



BUDGET UPDATE

AFO Meeting – May 12, 2015

**THE
UNIVERSITY OF
ILLINOIS
AT
CHICAGO**



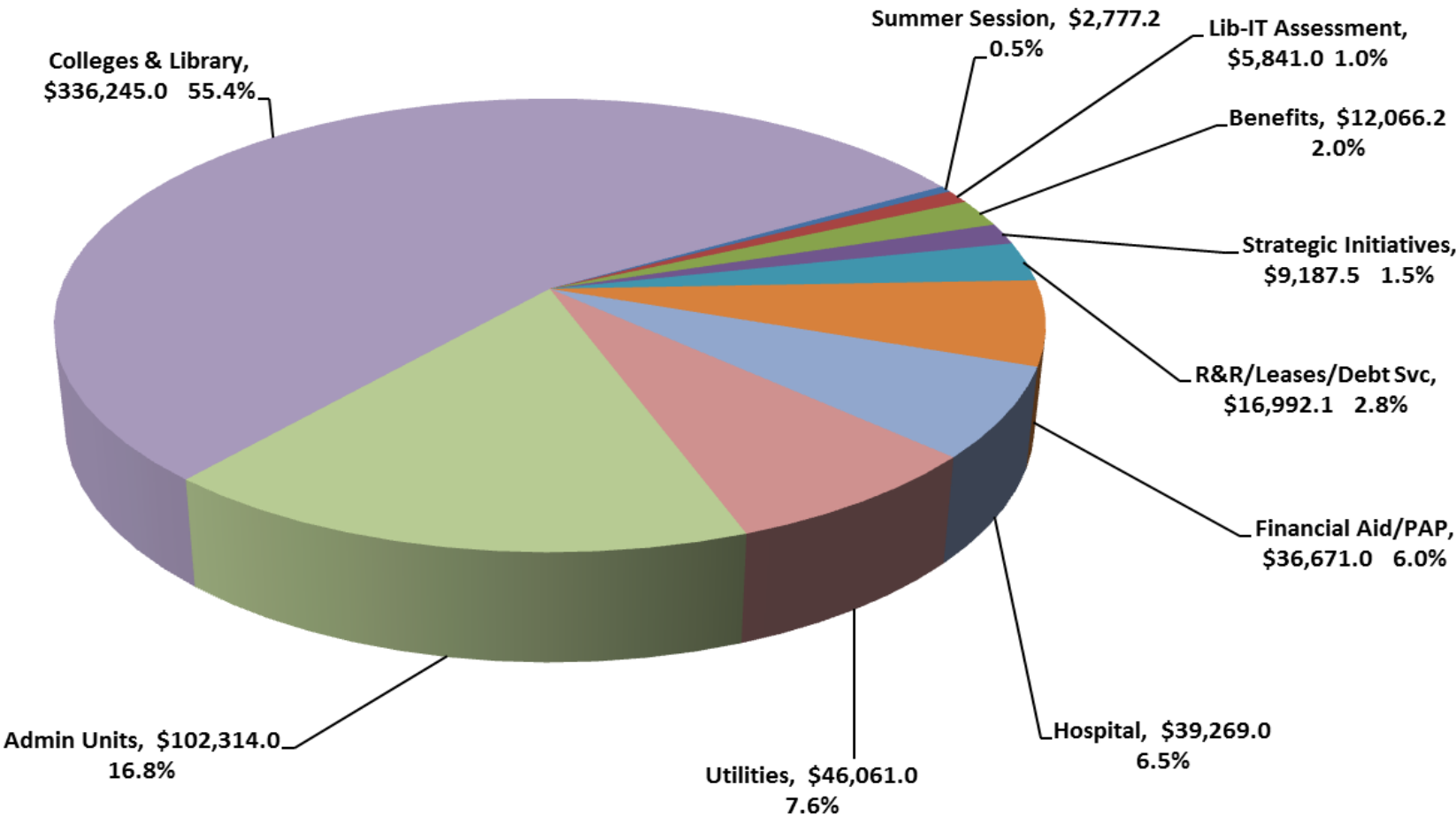
FY 16 Budget Planning

- **What percentage? When?**
 - Resolution of State budget impasse?
 - Sharing of benefit costs?
- **“Shares” methodology?**
 - VP Pierre, Chancellors and Provosts have been meeting 1-2 times per week to discuss
 - Items traditionally held harmless by UA may not be – may result in some costs passing to campuses

FY 2015 State Budget

(Appropriation & Tuition) \$ x \$1,000

\$607,424 Total





FY 16 Budget Planning

- **UIC Planning**
 - **What we do know:**
 - *Cuts will not be across the board*
 - *Administration will be more impacted than academic and student programs*
 - **How to determine?**
 - **Budget staff are compiling list of proposed or possible reductions, as learned from budget meetings**



FY 16 Budget Planning

- **Unit Academic & Program Reviews**
 - **Reviewing department data more granularly**
 - All departments have been arrayed using cost study, staffing ratios and other data
 - **Which degree programs past 5 years average produced only**
 - 5 or fewer Bachelors
 - 4 or fewer Masters
 - 1 or fewer Doctorates



Proposed Changes to Non-Resident Revenue Distribution

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Non-Resident Student Headcount Premium

- **FY 14 Colleges began receiving a \$8,000 premium for each Non-Resident Student enrolled in their college based on actual Fall headcount.**
- **The premium was intended as an incentive for recruiting and retaining non-resident students.**



Non-Resident Student Headcount Premium

- This impacted colleges with high credit hour production & headcounts as the amount of funding in the pool used to compute the “value” of a UG credit hour & head was reduced.

| Value of Credit Hour/Headcount with and without Premiums | | | | | | |
|--|----------------------------|-----------------------------------|----------------------------|----------------------|----------------------------|----------------------|
| | | Yr 0 (FY13) without Premium | Yr 1 without Premium | Yr 1 WITH Premium | Yr 2 without Premium | Yr 2 WITH Premium |
| Per Credit Hour Rate | | \$181.32 | \$191.32 | \$182.73 | \$201.25 | \$193.05 |
| | Difference from PY (Amt) | | \$10.00 | \$1.41 | \$9.93 | \$10.32 |
| | Difference from PY (Amt) % | | 6% | 0.8% | 5% | 6% |
| | Difference in Method (Amt) | | | (\$8.59) | | (\$8.20) |
| | Difference in Method (%) | | | -4% | | -4% |
| Per Headcount Rate | | \$1,266 | \$1,328 | \$1,269 | \$1,392 | \$1,336 |
| | Difference from PY (Amt) | | \$62.78 | \$3.13 | \$63.92 | \$66.86 |
| | Difference from PY (Amt) % | | 5% | 0.2% | 5% | 5% |
| | Difference in Method (Amt) | | | (\$59.65) | | (\$56.72) |
| | Difference in Method (%) | | | -4% | | -4% |



Hold Harmless

- As a result, colleges were held harmless from the negative revenue consequences
- \$1,000 per student was held by the campus to cover a portion of the hold harmless costs.
 - **Original intent - 3 years, which would end after FY16.**
- In FY15, the “hold harmless” amount incorporated into college budgets totaled \$1,192,185.
 - *Only \$610,000 was recovered from \$1K in premium revenues with a net cost to the Campus of \$582,185.*



Non-Resident Student Headcount Growth

Underlying assumption – causal relationship between premium & enrollment growth of NR students?

| NR Enrollment Trends | | | Premium Yr 1 | Premium Yr 2 | | |
|----------------------|----------|----------|-----------------|-----------------|--------|--------|
| | FY 2012 | FY 2013 | FY 2014 | FY 2015 | | |
| | FALL 11 | FALL 12 | FALL 13 | FALL 14 | | |
| | Actual | Actual | Actual | Actual | 1 Yr | 4 Yr |
| COLLEGE | NRT HDCT | NRT HDCT | NRT HDCT | NRT HDCT | Change | Change |
| CAHS | 13 | 18 | 21 | 25 | 19% | 92% |
| CADA | 58 | 48 | 53 | 68 | 28% | 17% |
| CBA | 87 | 80 | 100 | 127 | 27% | 46% |
| EDUC | 4 | 2 | 3 | 0 | -100% | -100% |
| ENG | 60 | 63 | 72 | 131 | 82% | 118% |
| LAS | 200 | 199 | 229 | 273 | 19% | 37% |
| NURS | 36 | 26 | 15 | 8 | -47% | -78% |
| SPH | 0 | 0 | 0 | 2 | | |
| CUPPA | 5 | 1 | 1 | 3 | 200% | -40% |
| TOTAL | 463 | 437 | 494 | 637 | 29% | 38% |



Chicago Grant

- Introduction of the Chicago Grant program this year, lowered the premium for those students paying only 50% more than resident students.
 - *Premium = \$3,050 to college*
- 1st year of entering students in the Chicago Grant program – budgeted 153; yielded 142
 - *We are committed to at least 1 more year (plus grandfathering of returning students.)*
- Will need to evaluate continuation beyond FY16.
 - *Examine consequences of a lower domestic tuition rate as an alternative?*
 - *Expand eligibility as a yielding tool?*



Budget Impact of Two Models

| | | | | WITH | WITHOUT | | |
|--------------|--------------------|-------------------------------------|-----------------------------|---------------------------------------|---|-----------------------|---|
| | Budgeted Headcount | Budgeted Non-Residents at Full Rate | Budgeted Chicago Grant NR's | Budgeted Tuition Revenue with Premium | Budgeted Tuition Revenue w/o NR Premium | Difference in Revenue | FY 15 Hold Harmless funding in base budgets |
| CAHS | 730 | 16 | 6 | \$4,711,238 | \$4,758,794 | (\$47,556) | \$ 47,556 |
| CADA | 984 | 37 | 16 | \$7,730,646 | \$7,699,496 | \$31,150 | \$0 |
| CBA | 2267 | 103 | 15 | \$12,159,851 | \$11,769,551 | \$390,300 | \$0 |
| EDUC | 284 | 1 | 1 | \$1,622,594 | \$1,679,980 | (\$57,386) | \$57,386 |
| ENG | 2470 | 55 | 19 | \$11,838,316 | \$11,821,950 | \$16,366 | \$0 |
| HONORS | 0 | 0 | 0 | \$1,991,135 | \$2,075,691 | (\$84,556) | \$84,556 |
| LAS | 9426 | 209 | 96 | \$71,569,345 | \$72,560,398 | (\$991,053) | \$991,053 |
| MED | 0 | 0 | 0 | \$72,008 | \$75,066 | (\$3,058) | \$3,058 |
| NURS | 426 | 33 | 0 | \$3,081,029 | \$2,936,658 | \$144,371 | \$0 |
| SPH | 41 | 1 | 0 | \$321,555 | \$335,210 | (\$13,655) | \$5,655 |
| CUPPA | 61 | 2 | 0 | \$461,564 | \$464,485 | (\$2,921) | \$2,921 |
| Total | 16,689 | 457 | 153 | \$115,559,281 | \$116,177,281 | (\$618,000) | \$ 1,192,185 |



Non-Resident Student Headcount Premium Issues

- No distinction given to part time versus full time, or Fall to Spring attrition in computing the premium sharing.
- Only headcount is considered, not credit hours at a higher rate.
- Projections are outside of the budget distribution model & prone to error.
 - *eTuition students were included in the original budget projections (they don't pay NR tuition rates & are not included in reconciled YE distributions of tuition.)*



Non-Resident Student Headcount Premium Issues

- **We incorporated the hold harmless into base budgets of affected colleges.**
- **Addition of Chicago Grant a new variable complicating projections.**
- **This change in revenue sharing was to be re-examined during the 3rd year at which time the hold harmless was expected to be eliminated effective FY17.**



Approved Changes for FY16

Enrollment: Premium Headcount

- Premium allocation will be based on actual Fall and Spring enrollment headcount.
- We will not adjust the premium amounts for part-time non-resident students.
- No premium allocation to a non-resident student receiving a tuition waiver.



Approved Changes for FY16

Premium Amounts:

- **NR Premium for International and Domestic residents will be lowered to \$5,000 from \$8,000**
 - *\$1,500 per semester per student less.*
 - *\$2,500 per head per semester.*
- **NR Premium for Chicago Grant students will drop from \$3,050 to \$1,000**
 - *\$1,025 per semester per student less.*
 - *\$1,250 per head per semester.*



Approved Changes for FY16

Impacts:

- Premium change raises the per headcount tuition distribution to \$1,413, a \$33 per student headcount increase.
- Increases the per credit hour tuition distribution to \$202, up \$5 per credit hour over the current fiscal year.
- Using FY16 college submitted enrollment targets, the Campus hold harmless liability is reduced by \$1M.

FY16 Non-Resident Tuition Premium Change

| FY16 Projected Tuition Revenue w/Existing Premium Rates | | | | | FY16 Projected Tuition Revenue w/ New Premium Rates | | | | |
|---|--|--|--------------------|---|---|---|--------------------------------|---|--|
| | | Total Non-Resident Enrollment: | 774 | | | | Total Non-Resident Enrollment: | 774 | |
| \$ per HC | 1,380.66 | | | | \$ per HC | \$1,413.22 | | | |
| \$ per SCH | 197.37 | Chicago Grant: | 272 | | \$ per SCH | \$202.03 | Chicago Grant: | 272 | |
| | | Non-Resident (NR): | 502 | | | | Non-Resident (NR): | 502 | |
| Premium to Colleges: | | NR | Chicago Grant | | Premium to Colleges: | | NR | Chicago Grant | |
| Premium to Campus: \$1,000 | | \$8,000 | \$3,050 | | Premium to Campus: \$0 | | \$5,000 | \$1,000 | |
| Colleges: | FY16 Projected Tuition Revenue w/ Existing Premiums (FY15) | Total Projected NR & Chicago Grant Premium | Held Harmless | Total FY16 Projected Tuition Revenue & Premiums | FY16 Projected Revenue w/ Premiums | FY16 Total Projected NR & Chicago Grant Premium | Held Harmless | Total FY16 Projected Tuition Revenue & Premiums | Tuition Revenue Change Existing Premium Rate vs New Premium Rate Excluding Held Harmless |
| CAHS | \$5,567,650 | \$138,700 | (\$153,287) | \$5,706,350 | \$5,698,953 | \$74,000 | (\$86,684) | \$5,772,953 | \$66,603 |
| CADA | \$7,155,184 | \$535,700 | | \$7,690,884 | \$7,323,926 | \$304,000 | | \$7,627,926 | (\$62,958) |
| CBA | \$12,089,905 | \$1,048,050 | | \$13,137,955 | \$12,375,023 | \$636,000 | | \$13,011,023 | (\$126,932) |
| EDUC | \$1,643,118 | \$0 | (\$68,599) | \$1,643,118 | \$1,681,868 | \$0 | (\$29,849) | \$1,681,868 | \$38,750 |
| ENG | \$13,006,571 | \$1,390,950 | | \$14,397,521 | \$13,313,307 | \$834,000 | | \$14,147,307 | (\$250,214) |
| HONORS | \$2,080,973 | \$0 | (\$86,879) | \$2,080,973 | \$2,130,049 | \$0 | (\$37,803) | \$2,130,049 | \$49,076 |
| LAS | \$69,569,930 | \$1,628,200 | (\$1,276,287) | \$71,198,130 | \$71,210,609 | \$869,000 | (\$394,808) | \$72,079,609 | \$881,479 |
| MED | \$65,265 | \$0 | (\$2,725) | \$65,265 | \$66,804 | \$0 | (\$1,186) | \$66,804 | \$1,539 |
| NURS | \$2,485,902 | \$72,000 | (\$3,657) | \$2,557,902 | \$2,516,890 | \$45,000 | | \$2,561,890 | \$3,988 |
| SPH | \$459,946 | \$32,000 | | \$491,946 | \$470,793 | \$20,000 | | \$490,793 | (\$1,153) |
| CUPPA | \$486,923 | \$0 | (\$20,328) | \$486,923 | \$498,406 | \$0 | (\$8,845) | \$498,406 | \$11,483 |
| Total | \$114,611,367 | 4,845,600 | (1,611,762) | 119,456,967 | \$117,286,628 | 2,782,000 | (559,175) | 120,068,628 | \$611,661 |

FY16 Non-Resident Tuition Premium Change

| FY15 Budget | | | | FY16 Proposed Budget | | | | | | | | | |
|----------------------------|-----------------------------------|--|--|------------------------------------|---|---|--|---------------------------------------|--------------------|------------------------|--------------------------|--|--|
| | | Total Non-Resident Enrollment: | 610 | | | Total Non-Resident Enrollment: | 774 | | | | | | |
| \$ per HC | 1,332.17 | | | \$ per HC | \$1,413.22 | | | | | | | | |
| \$ per SCH | 191.59 | Chicago Grant: | 153 | \$ per SCH | \$202.03 | Chicago Grant: | 272 | | | | | | |
| | | Non-Resident (NR): | 457 | | | Non-Resident (NR): | 502 | | | | | | |
| Premium to Colleges: | | NR | Chicago Grant | Premium to Colleges: | | NR | Chicago Grant | | | | | | |
| Premium to Campus: \$1,000 | | \$8,000 | \$3,050 | Premium to Campus: \$0 | | \$5,000 | \$1,000 | | | | | | |
| | | | | | | | | Tuition Revenue Change Attributed to: | | | | | |
| Colleges: | FY15 Budgeted Revenue w/ Premiums | FY15 Total Budgeted NR & Chicago Grant Premium | Total FY15 Budgeted Tuition Revenue & Premiums | FY16 Projected Revenue w/ Premiums | FY16 Total Projected NR & Chicago Grant Premium | Total FY16 Projected Tuition Revenue & Premiums | Budgeted Tuition Revenue Change FY15 to FY16 | Student Rollover | Enrollment Changes | Int'l Rate Increase 2% | NRTP Premium Rate Change | | |
| CAHS | \$5,309,683 | \$146,300 | \$5,455,983 | \$5,698,953 | \$74,000 | \$5,772,953 | \$316,970 | \$154,730 | \$188,720 | \$4,251 | (\$30,731) | | |
| CADA | \$6,786,292 | \$344,800 | \$7,131,092 | \$7,323,926 | \$304,000 | \$7,627,926 | \$496,834 | \$174,397 | \$421,359 | \$6,877 | (\$105,799) | | |
| CBA | \$11,222,864 | \$869,750 | \$12,092,614 | \$12,375,023 | \$636,000 | \$13,011,023 | \$918,409 | \$260,482 | \$922,955 | \$10,513 | (\$275,541) | | |
| EDUC | \$1,601,631 | \$11,050 | \$1,612,681 | \$1,681,868 | \$0 | \$1,681,868 | \$69,187 | \$37,633 | \$26,377 | \$1,501 | \$3,676 | | |
| ENG | \$11,270,861 | \$497,950 | \$11,768,811 | \$13,313,307 | \$834,000 | \$14,147,307 | \$2,378,496 | \$257,047 | \$2,245,763 | \$10,559 | (\$134,873) | | |
| HONORS | \$1,975,991 | \$0 | \$1,975,991 | \$2,130,049 | \$0 | \$2,130,049 | \$154,058 | \$46,210 | \$94,942 | \$1,854 | \$11,052 | | |
| LAS | \$69,138,818 | \$1,964,800 | \$71,103,618 | \$71,210,609 | \$869,000 | \$72,079,609 | \$975,991 | \$1,632,297 | (\$266,800) | \$64,813 | (\$454,319) | | |
| MED | \$71,399 | \$0 | \$71,399 | \$66,804 | \$0 | \$66,804 | (\$4,595) | \$1,722 | (\$6,731) | \$67 | \$347 | | |
| NURS _(n) | \$2,798,563 | \$264,000 | \$3,062,563 | \$2,516,890 | \$45,000 | \$2,561,890 | (\$500,673) | \$67,957 | (\$485,312) | \$2,623 | (\$85,941) | | |
| SPH | \$319,776 | \$8,000 | \$327,776 | \$470,793 | \$20,000 | \$490,793 | \$163,017 | \$6,815 | \$156,459 | \$300 | (\$557) | | |
| CUPPA | \$442,980 | \$16,000 | \$458,980 | \$498,406 | \$0 | \$498,406 | \$39,426 | \$10,239 | \$32,186 | \$415 | (\$3,414) | | |
| Total | \$110,938,858 | 4,122,650 | 115,061,508 | \$117,286,628 | 2,782,000 | 120,068,628 | \$5,007,120 | \$2,649,528 | \$3,329,919 | \$103,773 | (\$1,076,100) | | |