To: Texas A&M University Faculty Senate Executive Committee  
From: Dr. Gregory Heim  
RE: Budget Information Committee Annual Report for 2013-2014  
Date: June 2, 2014

From September 2013 to June 2014, the Budget Information Committee (BIC) met one time for organizational purposes, and met three times with University and System administration representatives.

The purpose of the first (November 2013) meeting was to vote on a committee Chairperson, and to discuss committee objectives for the year. Since no other committee member was willing to run for Chair, had more than one year remaining as a Senator, or planned to run for another term as a Senator, Dr. Gregory Heim volunteered to be Chair of the BIC.

As a result of discussion during that meeting, BIC members determined that the stated mission of the committee was overly broad and not achievable. Thus, the BIC requested a specific charge from the Executive Committee concerning what to accomplish this year. By February, the Executive Committee had issued a written charge for the Budget Information Committee to examine the impact of recent outsourcing initiatives upon Texas A&M University. At that time, the scope of outsourcing to be examined by the BIC pertained to:

- Food services outsourcing (Chartwells, a division of Compass USA)
- Landscape management, custodial services, and building maintenance services outsourcing (SSC Service Solutions, a division of Compass USA)

During the December 11, 2013 meeting, the committee met with representatives from the TAMU VP of Finance office (B.J. Crain, Vice President for Finance and Administration, and her assistant Deborah Wright). The BIC meets annually with Ms. Crain to get an update on the present situation of University finances, strategies for upcoming Legislative seasons, and expected tuition changes, among other information.

Using information from this meeting, BIC members developed an Excel spreadsheet to estimate the percentage impact of planned changes in the structure of undergraduate tuition toward a fixed fee format, consistent with recent Legislature requirements for tuition and Texas public universities. Based on the best available data, it was estimated that the tuition format changes and planned tuition increases would lead to an approximate 6.8% increase in the real value of tuition from academic year 2014 to academic year 2015. Our finding is consistent with the 6% estimate put forward by The Eagle reporters.

With respect to the BIC’s charge to examine the impact of outsourcing on Texas A&M University, for the February 11, 2014 committee meeting, the BIC invited Mr. Phillip Ray (Chief Business Development Officer, TAMUS) and Mr. Billy Hamilton (TAMUS Executive Vice Chancellor and CFO) from the TAMUS office to present on the current state of outsourcing. Due to a scheduling mix-up, Mr. Ray was not able to attend this meeting. Thus, the committee met with Mr. Hamilton for two hours to ask questions about the state of
outsourcing initiatives. Mr. Hamilton was very forthcoming about the outsourcing process, but deferred several answers to Mr. Ray for clarification.

During a follow-up meeting on February 26, 2013, BIC committee members met with Mr. Phillip Ray at the TAMUS offices, to collect information on the process of issuing the ongoing outsourcing contracts. Mr. Ray clarified answers for the questions from our earlier meeting with Mr. Hamilton. Mr. Ray very kindly provided detailed information and documents about the planning process that took place during the outsourcing negotiations. The BIC obtained historical documents pertaining to the RFPs for each of the major outsourcing contracts.

Subsequent to that meeting, several new budgetary and outsourcing developments took place, which Mr. Ray had not mentioned or discussed with the BIC:

- TAMUS negotiated a food and hospitality services outsourcing contract for athletic facilities with Levy Restaurants (effective June 1, 2014)
- TAMUS negotiated an outsourcing contract for Easterwood Airport
- An audit of information technology services by Deloitte was completed, leading to the planned outsourcing of certain technology services to Google.
- Audits of administrative services, human resources, and communications services by PriceWaterhouseCoopers were completed, leading to a university-wide hiring freeze.

We expect these developments may now fall under the scope of the BIC’s charge.

In April 2014, the BIC invited Mr. Ralph Davila from the TAMU CFO office to discuss the auditing processes in place for the outsourcing contracts. Mr. Davila responded, but due to end-of-year teaching activities, we have not yet been able to schedule a meeting.

The Budget Information Committee intends to meet with Mr. Davila and Mr. Ray during Summer 2014. The committee has been developing a draft PowerPoint presentation. The committee plans to submit a presentation and more detailed report to the Faculty Senate membership during Fall 2014.