50 Ways to Trim Your Budget

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UIC UNIVERSITY OF ILLINOIS AT CHICAGO

Succeeding in Challenging Times

Workshop Presenters

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Workshop Objectives

- Not really 50 ways…
  - Not exhaustive list
  - Not a prescription
- More about balancing than trimming…

"The problem is all inside your head…"

- Recognizing you're in a bad relationship
  - The State is an unreliable partner
- The context…

Without GRF Increases Reallocation Is Required to Balance the Budget

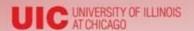| Fiscal Year	GRF Change	Base tuition	Salary Program	Reallocation
2003	-10.35%	21.8% UG, 20.0% grad	0%	10.9% admin 7.1% hospital Colleges (varied)
2004	-11.13%	5.0%	1.5% + 1.0%	11.13%
2005	0.0%	16.0% UG, 8.0% grad	2.5% + unspecified	1.3%
2006	0.0%	9.0% UG, 7.0% grad	2.5% + 0.5%	3.1%
2007	+1.4%	9.5% UG, 9.0% grad	2.5% + 0.5%	1.0%
2008	+1.9%	9.5%	2.5% + 0.5%	1.5%
2009	+2.6% univ, +1.3% campus	9.5%	1.5% + 0.5%	3.0% Colleges, 2.25% Other
2010	0.0%	2.6% UG, 4.0% grad	0.0%	0.75%

What's it Look Like Today?

- FY 2009
  - $10M of 2.7% GRF increase held by UA
  - Used to offset 2.5% cash rescission
- FY 2010
  - State is $500M behind in paying the University's appropriation
    - Part of a $13B gap on State's $29B operating budget
  - No salary program; hiring freeze; furloughs; contingency plans for budget rescissions or reductions

UIC Budget Forecast

		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GRF from State	Better	0.0%	3.0%	3.0%	3.0%	3.0%
	Middle	0.0%	0.0%	0.0%	0.0%	0.0%
	Worse	(15.0%)	(10.0%)	0.0%	0.0%	0.0%
Tuition (Base)	Better	9.5%	5.0%	5.0%	5.0%	5.0%
	Middle	9.5%	5.0%	5.0%	5.0%	5.0%
	Worse	9.5%	9.5%	5.0%	5.0%	5.0%
Salary Program	Better	0.0%	2.5%	2.5%	2.5%	2.5%
	Middle	0.0%	2.5%	2.5%	2.5%	2.5%
	Worse	0.0%	0.0%	2.5%	2.5%	2.5%
Utilities		0.0%	5.0%	5.0%	5.0%	5.0%
Financial Aid (as % of UG Tuition)		15.0%	15.0%	15.0%	15.0%	15.0%

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"…don't need to be coy…"

- Small adjustments at the margin don't cut it anymore

- Have to think about the base
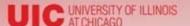
- 25% administrative cost reduction exercise

"Hop off the bus…"

- Just because a program or project is funded, doesn't mean it's part of our mission
- Have to look at what we do, not just how we do it

"Make a new plan…"

- Committees and Task Forces
  - Administrative Review & Restructuring
    - University level
    - Campus level – internal & external
  - Academic Directions
  - IT
  - Records Mgmt

Category #1 - Efficiencies

- Leveraging buying power/bulk purchasing
- Shared service centers
  - Centralized
  - Consolidated
  - Shared
- Simplifying/streamlining business processes

Category #2 – Prioritizing what we do

- Academic programs
  - Evaluating the program array
  - Tools and techniques (CFAS, RPI)
  - Program review, accreditation
- Administrative services
  - Internally-focused services
  - Externally-focused services

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Category #3 – Cost recovery activities

- Establish goals for "full" cost recovery
- Look at ICR recovery rates
- Review tuition distribution model
  - Campus holdback amount anticipated modest annual increases in GRF
  - Extend model to cover all credit instruction
- Review indirect cost recovery rates
- Review programs & activities that do not pay any overhead (admin allowance)

Category #4 – Maximizing revenue

- Managing enrollment
- Waiver practices
- Fee for service models

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Category #1 - Efficiencies

Regulatory Relief – Rules we impose on ourselves; streamlining business practices; use of technology

Review internal charge backs; is cost equal to value of the service? Benchmarks for internal pricing; alternatives to internal monopoly providers

Centralizing low volume transactions

Process review to find inefficiencies

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Category #2 – Prioritizing what we do

- For individuals – self reflection, thinking time
- Review campus level requirements
- Risk/reward tradeoff for regulations
- Look at performance metrics for programs
- Become more customer centric (students and internal customers)
- Avoid duplication of effort/programs – looking for partners to collaborate with
- Organize and structure knowledge; identify experts and mentors

Category #3 – Cost recovery activities

Category #4 – Maximizing revenue

- Matching price to the value of the educational product

Category #1 - Efficiencies

- Job sharing; replacing permanent with temporary employees and vice versa

- Investing in electronic tools for communication and publications; leveraging existing technologies

- Standardizing communication tools (for example scheduling software); mandatory direct deposit; eliminate paper phonebooks

- Incentives for reducing energy consumption; incentives for conspicuous consumption;

Category #2 – Prioritizing what we do

Category #3 – Cost recovery activities

Category #4 – Maximizing revenue

- Use wait list to manage enrollment
- Examine existing unused functionality of Banner