

To: Deans and Directors

From: D. O. Pederson, Chair of the Affordability and Cost Containment Commission

Subject: Previous and Current Efforts at Cost Containment

Date: January 30, 2009

As the Chair of the Affordability and Cost Containment Commission, I would like to preface this request with some explanation of the Commission's plans.

The Commission must first focus on cost containment to improve affordability. The Commission is not tasked with determining tuition levels. However, a natural consequence of cost containment may result in an appropriate adjustment to tuition or tuition increases.

The Commission will be reviewing suggestions from the campus and asking for analysis, responses, and recommendations from units affected by such suggestions. A web site (to be created) and email address (ccontain@uark.edu) will be used to facilitate suggestions from all University constituents. The Office of the Vice Chancellor for Finance and Administration will be staffing this effort.

The first document reviewed by the Commission was Cost Containment - A Survey of Current Practices at America's State Colleges and Universities prepared by the American Association of State Colleges and Universities (AASCU) and available for download at: <http://www.aascu.org/media/index.htm>

Cost Containment describes some non-academic areas, such as utility and benefits costs that have been areas of focus due to rapidly rising costs and the need to ameliorate these increases. However, the report suggests that no area of the University should be immune to cost containment (Cost Containment, page 19).

Three-fourths of the survey respondents that report cost containment quantify the dollar value of the cost containment enhancements (Cost Containment, page 15). Such quantification is critical in providing institutional transparency and garnering public support of the University's activities.

As the first step in the process, the Commission must provide evidence of cost containment already undertaken or in the process of being undertaken. Toward that end, as soon as possible but no later than March 15, 2009, please provide the Commission via the email address, ccontain@uark.edu, with cost containment outcomes to date including the following elements:

- a short descriptive name of the cost containment action
- the before-cost of a specific activity
- a description of activity that will be understandable to someone not familiar with it, including what factors are driving the cost
- a description of the changes in the activity that led to cost containment
- the required investment to enable the change
- date the change was implemented
- the dollar value of the cost contained (rather than as a percentage of original cost)
- the ongoing cost of the activity after cost containment
- the use of any saved funds
- for activities in process, provide what is currently known at this time and final information when it is available

The Commission's activities are expected to be ongoing and not limited to this fiscal year, the next fiscal year or the current biennium. In other words, cost containment will be an important ongoing activity of the University of Arkansas.

cc: Members of the Commission

G. David Gearhart