Not Reported	N/A	Not Reported	Anticipated	Yes	Not Reported
FAMU	No	Not Reported	Not Reported	Yes	N/A	18% savings from UF contract for scientific/lab supplies	N/A	Laboratory and scientific supplies	Not Reported	Not Reported	Not Reported
NCF	No	No	No	Yes	N/A	Up to 20% savings on moving services, furniture, and office supplies	N/A	Moving services, furniture, and office supplies	Not Reported	Yes	Not Reported
FAU	No	Yes	N/A	Yes	N/A	Not Reported	Investigating IT applications	Not Reported	Reduced "maverick" spending	Yes	Yes
UNF	No	Yes	N/A	Yes	N/A	Not Reported	Not Reported	Not Reported	Not Reported	Yes	Yes
UWF	No	Yes	N/A	Yes	N/A	5-20% savings on moving services, furniture, and office supplies	Investigating IT and office supplies	Moving services, furniture, and office supplies	Reduced cycle time/ data-sharing	Yes	Not Reported

* The information contained in this table ***only*** reflects that information which was submitted by the individual SUS institutions through their specific Best Practice reports on Strategic Sourcing in Purchasing.

SUMMARY REPORT ON FICA ALTERNATIVE PLANS

FICA Alternative Plans, as offered by national vendors to qualified institutions, offer both SUS schools and specified employees considerable savings. The essence of the Plan is three-pronged: 1) neither the school nor the qualified employee pay their respective 6.2% FICA contribution; 2) if adopted, the Plan is mandatory for all qualified employees (i.e., "all or nothing;" and 3) the qualified employee must pay 7.5% of his or her compensation into an account established in the employee's name. Therefore, the SUS institution saves considerable money it would otherwise pay in FICA contributions, while the participating employee also saves considerable money. Moreover, any benefits which the participants earn under Social Security or other retirement plans are not reduced by Plan participation. However, as discussed throughout this Summary Report, participating institutions must comply with very strict IRS regulations and might be required to develop some (cumbersome) oversight and administrative procedures to ensure compliance with IRS regulations and contractual provisions with the vendor.

Progress as SUS Institutions

As of the end of the 2005-06 Fiscal Year, five institutions have fully adopted the FICA Alternative Plan. These schools are Florida Gulf Coast University (FGCU), Florida Atlantic University (FAU), the University of Central Florida (UCF), Florida State University (FSU), and the University of Florida (UF).

The senior administrations at these six schools did not adopt the Plan arbitrarily. Rather, with some procedural variances, they went through a formal informational, review, and approval process before a final decision was made. The essence of this process is as follows:

- Review of FICA Alternative Plans by Insurance and Benefits Committees.
- Development of a competitive proposal process from Plan vendors. This process basically consisted of a Request for Information (RFI) and a subsequent Request for Proposal (RFP). There are currently four national vendors for FICA Alternative Plans.
- Evaluation of proposals by an Evaluation Committee comprised of officials from pertinent institutional constituencies.
- Selection of a FICA Alternative Plan vendor.
- Review of contractual provisions and pertinent IRS regulations.
- Approval by each school's Board of Trustees.
- Informational programs for Plan participants upon Plan approval.

Significant variances of this process included consultations with both attorneys familiar with IRS regulations and other agencies that had adopted the Plan for their qualified employees. UCF also hosted focus group sessions for employees to in order to answer their questions and respond to major issues they might have. At UF, the Plan contract was reviewed by Procurement, General Counsel, and the Vice President for Finance and Administration before adoption. That school's consultations and informational sessions included sessions with the Faculty and Staff Benefits Committee, the Faculty Senate, an ERP group, and the *Infogator*, that school's Human Resources publication.

Once the affirmative adoption decision is made, Plan participation is ***compulsory*** for all adjunct faculty and OPS, non-student employees who must make FICA contributions. Enrollment in the Plan is not required for employees who do not currently pay FICA, i.e., full-time student employees, Graduate Assistants, Graduate Teaching Assistants, Graduate Research Assistants, and employees holding dual compensation positions.

All schools adopting the Plan developed a timetable for implementation. At FAU, for example, activities associated with this implementation included: reviewing and amending pertinent Human Resources policies; programming changes to the Banner payroll system; and making presentations to future Plan participants.

Although Plan operations are basically similar (regardless of vendor) UCF's contract with BENCOR is typical:

- Eligible employees are automatically enrolled.
- Once contributions begin, employees receive an Enrollment/Designation of Beneficiary from the Plan vendor.
- Initially, Plan contributions are automatically invested in a guaranteed or fixed account with a contractual lifetime minimum guarantee of 2.0% interest.
- Participants have among 20 different investment options from which to choose.

No participating employee may withdraw any funds from the Plan until his or her employment (as a specified, qualified employee) officially ends. The former employee may take his or her distributions from the Plan after three months from the date of termination. The conditions for withdrawal of funds include:

- Termination.
- Retirement.
- After 70 ½ years of age when the IRS requires minimum distributions be made to participants each year.

- Total Disability.

- Death.

SUS schools considering Plan adoption include the University of North Florida (UNF), the University of West Florida (UWF), and Florida A&M University (FAMU). These institutions will either undertake the investigatory/feasibility determination steps discussed above or await the implementation of new Payroll/HR systems before taking any concrete actions.

Measurable Results

The primary reason for FICA Alternative Plan adoption is, of course, significant savings. For those SUS institutions reporting specific savings, the data are as follows:

- FGCU: $180,055 (2005)
  $220,561 (2006)

- FSU: $700,000 (Jan 1 – June 30, 2006)

- FAU: $600,000 (Estimated, 2006)

- UCF: $366,000 (2005)
  $1,174,000 (2006+
  $945,000 (through September 30, 2006)

- UF: $3,187,574 (Jan 1 - June 30, 2006)
  $6,375,148 (estimated, 2006)

Although not quantifiably measured, FGCU reported an administrative "lag" regarding its FICA Alternative Plan implementation. The adoption of the Plan has increased the workload of its HR and Payroll employees. That is, constant verification of qualified employees' statuses; the need for continuous communications to affected employees; and a substantial increase in IRS reporting requirements have resulted in more administrative work to support the Plan..

Future Plans and Modifications

Notwithstanding additional administrative work associated with FICA Alternative Plan implementation, those schools that have adopted the Plan have stated their desire to continue the Plan and remain vigilant of any Plan changes and IRS compliance issues. UNF, FAMU, and UWF will continue their analyses to determine whether the adoption of the Plan is, indeed, feasible for their unique institutional and employee needs. Even NCF, which has determined that this Plan is not feasible at the current time, will carefully monitor vendors' Plan offerings, changes in IRS regulations, and other institutions' experiences for the purpose of deciding whether to establish the Plan at some future date.

DATA/INFORMATIONAL TABLE: FICA ALTERNATIVE PLAN*

Institution	Adopted the Plan	Vendor	Number of Affected Employees	Review/Approval/Implementation Groups	Measured Savings	Additional Administrative Tasks	Will Consider Plan Adoption
UF	Yes	BENCOR	Not Reported	Procurement, General Counsel, VP for Finance & Admin., Faculty and Staff Benefits Committee, Faculty Senate. ERP Group, Information Technology, Human Resources, Payroll, Taxes, Board of Trustees	$3,187,574 (Jan 1-Jun 30, 2006 $6,375.148, estimated for 2006	Not Reported	N/A
FSU	Yes	BENCOR	Not Reported	Insurance and Benefits Committee, VP for Finance and Admin.	$700,000, 2006	Not Reported	N/A
USF	Not Reported	N/A	N/A	N/A	N/A	N/A	N/A
UCF	Yes	BENCOR	Not Reported	Human Resources, non-UCF agencies that had adopted the Plan, external legal counsel, focus groups, Board of Trustees	$366,000, 2005 $1,174,000, 2006 $945,000, Jan 1 – Sep 30, 2006	Not Reported	N/A
FIU	No	N/A	N/A	N/A	N/A	N/A	Under internal review
FGCU	Yes	BENCOR	Not Reported	Human Resources Director and representatives, Associate VP for Admin. Services, non-FGCU agencies that had adopted the Plan; consultation with UCF	$160,055, 2005 $220, 561, 2006	Additional workload for Human Resources and Payroll, i.e., certifying employees status, IRS reporting, and monitoring vendor/IRS changes	N/A
FAMU	No	N/A	N/A	N/A	N/A	N/A	Yes
NCF	No	N/A	N/A	N/A	N/A	N/A	Yes
FAU	Yes	Not Reported	Not Reported	Benefits Committee, FICA Review Committee	$600,000, estimated for 2006	N/A	N/A
UNF	No	N/A	N/A	N/A	N/A	N/A	Yes
UWF	No	N/A	N/A	N/A	N/A	N/A	Yes

* The information contained in this table ***only*** reflects that information which was submitted by the individual SUS institutions through their specific Best Practice reports on FICA Alternative Plans.

SUMMARY REPORT ON PERFORMANCE CONTRACTING

Performance Contracting, vis-à-vis Best Practices for SUS institutions, pertains to energy savings in the utilities area. Basically, the school contracts with an external organization to perform the following: audit any building or other facility to determine methods leading to cost savings; prepare construction designs to effect any potential savings identified by the audit; and perform the actual construction based upon the design. The resultant savings are required by contract to exceed the cost of the work. Upon accrual, the savings are used to pay back the audit and construction costs spent by the institution, and all excess savings revert to the school into perpetuity.

The shorter the time of any payback period, the greater the savings potential for the institution. Generally, such contracts are favorable to those schools that do not have the available funds to finance highly-desirable, yet expensive energy savings projects. In addition, Performance Contracting is a viable alternative when institutional staff neither has the experience nor expertise that is available within the private sector.

The savings are guaranteed by the contractor through the use of new technologies, conversion of systems/facilities, installation of products, and/or training provided to institutional staff.

Performance contractors purport to have maintained an historic track record of providing significant energy savings to universities and other agencies with which they have contracted. The actual and anticipated savings will oftentimes provide the institution with the monies required to fund numerous projects that must eventually be accomplished (but which are not, in and of themselves, part of any specific performance contract).

As favorable as Performance Contracting appears, there are several "caveats." If the institution has money on-hand, it is more cost-effective to use existing monies to fund energy-savings or other projects deemed necessary. In some situations, it has been reported that there can be excessive overhead costs and profits by the contractor (unless they are specifically limited by the contract). This most often occurs when the performance contractor subcontracts a great deal of its work to subcontractors at substantially reduced prices.

Progress at SUS Institutions

Currently, only four SUS schools have entered into agreements with performance contractors: University of Florida (UF); Florida State University (FSU); Florida International University (FIU); and Florida Gulf Coast University (FGCU). All four contracts are with Johnson Controls for differing periods of time. UF's contract was in effect for six years (1997-2003); FIU's contract has been in effect for twelve years; FGCU's for four years; while FSU's contract has only been in effect for the past two years.

Both FIU and FGCU report that their contracts with Johnson Controls have, indeed, resulted in savings greater than the costs associated with the contract. However, specific data in terms of actual monies saved or percentage reductions in costs are not provided. FSU did not provide either general or specific information about savings—actual or anticipated. Also, the University of South Florida (USF) stated that it had entered into several performance contracts in the past, but none were successful in achieving substantial cost savings.

The University of Florida (UF), the largest of the SUS' eleven institutions, reported that the following criteria should be met before such a contract is even considered:

- Base-line, as well as all savings, should refer to specific metered values.
- There should be periodic review and analysis of metered values to quantify anticipated results.
- Variances should be established, based upon a percentage below base-line that would allow for termination of the contract.
- For large contracts, an impartial, third-party consultant should be employed to validate measured energy savings.

Measurable Results

Measurable results for this Best Practice are both scarce and inclusive. USF reported that it tried Performance Contracting several times; however, the anticipated savings never lived up to expectations. UF, the state's largest institution, has calculated anticipated energy savings of approximately $7.84 million over a six-year period, resulting in an excess of savings over costs equaling approximately $2.13 million. Similarly, FSU anticipates savings of approximately $5.85 million over a ten-year period, resulting in an excess of savings over costs equaling approximately $1.20 million.

Future Plans and Modifications

With the exception of some Department of Management Services (DMS) performance contracts also available to SUS schools, there is potential for additional savings should some or all SUS institutions band together (as a purchasing consortia) to execute system-wide contracts with performance contractors. That is, there is "strength in numbers" that results in economies of scale and greater savings for participating institutions working together under the same contract. System-wide cooperation would further provide for shared expertise concerning the efficacy of one performance contractor versus others and the actual utility of various energy-savings projects. However, the differences in energy consumption, physical facilities, and operations between the different schools might inhibit a "one size fits all" type of contract.

Should such a system-wide contract be executed, it is recommended that overhead costs and profitability issues be explicitly determined via "open-door pricing." That is, the contractor's overhead and profits must be set as fixed percentages of the actual construction costs.

DATA/INFORMATION TABLE: PERFORMANCE CONTRACTING*

Institution	Current Performance Contract	If Yes, with Which Company	Length of time with Contractor	Actual/ Anticipated Savings (Actual Monies or %)	Have Savings Exceeded Costs	Would Consider ICOP Consortium Performance Contract	Additional Comments
UF	Yes	Johnson Controls	1997-2003	Calculated energy savings over 6-year period = $7,842,600	Excess of savings to costs over 6-year period = $2,131,319	Yes	Base-line and all savings must refer back to specified metered values; Periodic review and analysis of metered values to quantify contractual results; Variances established below base-line that would allow for contract cancellation; Impartial 3rd-party consultant to validate and verify measured savings
FSU	Yes	Johnson Controls	2 years (renegotiated contract)	Calculated energy savings over 10-year period = $5,848,171	Excess of savings to costs over 10-year period = $1,209,782	Yes (depending upon contractual terms)	Not Reported
USF	No	N/A	N/A	N/A	N/A	Yes (depending upon contractual terms)	Tried several performance contracts that were never successful
UCF	No	N/A	N/A	N/A	N/A	Yes (depending upon contractual terms)	Not Reported
FIU	Yes	Johnson Controls	12 years	Not Reported	Yes	Yes (depending upon contractual terms)	Not Reported
FGCU	Yes	Johnson Controls	4 years	Not Reported	Yes	Yes	Not Reported
FAMU	Not Reported	N/A	N/A	N/A	N/A	Not Reported	Not Reported
NCF	No	N/A	N/A	N/A	N/A	Yes (depending upon contractual terms)	Not Reported
FAU	No	N/A	N/A	N/A	N/A	Yes (depending upon contractual terms)	Not Reported
UNF	No	N/A	N/A	N/A	N/A	Yes (depending upon contractual terms)	Not Reported
UWF	No	N/A	N/A	N/A	N/A	Yes (depending upon contractual terms)	Not Reported

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