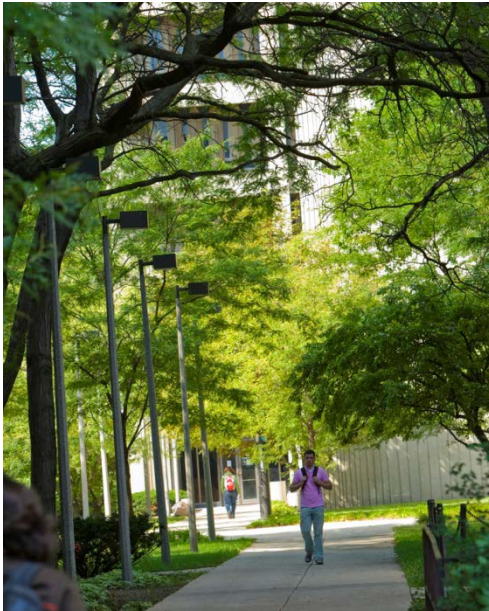


Leadership Retreat
August 19, 2014

UIC Budget Overview & Strategic Goals Update



UIC UNIVERSITY OF ILLINOIS
AT CHICAGO

Janet Parker, Associate Chancellor & Vice Provost,
Budget & Resource Planning

Agenda

- **State of Illinois Budget Overview**
- **UIC State Budget Overview**
- **UIC Budget Model**
- **Strategic Objectives and Actions To Date**

Overview of the State of Illinois Budget

Governor Quinn approved the \$35.7 billion FY15 State Budget

- not structurally balanced
- spending plan offsets big tax revenue hole with one-time measures
- will contribute to growing deficits and payables that continue to pressure the state's liquidity
- bond rating agencies shifted state financial outlook to negative
- possibility for a mid-year rescission

UIC State Budget Overview

- From FY 2008 to FY 2015, UIC's direct state appropriation has been reduced by over 30%.
- The State of Illinois pays for most employee benefits & pension costs
 - amount has steadily increased
 - over 3.5 times during the past 14 years

Total State of Illinois Support to UIC

In \$ x \$1,000

These costs are typically borne directly by the Institution

Fiscal Year	Direct GRF/EAF	% of Total	Fringe Benefits	% of Total	Pensions	% of Total	Total
2000	\$314,273	75%	\$ 62,568	15%	\$ 44,547	11%	\$ 421,388
2001	\$332,292	74%	\$ 72,613	16%	\$ 44,327	10%	\$ 449,232
2002	\$343,702	74%	\$ 73,527	16%	\$ 46,364	10%	\$ 463,594
2003	\$310,371	70%	\$ 79,099	18%	\$ 52,826	12%	\$ 442,295
2004	\$284,186	64%	\$ 98,411	22%	\$ 60,908	14%	\$ 443,504
2005	\$280,978	64%	\$ 107,406	24%	\$ 52,690	12%	\$ 441,074
2006	\$276,172	64%	\$ 119,724	28%	\$ 32,766	8%	\$ 428,663
2007	\$279,633	62%	\$ 124,347	27%	\$ 49,976	11%	\$ 453,956
2008	\$283,123	58%	\$ 137,181	28%	\$ 66,845	14%	\$ 487,149
2009	\$287,312	55%	\$ 144,395	27%	\$ 93,941	18%	\$ 525,647
2010	\$288,103	48%	\$ 170,440	28%	\$ 143,199	24%	\$ 601,743
2011	\$265,994	43%	\$ 184,901	30%	\$ 162,034	26%	\$ 612,929
2012	\$260,737	38%	\$ 213,396	31%	\$ 204,334	30%	\$ 678,466
2013	\$241,508	30%	\$ 254,555	32%	\$ 296,935	37%	\$ 792,998
2014	\$240,210	29%	\$ 282,047	34%	\$ 319,500	38%	\$ 841,757
14 Yr Chg	\$ (74,063)		\$ 219,479		\$ 274,953		\$ 420,369
Total % Chg	-23.6%		350.8%		617.2%		99.8%
Avg Ann. Chg	-1.90%		11.36%		15.11%		5.07%

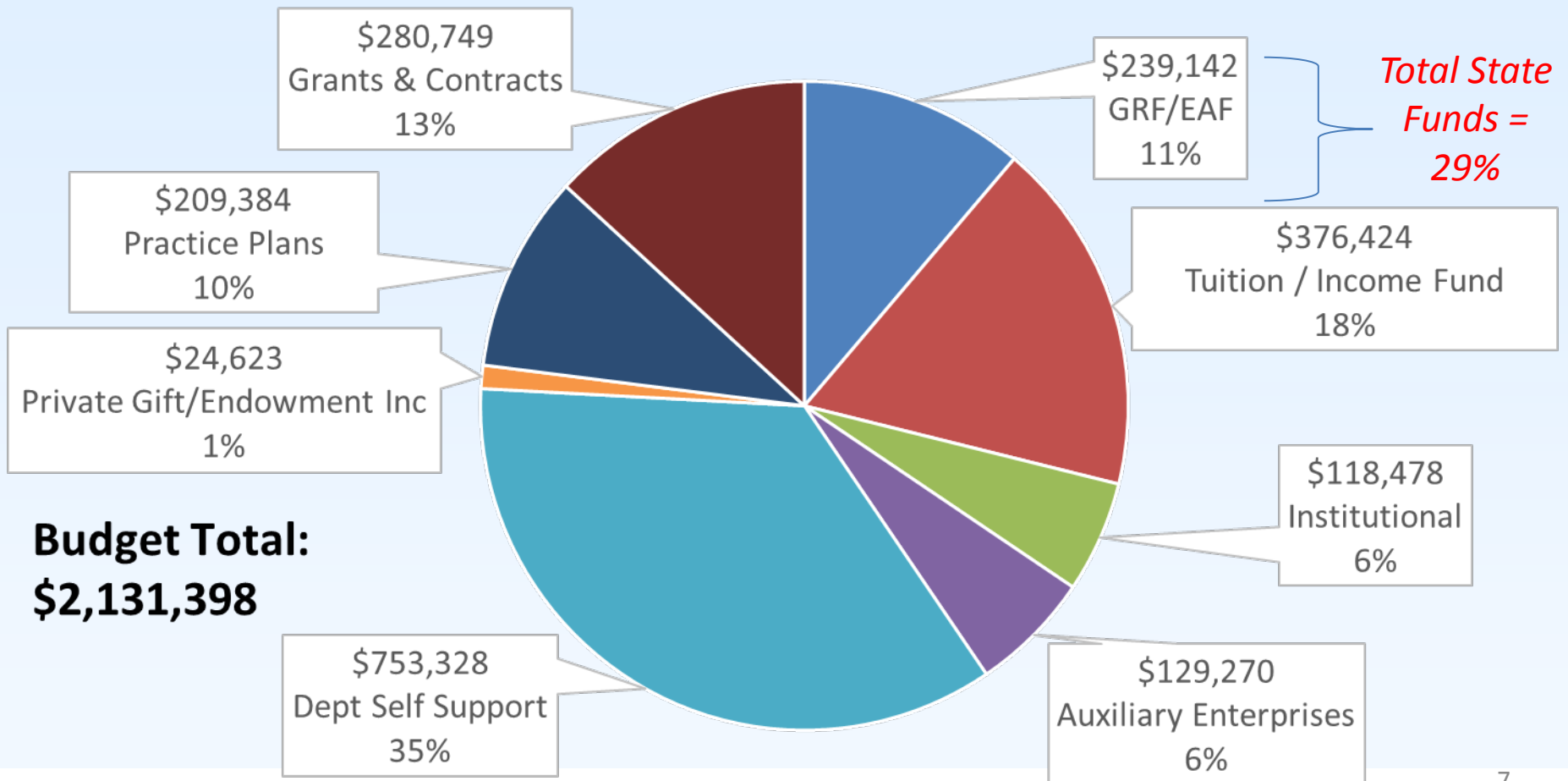
UIC FY 2015 State Budget

- **<0.2%>, UIC's appropriation reduced by \$493,200**
Excludes UIC's share of UA Salary cost increases
- **No additional funding for State's required Medicaid match for UI Hospital** *(Supplemental request)*
- **No increase in Monetary Award Program** *(Governor's Budget)*
State awarded need-based financial aid program
- **No funding for State mandated Veteran tuition grants**
Costs UIC \$4-5 Million each year



Overview of UIC FY 2015 Budget

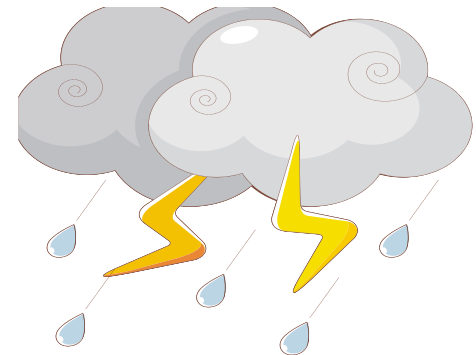
Dollars in \$1000's



State of Illinois Budget Outlook

FY 2016 Outlook for the State budget is cloudy

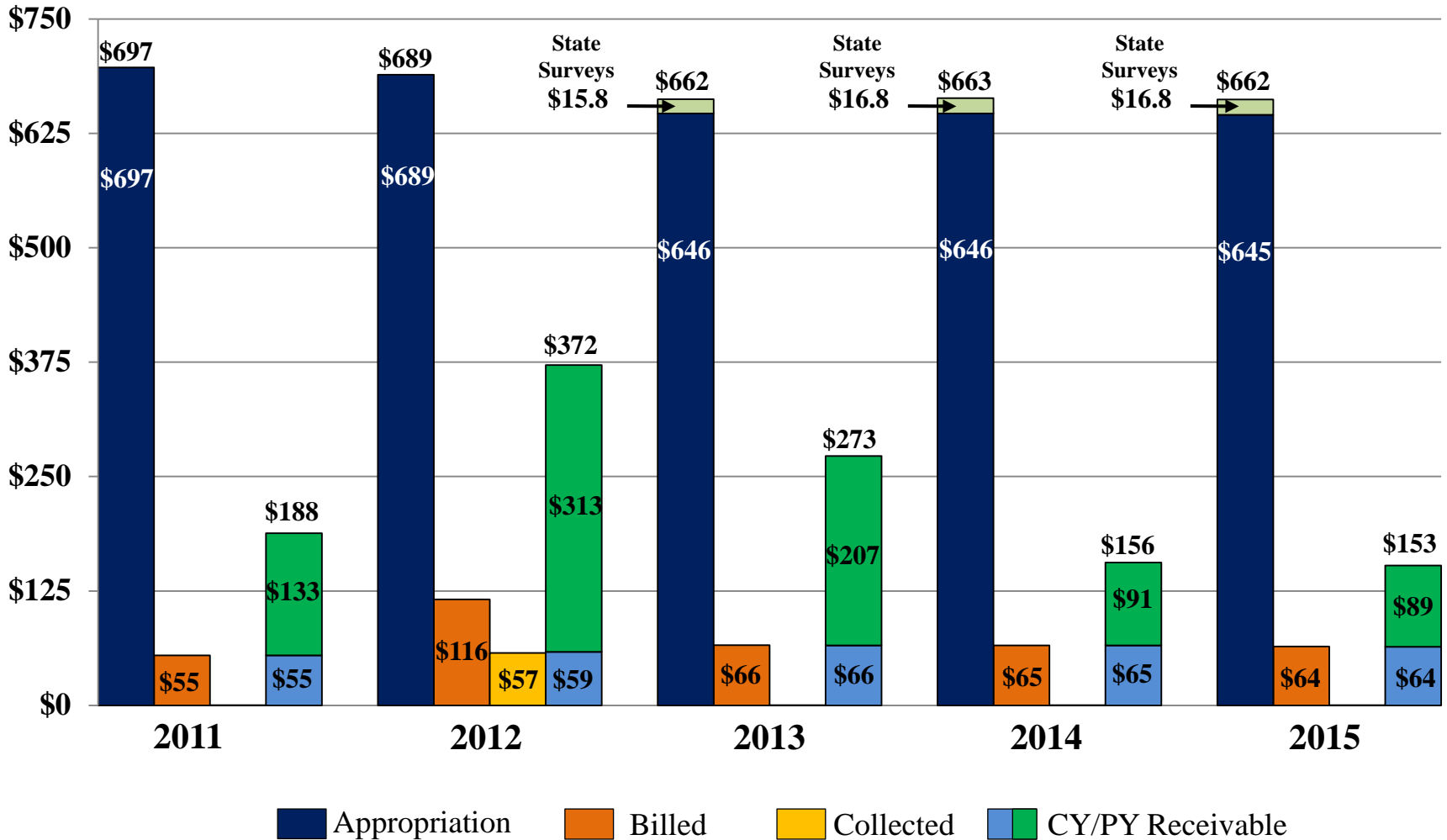
- November election - predictive of budget impacts?
 - Income tax sunset
- Pension ruling
 - Pension funds are significantly underfunded (*SURS is 41.5% funded*)
 - Even if courts reject the revised pension rules, it is unlikely the state can fund the current plan
 - Shift pension costs to Universities?
- Expect the best, prepare for the worst



State Appropriation Revenue

Billings and Collections through August 11, 2014

Dollars in Millions



Reallocation of 2.5%

SOURCES

State Appropriation	<\$493,200>
Net Tuition	<\$1,074,000>
Reallocation	<u>\$12,445,322</u>
Total Sources	\$10,878,122

USES

UA Salary Program	\$ 965,400
Medicare, Liability Ins, WC	\$ 522,200
UIC Salary Program / Fac Promotions	\$ 2,594,614
Hold Harmless Units	\$ 1,895,908
Utility Costs	\$ 1,000,000
Strategic Priorities	<u>\$ 3,900,000</u>
Total Uses	\$ 10,878,122

Strategic Planning Update

STRATEGIC GOAL #1: Student Success to Meet Societal Needs

Objectives:

- Provide a learning environment in which a diverse population of students, many from disadvantaged backgrounds, fully reaches their potential.
- Maintain access and leverage nearly unmatched diversity to enhance the learning environment and promote innovation among students, faculty, and staff.
-

Strategic Planning Update

STRATEGIC GOAL #1: Student Success to Meet Societal Needs

Actions:

Undergraduate Student Success Center

Advising Initiatives

Student Success Initiative Taskforce Report

President's Award Program

UIC-funded financial aid

CC120 – First Year Dialogue Seminar

Quality Improvement Project for Reaccreditation

Strategic Planning Update

STRATEGIC GOAL #2: Translational, Entrepreneurial and Engaged Research

Objectives:

- Strengthen innovative research, both basic and applied, in core and emerging areas that cross disciplines and engage partnerships.
- Stimulate state economic development, harnessing UIC's basic research and large interdisciplinary centers that build upon existing areas of strength and a full complement of academic disciplines to drive innovation.

Strategic Planning Update

STRATEGIC GOAL #2: Translational, Entrepreneurial and Engaged Research

Actions:

- *Chancellor's Discovery Awards*
- *Bridge Funding to maintain research momentum*
- *High performance computing cluster*
- *Centralized Clinical Trials Office*
- *Cluster Hire Initiative*
- *Engagement with UI LABS, other universities, industry & the City of Chicago*
- *Chancellor's Innovation Fund*

Strategic Planning Update

STRATEGIC GOAL #3: Institutional Sustainability

Objectives:

- Expand development opportunities and alumni relations through communicating campus mission and identity as a means to build ties that are enduring.
- Restore and maintain an urban built environment to accommodate, support and inspire a diverse population of students with a wide range of learning needs, and a faculty that require the resources of a first tier university.

Strategic Planning Update

STRATEGIC GOAL #3: Institutional Sustainability

Actions:

- *Development Roadmap: \$2 million per year to increase private giving, scholarship funding, unrestricted gift revenue and endowment income*
- *Deferred Maintenance & Misc. Capital Improvement Funding*

Classroom Improvements	\$ 2.5 million
Campus Appearance	\$ 1 million
Repairs & Renovation	\$12 million
AFMFA	\$10 million
Utility Improvements	\$ 6 million
IT Infrastructure	<u>\$ 1.5 million</u>
	\$33 million

Building a Sustainable Budget

Challenges

- *Fixed cost increases and growth can no longer be funded by tuition and fee rate increases*
- *Cost containment and strategic use of financial aid without impacting access and enrollment*
- *Declining sponsored research & ICR revenues*
- *Across-the-board reallocations are eroding the bases of most unit's budgets to the detriment of core mission and services*

Building a Sustainable Budget

Opportunities

Revenue Expansion

TUITION

- *What programs are high in demand that have opportunities to increase overall enrollment?*
- *What are the impediments to increasing enrollment, revenue streams and or student access?*
- *Full cost recovery programs – not to replace existing, but expand reach*
 - *Private/public partnerships*
- *New programs for healthcare workforce development opportunities*

Building a Sustainable Budget

SPONSORED PROJECTS

- *Federal grants with full overhead to the extent possible*
- *Foundation sponsored projects with ICR limits should build overhead costs into the budget as direct costs*

DEVELOPMENT/PRIVATE FUNDING

- *Private philanthropy directed toward strategic needs and basic operating budget requirements.*
- *Funding for scholarships to replace institutionally funded financial aid*

Building a Sustainable Budget

Cost Reduction

- *What opportunities would allow budget reallocation from consolidation or elimination of departments/programs/administrative functions?*
- *What is the optimal level of academic and administrative support to promote student success, faculty productivity, and overall program quality?*
- *What opportunities exist for operational efficiencies?*
 - *Shared services to limit duplication of efforts and redundancy*