



Budget Reform Update

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Budget and Resource Planning

February 2018

Outline

- Brief budget model overview
 - Communication plan
 - Principles
 - Major components
 - Timeline
- Panel discussion:
Preparing for Change
 - Impacts and impediments
 - Concerns
 - Communication strategies
 - Internal budget preparations



Communication Plans

- White Paper –
provost.illinois.edu/budget
- Developing FAQ
- Feedback form
 - Provost
 - Senate
- Discussions
 - Today – Academic Leadership
 - Town Halls
 - February 26
 - March 13
 - Provost Coffee
 - March 26
 - April 5





OLD WAY



NEW WAY

Change Incentives

Improve Transparency

Unit Actions ⇔ Budget Outcomes

Comprehensive and Interconnected
Campus

Why and Why Now?

Integrated and Value Centered Budgeting

Integrated

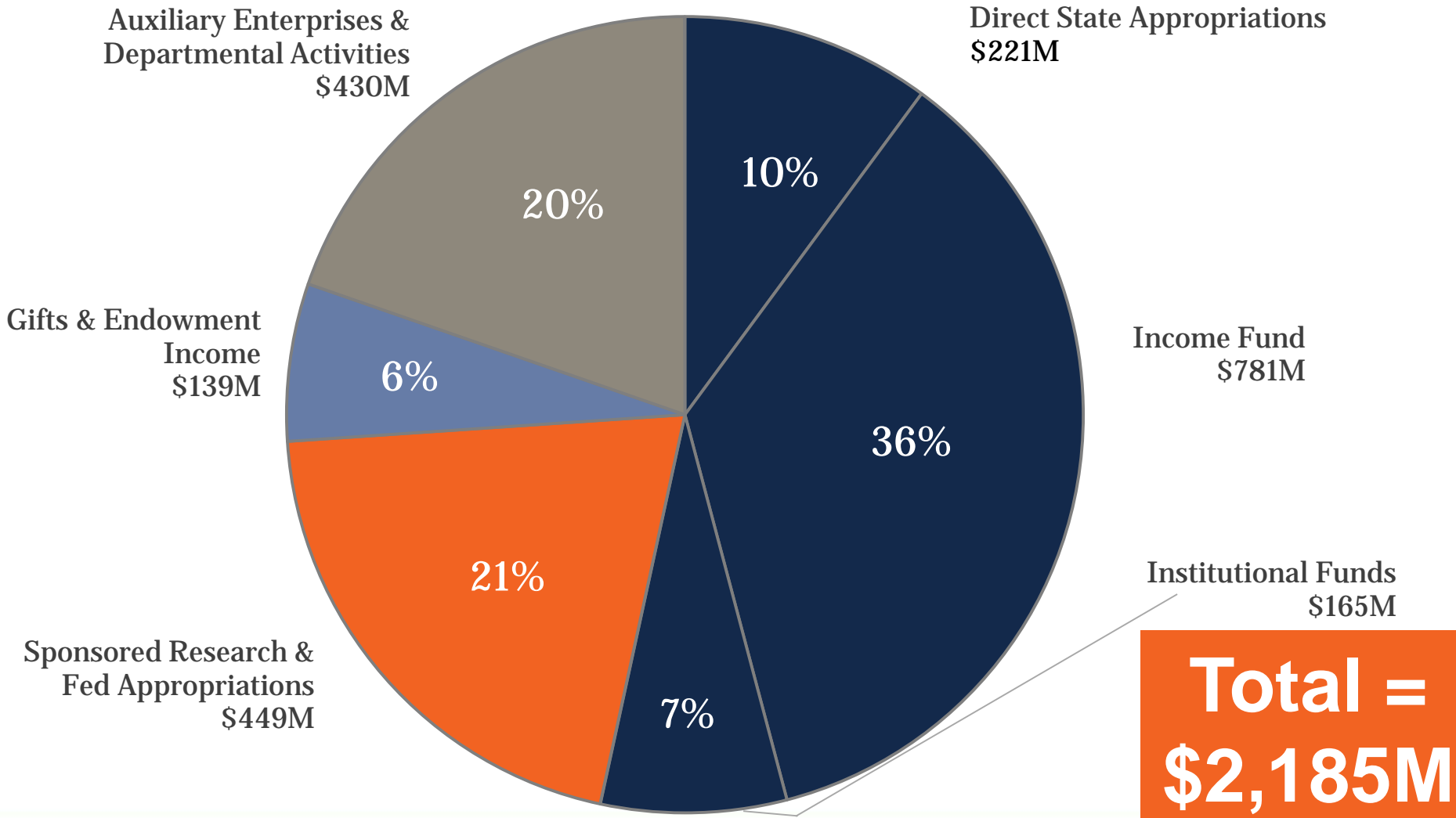
- Across disciplines
- Across mission areas
- With focus on strategic priorities
- With the strategic plan

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**

FY18 All Budget Sources



Budget Model Allocations

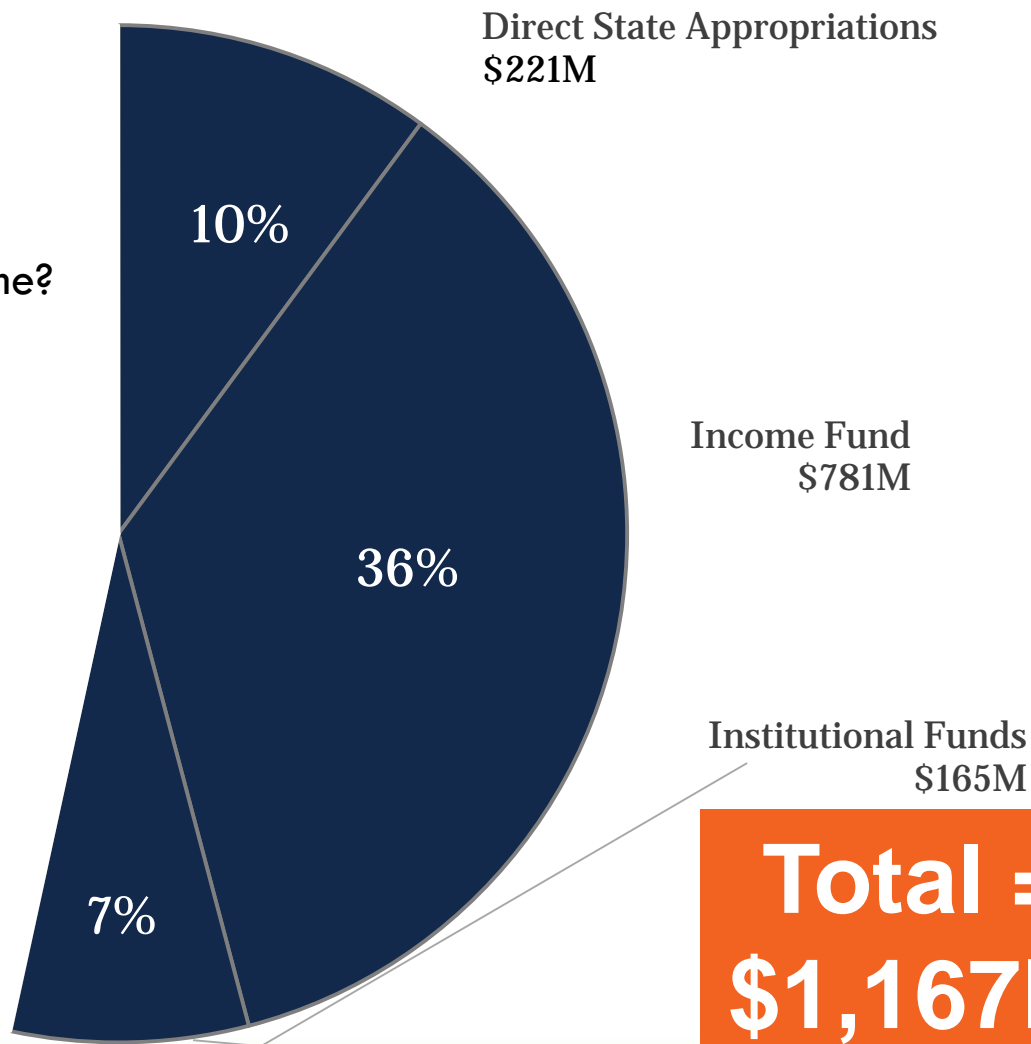
Planning:

How will these change over time?

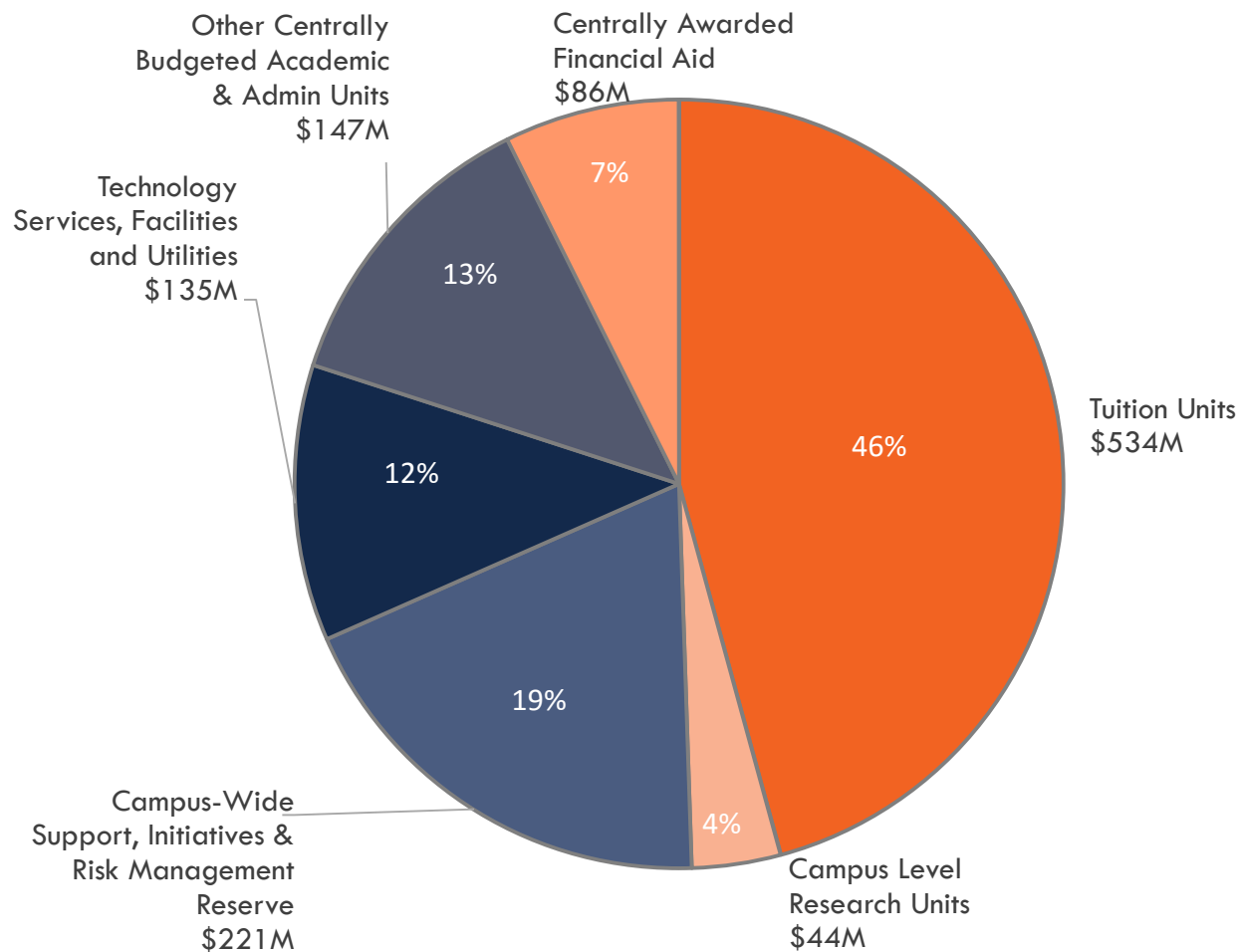
Magnitude of changes may impact colleges more directly?

Positive or **Negative**

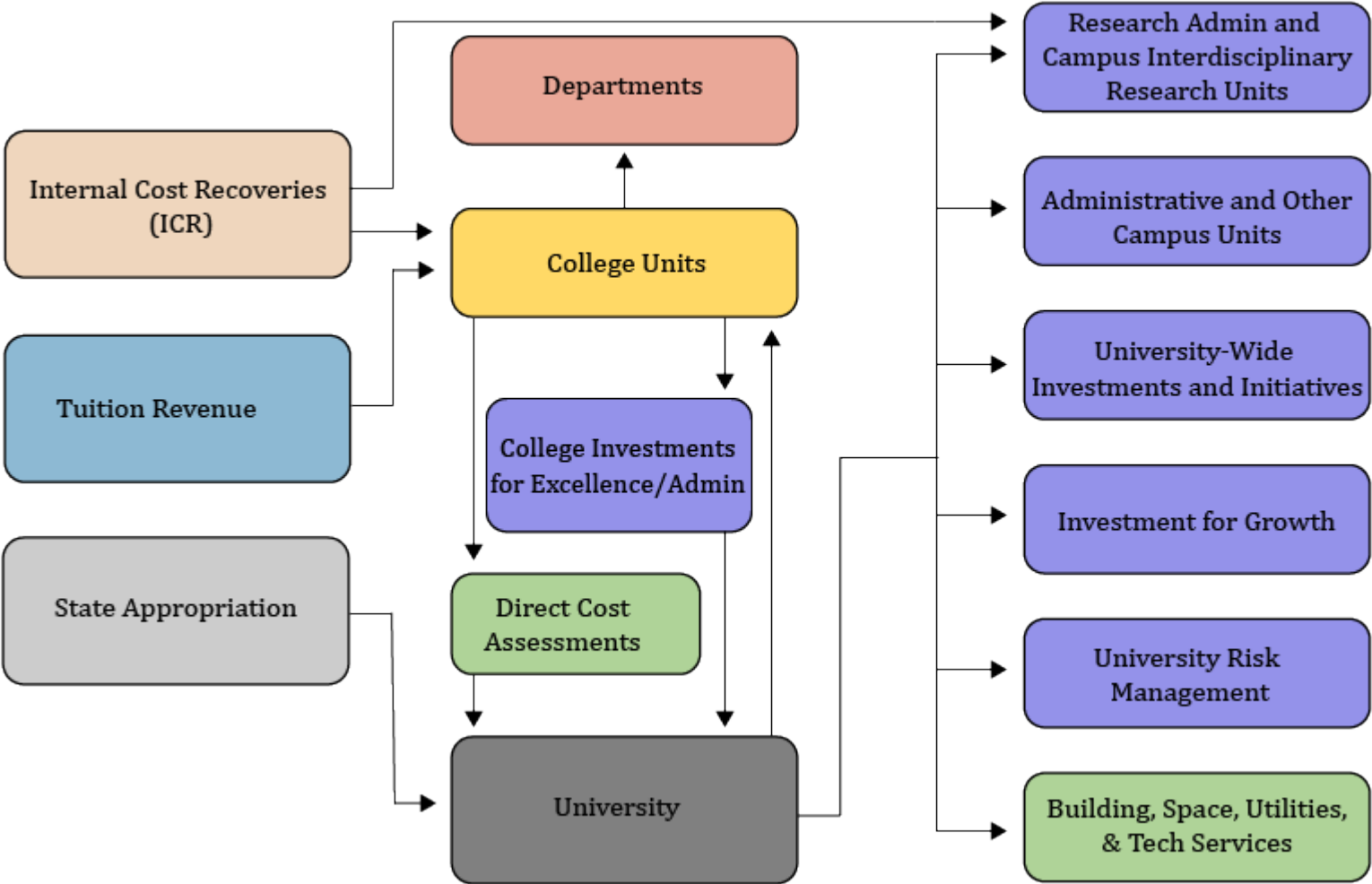
Fiscal management changes?



Costs & Investments: How to allocate ?



Budget Flows



Goals and Principles



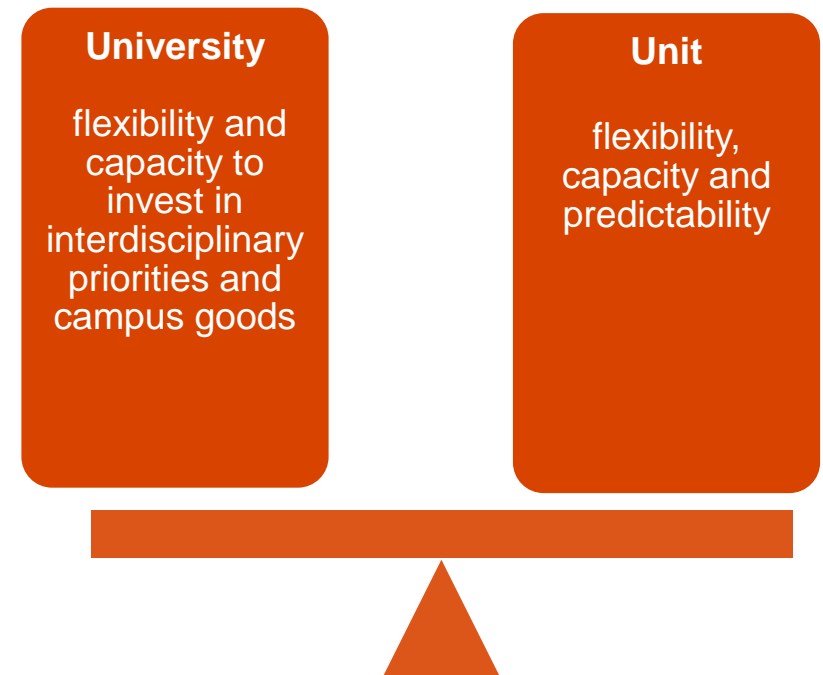
Transparency



Goals and Principles



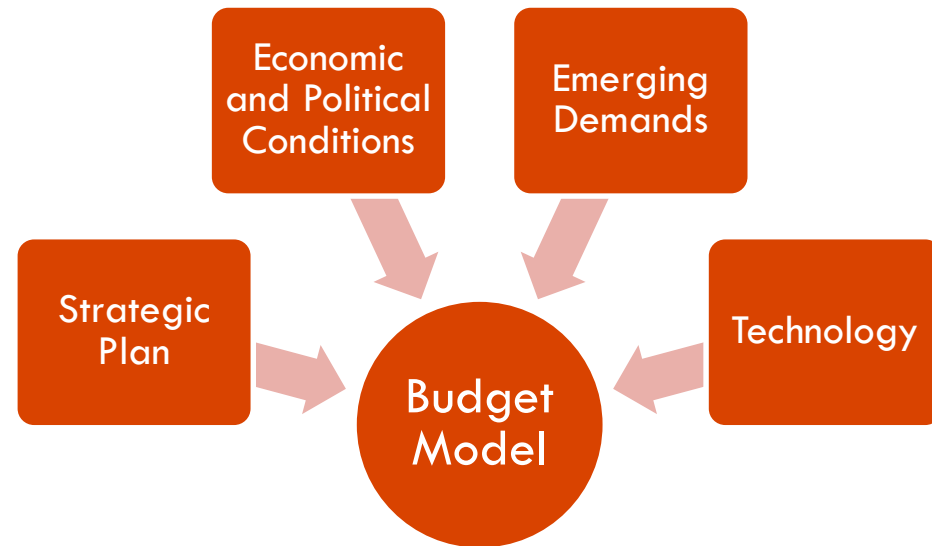
Balance



Goals and Principles



Responsive



Goals and Principles



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

Budget System

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

Levels

Weights

DETAILS & ISSUES

College Budgeting Framework

Revenue: Tuition

+

Revenue: ICR

-

Direct Costs: Facilities, Utilities
& Technology

-

Investment in Campus Goods
and Administration

=

Net Revenue

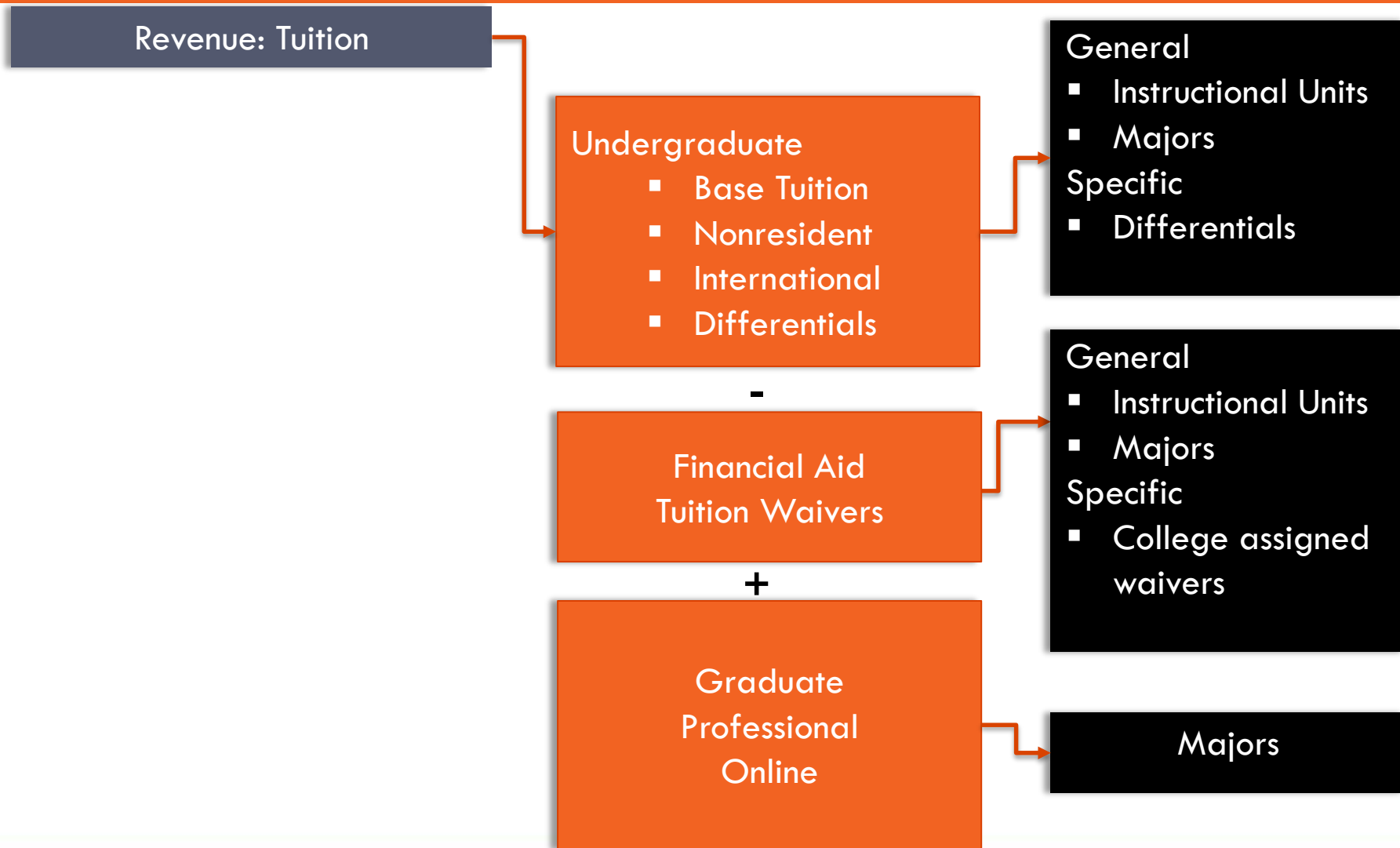
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Campus Investment to College

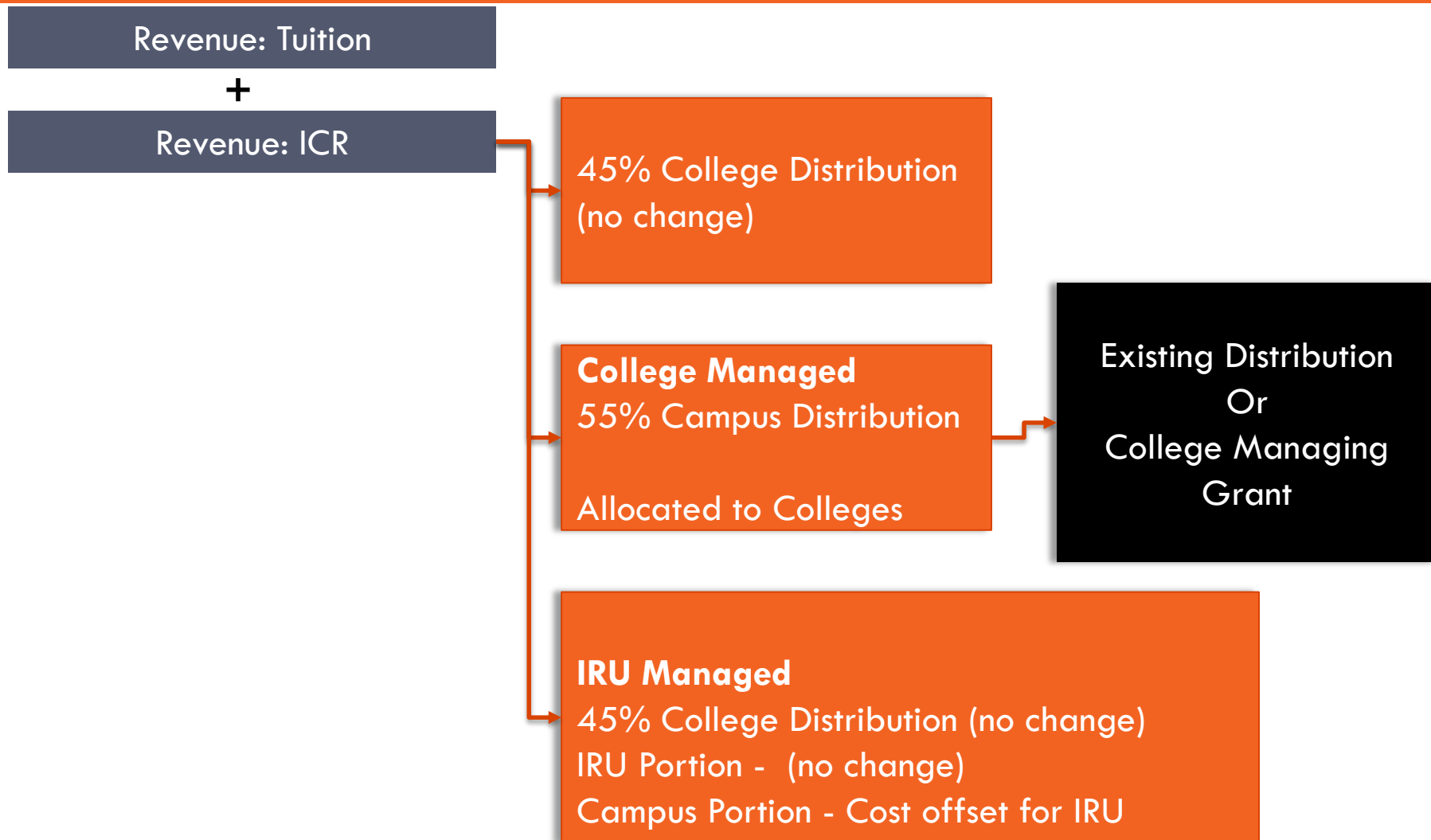
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Existing Budget Baseline
Under Existing Model

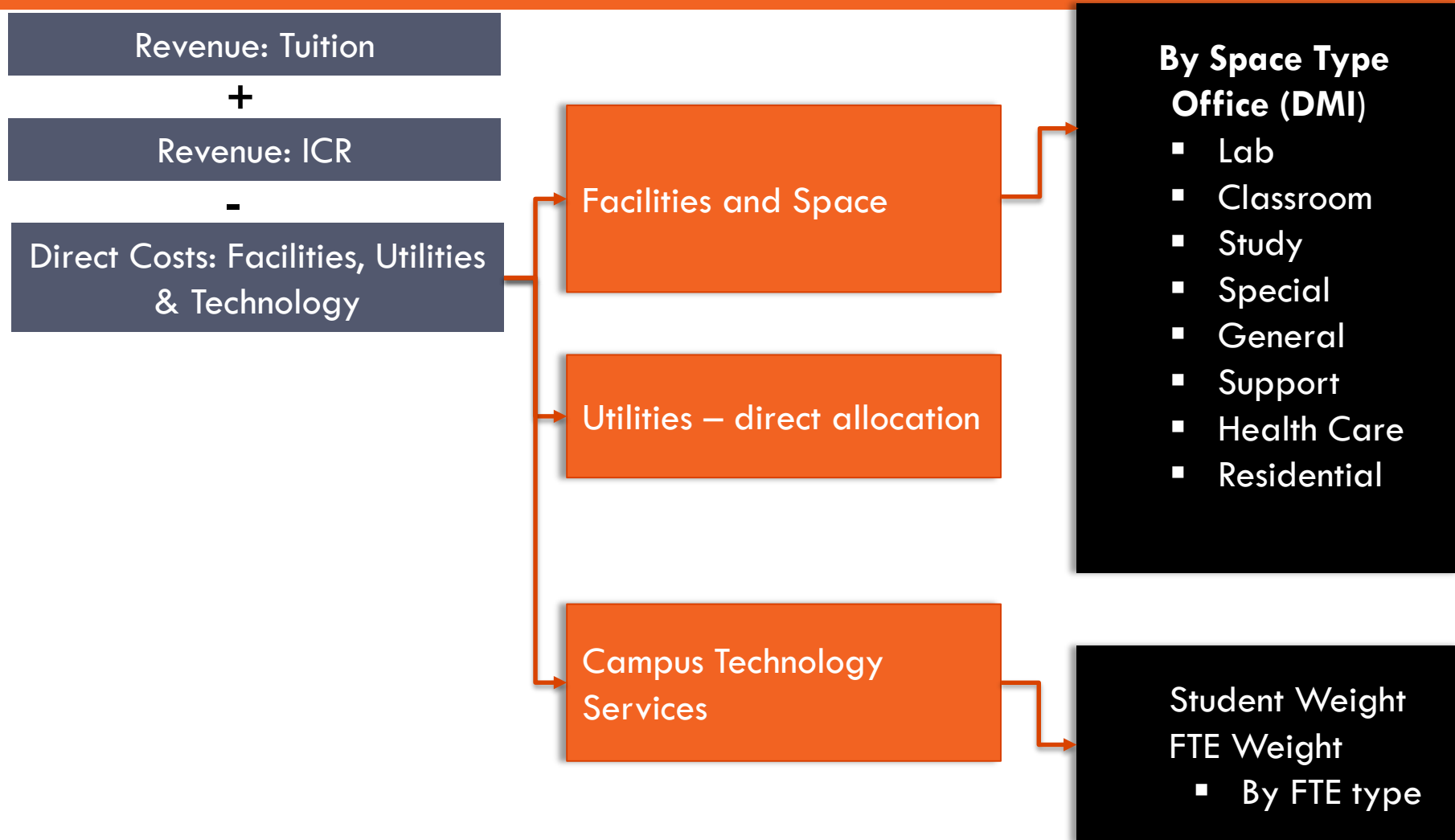
College Budgeting Framework



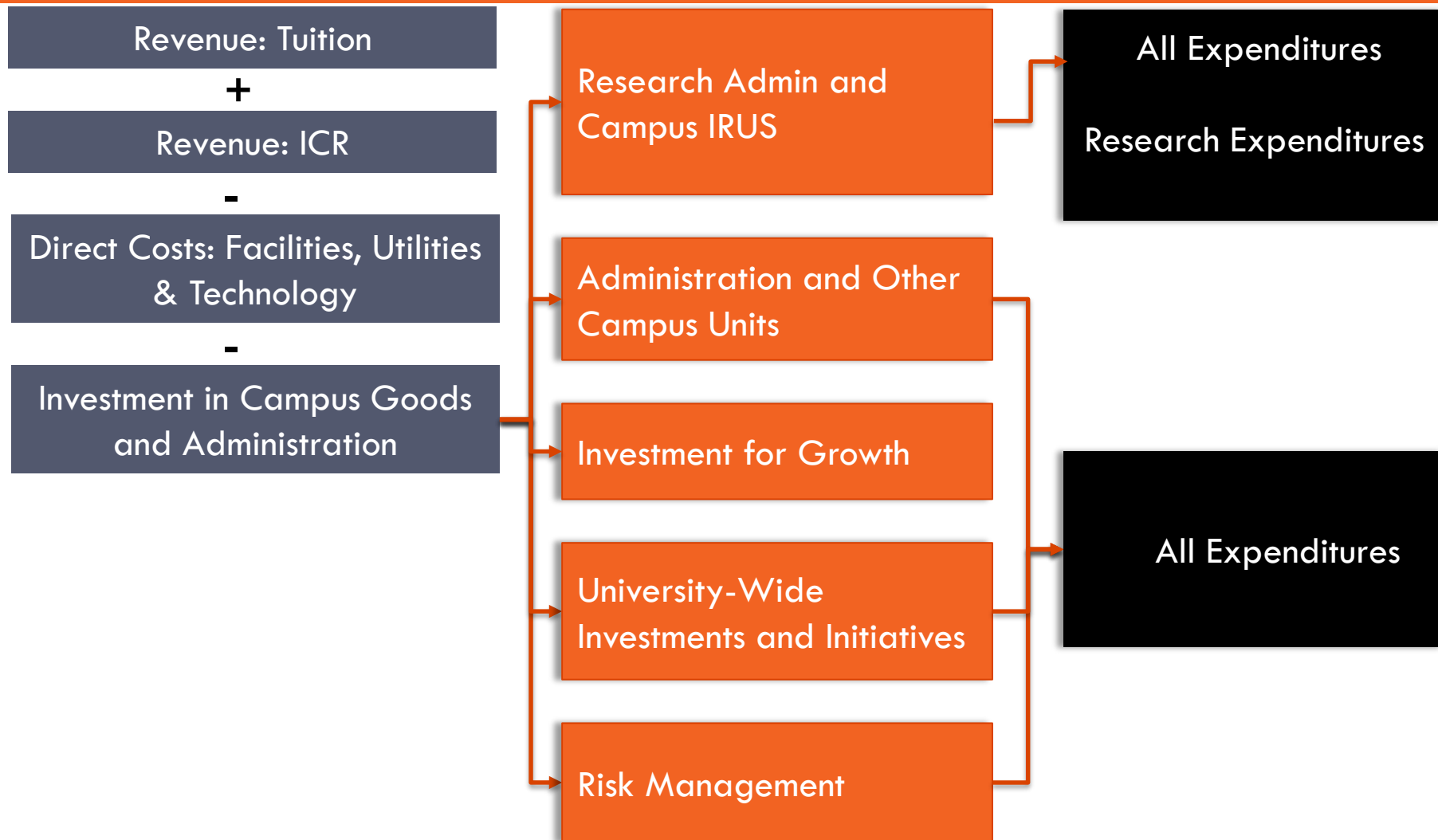
College Budgeting Framework



College Budgeting Framework



College Budgeting Framework



College Budgeting Framework

Revenue: Tuition

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Revenue: ICR

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Direct Costs: Facilities, Utilities
& Technology

-

Investment in Campus Goods
and Administration

=

Net Revenue

+/-

Campus Investment to College

=

Existing Budget Baseline
Under Existing Model

Tuition Revenue

Undergraduate Base-Rate Tuition	\$	7,692,735
Undergrad Non-resident Tuition		2,112,811
Undergrad Program Differential		1,576,520
Undergrad International Base		82,824
Undergrad International Differential		-
Less: Centrally-Funded Financial Aid		(1,120,202)
Less: Centrally-Assigned Tuition Waivers		(620,600)
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 Tuition Revenue Generated	\$	13,593,540

Indirect Cost Recoveries

All Tuition Remission		317,798
College Managed Grants		
Facilities & Admin. Cost: Distributed	\$	734,541
Campus Portion Facilities & Admin. Cost: Allocated (banner)		900,065
IRUs & Other Unit Managed Grants		
Facilities & Admin. Cost: Distributed		73,706
Total Indirect Cost Recoveries Generated	\$	2,026,111

Total Revenue Generated**\$ 15,619,651**

Direct Cost Assessments

Facilities and Space

DRAFT

Building and Space	\$ 402,481
Utilities	470,322
Capital Renewal / Deferred Maintenance	
Less: College Funded Facilities and Space	
Less: Transition factor	
Total Facilities and Space Costs	\$ 872,803
Technology and Services	426,844
Total Direct Cost Assessments	<u>1,299,647</u>

College Investments in Administration and University-Wide Excellence

DRAFT

University System Office	
Research Admin. & Campus Interdisciplinary Research Units	694,548
Administrative and Other Campus Units	4,658,511
Investment for Growth	408,369
University-wide Investments & Initiatives	3,111,022
Contributions to University Risk Management	592,360
Total College Investments in Administration and University-Wide Excellence	\$ 9,464,809

Total Direct Costs and Investments **\$ 10,764,456**

Total Revenue less Direct Costs and Investments **\$ 4,855,194**

University-Wide Investments & Transfers with College

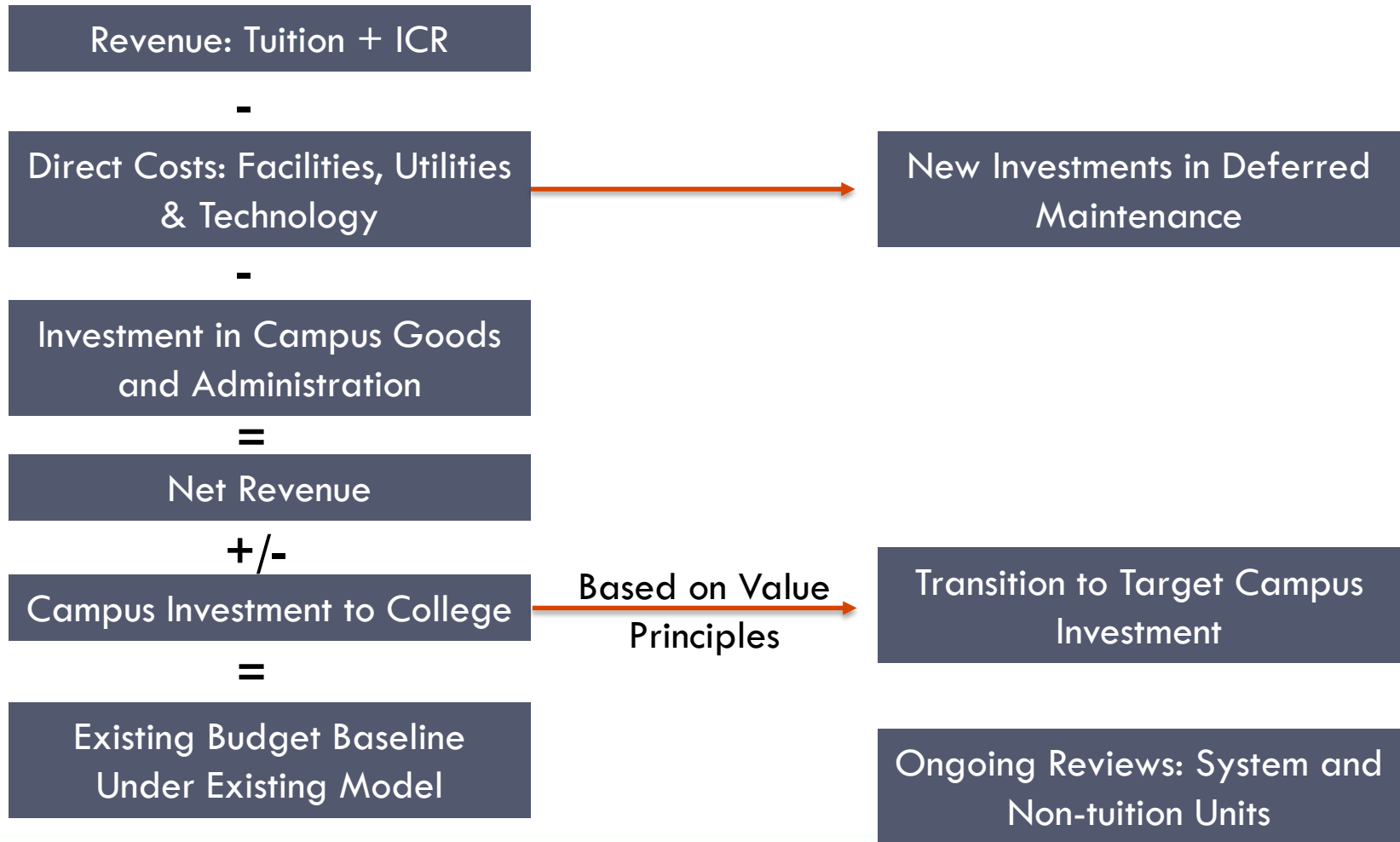
University Investments and Transfers	\$ 8,748,536
College Target Level	

Budget Allocations Attributed College Budget 13,603,730

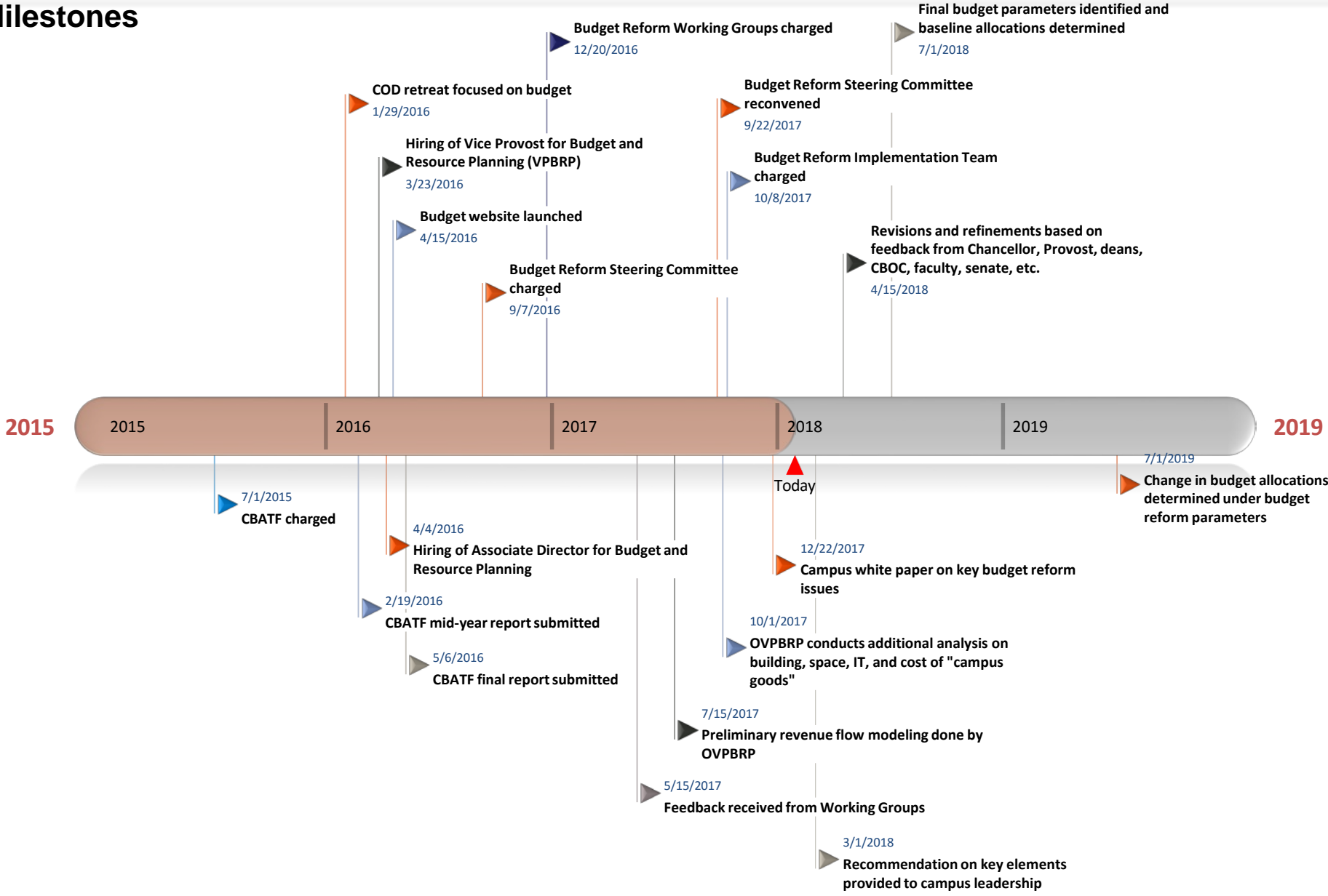
College Budgeting Framework

Phase 1: FY19

Phase 2: FY20-23



Budget Reform Timeline Milestones



Panel Discussion Preparing for Change

- Impacts and impediments
- Concerns
- Communication strategies
- Internal budget preparations