



# BUDGET REFORM UPDATE

March 2018

“We need to reinvent or redefine what a public land-grant university—an invention of the 19th century—is and should do for the citizens of a 21st century world.”

Robert J. Jones, Chancellor

# Budget Model Needs to Support This Vision



Change Incentives

Improve Transparency

Unit Actions ↔  
Budget Outcomes

Comprehensive,  
interconnected  
campus

# Campus Budget Advisory Task Force (CBATF)

Charged in Nov.  
2015

- **Matthew Ando**, Professor, Mathematics, *Chair*
- **Fouad Abd El Khalick**, Professor, Curriculum and Instruction
- **Andrew Alleyne**, Professor, Mechanical Science and Engineering
- **Anne Barger**, Clinical Professor, Pathobiology & Veterinary Diagnostic Laboratory
- **Clare Crowston**, Professor, History
- **Mitchell Dickey**, President, Illinois Student Senate 2014-2016
- **Paul Ellinger**, Professor, Agricultural and Consumer Economics
- **John Lockmiller**, Executive Assistant Dean, Agricultural, Consumer and Environmental Sciences
- **Melanie Loots**, Executive Associate Vice Chancellor for Research
- **Nolan Miller**, Professor, Finance
- **Silvina Montrul**, Professor, Spanish and Portuguese
- **Valleri Robinson**, Associate Professor, Theatre
- **Kim Shinew**, Professor, Recreation, Sport and Tourism
- **Linda C. Smith**, Professor, Library and Information Science
- **Mike Yao**, Associate Professor, Advertising and Journalism\*
- **Vicky Gress**, Associate Provost for Budgets and Resource Planning, *ex officio*
- **Staci Provezis**, *Provost's Office Staff*

# Current Committees

## Campus Budgeting Reform Steering Committee

**John Wilkin**, Dean of Libraries and University Librarian (Chair)

**Matthew Ando**, Associate Dean, College of Liberal Arts & Sciences

**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, Labor and Employment Relations, Chair, Senate Budget Committee

**Klara Nahrstedt**, Professor, Computer Science, Director, Coordinated Science Laboratory

**Paul Ellinger**, Associate Chancellor & Vice Provost for Budget and Resource Planning, ex-officio

**Jamelle Sharpe**, Professor of Law, Provost's Fellow, ex-officio

## Budgeting Reform Implementation Committee

**Larry DeBrock**, Professor, Department of Economics and Finance (Chair)

**Amy Edwards**, Assistant Provost, Division of Management Information

**Barb Geissler**, Executive Assistant Dean, College of Education

**Philippe Geubelle**, Professor and Head, Department of Aerospace Engineering

**Andrea Hoey**, Assistant Provost and Director, Budget and Resource Planning

**Curtis Perry**, Professor, Department of English

**Paul Redman**, Associate Dean, Fine and Applied Arts

**Suzanne Rinehart**, Assistant Provost, Budget and Resource Planning

**Gene Robinson**, Director, Institute for Genomic Biology

**Sharee Robinson**, Assistant Vice Chancellor, Office of the Vice Chancellor for Research

**Michael Yao**, Associate Professor, Department of Advertising

# Campus Budget Oversight Committee

- **Shelly Nickols-Richardson**, Professor and Head, Department of Food Sciences and Human Nutrition (Chair)
- **Philippe Geubelle**, Professor and Head, Department of Aerospace Engineering
- **Anne Barger**, Clinical Professor, Pathobiology and Veterinary Diagnostic Laboratory
- **Larry DeBrock**, Professor, Department of Finance
- **Charles Gammie**, Professor, Departments of Physics and Astronomy
- **Tom Johnson**, Professor, Department of Geology
- **Mary Laskowski**, Associate Professor and Head, Collection Management Services, University Library
- **Vicki Mahaffey**, Professor and Head, Department of English
- **Peter Sauer**, Professor, Electrical and Computer Engineering
- **Kim Shinew**, Professor, Department of Recreation, Sport and Tourism
- **Jonathan Sweedler**, Professor, Chemistry
- **Mike Yao**, Associate Professor, Department of Advertising
- **Paul Ellinger**, Vice Provost, Budget and Resource Planning, ex officio
- **Michael Leroy**, Professor, Labor and Employment Relations & College of Law, ex officio

# Budget Model Components Working Groups

## **Tuition and Revenue Distribution**

- Vicky Gress, Provost Office, Lead
- Prasanta Kalita, ACES
- Diane Koenker, History
- Kevin Pitts, Physics
- Clare Crowston, History

## **Facilities and Space Related Costs**

- Matthew Tomaszewski, Provost Office, Lead
- Shelly Benson, OBFS
- Larry DeBrock, Business

## **Technology Costs**

- Sharee Robinson, OVCR, Lead
- David O'Brien, Art & Design
- Klara Nahrstedt, Computer Science & CSL

## **Other allocated costs and funding public goods**

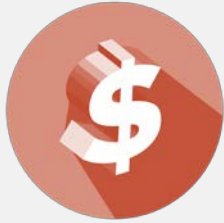
- Gene Robinson, IGB, Lead
- Clara Chen, Accountancy
- Beth Namachchivaya, Library
- Curtis Perry, English

# Integrated and Value-Centered Budgeting



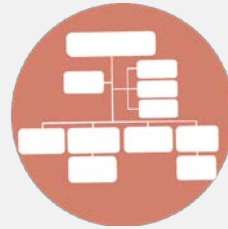


# Primary Foci



## Budget Modeling

- Revenue
  - Tuition
  - ICR
- **Costs:** space, utilities, technology
- **College investments:** administration, public goods, services
- **University investments:** campus, unit priorities



## Financial Management Reporting

- Unit needs and wants
- Best practices
- Leadership training
- Long-term forecasting tools
- Collaborate w/System Offices - accounting infrastructure



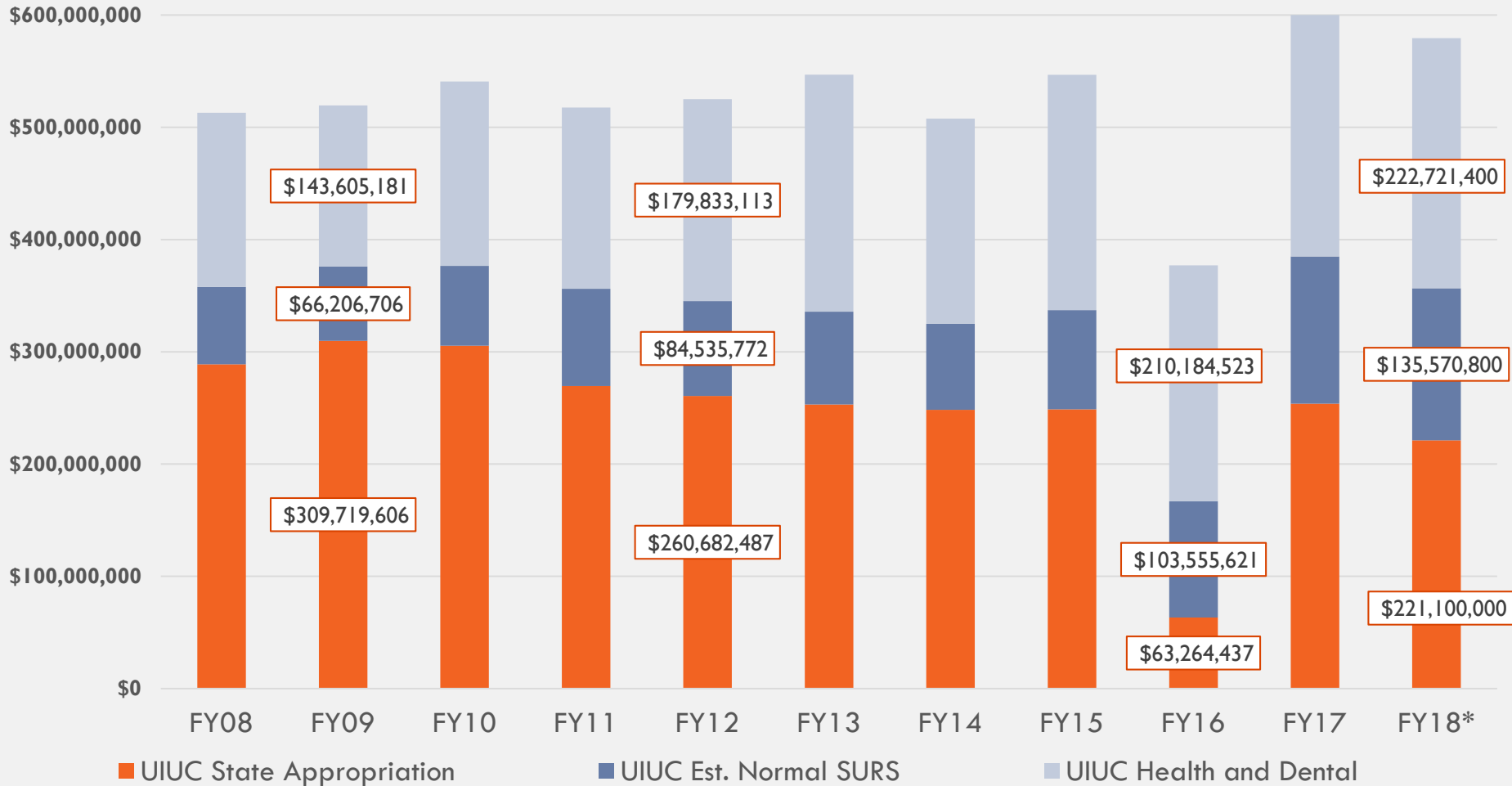
## Processes & Practices

- Efficient processes
- Effective & transparent budget reviews
- Decision-making at the appropriate level
- Streamlined approval processes

# BUDGET SITUATION

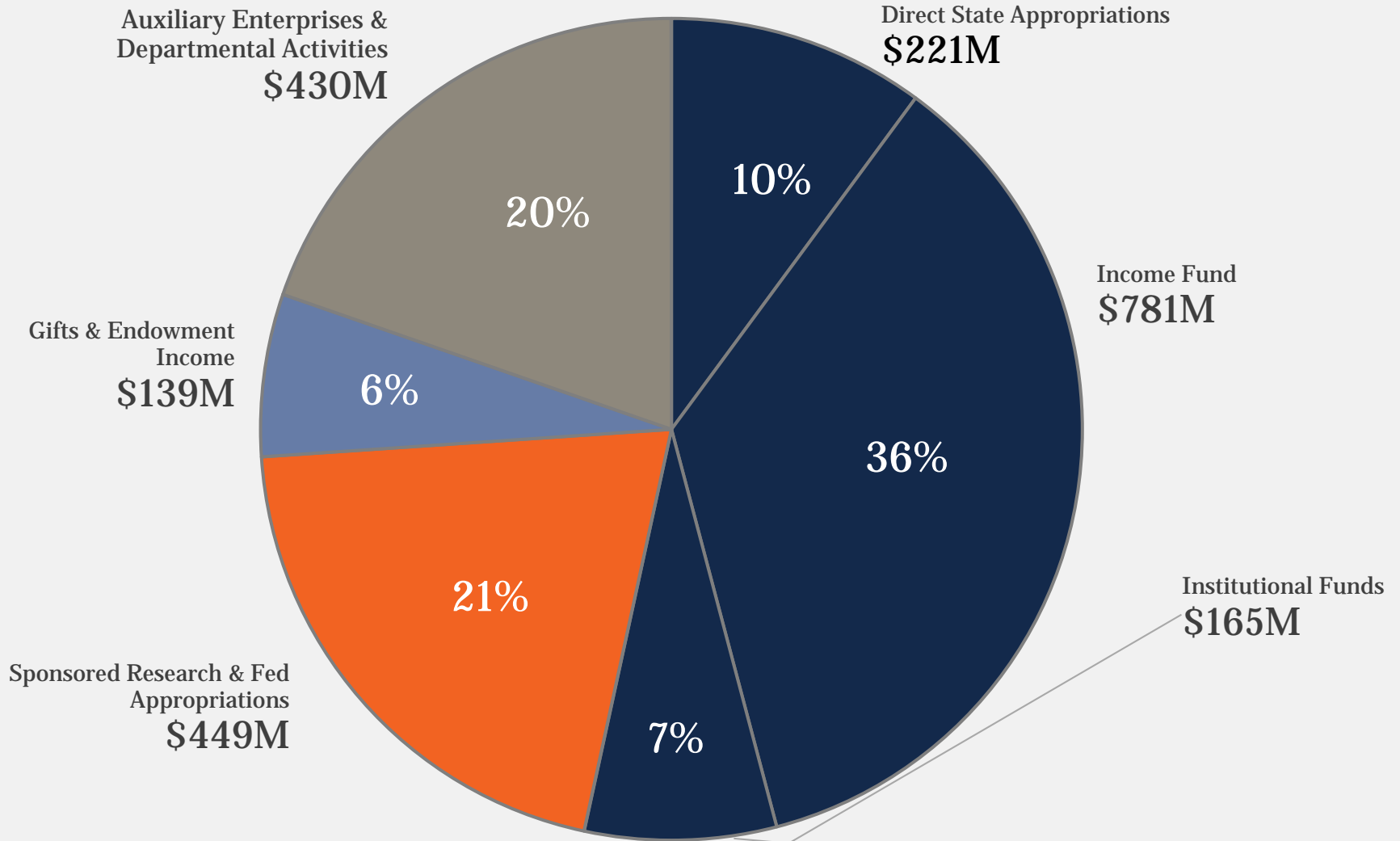
# State Funding Trend

(in 2018 dollars)



\*FY18 SURS and Health and Dental costs are estimated.

# FY 18 All Budget Sources



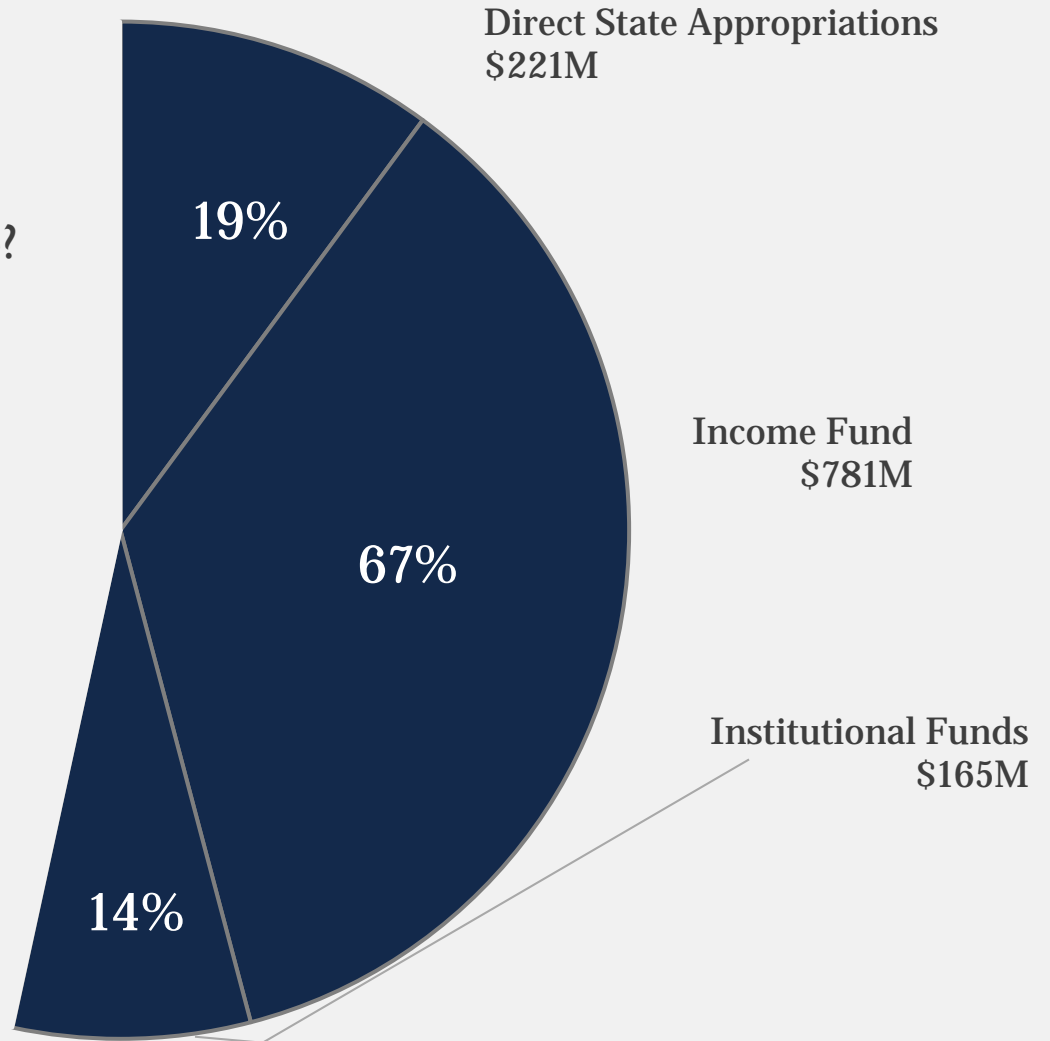
**FY 18 Total = \$2,185M**

# Sources Allocated via the Budget Model

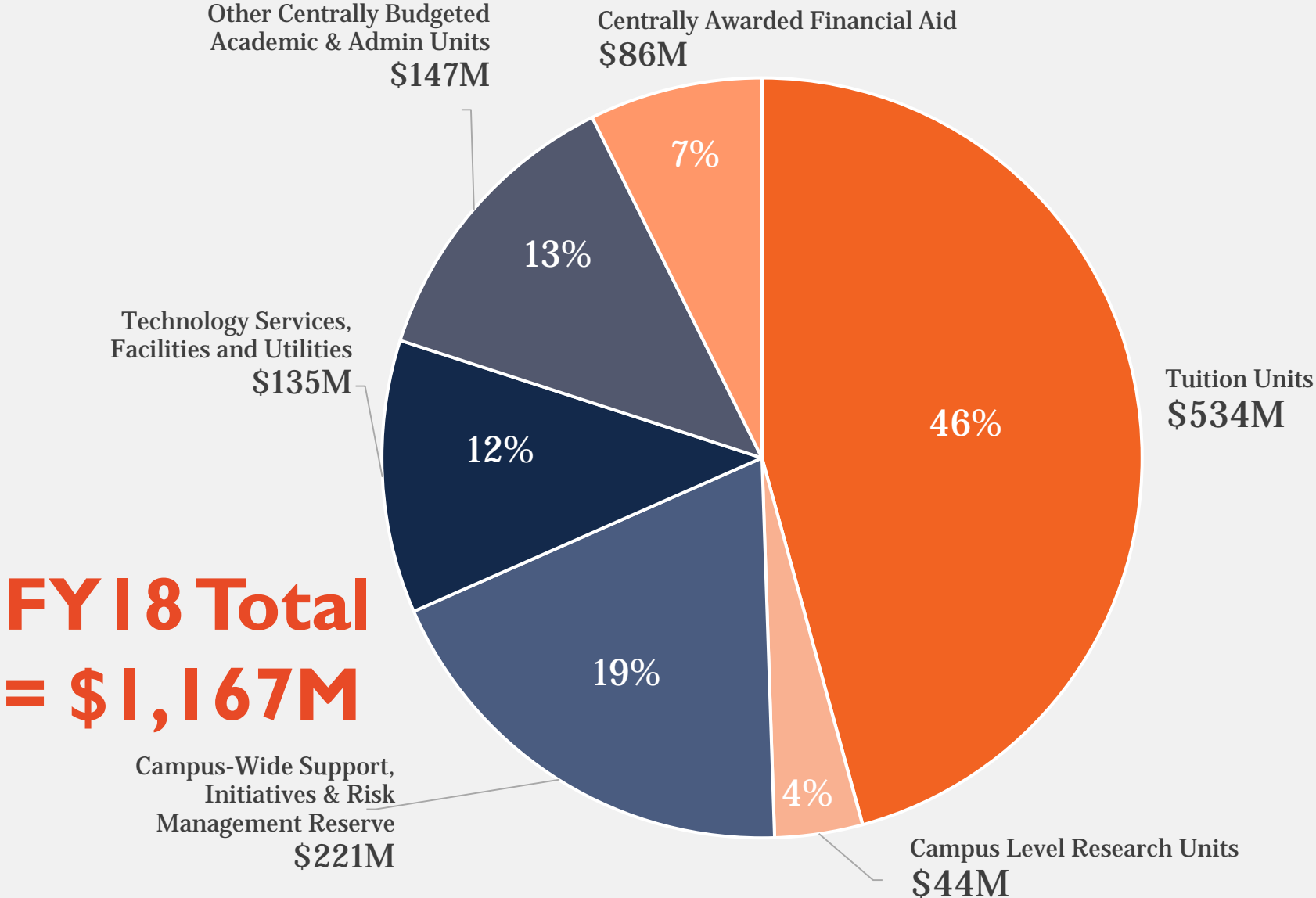
Planning:  
How will these change over time?

Magnitude of changes will  
impact colleges more directly  
POSITIVE OR **NEGATIVE**

**FY18 Total  
= \$1,167M**

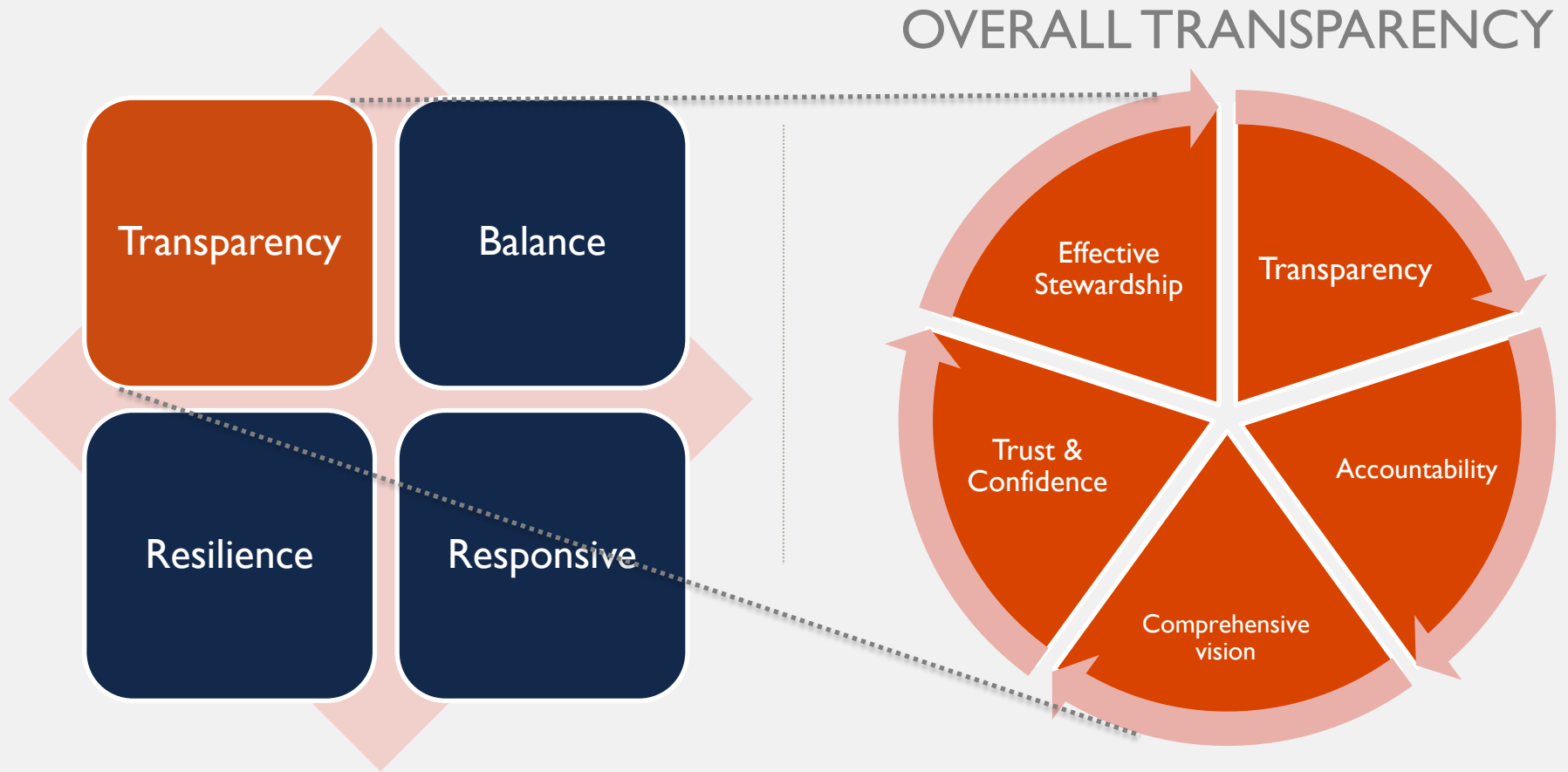


# Costs & Investments: How to allocate ?



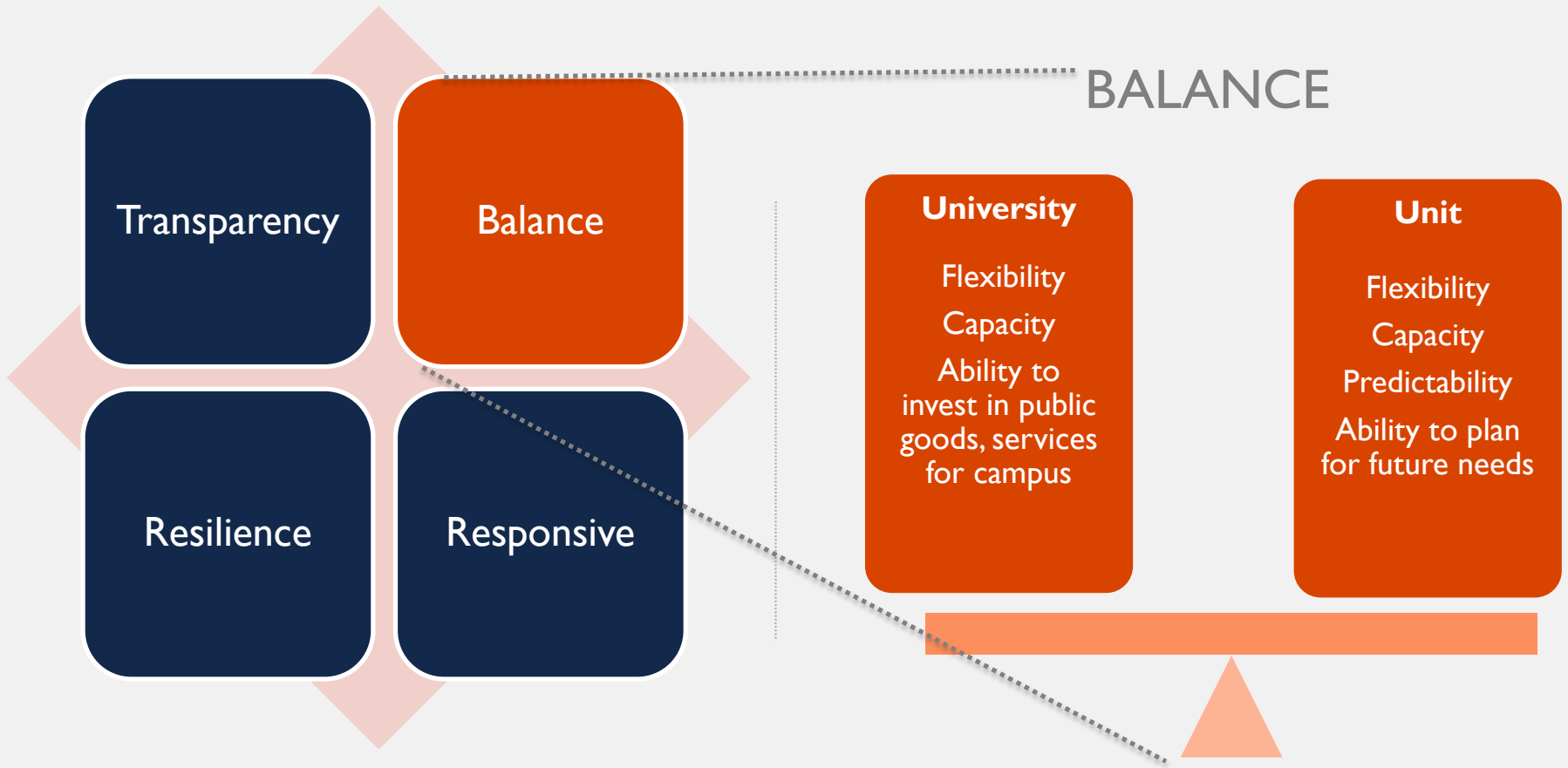
# GUIDING PRINCIPLES

# Principles

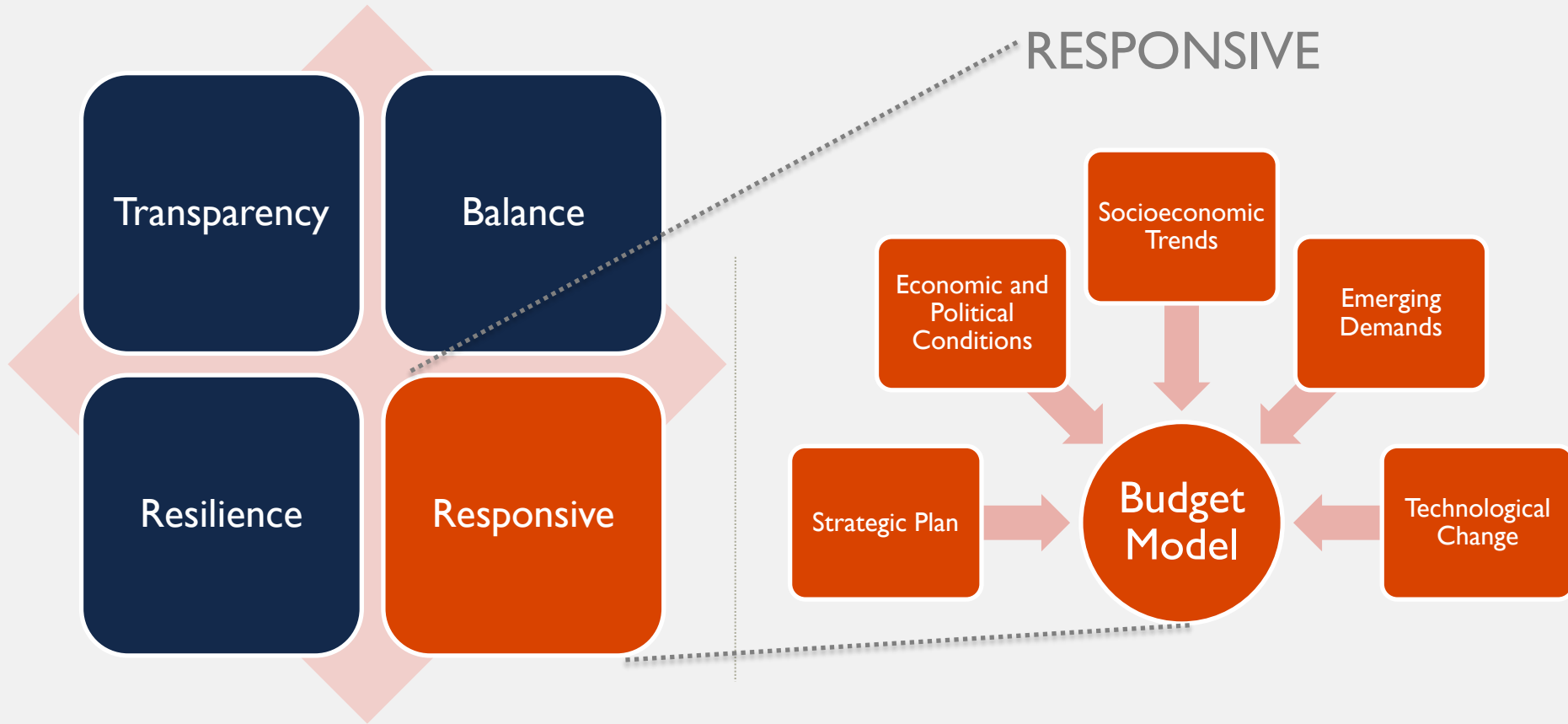




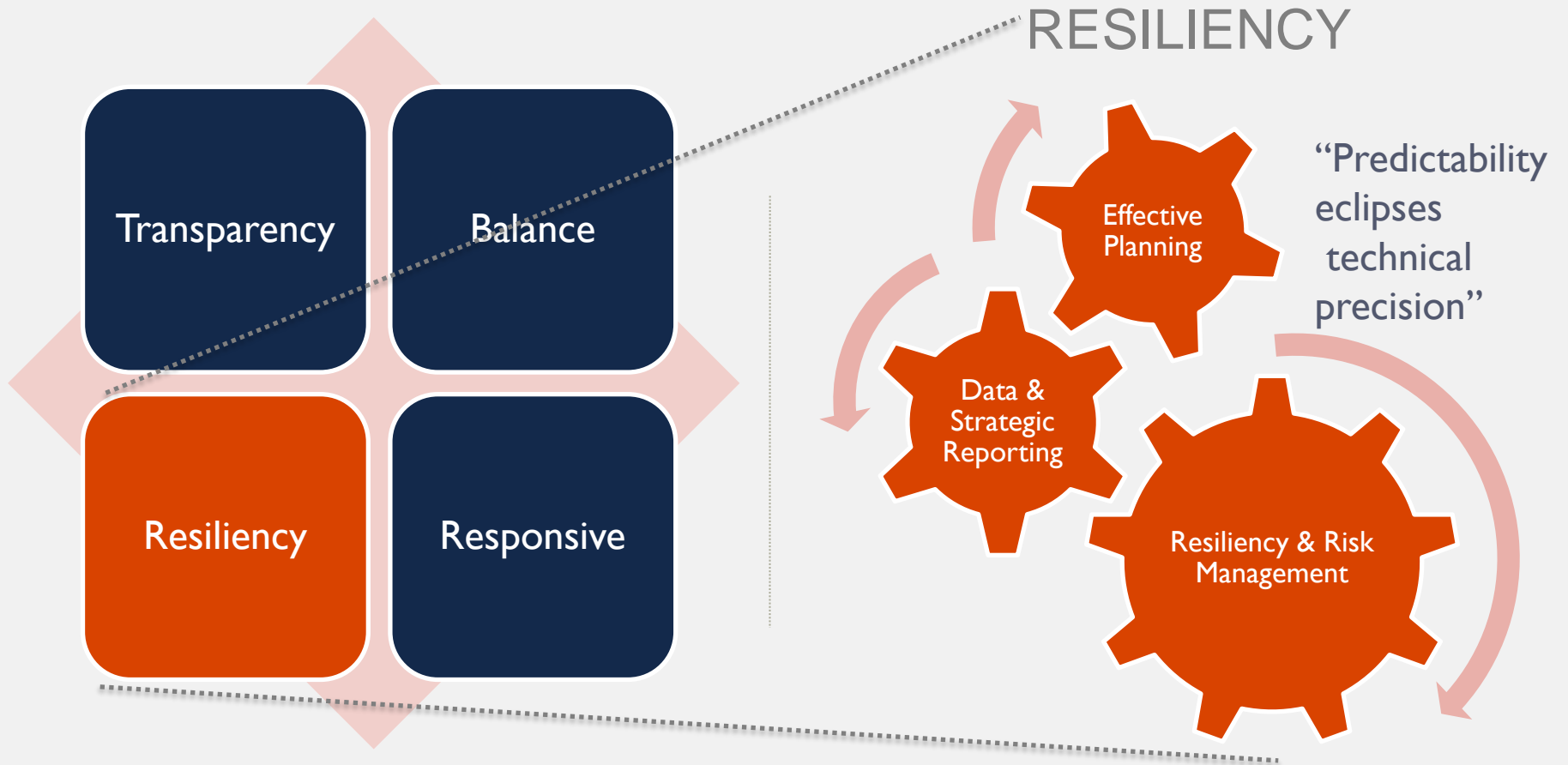
# Principles



# Principles

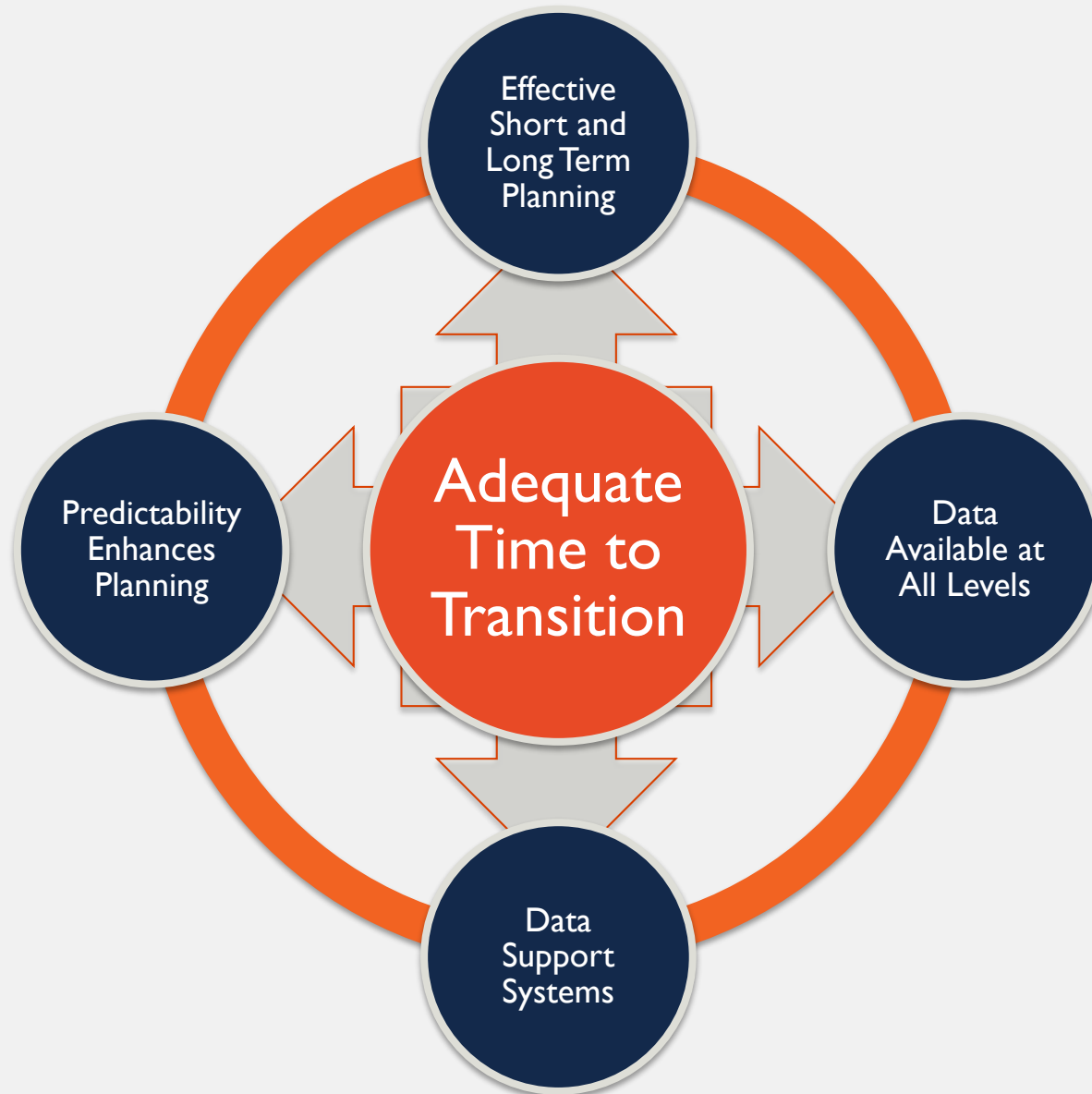


# Principles



# IMPLEMENTATION

# Critical Implementation Elements



# Resource Allocation System

## Campus Leadership

- Establishes **strategic** and **investment** priorities
- Determines **investment levels**: academic and admin. units
- Assures **accountability**

Levels

## Budget Model

- **Tool** that **informs** decision makers
- Establishes and documents **transparent** processes
- Provides appropriate **incentives**

Weights

# DETAILS

# College Budgeting Framework

## SOURCES of FUNDS:

Tuition

Indirect Cost Recovery (ICR)

University Value-Based Investment

**Sources Total**

## USES of FUNDS:

Existing College Budget

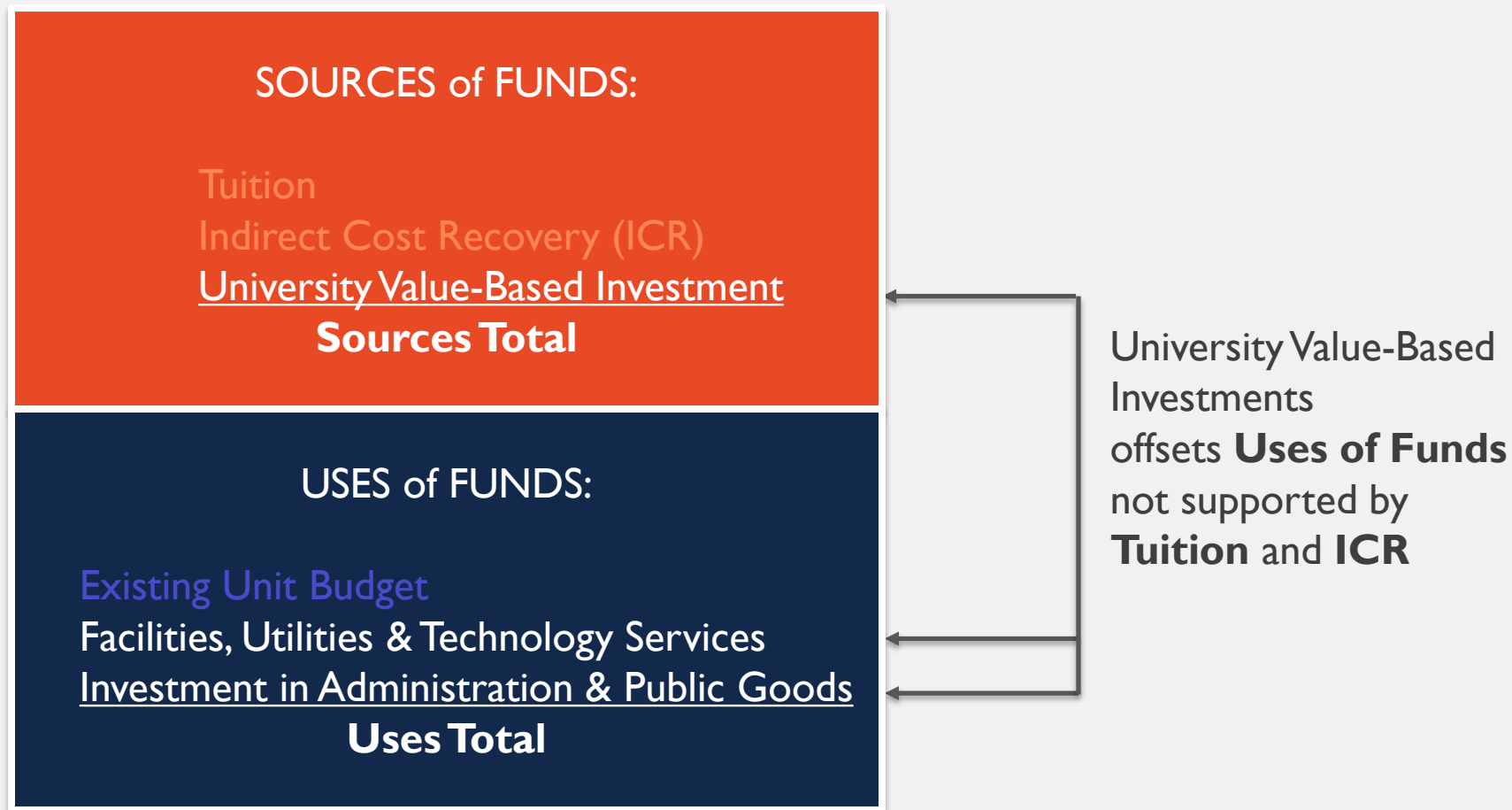
Facilities, Utilities & Technology Services

Investment in Administration & Public Goods

**Uses Total**



# Initial Conditions



# University Value-Based Investments

## Rationale

- Cost of instruction, class size, and pedagogy differs across colleges
- Space quality and space utilization varies across colleges
- Some mission-related activities may not generate revenue
- Programmatic differences across colleges

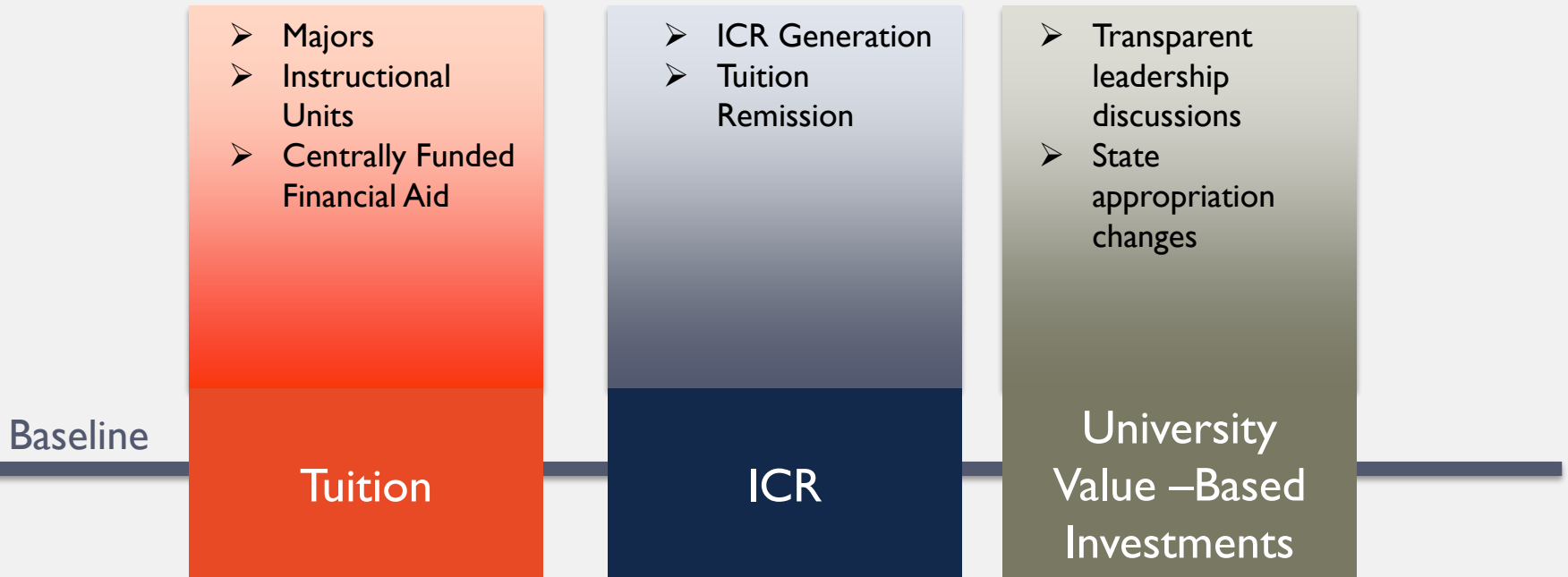


## Implementation

- Administration and College Leadership jointly establish a 3-year target
- Timeline for colleges to plan
- Increases across all units have to equal decreases

# College Budget Year-to-Year Changes

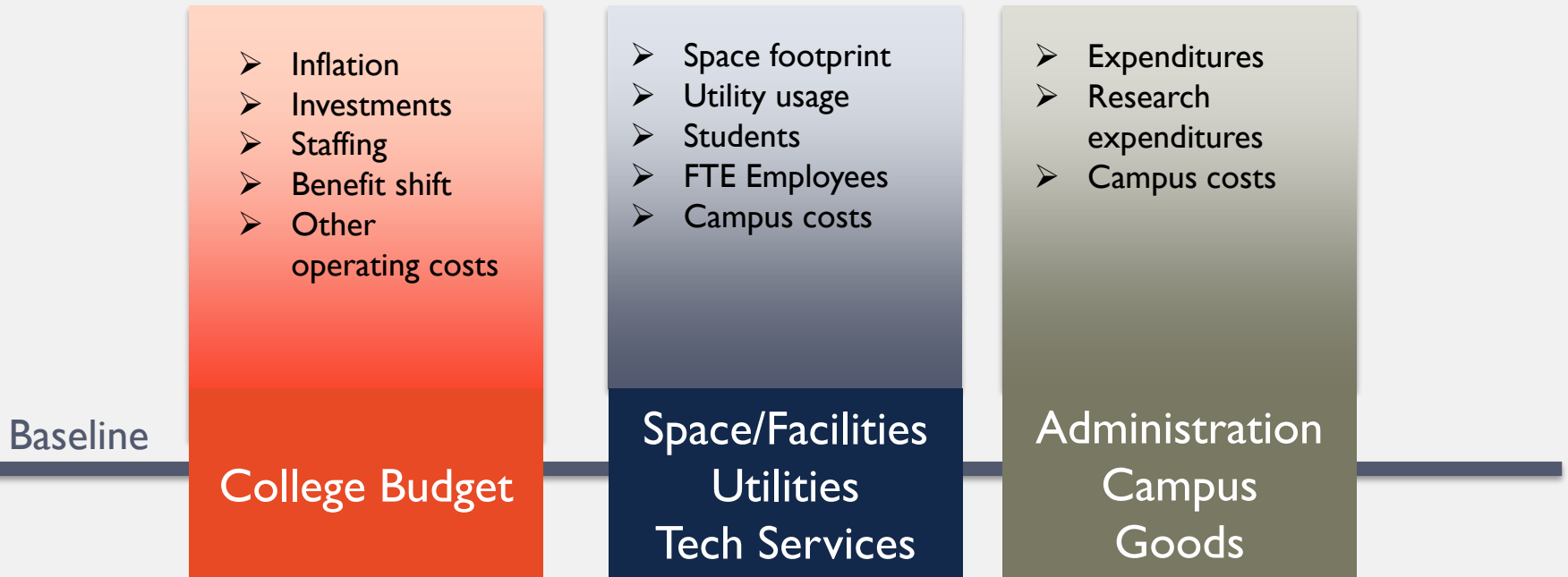
## Annual changes from baseline



## Sources of Funds

# College Budget Year-to-Year Changes

## Annual changes from baseline



## Uses of Funds

# CONCERNS

## Concerned Department Head

Emphasis on instructional units provides incentives for large classes **WITHOUT** emphasis on quality of instruction, diversity of curricula or current pedagogy.

## Concerned Faculty

Cost of research is already high.  
Paying for space, utilities and  
administration **INCREASES**  
this cost.

## Concerned Public Goods Administrator

Cost of public goods will be viewed  
as a “TAX” on colleges with  
only incentive to REDUCE the  
investment in public goods.



# PREPARING FOR CHANGE

## Concerns & Questions

[provost.illinois.edu](https://provost.illinois.edu)