

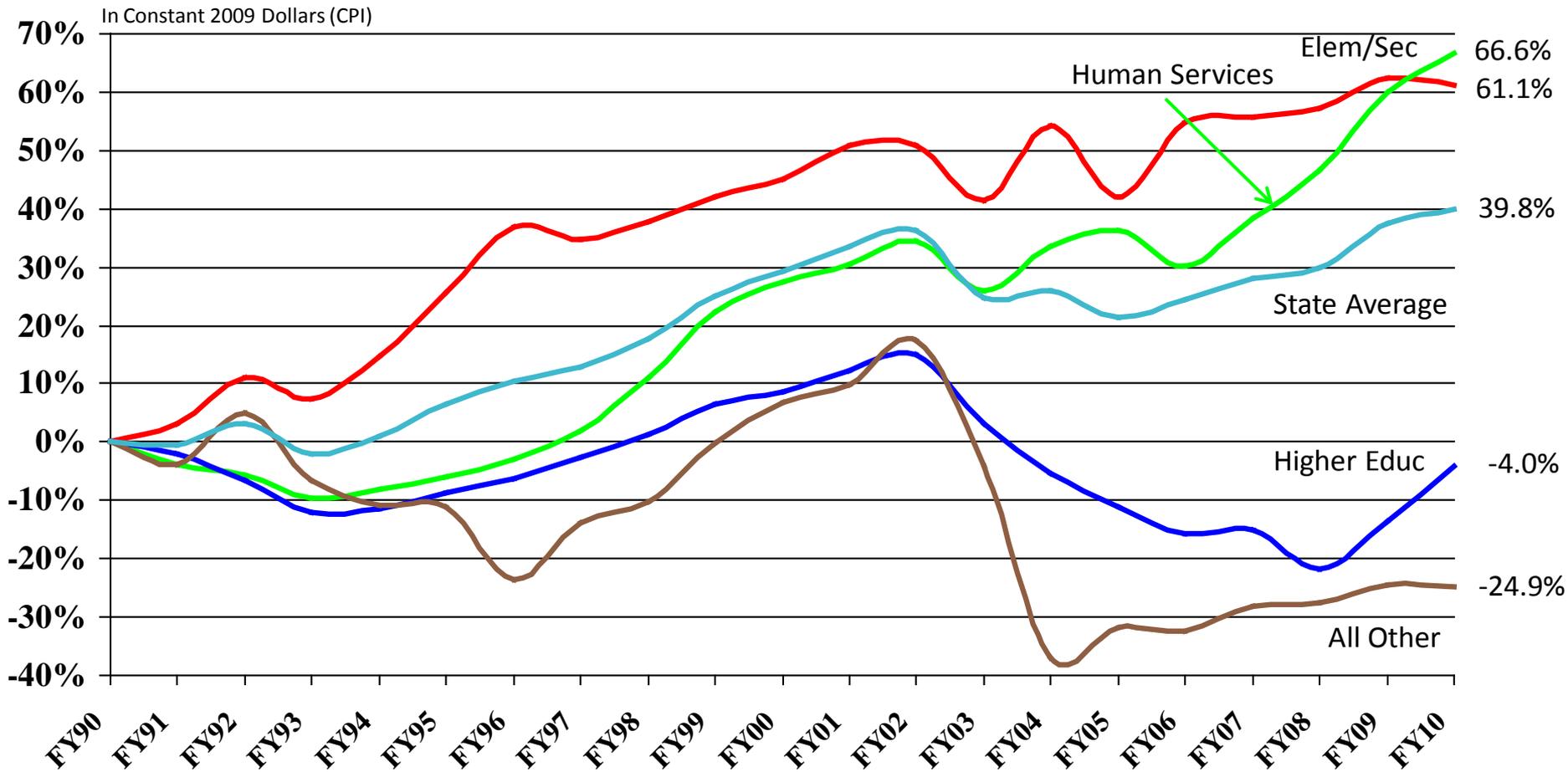
# **Budget Outlook and Reviews at the University of Illinois at Chicago**

Bringing Administrators Together Conference

Office of Provost Michael Tanner

April 15, 2010

# Illinois State Tax Appropriation Changes by Agency



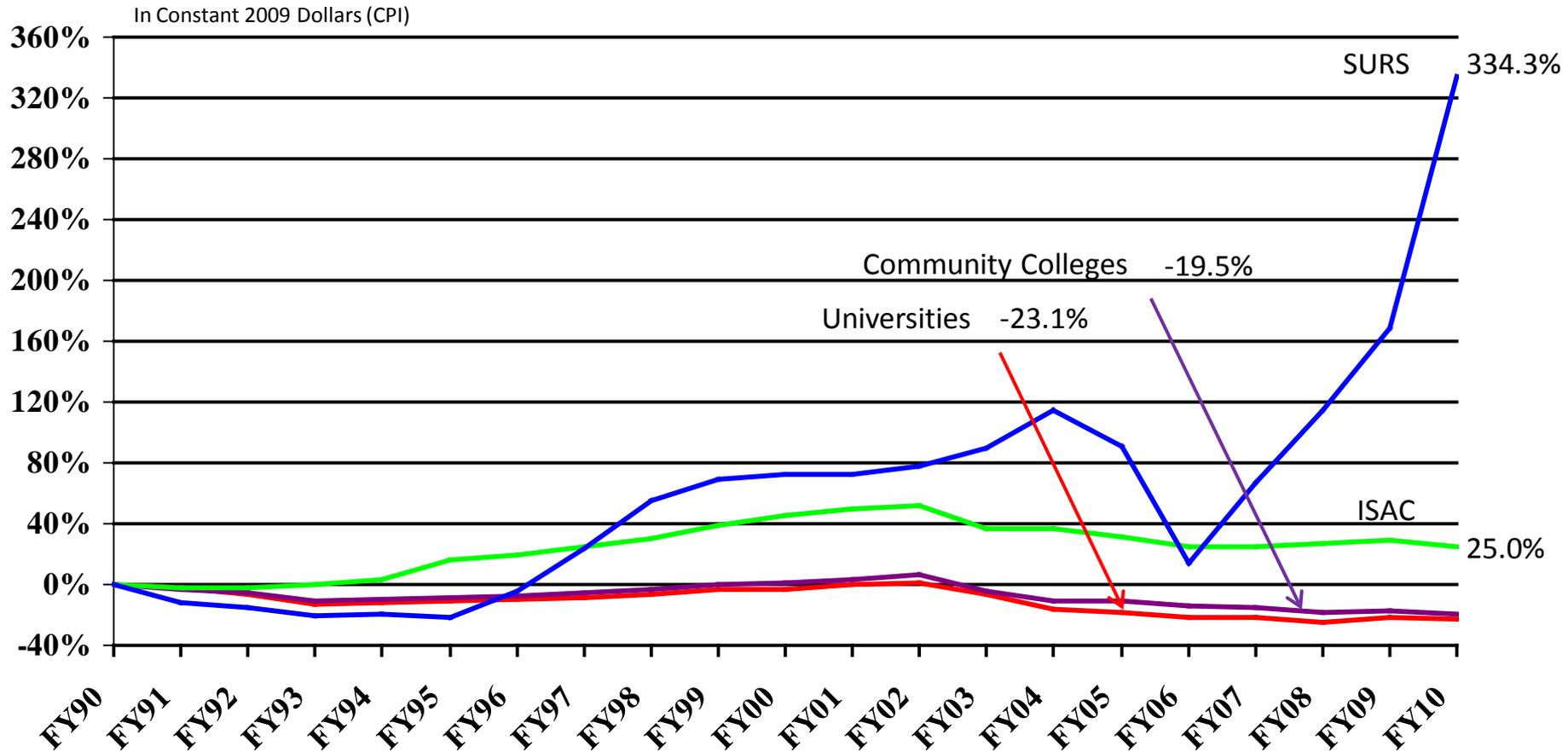
FY02 to FY10 exclude \$45 million in payments to CMS from Universities for Health Insurance

Health Insurance moved from CMS (included in all other) to Human Services in FY06 and adjusted back to FY04

Source: Illinois State Budgets.



# Cumulative Change in State Tax Appropriation by Higher Education Sector



Due to the changes in SURS funding from General Funds to State Pension Fund (SPF) in FY05, SURS funding includes the SPF in FY05-FY09 and Pension Obligation Bonds in FY10. FY02 to FY10 exclude \$45 million payment to CMS from Universities for Health Insurance. FY10 ISAC includes supplemental appropriation.

Source: IBHE FY10 Budget as signed by the Governor. Inflation assumptions 2.5% for FY10.

# State of Illinois – General Revenue Fund

## Estimated Accumulated Unpaid Vouchers

### TOTAL ACCOUNTS PAYABLE

*At end of fiscal year*

Dollars in Billions



FY 2010: **Nearly \$6 billion**  
(projected)

Projected unpaid vouchers

*nearly*

**\$6 billion**



Contributions owed to state pension systems

**\$4.1 billion**



Payment on FY 2010 pension borrowing

**\$0.8 billion**



Loss of one-time federal stimulus aid

**\$1.5 billion**



Miscellaneous revenue losses/sweeps

**\$350 million**

**PROJECTED FY 2011  
REVENUE SHORTFALL  
APPROACHES**

**\$13 billion**

Source: Chicago Tribune

# The State's FY 2011 Budget Hole (in Millions of Dollars)

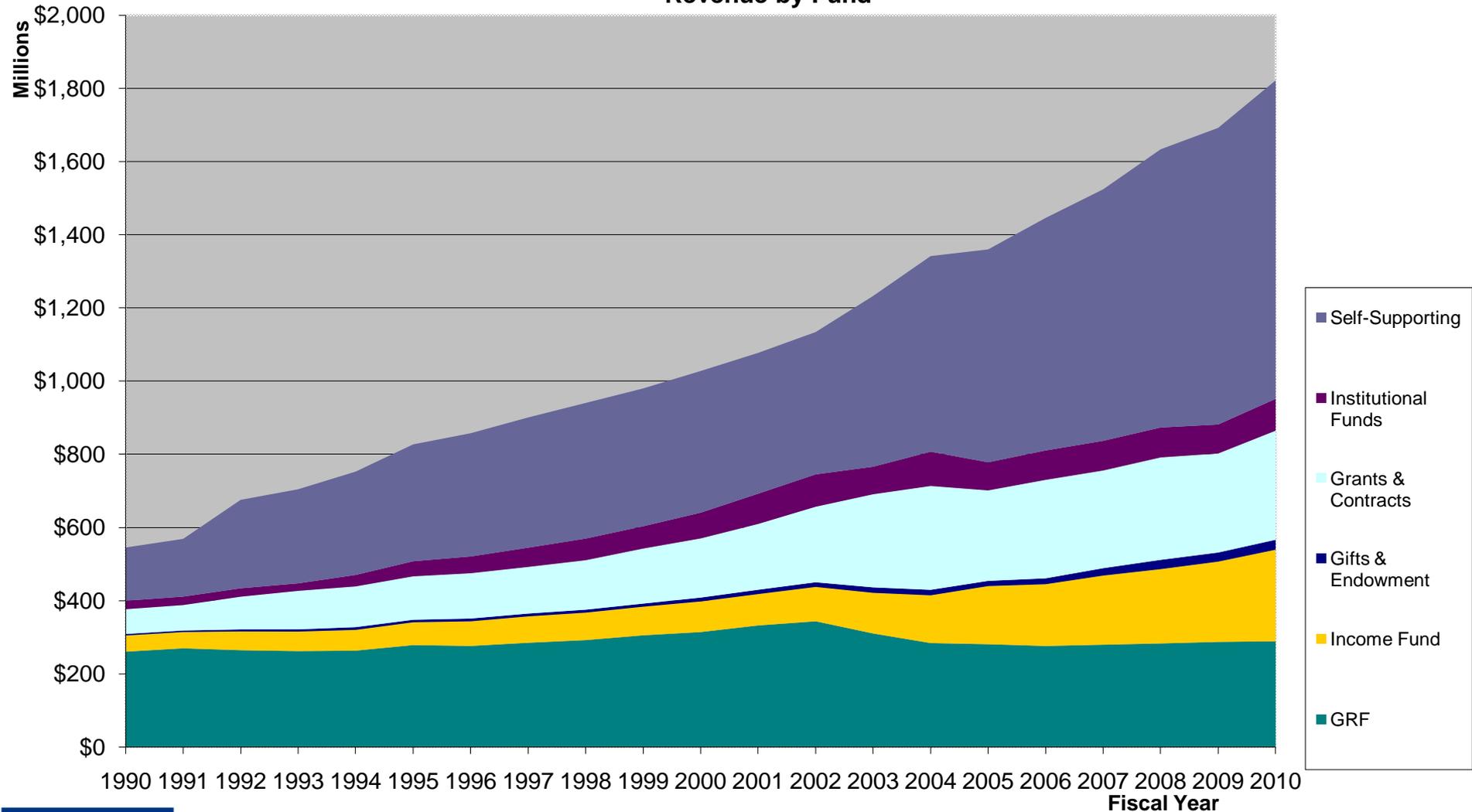
Source	Amount
Loss of one-time revenues used for FY 2010	<b>\$5,254</b>
Pension note proceeds	\$3,466
Federal stimulus	\$1,436
Fund sweeps	\$352
1 <sup>st</sup> year repay of pension notes	<b>\$800</b>
Estimated pension increase	<b>\$531</b>
Carry-forward of FY 2010 budget gap	<b><u>\$5,670</u></b>
<b>TOTAL</b>	<b>\$12,255</b>

Source: Commission on Government Forecasting & Accountability



**FY 2002 was the high water mark for State support (GRF) in absolute dollar terms. State support (GRF) was 48% of the total revenue in FY 1990, 30% in FY 2002, and fell to 16% by FY 2010. The significant growth in self-supporting activity is primarily patient care (Hospital, clinics, and practice plans); and secondarily Auxiliary activity.**

**University of Illinois at Chicago  
Revenue by Fund**



*UIC's state & institutional budget went up due to tuition increases and ICR growth*

## UIC State and Institutional Funds Budget

**FY 2002**

**Revenue**



**\$498.4M**

**FY 2010**

**Revenue**

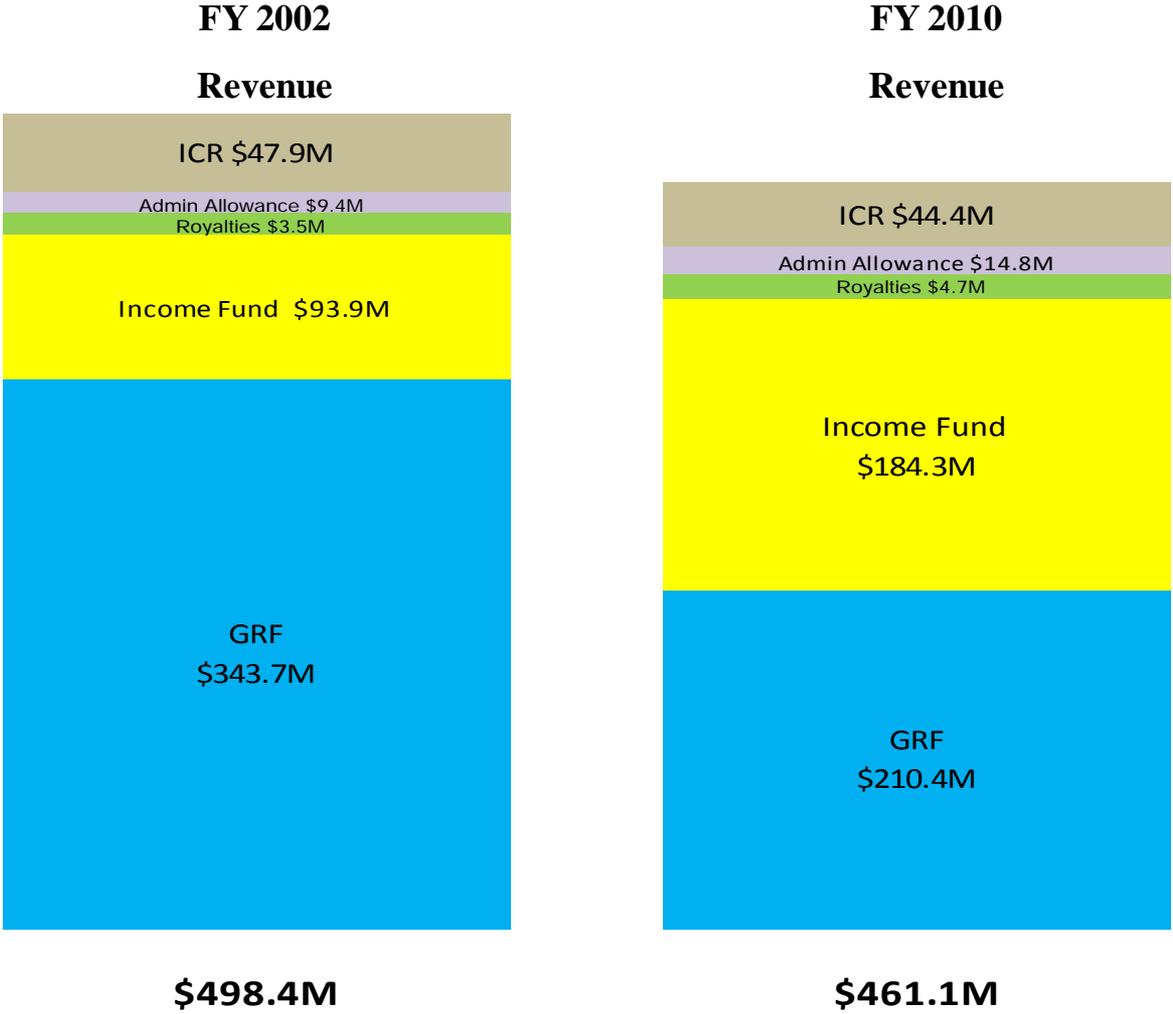


**\$626.3M**

# *Adjusted for inflation, UIC's state & institutional budget decreased as compared to FY 2002*

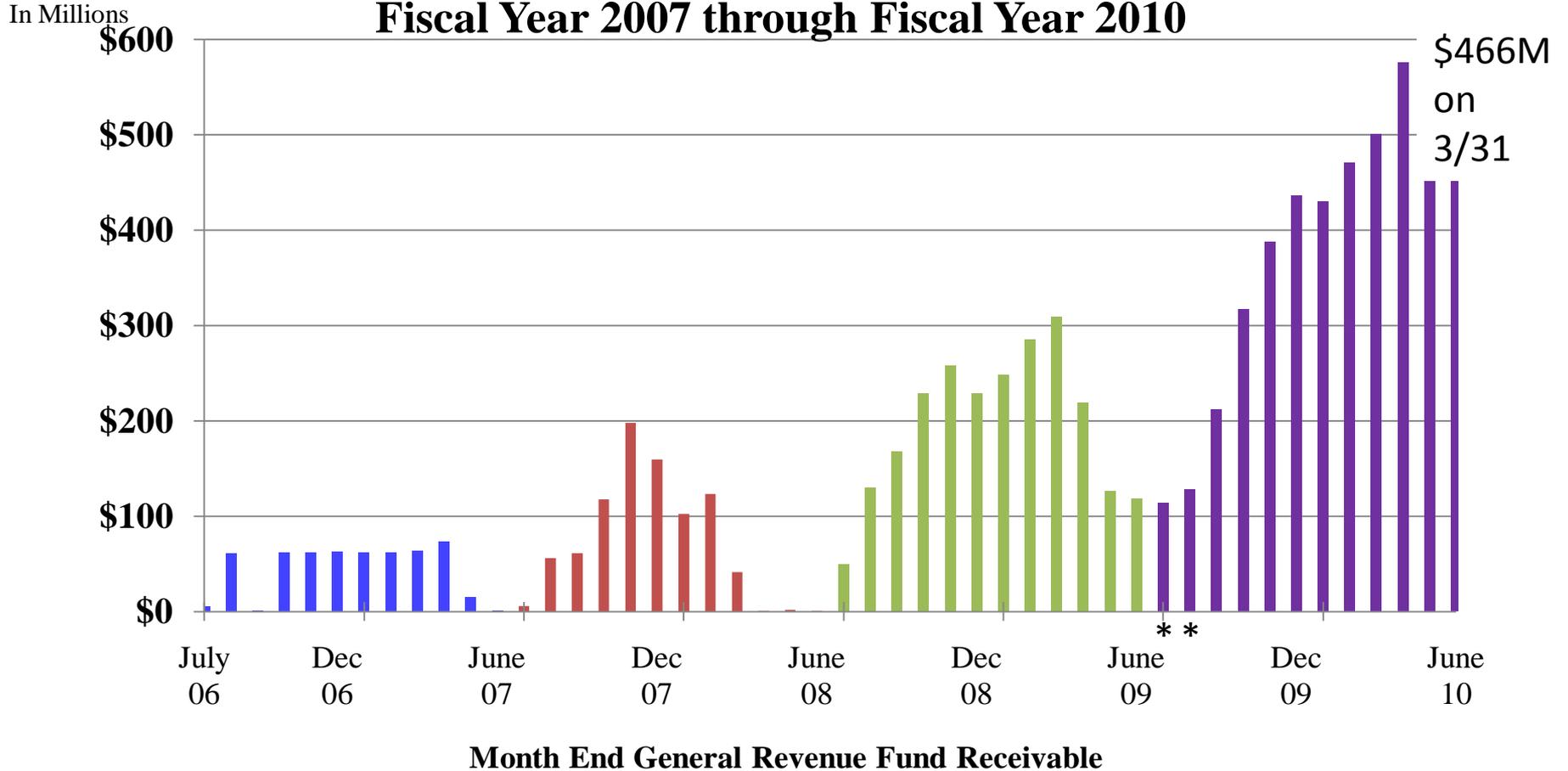
## **UIC State and Institutional Funds Budget**

(Constant Dollars)



*The amount owed by the State to the University is nearly double the amount outstanding at this point last year, which was already a historically high level...*

### UI Month End GRF Receivable Fiscal Year 2007 through Fiscal Year 2010

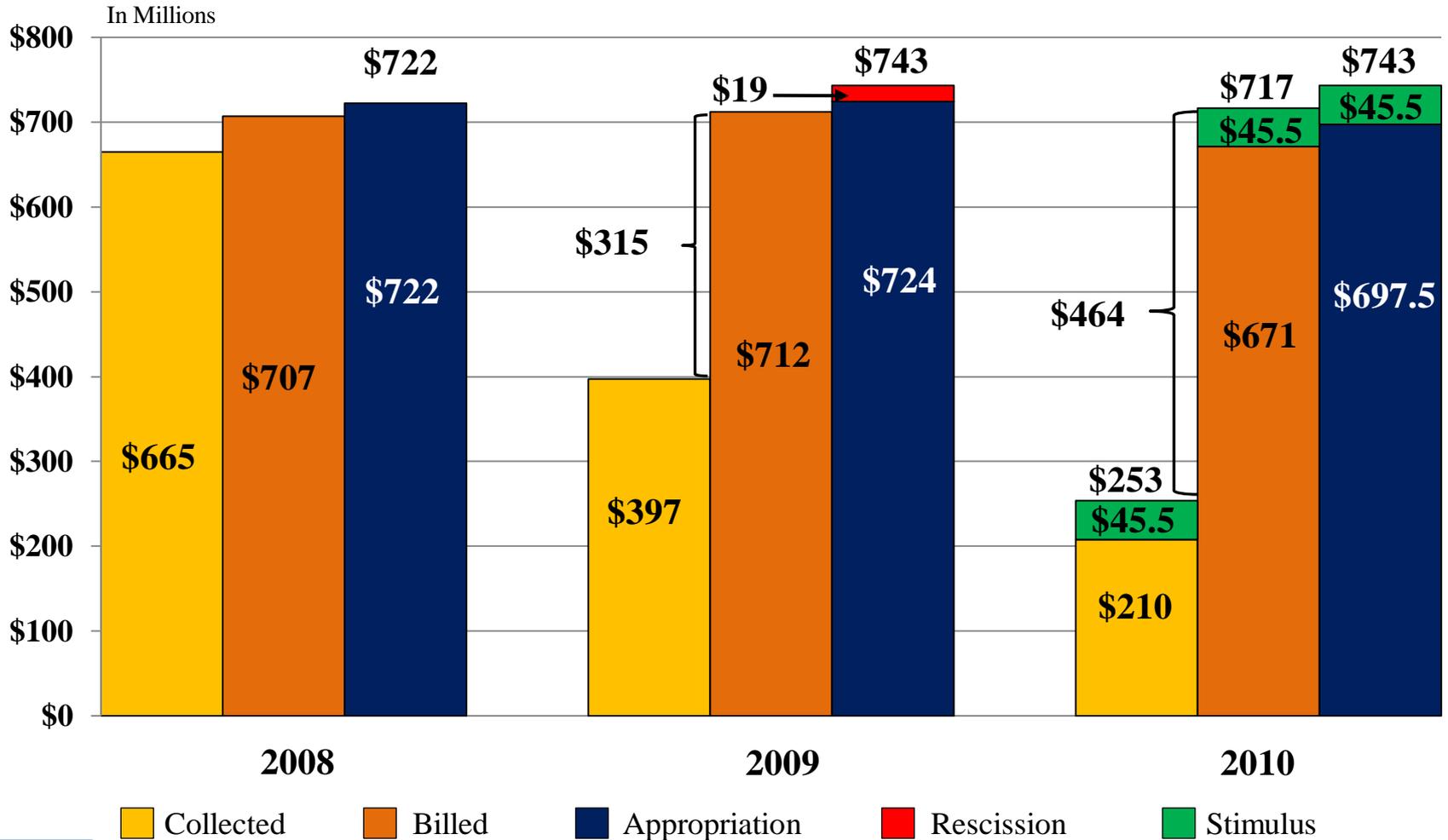


\* The first two months of FY10 have receivables from FY09 still outstanding. The receivable amount for each month in millions is as follows: July \$77; August \$44.

# State Appropriation Revenue

## Unrestricted Funds

Billings and Collections through March 31, 2010



*FY09 appropriation includes \$19 million rescission.*

*FY10 appropriation includes \$45.5 million of federal stimulus funding and assumes restoration of FY09 rescission.*

# Potential Solutions to the State Budget Hole (in Millions of Dollars)

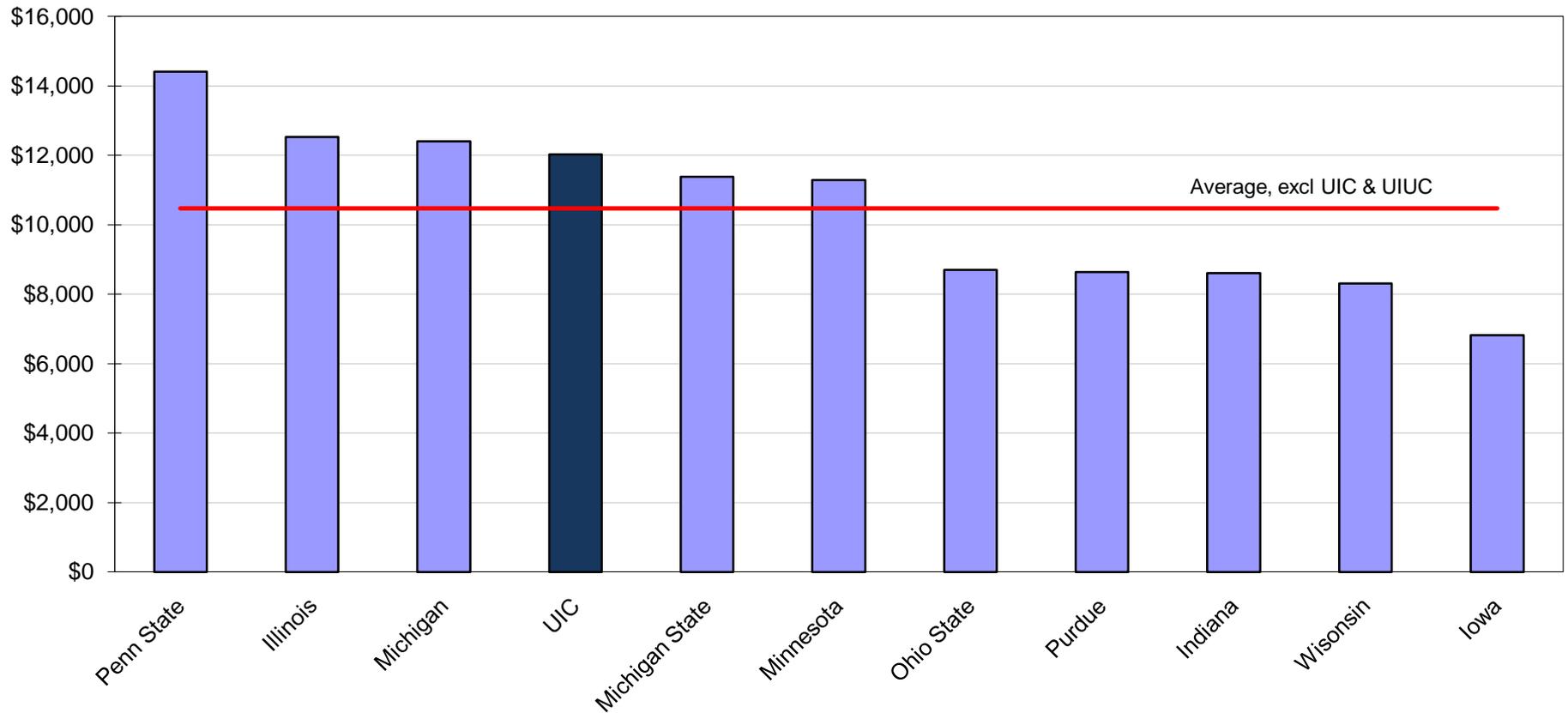
Proposals	Impact
Various budget cuts (on \$29.6B base; roll back spending to FY 2007 levels)	\$2,100
Increase employee contribution to retirement and health insurance plans	\$400
Increase personal income tax rates (from 3% to 5%)	\$5,700
Increase corporate income tax rates (from 4.8% to 6.4%)	\$300
Tax retirement income (repeal exemption)	\$1,600
Various other tax adjustments (rate increases, repeal credits & exemptions)	\$500
Defer to FY 2012/borrow/hope for economic recovery or additional Federal stimulus/additional drastic budget cuts	\$2,100

\$12.7  
B

Source: Civic Federation report, "A Fiscal Rehabilitation Plan for the State of Illinois"

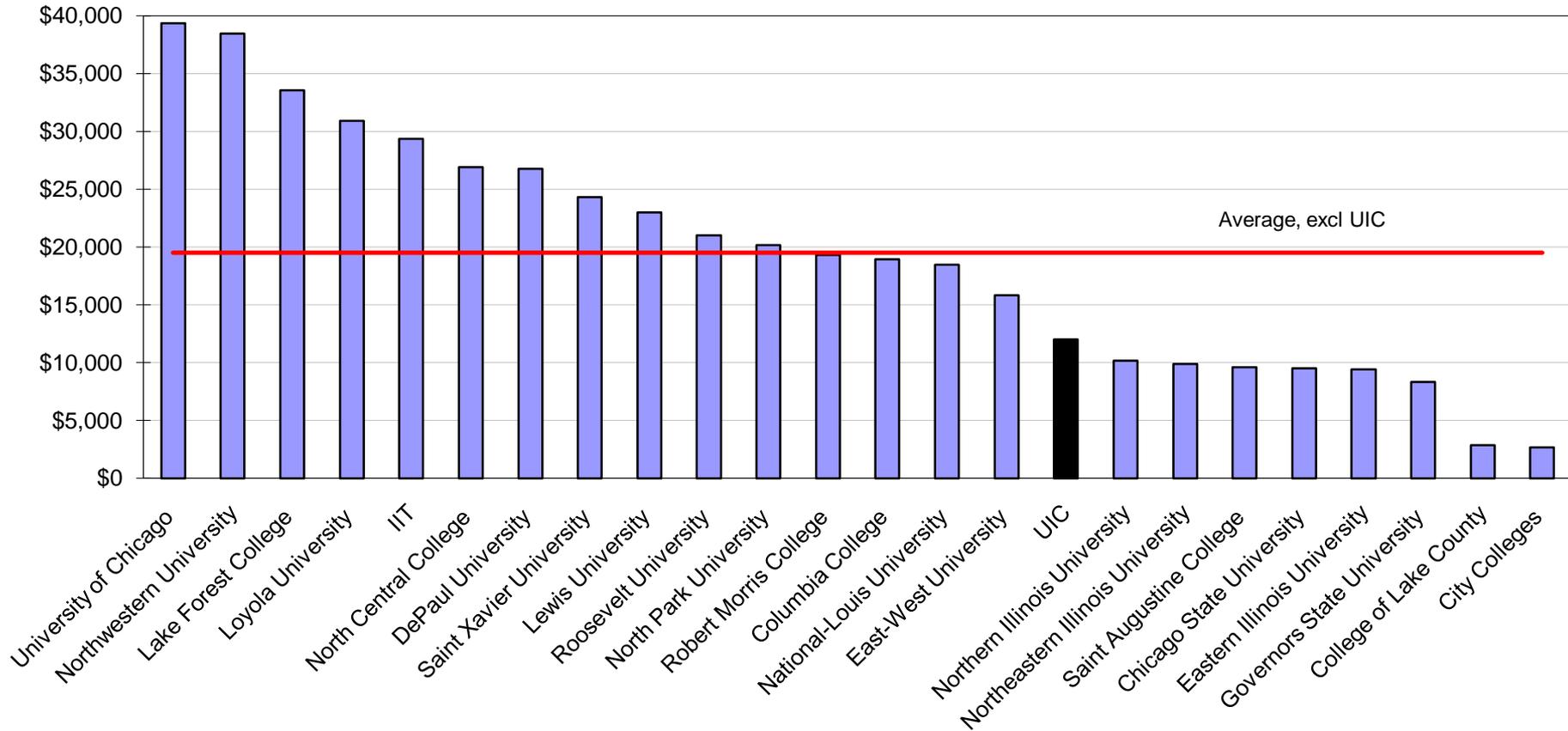
# *UIC's price is high relative to the Big 10 public universities...*

**Undergraduate Tuition and Mandatory Fees  
Big Ten Public Universities- FY 2010**



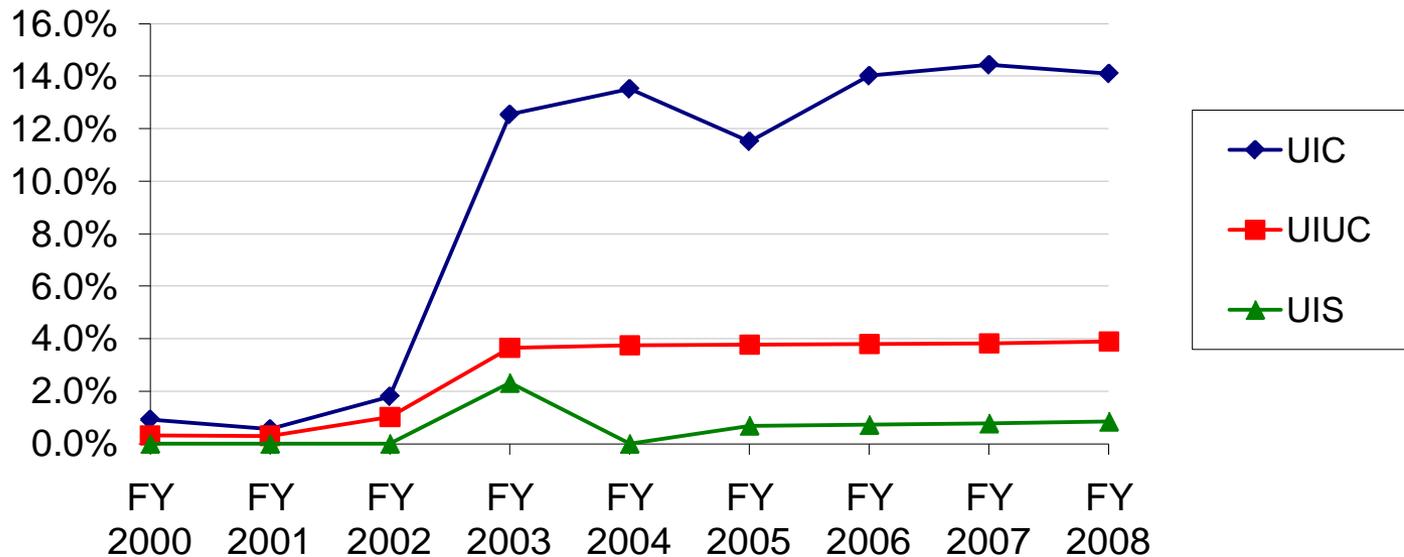
*...though not when compared to the local competition.*

**Undergraduate Tuition and Mandatory Fees  
Selected Chicago Area Universities - FY 2010**



# *UIC returns more tuition revenue to students in financial aid than its sister campuses*

**University of Illinois Financial Aid Expense  
as % of tuition revenue**

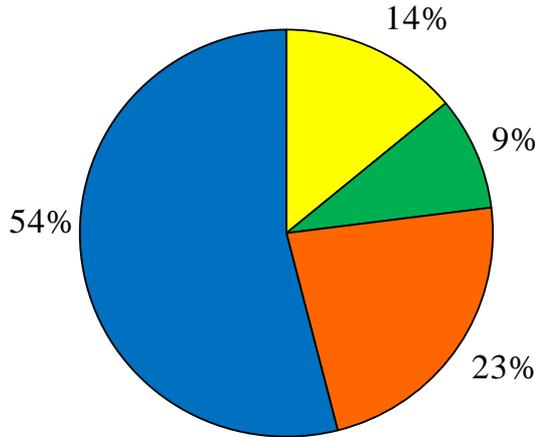


*We allow admissible Pell-eligible students to attend UIC even though they cannot afford our tuition and fee increases. Maintaining access to excellence requires a commitment to institutional aid.*

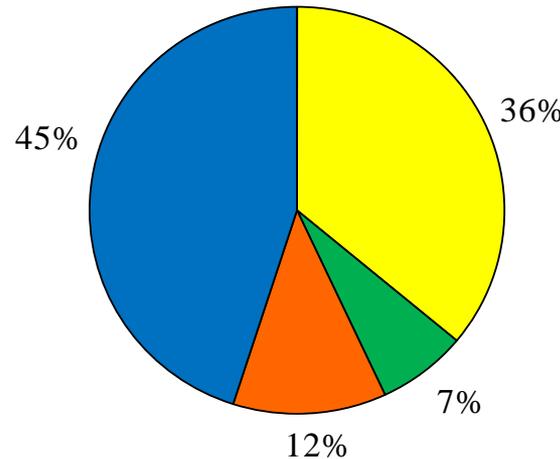
*More than half of the full-time undergraduate students pay less than the full sticker price, and more than a third pay nothing.*

University of Illinois – Fall 2008

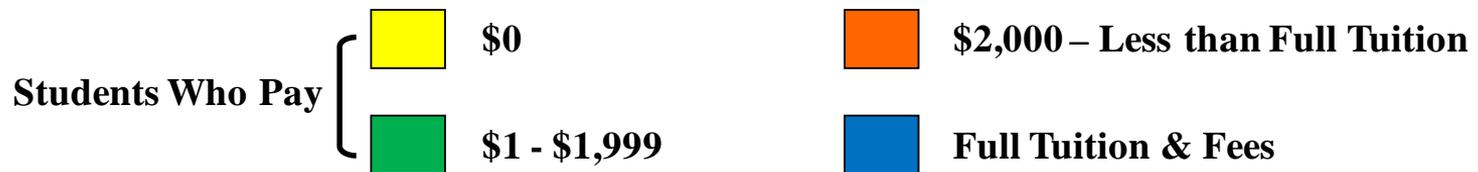
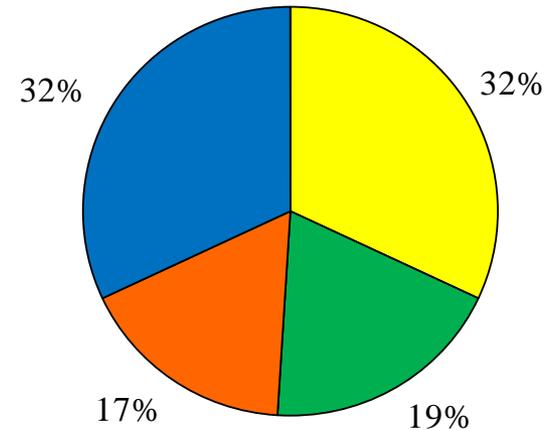
Urbana-Champaign



Chicago



Springfield

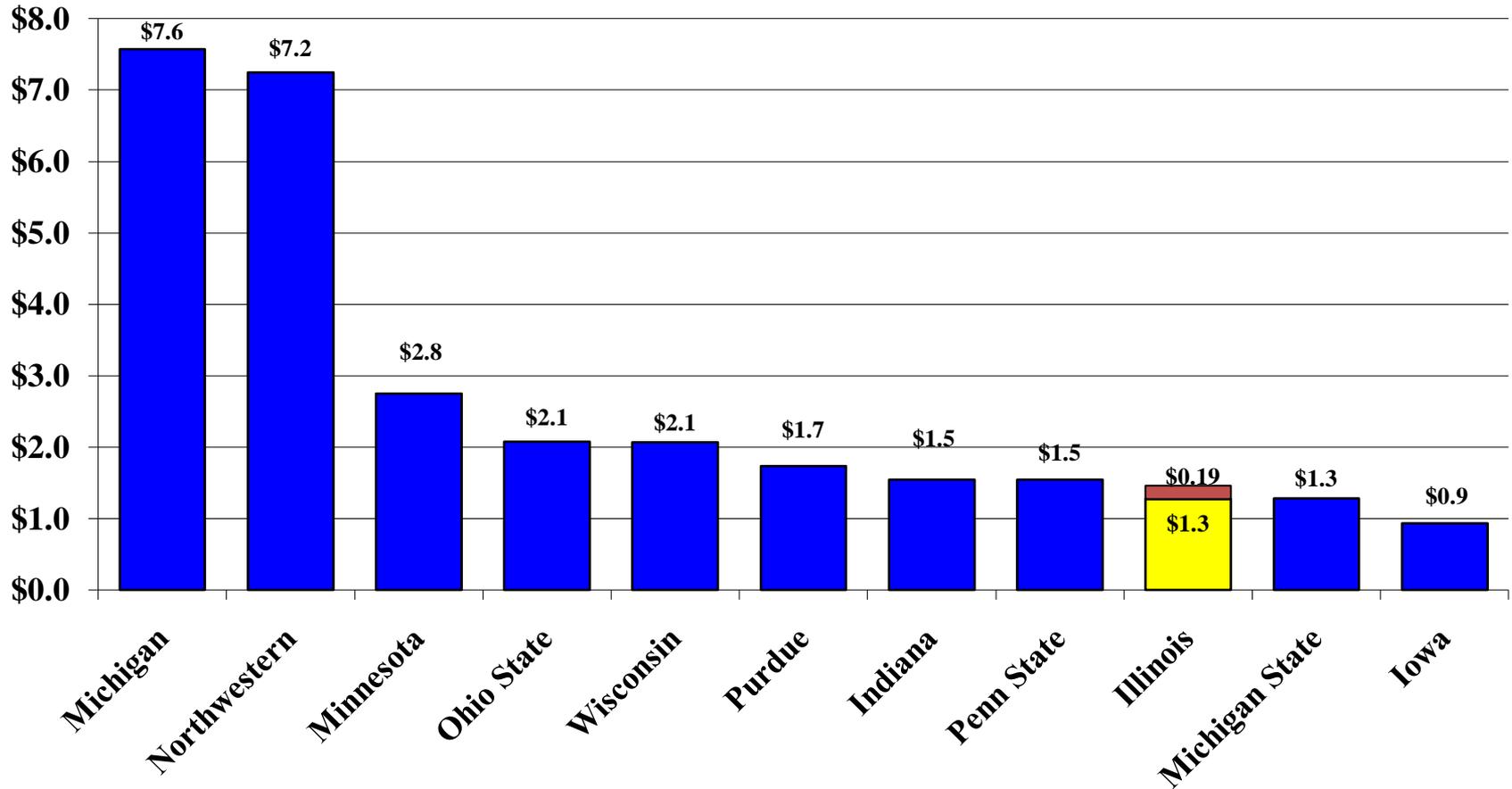


Based on Fall 2008 Full-time Undergraduates.

# Big Ten University and Foundation Endowments

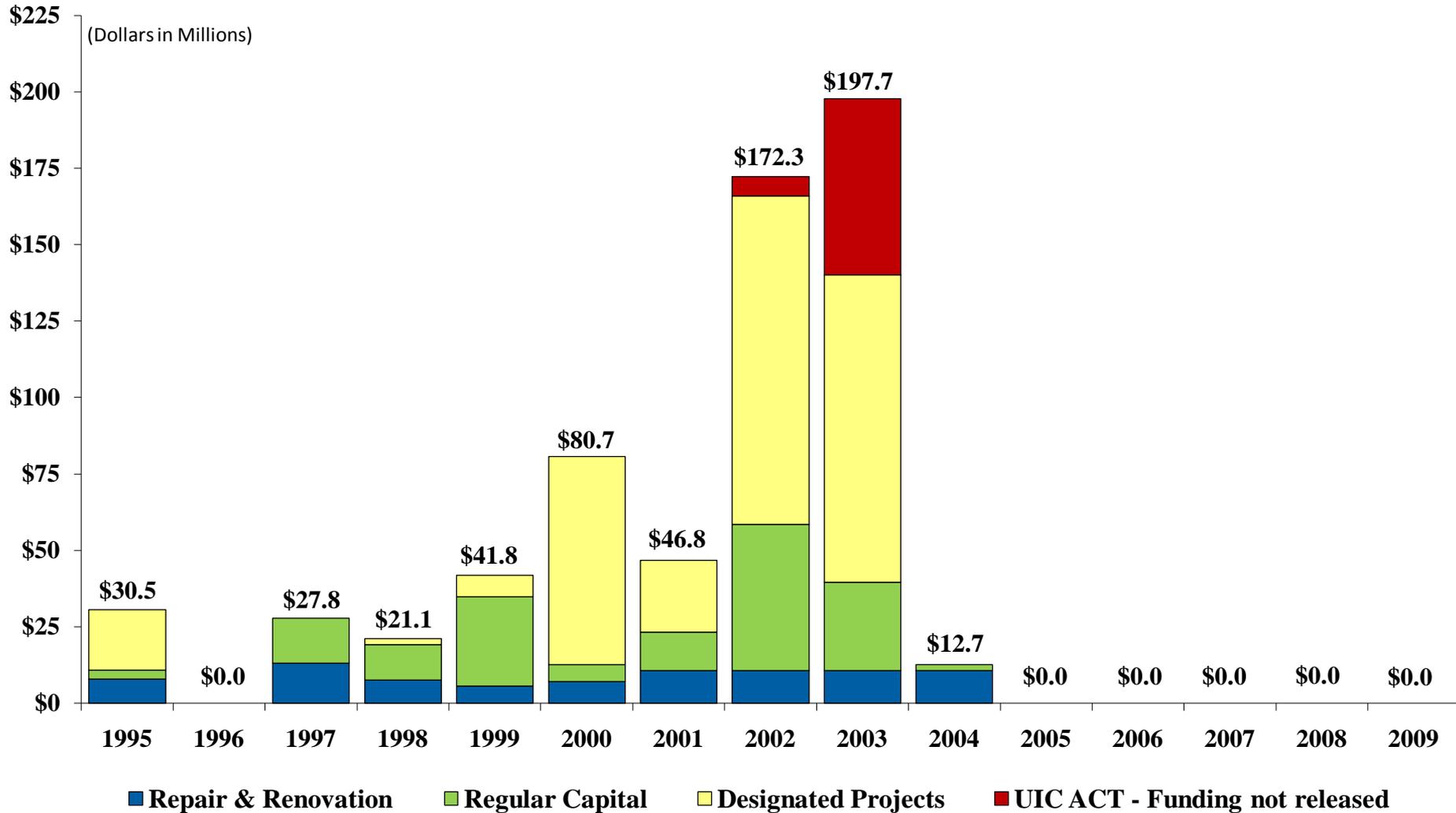
## FY 2008

(Dollars in Billions)



Source: NACUBO Endowment Study FY 2008.

# U of I Capital Appropriations FY 1995 to FY 2009



# FY 2010 State Capital Budget

## Major Projects as Signed by the Governor

(Dollars in Thousands)

	<u>Project</u>	<u>Total</u>
University Wide	Repair and Renovation	\$32,205
Urbana	Lincoln Hall Remodeling	57,304
Chicago	College of Medicine Rockford <sup>1</sup>	14,820
Urbana	Petascale Facility	60,000
Urbana	Electrical and Computer Engineering Bldg. <sup>1</sup>	44,520
Urbana	Integrated Bioprocessing & Research Lab	20,034
Chicago	Dentistry Modernization/Code Compliance	20,800
Springfield	Public Safety Building	4,000

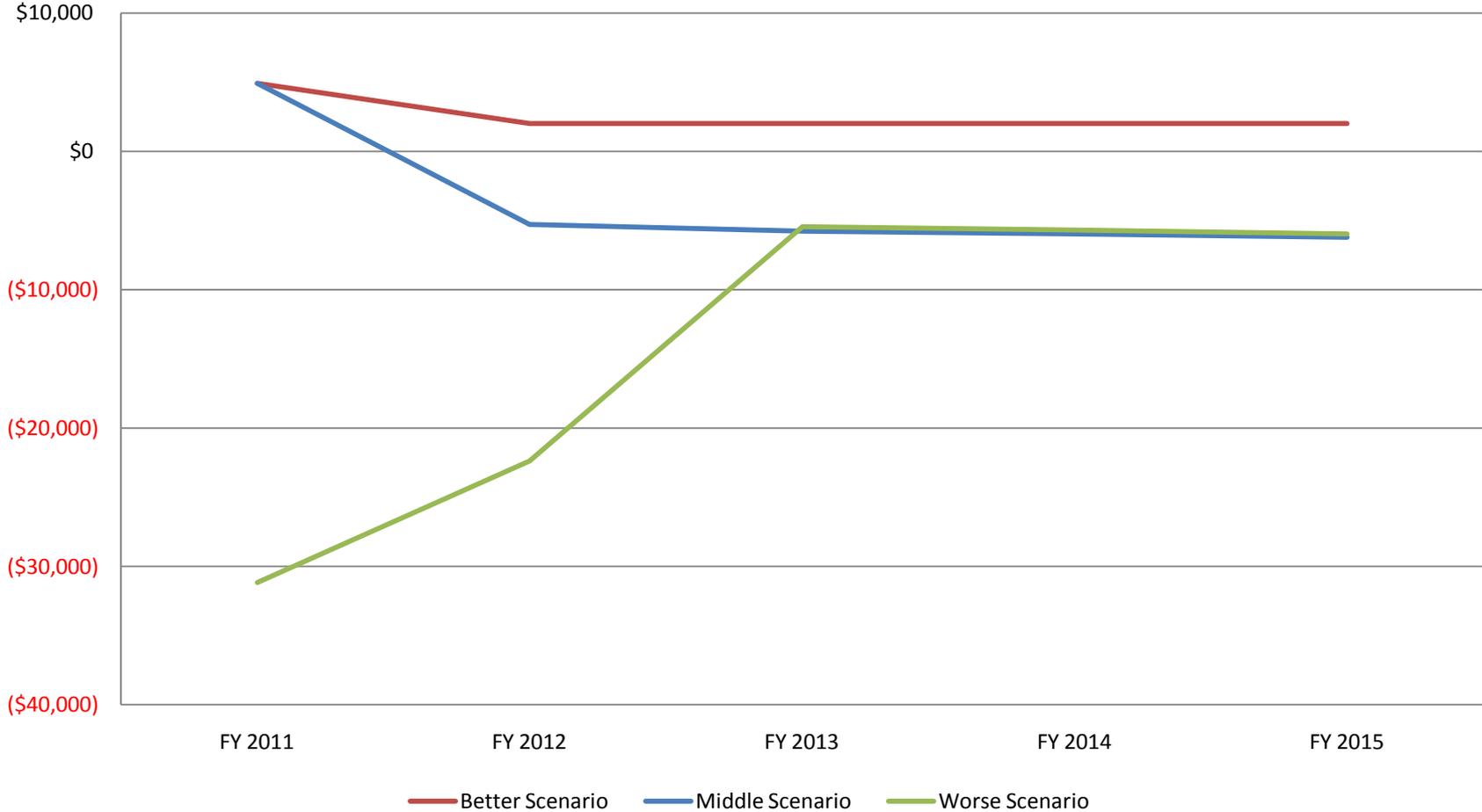
<sup>1</sup>State match on non-state funds.

# UIC Budget Forecast

		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>GRF from State</b>	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%
<b>Tuition (Base)</b>	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%
<b>Salary Program</b>	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%
<b>Utilities</b>		0.0%	5.0%	5.0%	5.0%	5.0%
<b>Financial Aid (as % of UG Tuition)</b>		15.0%	15.0%	15.0%	15.0%	15.0%

# UIC Budget Forecast – 3 Scenarios

## Net Funds Available



# Personnel Strategies

## Furloughs (or Voluntary Pay Reductions)

- 4 or 10 day
- Exceptions – clinical AP, revenue generating, visa, <\$30K
- SURS implications

## Hiring Freeze: Exceptions?

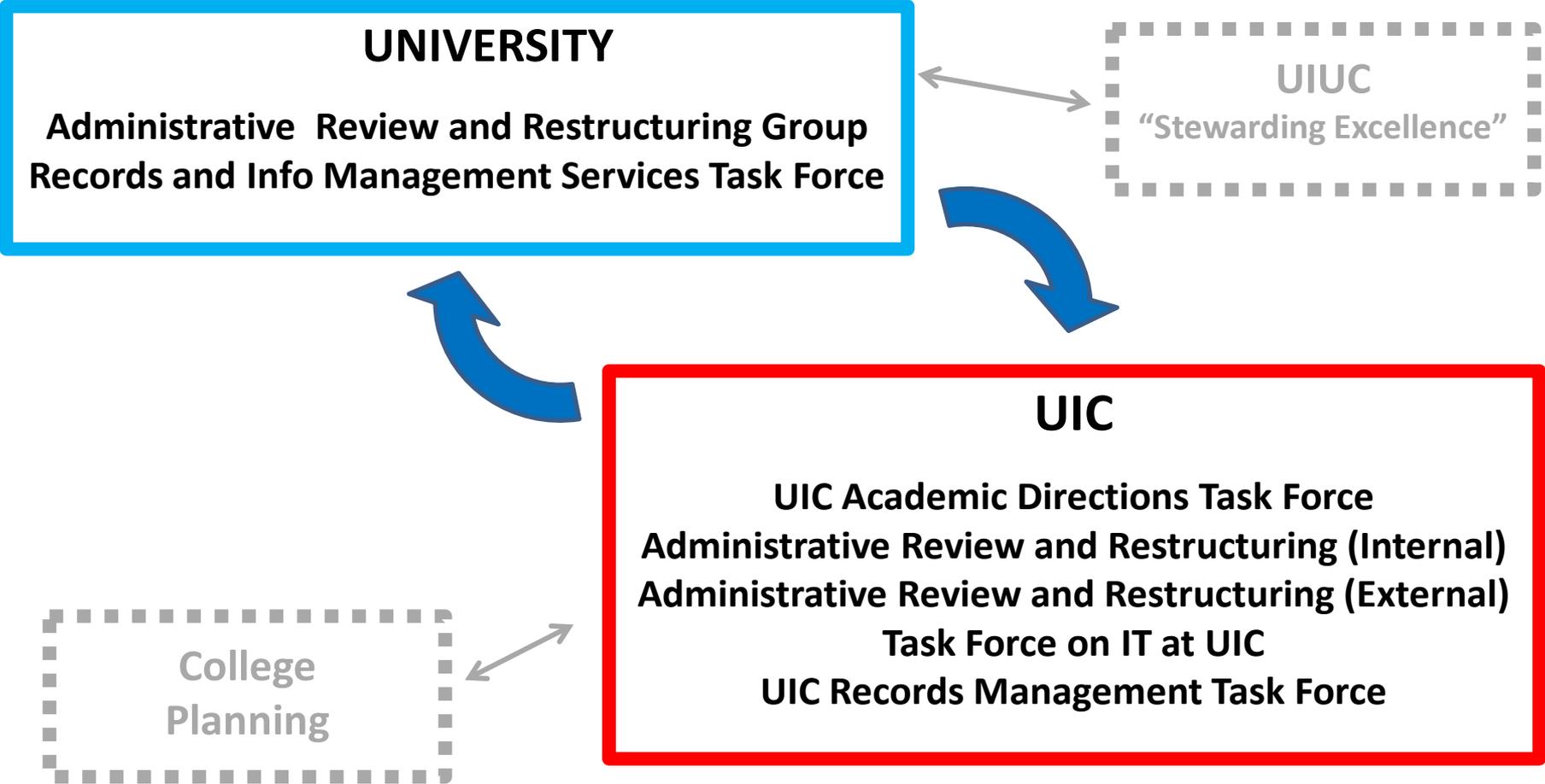
- Phase I (Before Budget Plans Approved): Chancellor and Provost approval  
For business continuity, revenue generating, critical leadership role
- Phase II (After Budget Plans Approved): Dean or Vice Chancellor approval
- Some delegated approvals effective Immediately:
  - Medical Center & clinic staff – approval by CEO of Medical Center or Dean
  - 100% non-state funded positions – approval by Dean or Vice Chancellor
  - Temporary positions: approval by Dean or Vice Chancellor

**Retirement agreements** – same terms as always (vs. UIUC program)

**Non-reappointments. Position elimination.**

# Review Process

## Rethinking How We Do Things



# UA

## Administrative Review and Restructuring Group

Chair: **Craig Bazzani**  
Former VP for Administration

### Charge (by S. Ikenberry):

**Report due May, 2010**

“rationalize the organization, improve performance and reduce costs of administration”

“review and make recommendations to me to improve the effectiveness and efficiency of our administrative organization and services...”

### Subcommittees:

- **Communications**
- **IT**
- **Procurement**
- **Service Centers**
- **HR**
- **Regulatory Relief**
- **Facilities/Capital Programs/Auxiliaries**

# **UIC Review of Administrative and Academic Units**

**UIC Academic Directions Task Force**

**Administrative Review and Restructuring (Internal)**

**Administrative Review and Restructuring (External)**

**Task Force on IT at UIC**

**UIC Records Management Task Force**

# UIC Academic Directions Task Force

Co-chairs:

**Lon Kaufman**  
Vice Provost for  
Planning & Programs

**Robin Mermelstein**  
Director, IHRP  
Professor of Psychology

**Phase I report: Sept. 1, 2010**

**Phase II report: Dec. 31, 2010**

## **CHARGE**

**Examine intellectual and competitive strengths of units and programs supporting UIC's academic mission including institutes, centers, support programs, and college programs.**

Inform the campus of academic areas for new investment or to shelter from adversity.

Examine the impact of unit/program relative to peers, the mission and vision of UIC, and cost.

Examine each unit/program in the context of the other units with which it interacts and the synergies created.

Determine if the activity is essential to UIC's mission, and whether it adds unique strength to UIC.

Consider whether new units should be created to anticipate key academic needs, or whether existing activities could be better (re)organized.

# **UIC Admin. Review and Restructuring (Internal)**

Co-chairs:

**Peter Nelson**  
Dean, Engineering

**Creasie Finney Hairston**  
Dean, Jane Addams College of  
Social Work

**Prelim. report: June 1, 2010**

**Final report: Dec. 31, 2010**

## **CHARGE**

**Areas covered: Energy Procurement and Consumption, Facilities and Services, Business and Finance, Human Resources, Capital Programs, Auxiliary Operations, Purchasing, Research Administration.**

Identify important functions of the units and how each supports the mission of UIC.

Determine whether the functions are necessary; can be redesigned and simplified; or can be eliminated altogether, and with what consequences.

Examine cost of the function relative impact, and whether the unit has ways for gathering feedback and assessing and improving performance.

Consider at what level (university, college, campus, outsource, etc.) the processes should be carried out.

Consider how to improve the interface between campus and central administration functions.

# **UIC Admin. Review and Restructuring (External)**

Co-chairs:

**Penelepe Hunt**  
Vice Chancellor, Development

**Clark Hulse**  
Associate Chancellor  
Prof. of English & Art History

**Prelim. report: June 1, 2010**

**Final report: Dec. 31, 2010**

## **CHARGE**

**Areas covered: Communications/Public Relations, Development, Alumni and Corporate Relations, Governmental Relations, Economic Development, Extension.**

Identify important functions of the units and how each supports the mission of UIC.

Determine whether the functions are necessary; can be redesigned and simplified; or can be eliminated altogether, and with what consequences.

Examine cost of the function relative impact, and whether the unit has ways for gathering feedback and assessing and improving performance.

Consider at what level (university, college, campus, outsource, etc.) the processes should be carried out.

Consider how to improve the interface between campus and central administration functions.

# Task Force on Information Technology at UIC

Chair: **Henri Gillet**  
Interim Dean, Grad. College  
Professor of Mathematics

**Prelim. report: June 15, 2010**

**Final report: Sept. 30, 2010**

## **CHARGE**

Relate UIC's strategic goals to their IT requirements.

Recommend IT governance practices that allow senior leadership to set priorities and align IT efforts with campus goals, without excessive management at a technical level.

Recommend ways to increase the transparency of the governance process.

Recommend changes in organizational responsibilities that would improve IT services. Consider both centralized and distributed service models.

Recommend adaptive funding mechanisms and appropriate funding/resource levels.

Recommend funding models sufficient for high-priority needs that incentivize good behavior.

# UIC Records Management Task Force

Chair: **Mary Case**  
University Librarian

**Draft report: May 15, 2010**

**Final report: Sept. 30, 2010**

## **CHARGE**

Draft a campus policy on the management of analog and electronic records ensuring compliance with public records laws and to ensure preservation of valuable records.

Develop a draft policy on addressing e-mail records management.

Develop a plan for the timely creation of record retention schedules in collaboration with UIUC.

Recommend a process for educating units on records management policy and practice.

Recommend structure and staffing of a Records Management Program at UIC.

Serve as a liaison to the Records and Information Management initiatives at the University Administration level and relevant UIC task forces.

# Diversity Strategic Thinking and Planning

[http://www.uic.edu/depts/oaa/diversity\\_planning/](http://www.uic.edu/depts/oaa/diversity_planning/)

**Campus committee:** 28 people (representing colleges, library, other units)

**Co-chairs:** Lon Kaufman, Vice Provost for Planning and Programs  
William Walden, Special Assistant to the Provost for Diversity

**Phases:** Diversity strategic Thinking: *Through the Lens of Diversity* (draft available)  
Diversity Strategic Planning (expected completion January 2011)

**Goals:** *Institutional transformation*  
Increase participation and success of underrepresented groups  
Incorporate diversity into every aspect of institutional life  
Realize the full benefits of our diversity -- enrich education, research, etc.

**Importance of engaging entire campus:** **Town Hall Meeting April 21, 2:00, SSB**  
campus committee working with college and unit committees  
extensive constituency meetings completed