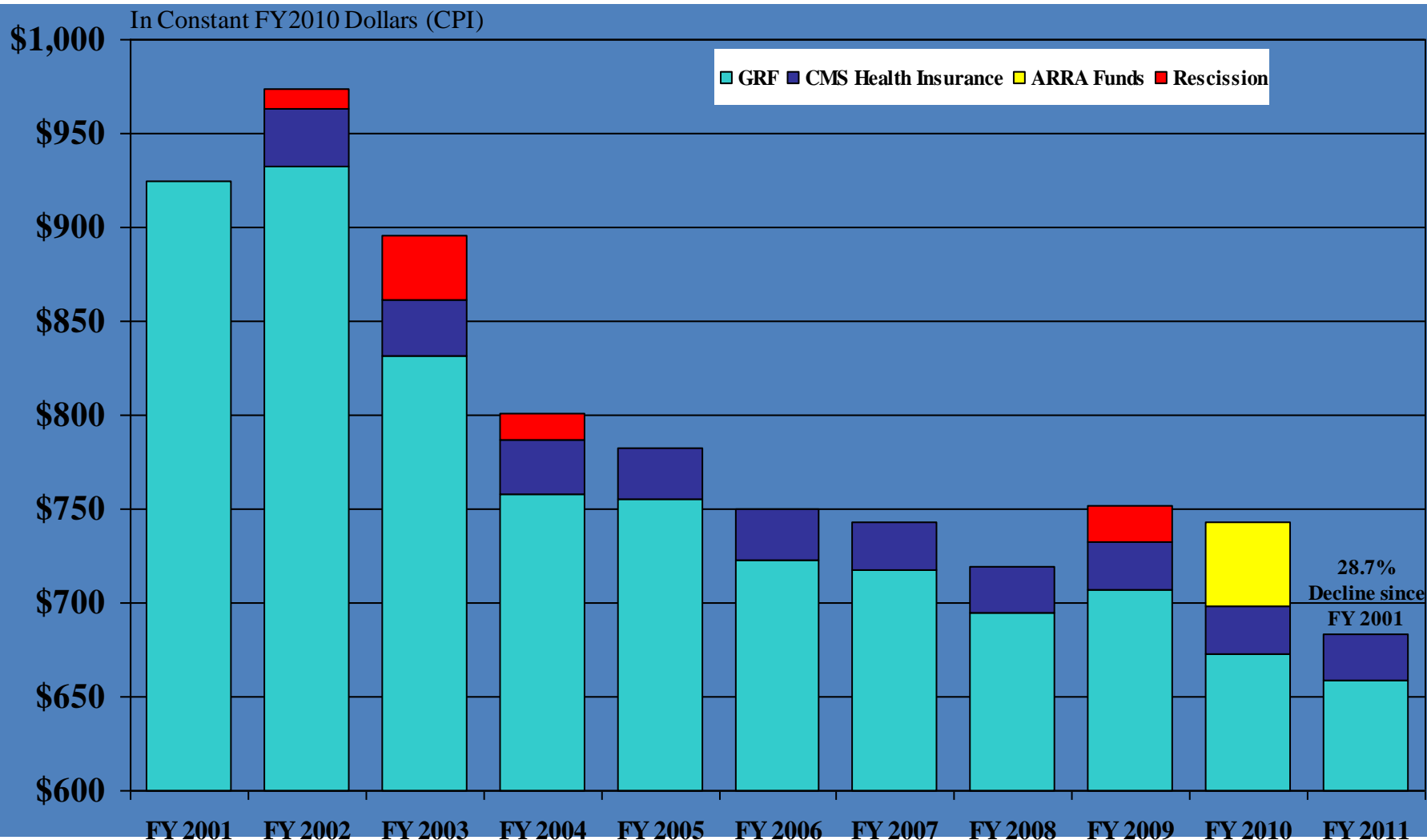


# Administrative Review & Restructuring



# University of Illinois

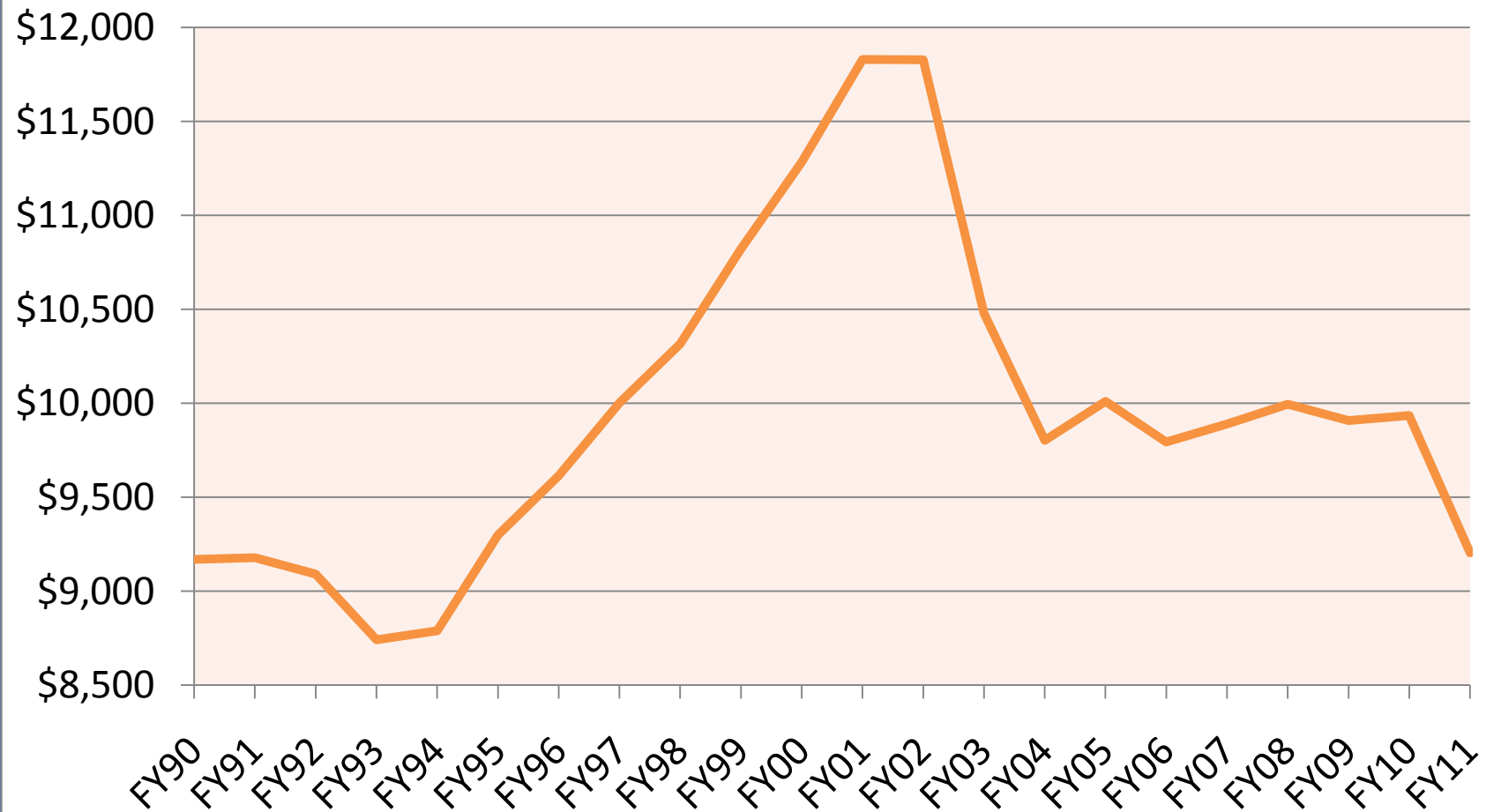
## GRF Appropriations for FY 2001 – FY 2011 (\$ Million)



# University of Illinois

## State Appropriations Per FTE Student

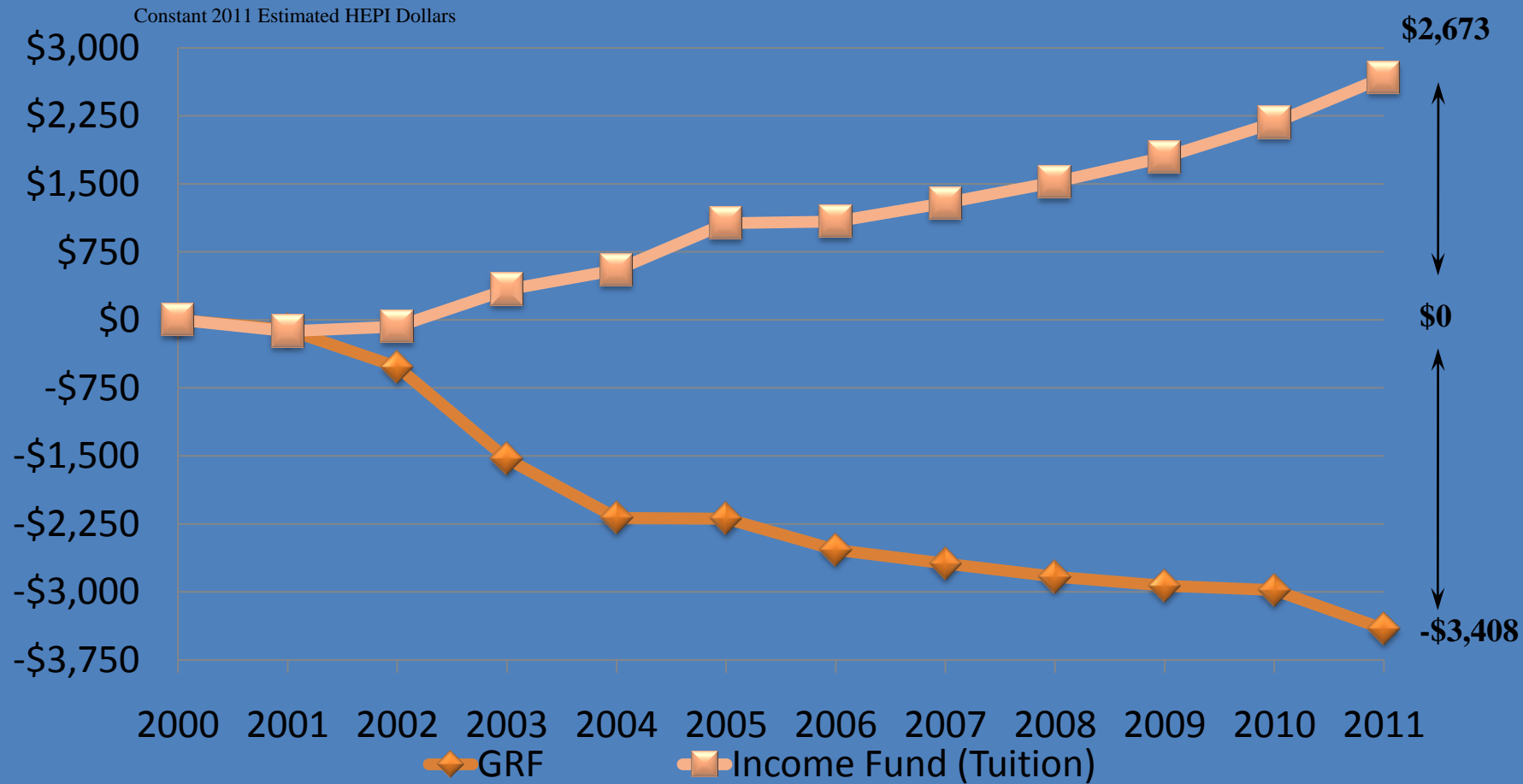
### FY 1990 – FY 2011



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**

# 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



# 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**



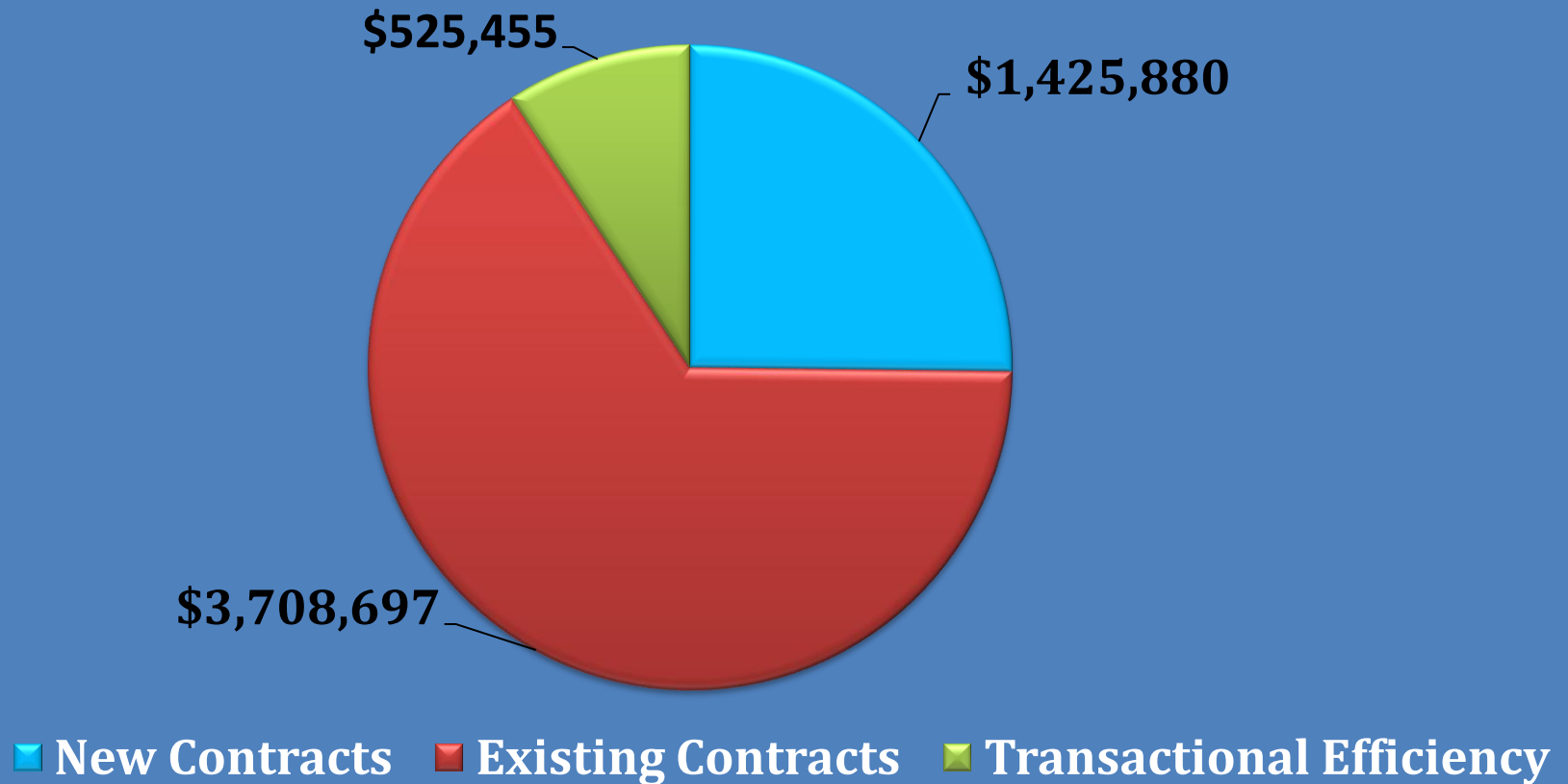
# Strategic Procurement Services

## 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



# 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**

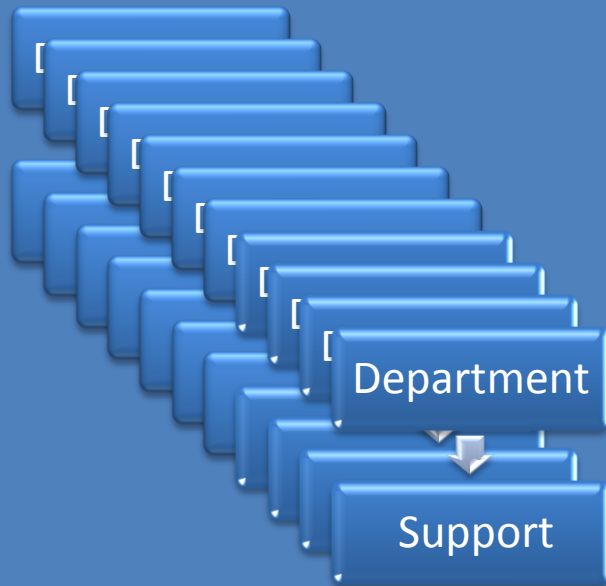
# Business Process Improvements

- 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)



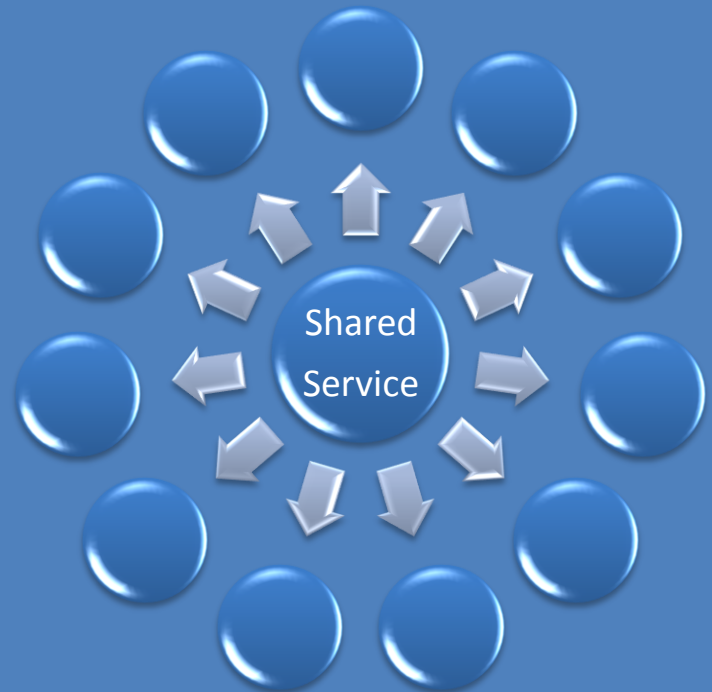
# Shared Service Centers

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**