

FY 2015 Budget Planning Process

Janet Parker

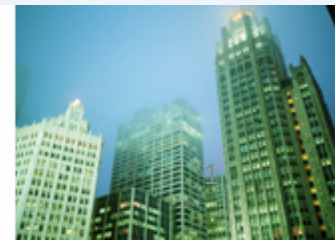
Associate Chancellor and Vice Provost, Budget and Resource Planning

Mary Ellen Korman

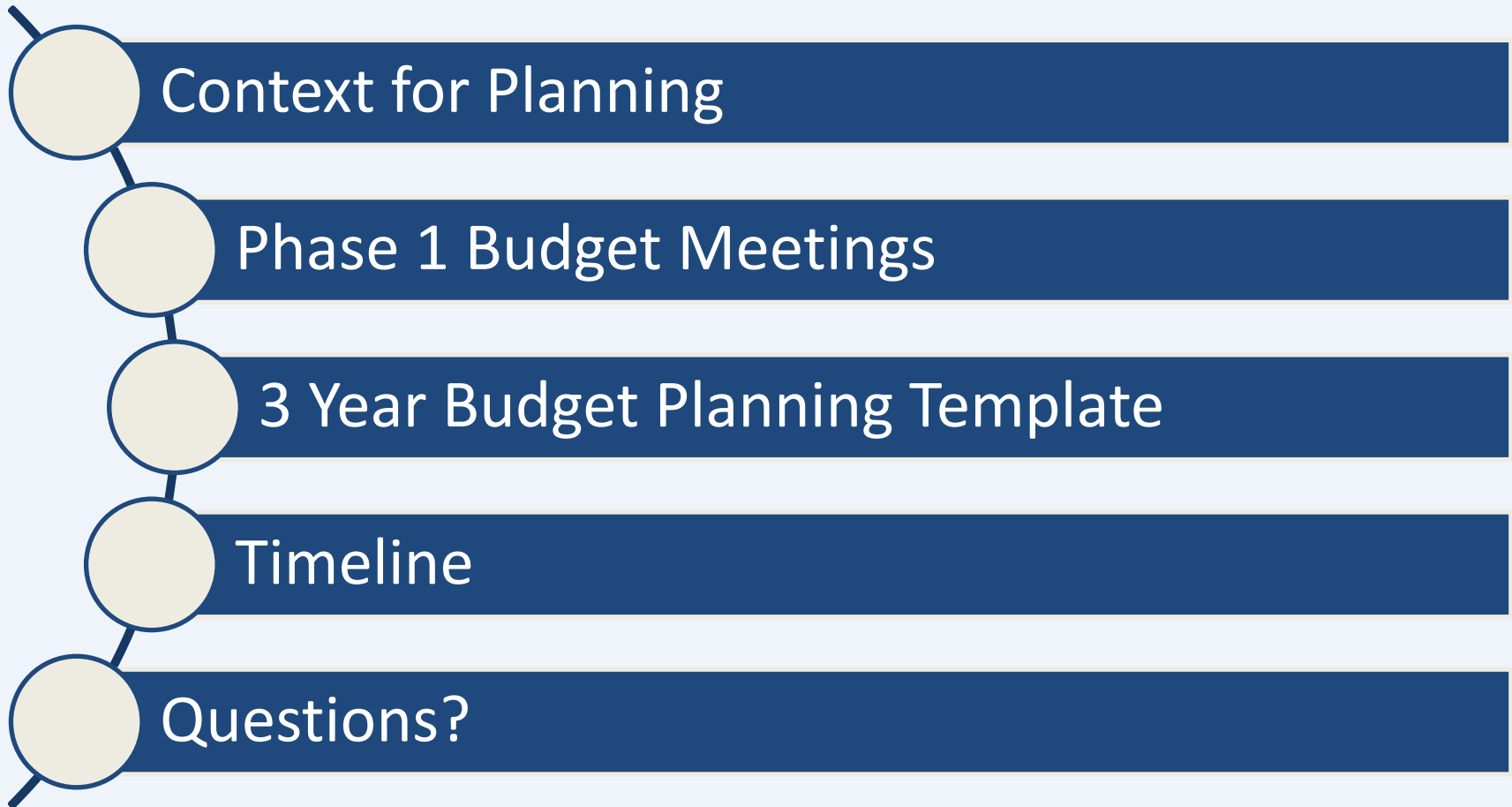
Interim Director, Budgeting & Program Analysis

Kim Lambert-Thomas

Assistant Director, Budgeting & Program Analysis



Meeting Agenda

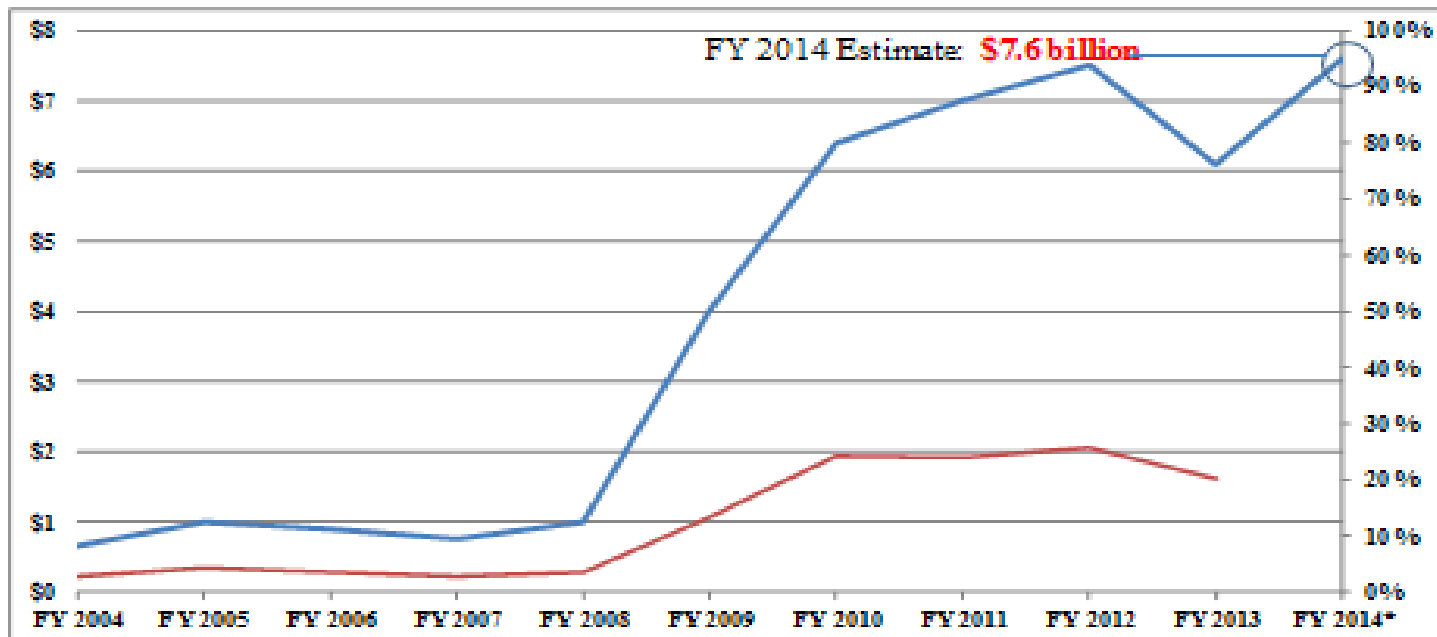


State of the State

Current unpaid vouchers to UI - \$663M

State of Illinois – General Revenue Fund Estimated Accumulated Unpaid Vouchers and % of Appropriation TOTAL ACCOUNTS PAYABLE at FISCAL YEAR END

Dollars in Billions



* Estimated.

Appropriations based on CGFA Budget Summaries.

State of the State

- Increase in the state individual income tax from 3% to 5% is set to partially sunset January 1, 2015:
 - Prelim estimates -\$2.6 billion hole in revenue, including pension payments increase
 - Some belief that lower taxes will increase jobs
- Without action from the Governor & legislature, tax rate will decrease to 3.75% in 2015; 3.25% in 2025.
- Corporate income tax increased from 4.8% to 7%; will decrease to 5.25% in 2015 & 4.8% in 2025.

State of the State

- If the tax revenue reductions remain intact, how will the legislature cut the budget?
- Governor's FY15 budget (Feb 19th) must incorporate the projected revenue loss.
 - Budgets must be balanced, so we are likely to see a huge reduction in this version.
 - Will the Governor use the SB1 pension savings to offset some of this loss?
 - \$2.6B = 8.4% reduction, but with only half of the budget discretionary, would equate to a 16.8% reduction.
- Will the legislature repeal/Governor veto the tax sunset & when?
 - Will the problem get pushed into FY16?
 - An election year – new lawmakers and the next governor will be sworn in days after the tax hike expires.
 - Candidates are not talking about their budget plans

State of the State

- What level of GRF reduction should we plan for?
- What would the impact of a \$15M cut be to UIC?

Indirect Cost Recovery

- Current projections show a reduction of 9% from the prior year at this time
- Prognosis for the future may vary by college
- Recommend -10% for FY15 planning, but a college can change based on their circumstances.

Academic Year 2014-15

Proposed Base Tuition Rates

- **1.7 % proposed** increase to base tuition will apply only to incoming undergraduate students and all graduate students
 - *Equivalent to 2013 consumer price index*
 - *Modest increase to maintain affordable tuition*
- Majority of tuition revenues goes directly towards educating students:
 - Maintenance and upkeep of academic buildings and labs
 - Faculty
 - Library
 - Advising
- Non-Academic costs include
 - Campus safety and security
 - Student Services
 - Plant operations and maintenance
 - Financial Aid



AY 2013-14 Guaranteed Tuition & Fees New Undergraduate Students (Illinois Residents)

(one-time 1.7% increase equivalent to 0.67% annual increase)

Semester Rates	AY13-14	AY 14-15	Dollar Change	%
Tuition	\$5,203	\$5,292	\$89	1.7%
Fees	\$1,505	\$1,531	\$26	1.7%
Total	\$6,708	\$6,823	\$115	1.7%

Fees include refundable fees. Transportation at UIC and health insurance at all campuses are included at AY13-14 rates until new rates are available.

Academic Year 2014-15

Professional Tuition Changes

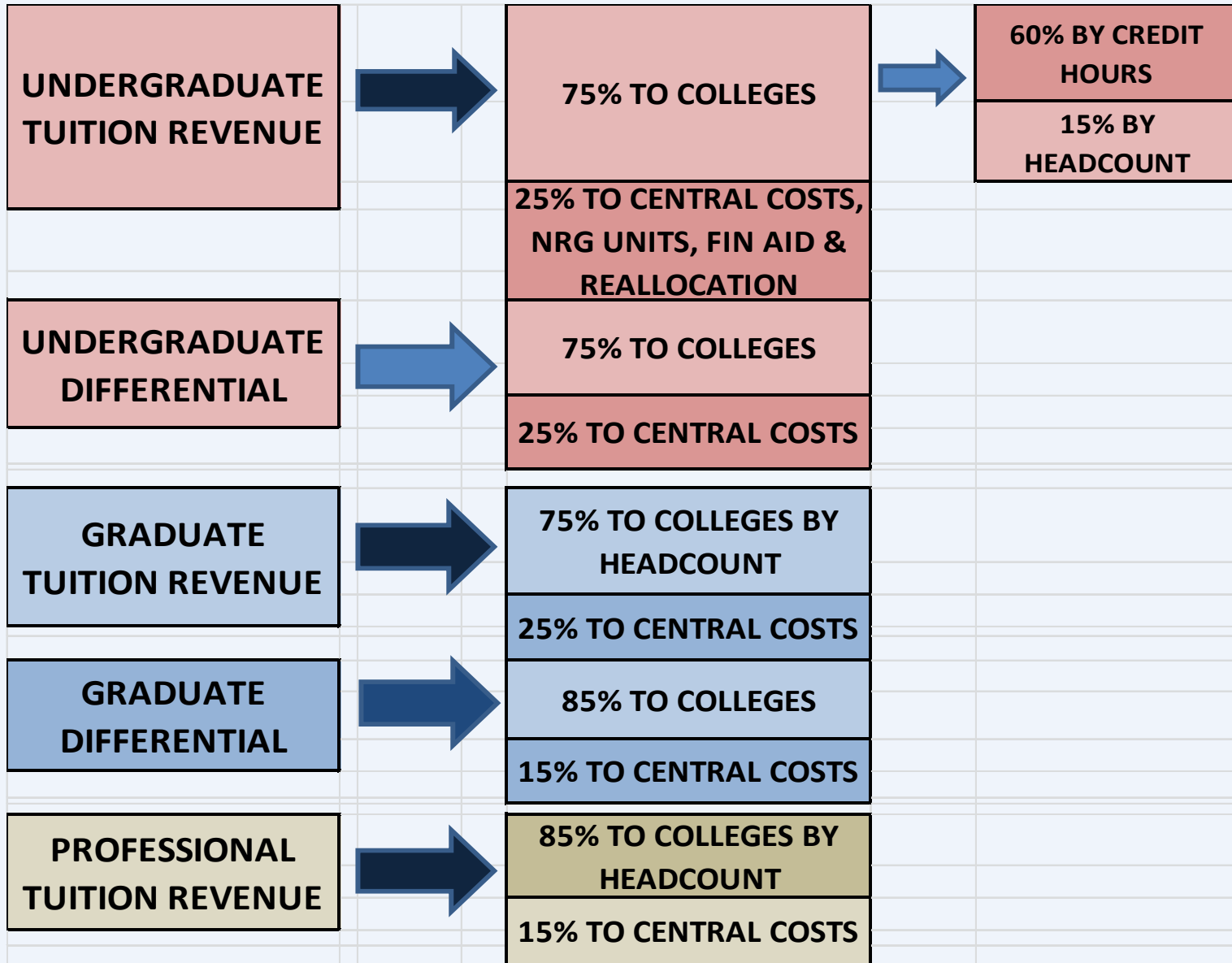
		<u>Resident</u>	<u>Non-Res</u>
Dentistry			
DDS / DMD	+\$449, or 3%,	\$46,270	\$83,272
Advanced Certificate Programs			
	+\$351, or 3%	\$32,085	\$32,085
International	+\$1,368, or 5%		\$86,171
Medicine	+\$466, or 2.7%	\$46,442	\$95,933
Pharmacy	+\$413, or 3.5%	\$24,454	\$39,604
Physical Therapy	+\$154, or 2%	\$15,769	\$27,284

Academic Year 2014-15

Proposed Professional Tuition Changes

New Professional Programs	<u>Resident</u>	<u>Non-Res</u>
Dr. of Occupational Therapy	\$15,794	\$28,152
Doctor of Nursing Practice	\$21,704	\$33,870

Funds flow diagram: Tuition



Academic Year 2014-15

New Tuition Base Rate Revenues

Projections

- Undergraduate- \$860K
 - 75% retained by the colleges (\$645K)
 - 25% allocated towards new base allocations (\$215K)
- Graduate- \$1.5M
 - 75% retained by the colleges (\$1.27M)
 - 25% allocated towards new base allocations (\$373K)
- Professional- \$1.4M
 - 85% retained by the colleges (\$1.2M)
 - 15% allocated towards new base allocations (\$200K)

Academic Year 2014-15 Revenue Projections

Classification		Amount
Undergraduate:		
	Base	\$860K
	Differential	\$ 18K
Undergraduate Total		\$878K
Graduate:		
	Base	\$1.5M
	Differential	\$715K
Graduate Total		\$2.2M
Professional Tuition		\$1.4M
Estimated New Tuition (Due to rate increases)		\$4.5M

FY 2015 Budget Planning Meetings

- Two meetings:
 - 1st with Unit Head, AFO, BPA Staff, VPBRP
 - February – March 2014
 - 2nd with Chancellor/Provost, Unit Head, AFO, BPA Staff, VPBRP
 - March – April 2014

- Meeting Preparation
 - Complete 3 Year Budget Planning Template
 - Other Discussion Topics
 - Unit Issues

Budget Meeting Agenda /Documents

- Review 3 Year Budget Plan
- Faculty Hiring Plans by Discipline
 - *Recruitments begun in FY14 and planned for FY15*
- Identification of new income streams
- Strategic investments
- Unit Specific Issues
- Development Investment

Planning Assumptions

- Reallocation of 5% *(Must include all new costs net of new central revenue, including any state budget cut)*
- Base Tuition Rate Increase at 2%
 - Professional & Differential Rate Increases must be market and cost justified if higher than 2%
- Enrollment Changes – each college will determine
- Salary Program at 2.0% Merit + 0.5% equity

3 Year Budget Planning Template

- Objective:
 - Tool to identify structural budget issues so plans may be made to mitigate
 - Describe funding needs for strategic initiatives
- Pilot / Iterative Process:
 - 1 Scenario / Templates provided by Budget with Instructions how to complete
 - BPA Staff available to assist
 - Include separate worksheet for each fund group (excludes Gifts and Grants & Contracts)

Review Timeline

- Planning meetings with AFO's – Jan. 9th & 15th
- Release FY15 Budget Planning Kick-off Memo
- AFO's work on Phase 1 Meeting preparation:
 - Complete Template
 - Prepare responses to Other Subjects
- Phase 1 Meetings Feb. – Mar. , 2014
- Phase 2 Meetings Mar. – April, 2014

Other FY15 Budget Planning Activities

- Enrollment Projections
- Reallocation Percentage modeling based on outcome of State budget & confirmed strategic initiatives, other central costs and resource policy issues (Sources & Uses)
- Allocations
- Update 3 Year Budget Planning templates after FY15 budget is finalized and with year end close carryforward balances

Review Draft Template



3 Year Budget
Template

Questions?

