



Budget Reform Update

Paul Ellinger, Associate Chancellor & Vice Provost
Budget and Resource Planning

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Integrated and Value Centered Budgeting

Integrated

- Across disciplines
- Across mission areas
- With focus on strategic priorities

Value Centered

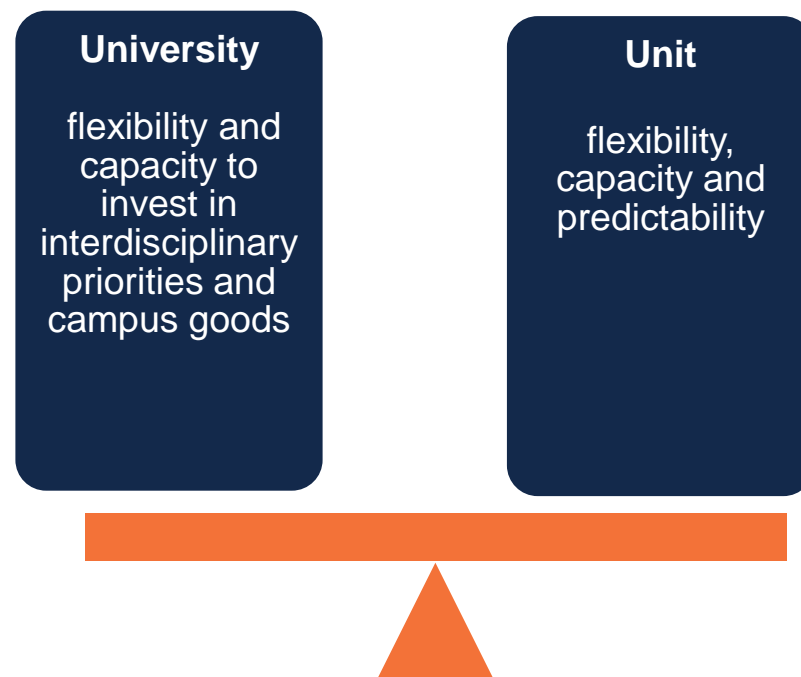
- Allow flexibility and capacity for units to shape their future around unit values
- Commitment to university-wide investments consistent with values, strategic priorities, and university-wide excellence

**Invest in excellence across mission areas
Research ---- Teaching ---- Outreach**

Goals and Principles

- Transparent
- Predictable
- Easily understood
- Promotes good stewardship
- Ensures accountability
- Responsive to strategic goals/priorities
- Facilitates multi-year planning
- Alignment of incentives

Requires Balance



Two Primary Thrusts

Budget Modeling

- Attribute and allocate revenue
 - Tuition
 - ICR
- Direct and indirect costs allocations for space, utilities and technology
- College investments for administration, campus goods and central initiatives
- University-wide investments based on campus and unit priorities

Financial Management Reporting

- Survey units on needs and wants
- Investigate best practices
- Improve historical financial management reporting
- Develop training sessions for decision makers
- Longer term: developing and implementing forecasting tools

Cautions

Campus Leadership

- Sets the strategic and investment priorities
- Assess the levels of investments across academic and admin units
- Increases attention on accountability

Levels

Budget System

- Tool to inform decision makers
- Establishes transparent processes
- Provides the appropriate incentives
- Results in accountability and transparency

Weights

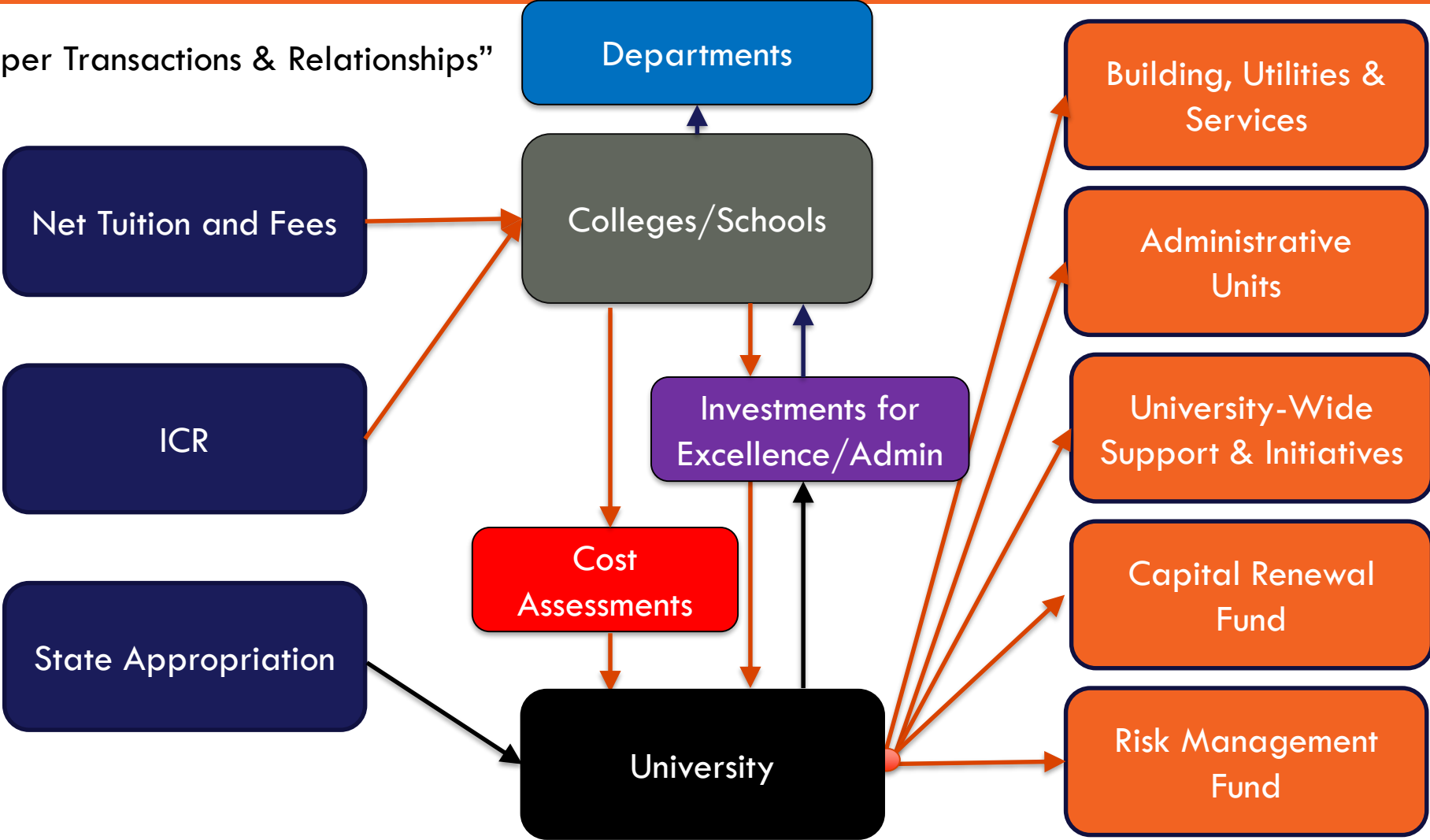
Myths

- Budget reform was required due to State of Illinois budget problems
- Will be an RCM (Responsibility Centered Management) model or entirely formulaic
- Will result in an enrollment-based model w/o emphasis on research, public engagement, quality of instruction, diversity, multi-disciplinary excellence, etc.
- Will be a zero sum game – just moves money around
- Predefined winners and losers
- Will centralize decision-making and investments
- Will negatively impact flow of ICR funds to the colleges / schools
- Will result in implicit reallocations to campus from gift funds



General Framework of IVCB

“Paper Transactions & Relationships”



DETAILS & ISSUES

Tuition Related Issues

Undergrad Base Rate

Blended weighting on IUs & Majors

Oversight needed re
Gen Ed & Large Enrollment
Classes

Undergrad Non-resident Differential

Additional costs incurred by
some colleges:
career services & recruiting

Continued focus on resident
students

Undergrad Program & International Differentials

Campus & Board of Trustee
approvals based on higher
costs of equipment, lab, and
salaries.

An approved plan for use of
the differentials
(scholarships, student
support, lab, etc.) in place

Tuition Related Issues

Graduate and Professional

Colleges retain the net tuition they generate from the enrollment of graduate students in their college

Negotiated agreements between colleges that facilitate the transfer of tuition revenues in cases where a college's graduate program includes required courses outside of that college

Centrally Funded Financial Aid

Allocated across campus without regard to major

Undergrad Waivers

Statutory : Allocated across campus without regard to major

Discretionary waivers:
Need-based waivers - allocated evenly across campus with no regard to the individual students receiving the waivers.

Talent-based & other discretionary waivers – Should be individually reviewed by the Provost Office to determine the level of benefit to the entire campus.

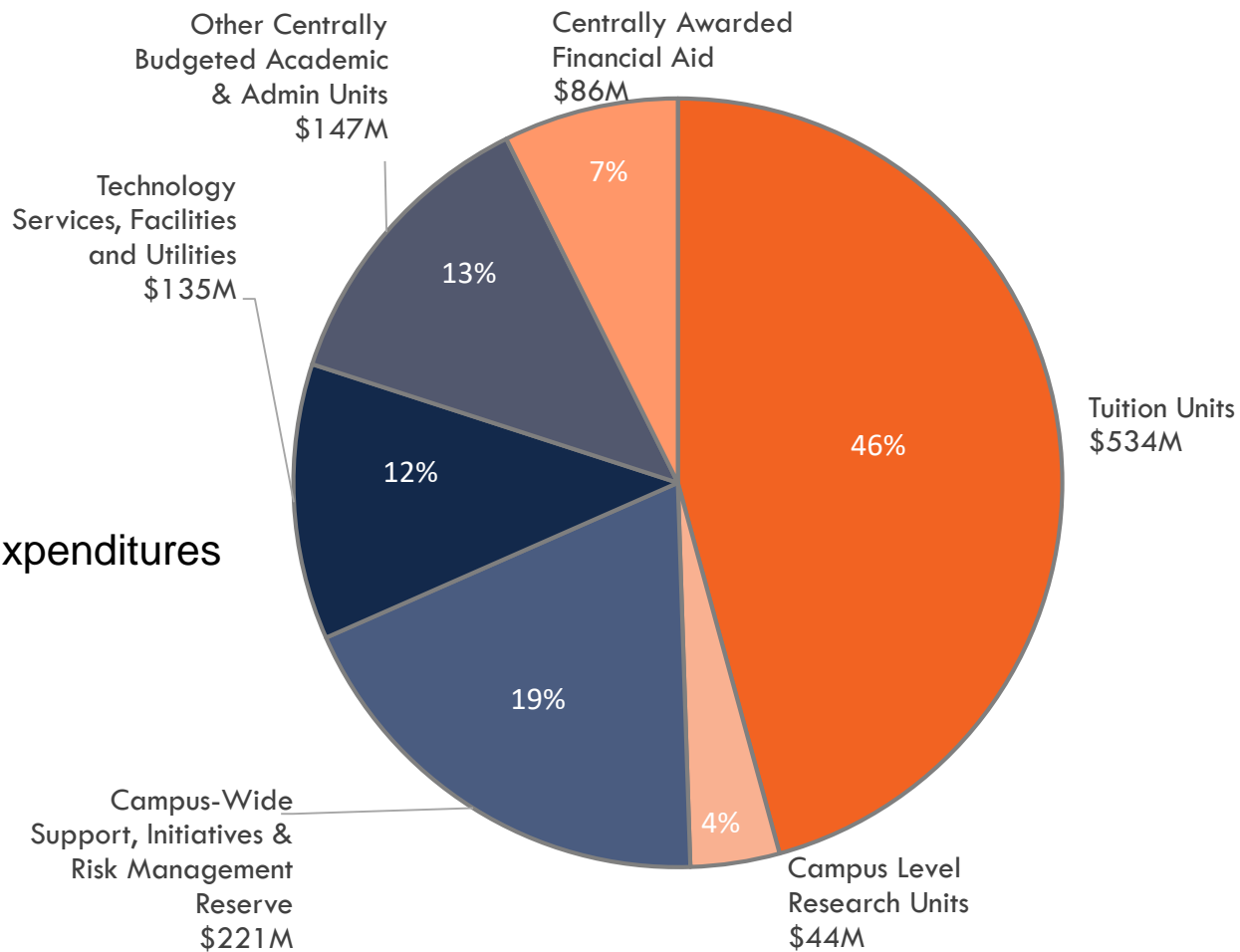
Indirect Cost Recovery

- No intention to change existing ICR model
- Considering attributing a portion of the campus 55% to account for
 - Facility costs
 - Technology costs
 - Administrative costs
 - Cost of campus goods

CATEGORY	ITEM		FY17
Income Fund Revenue			
	Undergraduate Base Tuition	\$	7,654,382
	Undergrad Nonresident Tuition		2,102,615
	Undergrad Program Differential		-
	Undergrad International Base		82,411
	Undergrad Intl Differential		-
	Less: Centrally funded financial aid		(1,517,933)
	Less: Centrally assigned tuition waivers		(617,501)
	Less: College assigned tuition waivers		-
	Net tuition: Graduate		1,912,200
	Net tuition: Professional		-
	Net tuition: CITL (all levels)		1,957,252
	Coursera and other revenue		-
	Total Income Fund Revenue Generated	\$	11,573,426
Indirect Cost Recoveries			
	Facilities/Administration	\$	1,700,898
	Tuition Remission		<u>317,798</u>
	Total Indirect Cost Recoveries Generated	\$	2,018,696
	Total Revenue Generated	\$	13,592,123

Costs & Investments: How to allocate ?

- Student enrollment
- Expenditures
- Faculty and Staff
- Space (square ft.)
- Sponsored Research Expenditures



Cost Assessments and College Investments

University System Office New USO funding model likely to require costs assessments from Universities

Facilities, Utilities and Space Technology Services Direct and Indirect Utilities, Facilities & Space, Technology Services

Research and Research Institutes Research infrastructure investments – OVCR, Beckman, NCSA, IGB, iSEE, etc.

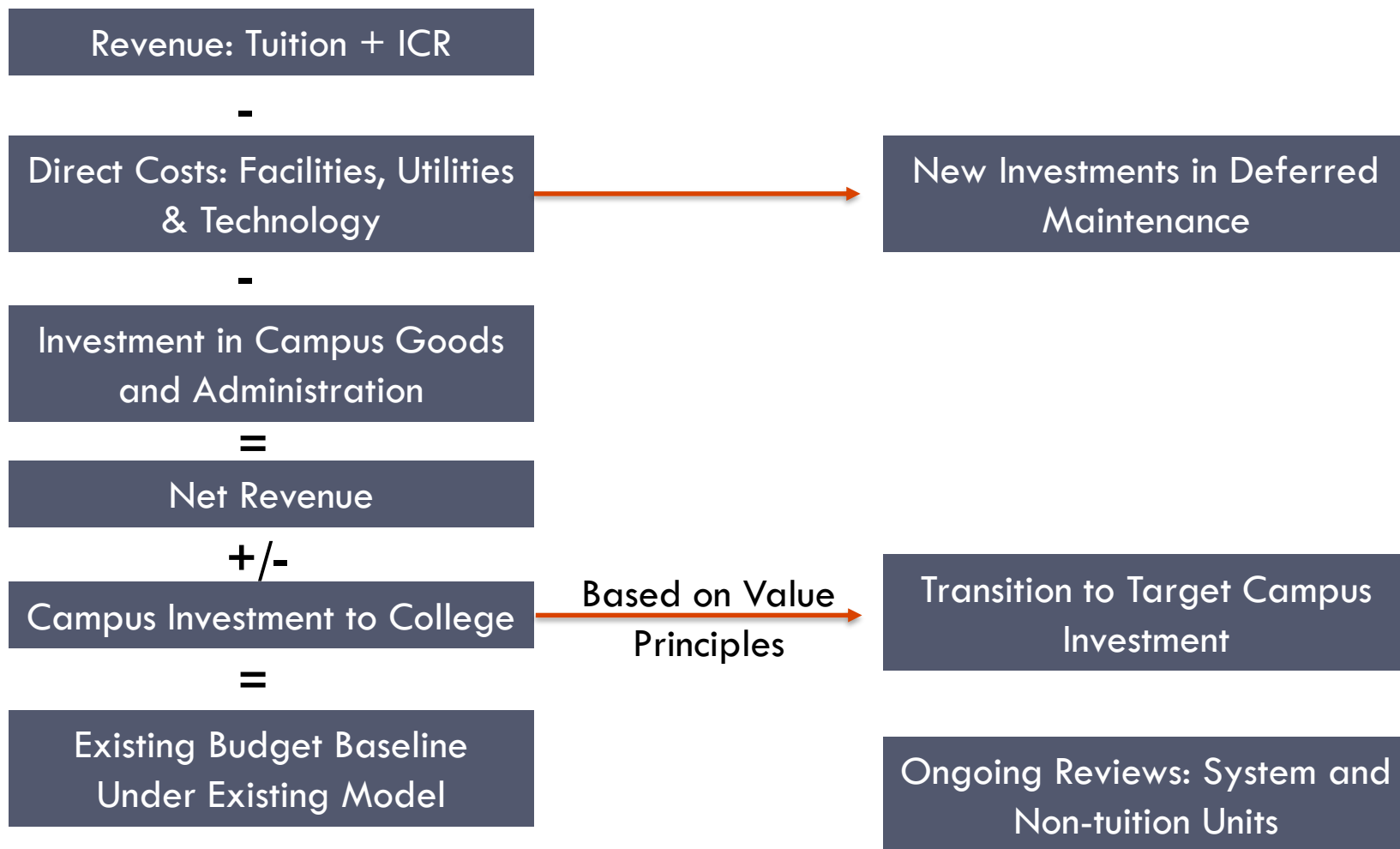
Administrative Units Library, Extension, KCPA, public safety, public affairs, enrollment management, provost office, DRES, CITL, Graduate College, etc.

Campus Support, Investment Initiatives & Risk Reserves Dual career, TOP, Investment for Growth, campus and college contingencies

College Budgeting Framework

Phase 1: FY19

Phase 2: FY20-23



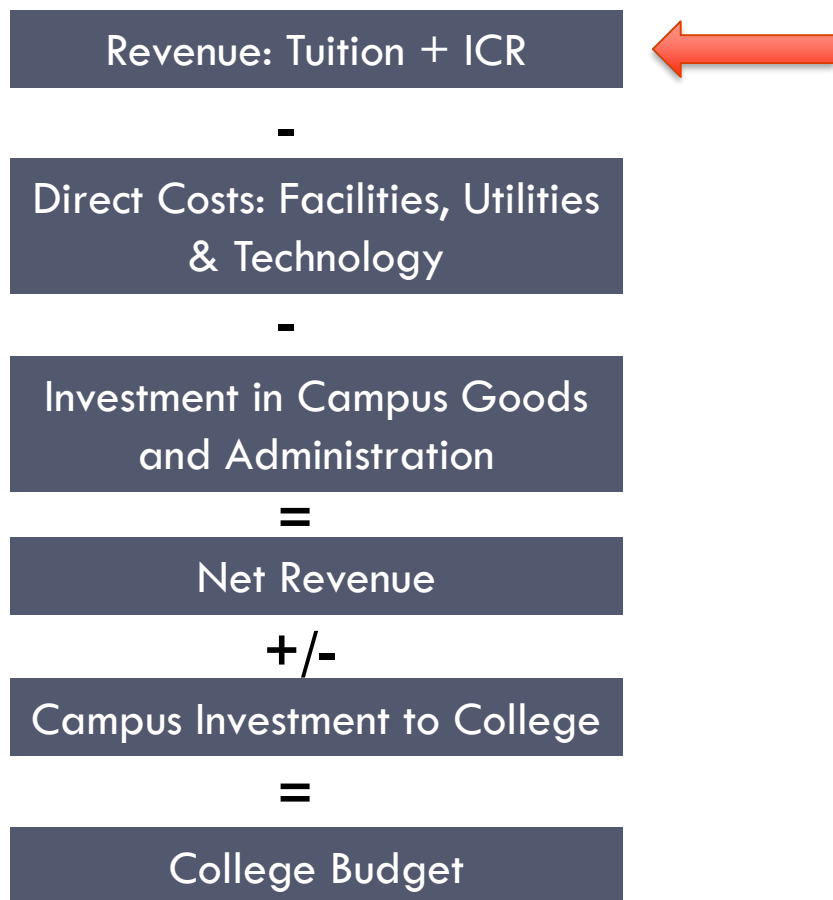
College
XXXXXXX

FY17

Scenario
Assumptions

Direct Cost Assessments			
Facilities and Space			
	Building and Space	\$ 455,403	- Sq. foot
	Utilities	470,322	- Actual usage
	Capital Renewal / Deferred Maintenance		
	Less: College Funded Facilities and Space		
	Less: Transition factor		
	Total Facilities and Space Costs	\$ 925,725	
	Technology and Services	387,499	- FTE & Enrollment
	Total Direct Cost Assessments	1,313,223	
College Investments in Administration and University-Wide Excellence			
	University System Office		
	Research and Research Institutes	925,511	- Sponsored research \$
	Administrative and Other Campus Units	5,251,524	} Expenditures
	University-wide Investments & Initiatives	2,214,871	
	Contributions to University Risk Management	590,632	
	Total College Investments in Administration and University-Wide Excellence	\$ 8,982,539	
Total Revenue less Direct Costs and Investments		\$ 3,296,361	
University-Wide Investments & Transfers with College			
	University Investments and Transfers	\$ 11,475,738	Transition Investment amount
	College Target Level		
Budget Allocations	Attributed College Budget	14,772,099	Allocated budget

Winners and Losers



Implementation & Advisory Committees

- Recommendations to Chancellor & Provost
 - Tuition attribution
 - Facilities and space costs
 - Weights on costs and investments
 - Budget review process for F&S, Tech Services, administration and campus goods
 - Implementation transition
 - Budget monitoring
- Investment target levels between colleges and university will be discussed among Deans, Chancellor and Provost

Public Phase of Budget Reform

- Post this presentation
- Developing a white paper this month
- Meeting with deans on preliminary analyses next few weeks

Need and want your feedback

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

Budget Reform Timeline Milestones

