

OFFICE OF THE PROVOST
AND VICE CHANCELLOR FOR ACADEMIC AFFAIRS

PRINCIPLES OF RE-ALLOCATION

FINAL REPORT

2006-2007



ILLINOIS
UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

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TABLE OF CONTENTS

I.	COMMITTEE CHARGE.....	(TBA)
II.	COMMITTEE MEMBERSHIP	1
III.	EXECUTIVE SUMMARY (Not to exceed one page).....	1
IV.	COMMITTEE ACTIVITIES AND PROCESS.....	1
V.	RECOMMENDATIONS OR FINDINGS	2-4
VI.	ATTACHMENTS.....	(TBA)

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Reallocation efforts must always strive to maintain the balance of protecting current, critical activities and yet allow the institution to address new challenges and opportunities.

Improving and protecting the quality of our institution must be our first priority — maintaining the excellence of our faculty, our students, and our programs. The most basic guideline for reallocation efforts is that funding reductions should be made differentially. Across-the-board reductions, although the easiest to implement, will inevitably weaken our institution.

Guiding Principles for Budget Assessments

- 1) Centers of excellence in teaching and research should be protected. Each unit and activity within a unit should be evaluated with regard to its contribution to the success of the institution in achieving excellence. The teaching, research and scholarship activities of units along with that disciplines importance to institutional excellence and campus strategic priorities are factors that will influence reallocation decisions.
- 2) Differential reductions should be determined at each level of allocation. At a macro level, the campus must assess the relative value of each major activity. At the college level, the relative contribution of departments and support units should influence allocation decisions. Even within departments, choices must be made regarding which activities are more important and should be protected and which activities are less critical to the success of that unit.
- 3) Decisions regarding major redirection of funds should be collaborative and involve faculty, department, and college and campus leadership. Since the State's ability to support new initiatives is limited and since most new tuition funds are generally required for the support of ongoing cost increases, the primary resources for new initiatives are funds that have been redirected from current activities. There is no magic money. These funds come to the center at a significant cost: They are paid for through the elimination of positions and reduction of support for important activities. While in the long run, restructuring might allow a unit to maintain or improve service levels even with reduced funding levels, in the short-run, the removal of funds often means that units will be financially stressed. The reallocation of funds to units for recurring costs should be made with great sensitivity as to the source of these funds. These allocations should always involve great deliberation and be made only to activities that improve institutional quality and help in the achievement of strategic objectives.
- 4) Faculty strength should be maintained to the greatest extent possible. Although no unit or area within a unit has a claim on a specific number of faculty members, it must be acknowledged that a large and diverse faculty is essential to our success as an institution. But, it must be acknowledged that faculty size within units or areas may grow or shrink with changes in society and institutional priorities.
- 5) Priority should be given to educational offerings that are necessary for normal student progress towards degrees.

Student wellbeing and public safety should be protected. Although administrative reductions should be a priority, where possible, it is critical that we protect the needs of students and insure that we have a safe and secure campus environment.

Recommendations:

- 1) Program Review. Regular and systematic assessment of all programs is important, perhaps on a 3-year cycle. This should be an assessment of excellence based on contributions to at least one (and typically more) of the major missions of the University: education, research, outreach to the citizens of Illinois, and economic development in Illinois. The extent to which units align themselves with the campus strategic plans and/or other significant opportunities also should be evaluated. The units should be prepared to provide the context for defining and demonstrating excellence – presenting their peer group, describing the best in class, reporting how they are doing relative to those peers, providing a clear statement of where the unit is going and how they plan to get there.
- 2) CBOC. CBOC has certain aspects of great merit but needs to be revised and improved. The name of the committee is misleading. It is a program review committee, not a budget oversight committee. There should be significant input from faculty from across campus but there are some problems with the existing process. These include the large size of the committee, a large time commitment for committee members, and uneven contributions from them in terms of statesmanship and sweat equity. A smaller committee with a more rigorous screening process and, perhaps, some title (Provost's Fellow) or other compensation (release time).
- 3) Cultural Change. Certain truisms must be clearly eliminated from our culture, such as:

"We will do more with less." No, we will do less with less. We face a long-term zero-sum revenue stream. New programs must result from realignment of resources.

"All change is good as long as it is additive." Just as there was no Computer Science fifty years ago, there is no basis for Mining Engineering now. We must find a way to gracefully end programs. It is clear that programs cannot be summarily stopped; nor is it acceptable to allow them to be slowly strangled or go on indefinitely. There must be some middle-ground approach. Where possible small units with aligned interests should be combined (e.g., the proposed merger of Speech Communication and the Institute for Communications Research). The recent Community Health and Kinesiology merger appears to be a very successful example of how this process can happen.
- 4) Underperforming Units. Any underperforming unit must be assessed critically on a two-part basis. The first is the intrinsic nature of the discipline. If the discipline has intrinsic value, then an aggressive program for improvement must be developed and implemented. If the long-term value of the discipline is in doubt, either because the time has passed for the discipline or cost or practicality of becoming excellent is prohibitive, then a programmed departure is in order.

a. Identification of Under-performing Units

As explained above all units should be reviewed annually. A quantitatively informed qualitative analysis should be done of each unit using available data (e.g., Campus Profile). Each unit should be examined by its college (and each college by the CBOC) based on what kind of services each unit provides (e.g., undergraduate and graduate education, generation of research and research funding, outreach), costs, and contribution to the overall quality of the college or the campus. As part of the annual review, each unit should provide goals for upcoming years that will figure into the evaluation in subsequent annual reviews.

In addition to using internal sources of data, we must all benchmark our departments with other similar departments elsewhere in the nation. We should examine the overall reputation of each department, the provision of undergraduate education, the provision of graduate education, the placement of graduate students, the generation of grant funding, and so on.

Underperforming units must be given feedback about what they need to improve and also asked to develop a plan for improvement. These units should be given a chance to identify and implement potential solutions; however, there must be explicit consequences (perhaps no new hires, or possible merger with a related, but better-performing unit) if a unit is consistently recognized as an underperforming unit.

- 5) Cost Sharing. The cost of new programs should be shared between campus administration and the unit(s) proposing the new program. This is both the carrot and the stick for unit heads to propose the best new ideas and, at the same time, critically assess their own priorities. Colleges should be part of forwarding ideas for programs from units within colleges to campus administration.
- 6) Consider benefits of restructuring administrative support mechanisms toward more shared services. A number of examples already exist on campus of restructuring for cost effective support services. Several larger Colleges have made consolidations. Examples follow:

LAS –

In the College of Liberal Arts and Sciences all of the departments that are housed in the Foreign Languages Building (FLB) – which include Comparative Literature, English as an International Language (DEIL), East Asian Languages and Cultures, French, Germanic Languages and Literatures, Spanish Italian and Portuguese, Linguistics, Religious Studies and Slavic Languages and Literatures – each had their own departmental secretary, and in many cases their own business person. Four years ago they were moved to shared business and support services. They now have one business office, and one graduate office, and so on. They have also combined academic resources and are forming a School of Languages Literatures and Cultures which is to be approved by the Board of Trustees at their January meeting. In addition, DEIL is merging into Linguistics, so that the ESL degree program is part of the Linguistics program.

College of Business –

The College Office of Administrative Services handles all hiring, appointment, and payroll processes. Departments and student/faculty services units, therefore, do not process any Banner applications dealing with HR or payroll. This consolidation reduced nine separate HR/payroll processing units to one. The Office also provides administrative support for business processes for small units to ensure appropriate separation of duties and internal controls. Space utilization processes for classrooms may also be moved to a central administrative unit.

Smaller Colleges-

Smaller colleges could consider models of purchasing administrative support services. Potential areas where purchasing support might be more cost effective than developing it separately for each unit include: event planning, pre- and/or post-award support for grants, IT support. For example, Social Work compared sources of IT support and now purchases support from the LAS unit. Social Work has a very strong pre- and post-award support office. Units with a small amount of grant activity could purchase support from Social Work.

- 7) Source of funds for re-allocations. We encourage considering use of cash funds from a college toward re-allocations that are for non-recurring expenses. For example, this year

part of the re-allocation to campus unavoidable includes building and network costs that may happen for a fixed number of years, not indefinitely.