Administrative Review & Restructuring

University of Illinois
Urbana-Champaign • Chicago • Springfield
In Constant FY2010 Dollars (CPI)

28.7% Decline since FY 2001

FY09-FY11 Do Not include the transfer of the State Scientific Surveys.
University of Illinois
State Appropriations Per FTE Student
FY 1990 – FY 2011

Spending Authority: FY02 – FY11 adjusted for Health Insurance obligation of $24.9 million and cash rescissions. FY09 – FY11 does not include $15.8 million transferred for the State Surveys. FY90-FY95 adjusted to include UIS.
Tuition Increases Have Not Overcome Loss of State Support
(Changes in Average Expenditures Per Weighted Student)

FY 2011 Difference -$735.1 per student

FY02-FY11 adjusted to exclude all rescissions and health insurance redirections. FY09 – FY11 excludes transfer of State Surveys. FY10 preliminary HEPI of +0.9%, FY11 estimated at 2.5%.
Need for Comprehensive Approach

Budget Balancing
• Budget reductions
• Reductions in service level

Temporary Reductions
• Hiring Freezes/Furloughs
• Expenditure controls

Operational Transformation
• Process improvements
• Leveraging scale for structural cost reductions
• Organizational alignment
The Goal: Operational Excellence

- Align organization with clear responsibility and accountability
- Improve business processes and tools
- Optimize costs by leveraging scale, scope and technology
- Set service levels appropriate to meet organizational needs
ARR Charge

Review administrative organization and delivery of administrative services at all levels of the university and propose ways to:

• Improve performance
• Rationalize administrative organization
• Gain cost efficiencies
ARR Working Group

- Michael Andrechak
- Craig Bazzani
- Douglas Beckman
- Harry Berman
- Tanya Gallagher
- Avijit Ghosh
- Randy Kangas
- Elliot Kauffman
- Carol Livingstone
- Dwight McBride
- Margaret O’Donoghue
- Michael Tanner
- Edward Wojcicki
ARR Working Group

- Six month study period: Dec 2009 – May 2010
- Multiple task forces formed
- Bench marking with other institutions
- Interim reports to President, Chancellors and Board
- Final Report June 2010
Recommendations in Four Categories

- Administrative Structure and Organization
- Delivery of Administrative Services
- Improving Business Processes
- Creating a New Vision for Service Delivery
Guiding Principles

• Protect and invest in services that support core missions

• Look for more effective delivery of service rather than cost reduction only

• Leverage the University’s size and scale, encourage greater sharing of resources

• Be willing to invest in technology to achieve efficiency

• Improve internal business practices

• Clarify organizational structures to establish responsibilities and accountability and improve effectiveness
Administrative Services

Greater Collaboration Among Campuses

Identify Commonalities
While Recognizing Unique Needs
University-Wide Implementation Effort

• Broad scale initiative to improve effectiveness and reduce cost of administrative services

• Campus, college and departmental initiatives are helping to reduce administrative costs

• University-wide implementation effort led by President and senior administrators

• Multiple projects initiated

• Significant savings achieved to date
Implementation Steering Committee

President (chair),
Chancellors, Vice Presidents,
Chair, University Senates Conference

Lead overall implementation effort, Set priorities, Approve projects, Review results
Priority Areas

• Information Technology
• Human Resources
• Procurement
• Capital Programs
• Marketing and Communication
• Alumni and Development
Strategic Procurement Services

Goals:

• Develop University-wide contracts for high-usage services and supplies in order to leverage the University’s scale as a buyer

• Expand use of University e-procurement system (iBuy) by all departments

• Improve transaction processing systems
Strategic Procurement Services

Progress To Date:

- Over 60 purchasing agreements currently in place
- New ones being added continuously
- Recently added contracts:
  - Office supplies → savings potential $2.5 M / year
  - Computers → savings potential $1.7 M / year
- Q1 FY11 Utilization of iBuy up by 130% over FY10
Significant Savings Achieved

FY11 Q1Q2 Total Savings $5,660,032

- New Contracts: $3,708,697
- Existing Contracts: $1,425,880
- Transactional Efficiency: $525,455
Information Technology Services

Goals:

• Implement projects recommended in ARR report, campus reviews—and others—to improve effectiveness and efficiency of IT services.

• Recommend governance model(s) to improve stewardship of IT resources at all levels of the University to support the University’s mission.
IT Efficiency Projects

- Reduce cost of maintaining enterprise software system
- Consolidate small data centers
- Consolidate email and calendaring services
- Implement method for reducing power consumption
- Support desktop technology more efficiently
- Converge voice and data communication networks
- Implement uniform identity system

Improved service at lower cost
Information Technology Services

Progress to Date:

• Multiple Projects Underway
  • Savings goal $18 M / year
  • Projected savings from current projects $8.44 M / year
  • Savings to date $2.40 M / year

• Campus and university-wide groups developing better governance models
Capital Programs

• A major investment area
• Opportunities to leverage scale
• Improve processes to ensure greater customer satisfaction
• Control project costs through improved project management
Human Resources

• Improve delivery of HR services to units
• Develop human capital strategy and establish priorities for implementation
• Review and improve internal HR processes
• Improve coordination among equal opportunity functions with HR functions
• Establish clear organizational structure for management of HR operations
Business Process Improvements

• Improved business processes result in transactional efficiencies and better decisions

• Multiple process improvement projects underway:
  – Travel and expense management
  – Contract management
  – Grants management
  – Records management (RIMS)
Shared Service Centers

Before

Each department with own Administrative support (IT, HR)

After

Shared Center Serving Multiple Departments
...Efficient and Effective

Shared Service Center Benefits:

– Consistent service levels (greater expertise)
– Significant cost savings
  • COE, AHS Urbana
  • LAS, SLCSL Chicago
– Consolidation of servers
– Bulk purchasing
– Space efficiency
Improving Effectiveness Requires Transformational Change

Set appropriate priorities
Be disciplined in our decision making
Inculcate culture of continuous improvement
Be willing to challenge status quo
This is a long-term effort
Success Going Forward Requires

- A sustained implementation process with broad involvement
- Continued and visible support of senior leadership
- Structure for setting priorities
- Responsibility for results
- Clear focus on operational excellence
Information is Key

• Need to know how much we are spending on what
• Modify information system to capture functional expenses
• Need help from all business managers
We Need Your Help

• Implementation requires everyone’s help

• Broaden ideas beyond recommendations in the ARR report

• Suggestions for process improvements and cost effectiveness measures

• More disciplined decision making by all of us

• Need to maintain focus on efforts
The Overall Premise

- Great universities are built on academic excellence
- Academic excellence requires operational excellence