

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Office of the Provost and Vice Chancellor
for Academic Affairs

Swanlund Administration Building
601 East John Street
Champaign, IL 61820



7 September 2016

Campus Budgeting Reform Steering Committee

John Wilkin, Dean of Libraries and University Librarian – *Chair*
Matthew Ando, Professor and Chair, Department of Mathematics
Jeff Brown, Dean, College of Business
Clare Crowston, Professor and Chair, Department of History
Barb Geissler, Executive Assistant Dean, College of Education
Michael LeRoy, Professor of Labor and Employment Relations, Chair, Senate Budget Committee
Klara Nahrstedt, Professor of Computer Science, Director, Coordinated Science Laboratory
Paul Ellinger, Vice Provost for Budget and Resource Planning, *ex-officio*
Janelle Sharpe, Professor of Law, Provost's Fellow, *ex-officio*

Dear Colleagues:

Last spring, informed by the findings of the interim report of Campus Budget Advisory Task Force (CBATF), deliberations with our Council of Deans and vice chancellors, feedback and advice from my visits to colleges and research institutes across the campus, and guidance from Interim Chancellor Wilson, I concluded that our current approach to budgeting is not serving us as well as it should be. Our approach lacks sufficient legibility, predictability and transparency, reducing our capacity to establish clear priorities and make collective strategic choices in our academic, research and engagement programs. Our reporting frameworks, accounting systems and funds allocation mechanisms are not aligned well enough among units at different levels. As our sources of funds have tilted further away from state general revenue funding, and our graduate tuition and online earnings have grown, our tuition distribution model's heavy weight on undergraduate tuition to fund shared costs has become increasingly problematic for maintaining good balance among our undergraduate and graduate programs.

There is an additional challenge. The financial conditions in which public universities must operate and thrive have been shifting for some time across the U.S. Here in Illinois, our state's capacity to support the University of Illinois at Urbana-Champaign is diminishing rapidly, given many other calls on public resources and a political impasse that is precluding deliberate and sustained action to bolster the state's fiscal health. We need a budgeting approach that facilitates a highly proactive response to this situation, even as we continue to make a vigorous case for the public's support of their flagship university and the transformative impact it has on the State of Illinois, the nation and the world.

Our approach to budgeting—including our accounting and reporting systems, our budgeting practices and the model we use to distribute both tuition and state-allocated revenues—must be designed to serve our fundamental goal of excellence in all we do. Moreover, it must help us become more resilient to short term fluctuations in state funding as well as longer term shifts in our sources of revenue.

I announced in campus-wide meetings in March that we will undertake a major project to address the deficiencies that have become increasingly apparent. Since my announcement, CBATF has completed its charge and the budget and resource planning team in my office has conducted considerable research on the budgeting approaches of peer institutions. We are now ready to launch the reform initiative and I am writing to ask you to serve on the steering committee that will provide overall guidance for the project. I am pleased to report that Professor John Wilkin, Dean of Libraries and University Librarian, has agreed to serve as chair of this committee.

Our current budgeting system, model and associated set of practices are complex. Redesigning them to meet the aims laid out above will require systematic, organized effort. Your charge is to:

- Assist in the development of a project management plan, including advising on major project elements, timeline and milestones;
- Identify and recommend membership for work groups to carry out major project elements;
- Monitor and communicate progress on the execution of the project plan, advising on necessary course corrections as the project proceeds.

I ask you to take special care to guide the project with careful attention to our shared governance values and practices, but also with the sense of urgency that our current financial circumstances demand. Your job will not be easy or uncontroversial, and I am grateful you are willing to take it on.

Over the past year, in speaking to various campus stakeholders, I have emphasized that we have many talented accounting and budgeting staff and academic and administrative leaders at our university who have worked for years to allocate resources wisely. Our approach to budgeting and resource allocation functioned well in many respects for a long time, or we would not have amassed the kinds of accomplishments for which Illinois has become known. However, consensus is strong that significant change is needed.

The great breadth and depth of the University of Illinois at Urbana-Champaign—its distinctive and complementary strengths in engineering, sciences, humanities, social sciences, arts, business, law and education—has been built through nearly 150 years of hard work and investment by many generations of stakeholders, both public and private. We will soon embark on our next 150 years, no less committed to world-class research, teaching and engagement. The work of this committee—the project you will help steer—will be critical to our success. Thank you for your willingness to serve.

Sincerely yours,



Edward Feser
Interim Vice Chancellor for Academic Affairs and Provost

c: Council of Deans