“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)

- 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
- 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

Charged in Nov. 2015
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

INVEST IN EXCELLENCE ACROSS MISSION AREAS
Research • Teaching • Outreach

Integrated
- Across disciplines, mission areas
- Within strategic priorities
- Via strategic plan

Value-Centered
- Offers units flexibility in future plans
- Provides commitment to investments
- Ensures consistency with values, priorities, and excellence
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
State Funding Trend
(in 2018 dollars)

*FY18 SURS and Health and Dental costs are estimated.
FY18 All Budget Sources

- Direct State Appropriations: $221M
- Income Fund: $781M
- Institutional Funds: $165M
- Sponsored Research & Fed Appropriations: $449M
- Gifts & Endowment Income: $139M
- Auxiliary Enterprises & Departmental Activities: $430M

FY18 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

OFFICE OF THE PROVOST
Costs & Investments: How to allocate?

- Tuition Units: $534M (46%)
- Campus Level Research Units: $44M (7%)
- Campus-Wide Support, Initiatives & Risk Management Reserve: $221M (19%)
- Technology Services, Facilities and Utilities: $135M (12%)
- Other Centrally Budgeted Academic & Admin Units: $147M (13%)
- Centrally Awarded Financial Aid: $86M (4%)

FY18 Total = $1,167M
Principles

OVERALL TRANSPARENCY

Transparency
Balance
Resilience
Responsive

Effective Stewardship
Transparency
Trust & Confidence
Accountability
Comprehensive vision
Principles

- Transparency
- Balance
- Resilience
- Responsive

University
- Flexibility
- Capacity
- Ability to invest in public goods, services for campus

Unit
- Flexibility
- Capacity
- Predictability
- Ability to plan for future needs

BALANCE
Principles

- Transparency
- Balance
- Resilience
- Responsive

Budget Model

- Socioeconomic Trends
- Economic and Political Conditions
- Emerging Demands
- Strategic Plan
- Technological Change

Responsive

The diagram illustrates the interconnections between various principles and conditions affecting the budget model, emphasizing the need for responsiveness.
Principles

RESILIENCY

- Transparency
- Balance
- Resiliency
- Responsive

“Predictability eclipses technical precision”

- Effective Planning
- Data & Strategic Reporting
- Resiliency & Risk Management
IMPLEMENTATION
Critical Implementation Elements

- Effective Short and Long Term Planning
- Data Available at All Levels
- Data Support Systems
- Predictability Enhances Planning

Adequate Time to Transition
Resource Allocation System

**Campus Leadership**

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

**Budget Model**

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

Levels

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

**Sources of Funds:**
- Tuition
- Indirect Cost Recovery (ICR)
- University Value-Based Investment

**Uses of Funds:**
- Existing Unit Budget
- Facilities, Utilities & Technology Services
- Investment in Administration & Public Goods

University Value-Based Investments offsets **Uses of Funds** not supported by **Tuition** and **ICR**
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

- Majors
- Instructional Units
- Centrally Funded Financial Aid
- ICR Generation
- Tuition Remission
- Transparent leadership discussions
- State appropriation changes

Sources of Funds
College Budget Year-to-Year Changes

Annual changes from baseline

- Inflation
- Investments
- Staffing
- Benefit shift
- Other operating costs

- Space footprint
- Utility usage
- Students
- FTE Employees
- Campus costs

- Expenditures
- Research expenditures
- Campus costs

Uses of Funds
CONCERNS
Emphasis on instructional units provides incentives for large classes WITHOUT emphasis on quality of instruction, diversity of curricula or current pedagogy.
Cost of research is already high. Paying for space, utilities and administration INCREASES this cost.
Cost of public goods will be viewed as a “TAX” on colleges with only incentive to REDUCE the investment in public goods.

Concerned Public Goods Administrator
PREPARING FOR CHANGE

Concerns & Questions

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