

**Office of the Provost**  
**University of Illinois at Urbana-Champaign**  
**BUDGET REPORT GUIDANCE FOR FY19: ACTIVITY-BASED UNITS**

3 November 2017

The State of Illinois' recent budget impasse ended in July 2017. Allocations for Urbana-Champaign from the University of Illinois System Offices include funding for the remaining FY17 appropriations, Monetary Award Programs (MAP) support for FY17 and FY18, and FY18 funding at 87.6% of FY15 levels. These reductions are coupled with shifts in benefit and pension costs to the university. Despite the reductions and shifts in costs, the University of Illinois is in a stable financial position moving forward as result of careful financial planning and university-wide cost reductions that exceeded \$69 million the past two fiscal years. We remain committed to developing strategies to further reducing our reliance on direct funding from the State of Illinois. These strategies will require reducing costs, reorganizing within and among units, and investing strategically to grow our net revenue.

Our plan for FY19 is to be both strategic and efficient while making critical investments for our future. In FY18, each college and research institute contributed resources to a \$10.6 million investment pool that funded eighteen projects that address high and emerging growth opportunities. Because the reductions colleges and units have taken these past two years have impacted hiring, retention and investments, we will reduce the fixed individual college contributions to the investment pool by 50% in FY19. As in FY18, we will invest these funds in a non-recurring manner in projects to seed net revenue generating activities, to provide bridge funds for the expansion of existing revenue-generating activities, to invest in automating processes, to motivate reorganization, and to co-invest in new instructional facilities and projects. Our goal continues to be investing in the future to improve our financial viability and reducing our reliance on State of Illinois financial support.

To continue making progress in this strategy, we are implementing the following initiatives in our FY19 planning process:

- We are asking all university units—activity-based, centrally-budgeted academic and centrally-budgeted administrative—to continue the process of developing plans that significantly reduce their financial dependence on the State of Illinois. Activity-based units are defined as colleges, schools, and research institutes—those units that generate a significant share of their revenues through their direct activities.
- Leaders of all activity-based units will once again have the opportunity to provide investment proposals that have the potential to provide net additional revenue; thus, we are once again asking all activity-based units to contribute recurring resources to an investment pool. Each unit will be asked to provide one-half of the fixed, recurring amount that was used for each unit during FY18 planning.
- Leaders and the senior budget officers of all activity-based units and larger centrally-budgeted units will meet and discuss their reports, plans and investment proposals with the Provost and the Provost's staff. We may provide some unit-specific questions in advance to address in your meeting. The Administrative Budget Committee (ABC) will

review the remaining centrally-budgeted units. Because of the large number of centrally-budgeted units, all will prepare plans, but only selected units will meet with the ABC in a given year.

- The unit reports and the attendant review and discussion will be considered and factored in the formulation of a draft university-wide budget plan for FY19 by the Provost Office. This draft budget plan will be reviewed and revised under the guidance of the Campus Budget Oversight Committee (CBOC) and the Council of Deans and subsequently shared with the Faculty Senate. We will share all budget reports with both CBOC and the Council of Deans.
- We have shaped the budget guidance for both activity-based and centrally-budgeted units to prioritize strategic efforts to reduce administrative overhead and costs, as well as to generate additional net revenue.

The remainder of this document provides additional details on the plan outlined above and specific guidance for the preparation of activity-based unit reports.

### **Budget Plan Development**

**In developing your budget plans, incorporate a recurring reduction in the amount of one-half of your FY18 recurring reduction. The specific reduction for your unit is provided in the body of the FY19 Annual Report Guidance transmittal email.** Tuition distribution will follow historical practices. Also, for budget planning purposes, please plan for a potential salary program. Funding for a salary program will also follow historical practices.

### **Report Components**

Please include the following sections in your strategic budget plan. Diversity issues, initiatives and staffing should be addressed within the relevant sections throughout the plan.

1. **Strategic Priorities**: Briefly outline your measurable strategic goals. Describe the unit's strategic priorities and new initiatives you intend to launch in FY19. Articulate three to six strategic priorities and associated actions your unit has implemented or will be implementing to capture the opportunities and address the threats you have identified. In thinking about your strategies and actions, consider new activities that will both improve your competitive position amongst your peers *and* strengthen your financial viability; additionally, consider existing activities that you will stop or reduce to free resources for investment in other areas.
2. **Opportunities and Threats**: Please discuss the overall state of your unit along with opportunities and threats facing it. Identify specific opportunities that you believe, if addressed, would enhance the excellence of your programs and build upon your strengths. Discuss threats to the excellence of your programs and address high priority activities. Describe challenges you may be experiencing in maintaining or enhancing your unit's competitive position. Provide benchmarking data, if appropriate.

3. **Changes in Demand for Programs (academic colleges and schools only)**: If not already included in your strategies and actions, provide a three-year overview of your plans regarding enrollments in your college's degree and certificate programs. Include residential undergraduate, graduate, and professional programs, as well as online and distance learning programs. Explain how enrollment trends such as increasing or decreasing student demand, and opportunities such as creating or revising programs, relate to your unit's strategy and hiring plans. What university actions would be needed to aid in addressing changing student demand? You may want to reference the newly added "Programs" tab in the [Program Review Data](#) for enrollment and degree data for all academic programs in your college to aid in this process.
4. **Revenue Growth and Cost Containment Activities**: Propose revenue growth and cost savings opportunities that contribute to addressing the university-wide financial challenges outlined above. Consider both unit-specific and shared cost implications so that the cost-benefit impacts of your solutions on the university as a whole can be judged, at least in broad terms. If your solutions are contingent on a change in the state/tuition allocation formula, please articulate how. You can provide specific details on your investment proposals under item 9 below.
5. **Restructuring Opportunities**: Significant reorganizations or consolidations within units will be necessary to both foster new disciplinary opportunities and streamline administration. This is particularly true for units with little revenue growth potential and which are experiencing declines in student demand and associated revenues. In these cases, articulate plans to reduce costs substantially or turn around the trajectories of these units. We expect all units to put forward plans. If bridge funding or short-term investments are needed to facilitate reorganization, please submit an investment proposal under item 9 below. Disaggregate your plans by unit or major unit type as appropriate.
6. **Strategic Plans for Cash**: Provide an overview of your cash management strategy, including an overview of your current plan for the use of cash carryovers including cash needed for startups/retentions, cash reserves, investments, and set-aside.
7. **Staffing Plan & Financial Feasibility Template**: A staffing plan for a college specifies what positions are needed by the college, usually over the next year, and how they will be organized into departments and divisions or programs within departments. The purpose of the staffing plan is to make certain that the college, its departments, and the divisions and programs within or across departments have sufficient faculty members and staff with the right skills and experience to ensure success in executing the college's strategic plan. The staffing plan should be an integral part of the college's strategic plan and supported by its budget. It should take into account internal and external challenges, opportunities, and trends and must integrate hiring and retention with the college's strategic plan and budget.

As in past years, please include a 2-3 page plan that explains your optimal faculty and staff size and mix for your unit. Include your rationale, connection to your strategic plan, diversity goals, as well as completing the Staffing Plan Financial Feasibility template\* (new last year). **This 2-3 page overview, along with the completed Staffing Plan Financial Feasibility template should be submitted along with your annual report.**

8. **Position-specific Hiring Plan (Applies to academic colleges and schools only):** Rather than having units populate an Excel workbook with their detailed hiring plan that includes specific positions, this year, a new electronic system is being launched. Since this new system will mirror the former Excel spreadsheets, the information you will be asked to submit will be similar to what you provided in the past. A link to that system will be provided in the upcoming weeks.

**There is no set deadline for the submission of this detailed hiring plan. All plans should be submitted via the newly launched electronic system, and will be reviewed on a rolling basis. Note, however, as stated above, that your 2-3 page hiring overview and the Staffing Plan Financial Feasibility template should be submitted along with your annual report.**

- I. **Hiring Overview:** Fill in this part of the form with information on faculty departures, optimal counts, and goals for female and underrepresented groups. A few fields in this section are pre-populated with current data.
- II. **Status of Prior Approved Faculty Searches:** The new electronic system has been populated with your previously approved searches. For each position, note whether the position was filled and the name of the person hired. If the position has not been filled, provide a rationale for why it remains a priority and should be rolled over. Carryover positions should be prioritized together with plans for new positions.
- III. **New Faculty Hires:** Please list each new position separately, including faculty rank, estimated salary, college funding source for the salary, funding source for start-up costs, and a brief rationale for the position. In particular, explain how the position is justified in the context of the current size of the unit's faculty and student demand (majors and IUs). While specialized faculty positions do not need to be listed in the template at this time, be mindful of the budgetary implications of making multi-year/"career path" hires of specialized faculty. Provide a brief summary of your specialized faculty hiring plans in your memo if you plan to make many of these hires.
- IV. **Status of Academic Professional Hires on State Dollars:** Please complete this section by providing an update on the 2017-2018 new Academic Professional positions. For each position, note whether the position was filled and the name of the AP. If the position has not been filled, provide a rationale for why it remains a

priority and why it should be rolled over. Carryover positions should be prioritized together with plans for new positions.

**V. New Academic Professional Hires on State Dollars (to be completed by ALL activity-based units):** Please complete this section for requested new hires, including a strong rationale for each position.

Prioritize hiring for programs with high demand and growth potential. Please remember that your number of new faculty appointments will likely be increased by the necessity to make Dual Career hires and the opportunity to make TOP hires. While we continue to consider the Dual Career and TOP programs vital to maintaining and enhancing our faculty strength, some adjustments will be needed moving forward, such as limiting the commitment of central funds to 3-5 year windows. Like any faculty position, Dual Career and TOP hires should fit within your strategic plan and the instructional and research needs of the university.

**9. Investment for Growth Proposals:** To enhance our scholarly excellence and to improve our financial viability, our institution demands to invest resources that will position the university to address the changing demands of a premier land-grant institution. These investments can be used to seed net revenue generating activities, provide bridge funds for the expansion of existing revenue generating activities, invest in automating processes, motivate reorganization, and co-invest in new instructional facilities and projects. The initiatives should clearly address your strategic plan and be core to your scholarly mission.

Investment funds will come from the reallocation investment pool as well as by leveraging central resources. The investment pool will have approximately \$6-7 million total university-wide to make non-recurring university-wide investments.

The proposals should include

- I. Objectives
- II. Need
- III. Impact
- IV. Sustainability
- V. Budget and Expected Return on Investment

The following criteria will be used to assess the investment proposals:

- a. Contribution toward the university goal of reducing reliance on state financial support
- b. Alignment with high and/or emerging demand
- c. Centrality to the scholarly mission (teaching, research, and outreach) of the unit or the campus as a whole
- d. Likelihood of financial sustainability at the end of investment funding
- e. Potential to aid collaboration and build synergies within the unit or across

- campus units
- f. Potential to minimize redundancy and competition across campus units

Units should prioritize specific projects when multiple proposals are submitted.

To facilitate review and input of multiple proposals, section 9 should be submitted in our proposal management system, which can be found at [Investment for Growth Proposals](#).

### **Budget Report: Metrics**

Please include reference to the following information in preparing your report. A separate communication will be sent to your budget officer providing details related to accessing the data sources referenced below. You may wish to supplement the metrics provided below with specific key performance indicators you use within your unit. We will review these metrics in conjunction with your report.

#### **Financial Metrics\***

This table provides five years of data for the following items:

- Budget (state, tuition, and ICR)
- Non-state funds (grants, gifts, self-supporting)
- Carryover balances
- Deficit balances
- Staffing trends

**Strategic Metrics (academic colleges and schools only):** These dashboards offer consistent information about costs, quality, enrollments, teaching performance, and research productivity of colleges and their departments and schools.

[Program Review Data](#)

[Graduate Education Dashboard](#)

Financial Analysis Dashboards\* (available soon)

#### **Departmental Salary Analysis (academic colleges and schools only)\*:**

In December, the Division of Management Information (DMI) will provide you with an analysis that compares your department and school faculty salaries with those of their self-selected peer departments and schools. We will provide additional salary comparison data adjusted for cost of living differences again this year.

### **Submission Deadline**

Please submit your report to [provostbudget@illinois.edu](mailto:provostbudget@illinois.edu) by **Friday, January 19, 2018**.

**Page Limit** Your narrative should be *no more than fourteen pages*.

\*These reports/templates can be found in your unit-specific folder on Box:  
Academic and Admin Units>*your unit*>2019 Budget>Annual Report Supporting Data