



## Budget Reform Update

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*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

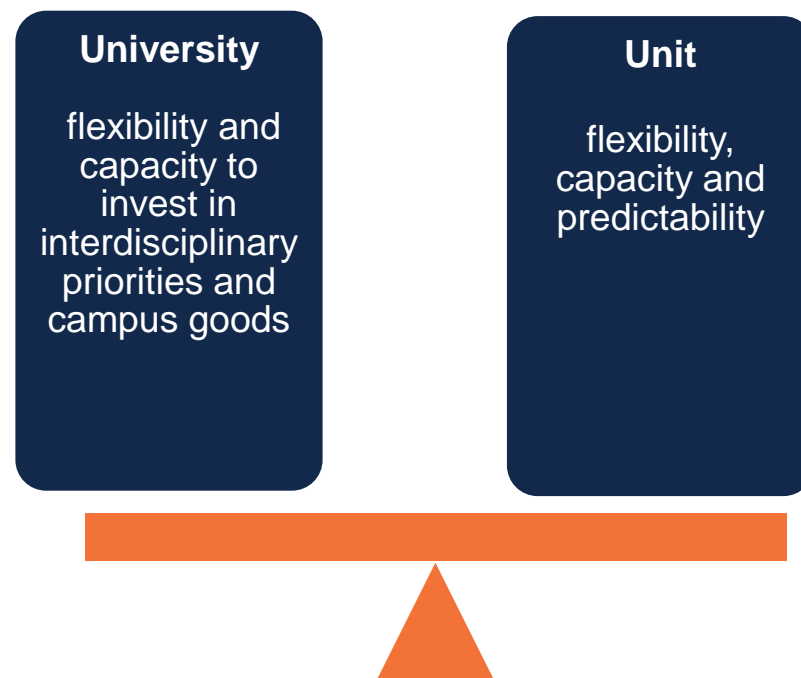
- Allow flexibility and capacity for units to shape their future around unit values
- Commitment to university-wide investments consistent with values, strategic priorities, and university-wide excellence

**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

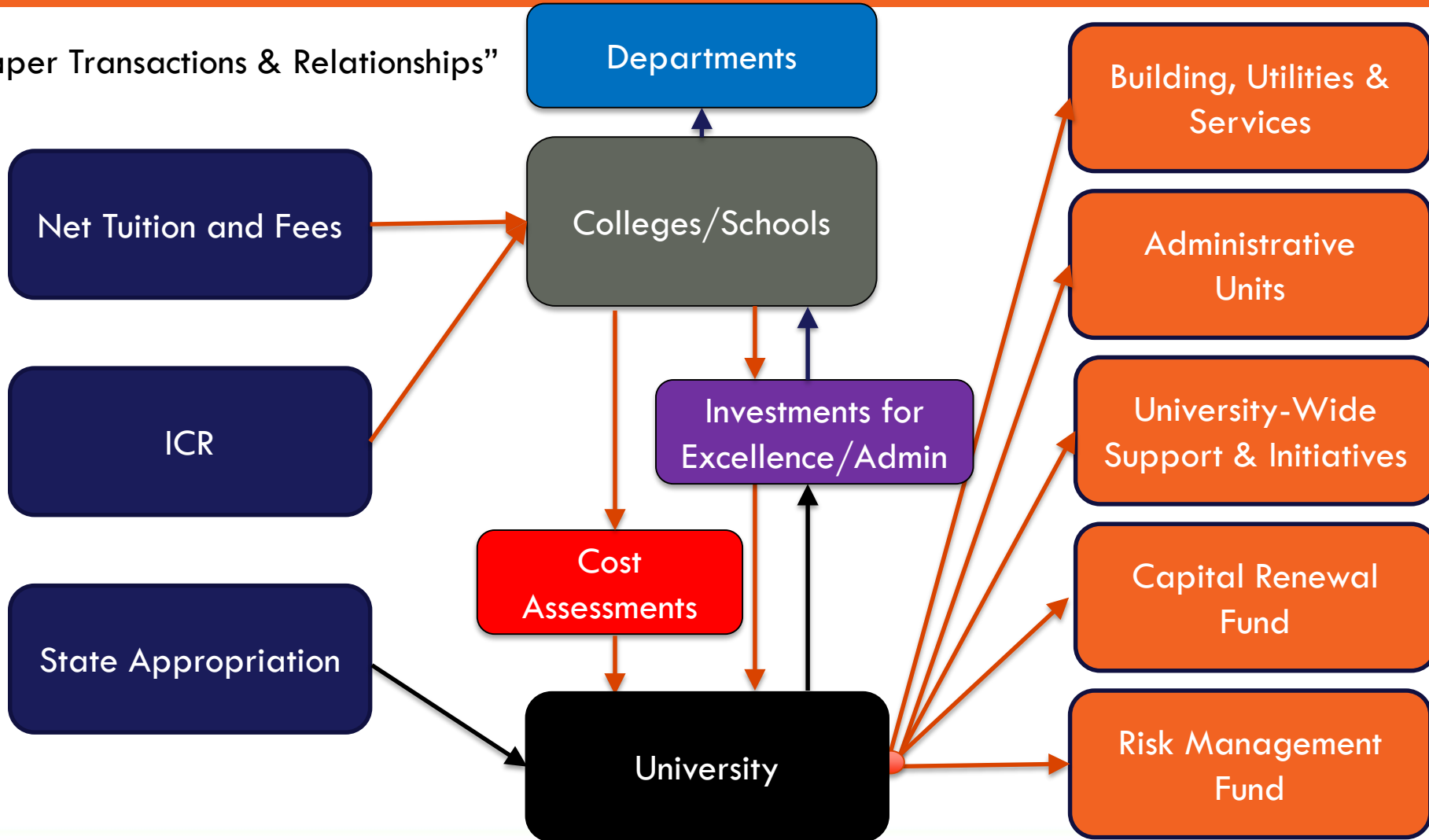
# Myths

- 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.

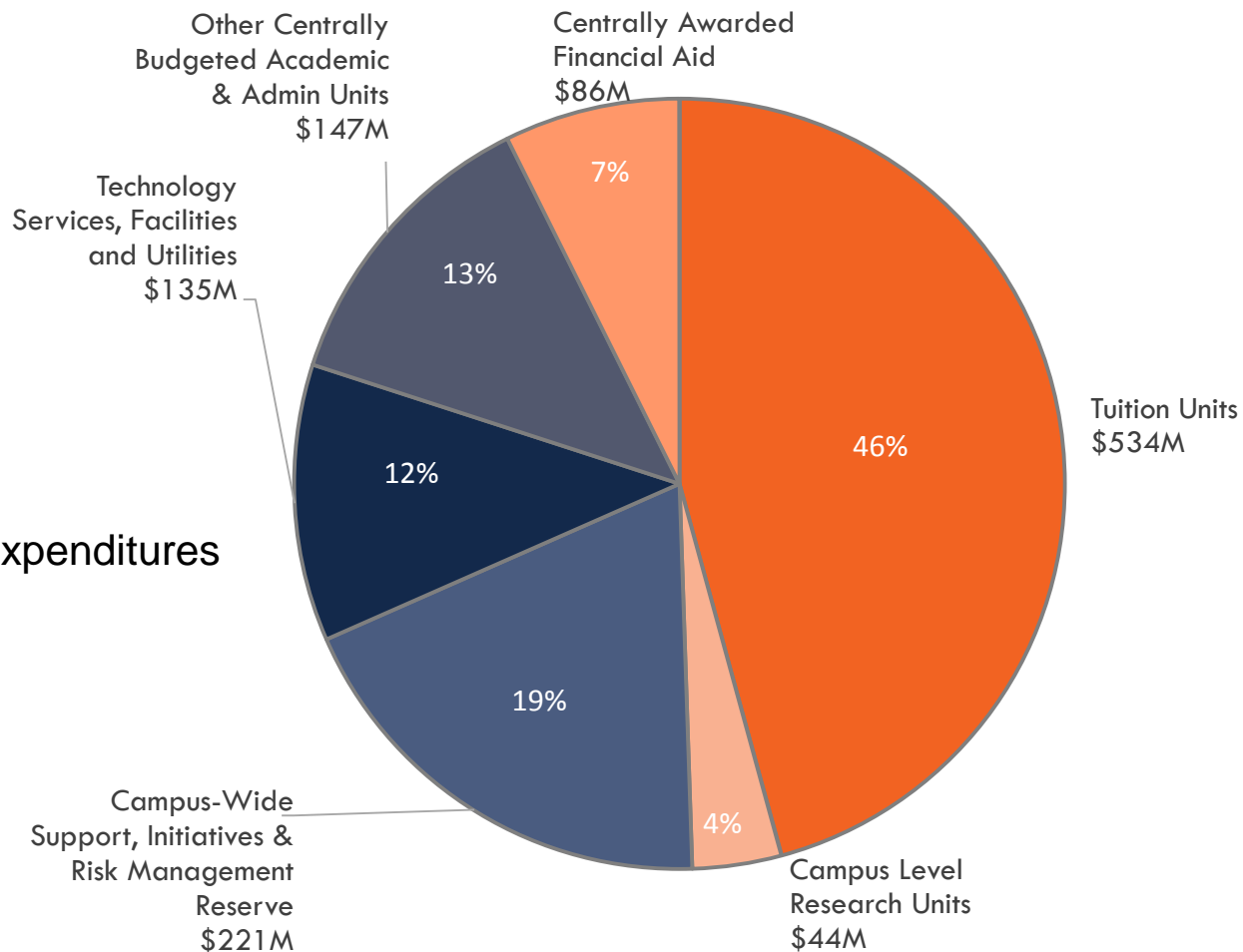
# Indirect Cost Recovery

- 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
<b>Income Fund Revenue</b>			
	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		-
	<b>Total Income Fund Revenue Generated</b>	\$	<b>11,573,426</b>
<b>Indirect Cost Recoveries</b>			
	Facilities/Administration	\$	1,700,898
	Tuition Remission		<u>317,798</u>
	<b>Total Indirect Cost Recoveries Generated</b>	\$	<b>2,018,696</b>
	<b>Total Revenue Generated</b>	\$	<b>13,592,123</b>

# 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.

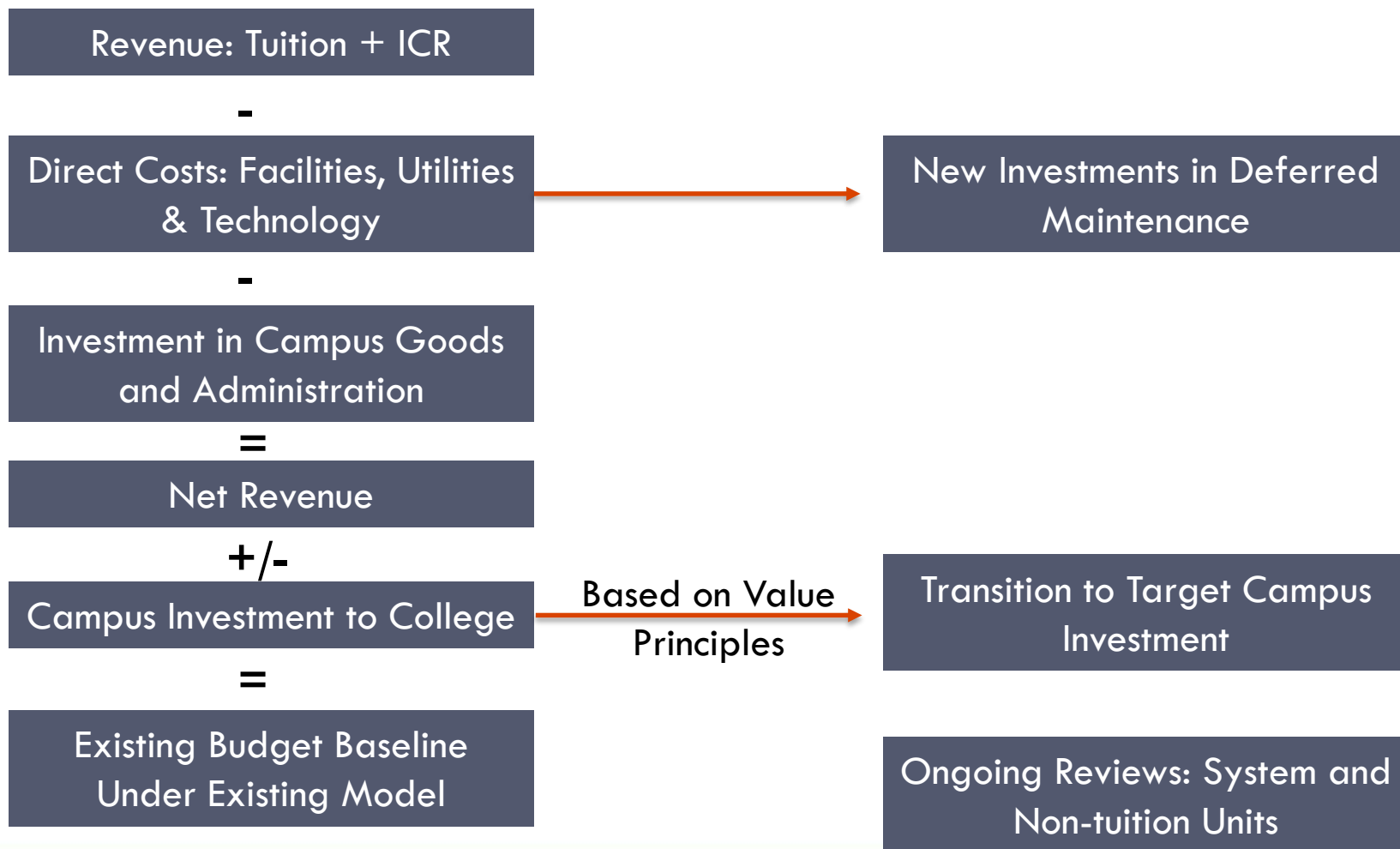
**Administrative Units** Library, Extension, KCPA, public safety, public affairs, enrollment management, provost office, DRES, CITL, Graduate College, etc.

**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**  
**XXXXXXXX**

**FY17**

**Scenario**  
**Assumptions**

Direct Cost Assessments			
<b>Facilities and Space</b>			
	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		
	<b>Total Facilities and Space Costs</b>	<b>\$ 925,725</b>	
	Technology and Services	387,499	- FTE & Enrollment
	<b>Total Direct Cost Assessments</b>	<b>1,313,223</b>	
<b>College Investments in Administration and University-Wide Excellence</b>			
	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	
	<b>Total College Investments in Administration and University-Wide Excellence</b>	<b>\$ 8,982,539</b>	
<b>Total Revenue less Direct Costs and Investments</b>		<b>\$ 3,296,361</b>	
<b>University-Wide Investments &amp; Transfers with College</b>			
	University Investments and Transfers	\$ 11,475,738	Transition Investment amount
	College Target Level		
<b>Budget Allocations</b>	<b>Attributed College Budget</b>	<b>14,772,099</b>	<b>Allocated budget</b>



# Winners and Losers

Revenue: Tuition + ICR



-

Direct Costs: Facilities, Utilities  
& Technology

-

Investment in Campus Goods  
and Administration

=

Net Revenue

+/-

Campus Investment to College

=

College Budget

# 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

