

UNIVERSITY OF ILLINOIS  
AT URBANA-CHAMPAIGN

# Stewarding Excellence @ Illinois

January, 2010



[illinois.edu](http://illinois.edu)





## Stewarding Excellence @ Illinois

text-only

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## STEWARDING EXCELLENCE @ ILLINOIS

## About this Site

Stewarding Excellence @ Illinois will provide a central source for information and communications about the Urbana-Champaign campus efforts and activities as we move forward through the current financial challenges. The site will serve as a single, easily accessed place to find current budget news, regular updates on related projects and initiatives, and an archive of our activities along the way.

We can, and will, ensure that the processes we develop to address our challenges are consultative and broadly visible to all those in our community with a vested interest in our future.

## Featured Items

- [State and Campus Financial Position](#)
- [Full Budget Summary for Operations FY 2010 \(PDF\)](#)
- [Budget Information, Documents and Presentations](#)
- [Subscribe to Weekly Updates](#)

## Message from the Interim Chancellor and Interim Vice Chancellor for Academic Affairs

Dear Campus Community:

The University of Illinois is facing unprecedented fiscal challenges. We are committed to directly addressing these challenges in ways that weather the immediate storm and that best position the university for future generations.

A few years ago, Illinois launched an ambitious strategic plan. The plan pointed to priorities for our campus and it

## EVENTS CALENDAR

[view all](#)

Fri, Feb 19, 10 - 10:30 am

AP and Civil Service Budget Presentation (2/19)

Mon, Feb 22, 10 - 1:00 pm

Faculty Budget Presentations - Small Group Session (2/22)

## NEWS &amp; UPDATES

[view all](#)

Weekly Update February 15, 2010

Weekly Update February 9, 2010

## BUDGET COMMUNICATIONS

[view all](#)

Budget Update: Massmail from Interim Chancellor Robert Easter (2/16/2010)

Additional Voluntary Separation Incentive Program Session

Letter to Illinois Alumni (2/12/2010)

## CAMPUS INITIATIVES

[view all](#)

Energy Conservation at Illinois

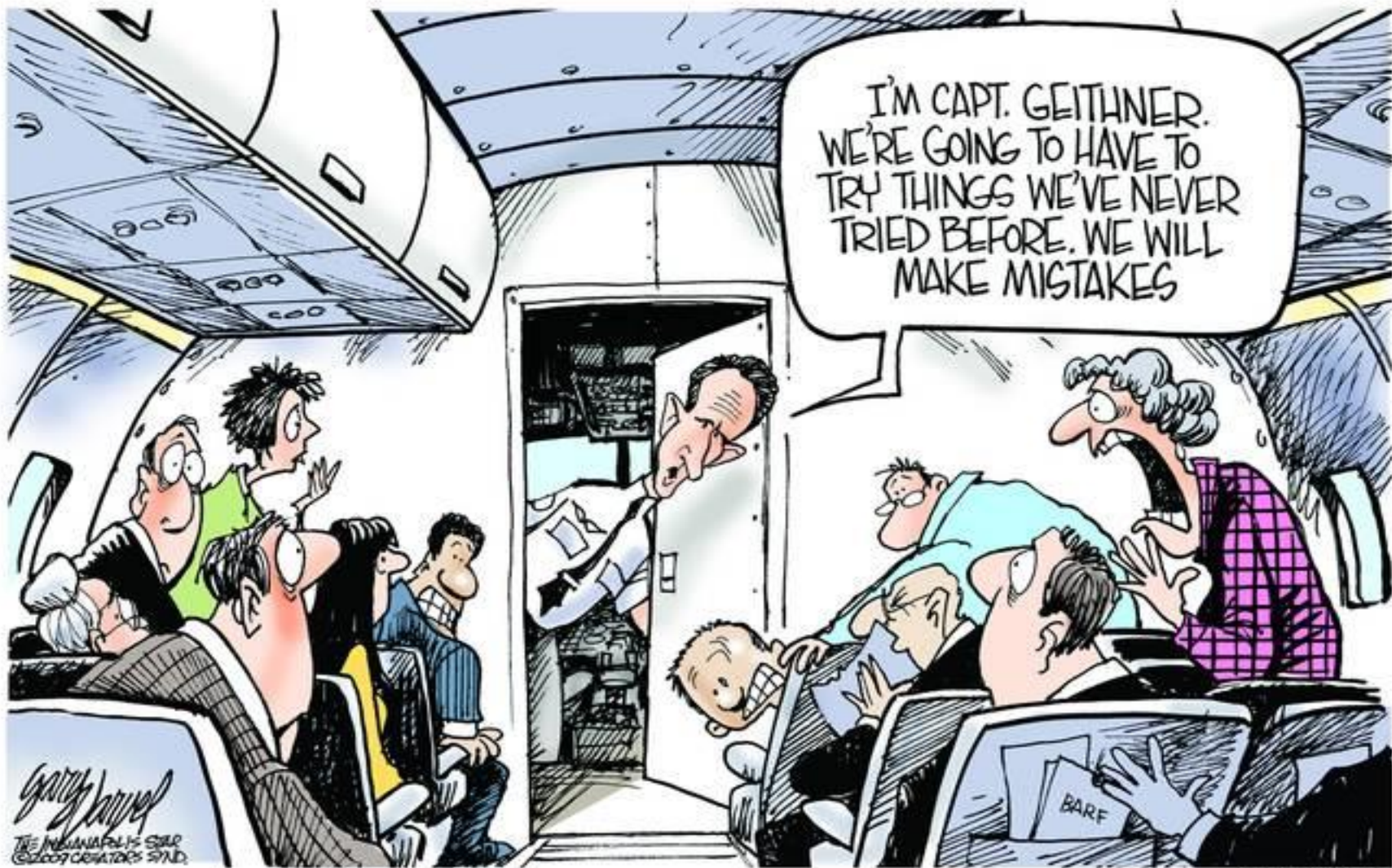
IT @ Illinois

# The Challenge we Face

- State resources are expected to decline by \$50-75 million over the next year
- Well funded campus compared with most peers, but resources spread too thin
- Campus and unit reserves limited
- Incrementally evolved campus organization with much redundancy throughout



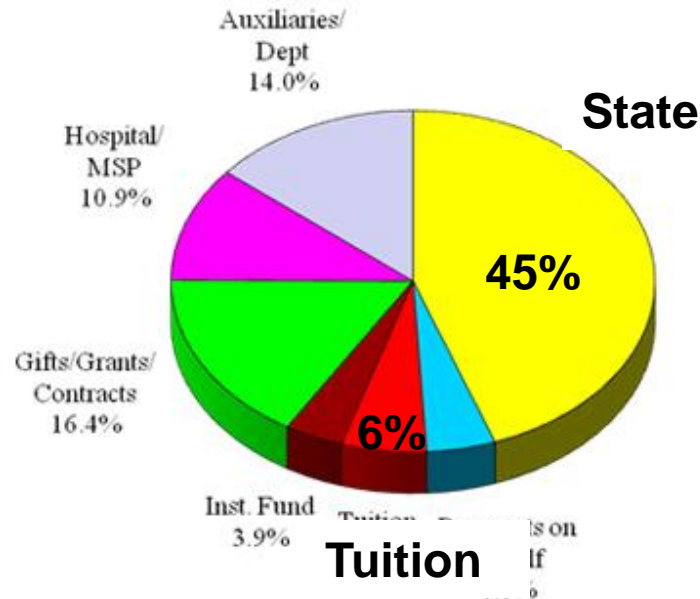




garyvarvel.com

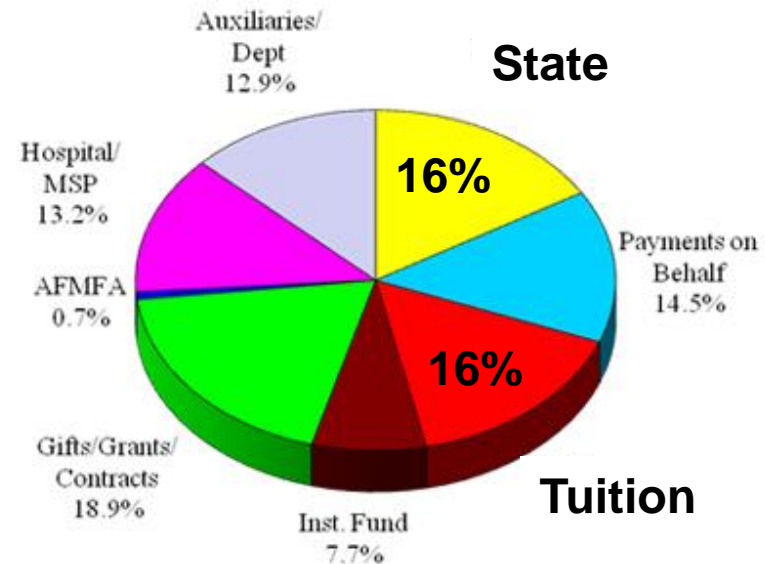
# UNIVERSITY OF ILLINOIS BUDGET BY SOURCE OF FUNDS (ALL CAMPUSES) FY1980 - FY2010

**FY 1980**



**\$641.7 Million**

**FY 2010\***



**\$4,662.5 Million**

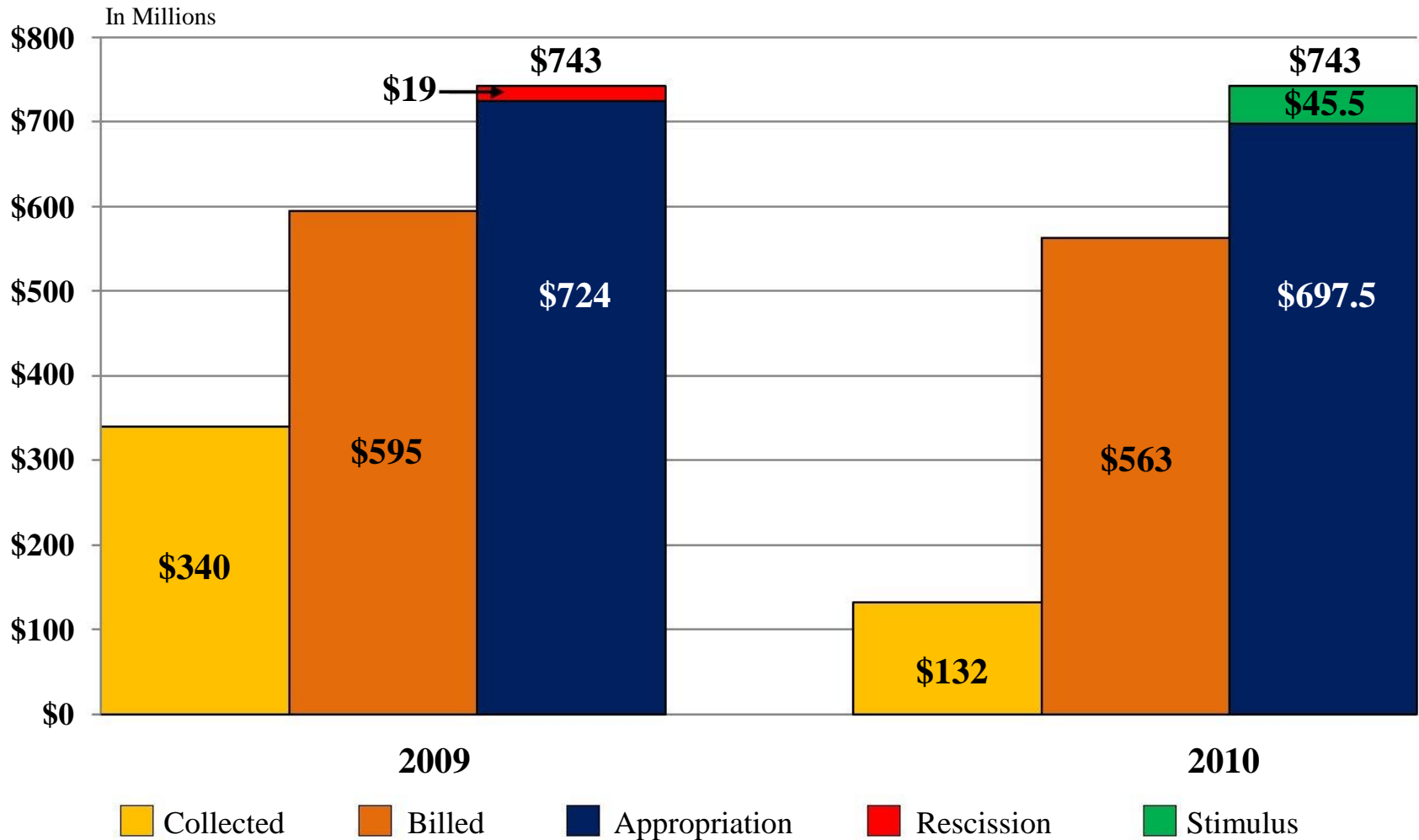
\*FY 2010 State Taxes includes funds transferred for the Surveys.



# State Appropriation Revenue

## Unrestricted Funds

### Billings and Collections through January 31, 2010



*FY09 appropriation includes \$19 million rescission.*

*FY10 appropriation includes \$45.5 million of federal stimulus funding and assumes restoration of FY09 rescission.*

# Illinois Public University Presidents and Chancellors

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February 8, 2010

The Honorable Pat Quinn  
Governor  
207 State House  
Springfield, Illinois 62706

The Honorable Dan Hynes  
Comptroller  
201 State House  
Springfield, Illinois 62706

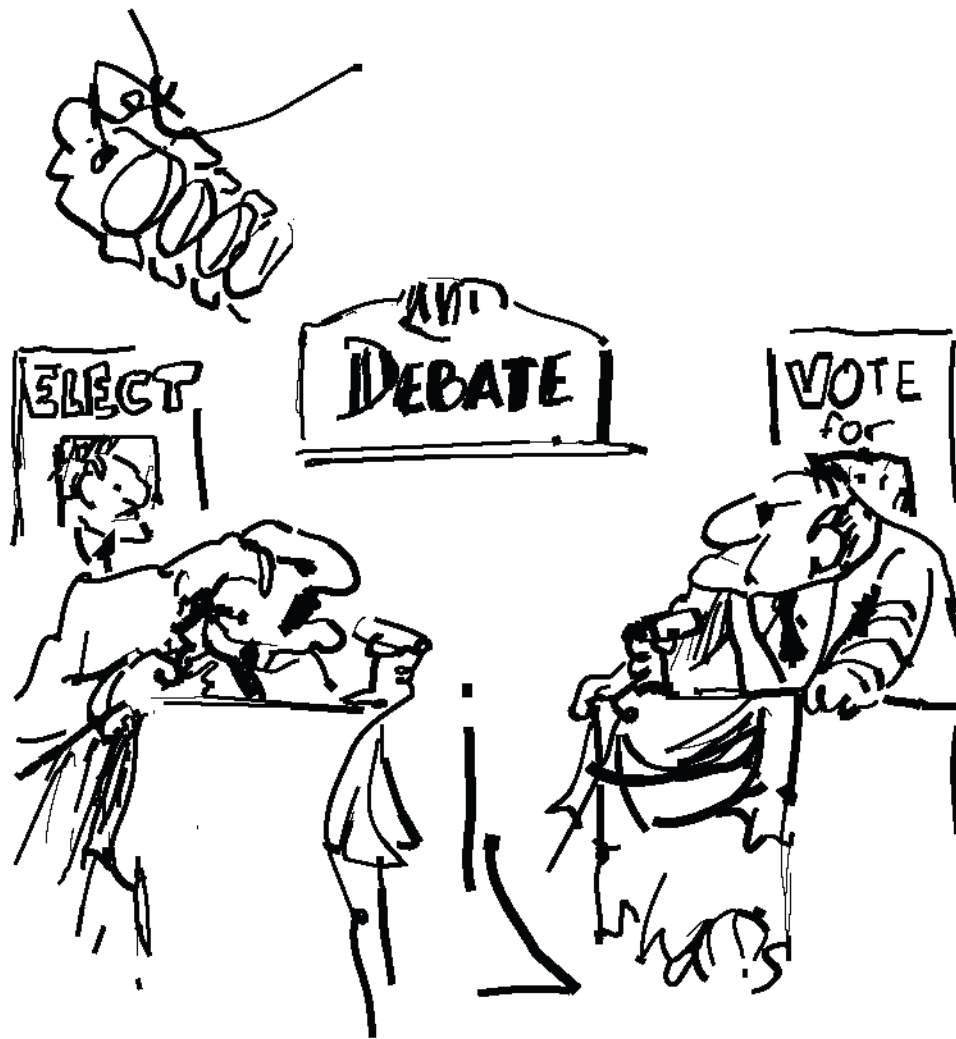
Dear Governor Quinn and Comptroller Hynes,

The presidents and chancellors of Illinois' public universities write today to urge your commitment to a reliable schedule for the payment of the state appropriation and swift action to resolve the state's financial crisis that now threatens our long term viability. In the first weeks of a new decade we face an unprecedented crisis: our public universities have received only a fraction of the state payments needed and promised to keep our operations going this fiscal year. Across Illinois, our institutions remain more than **three quarters of a billion dollars behind in state payments.**

We have done what we can to forestall this crisis by enacting countless measures to save resources and postpone payments until the last possible minute. We have drawn down our available resources, and we are now counting on tuition dollars to keep our doors open for students beginning the new spring semester. Still, no amount of cutting and sacrifice can make up for the absence of hundreds of millions of dollars in State Appropriation payments.







“I could agree with your position, if  
I wasn’t raising money for reelection.”







# *Putting the Reduction in Perspective*

- General Revenue Fund decline and new costs: \$80-\$95m
- New revenue: \$38-\$47m

***Net Funding shortfall: \$33-\$57m***



# Putting it in Perspective

FY10 Budget:

- GRF: \$268m
- Tuition: \$410m
- Allocated ICR: \$40m

**Total: \$710m**

***Because of required and optional exclusions, a 1% reduction historically yields \$4.4m***



# Required Exclusions

A rescission does not reduce these costs:

Utilities (\$70.6m)

- Leases (\$3.8m)
- Worker's Comp, Medicare and Assistant Benefits (\$13m)
- Debt Service (\$14m)
- Financial Aid (\$24m)
- Reserve pass-through (matching funds, start-ups, gen-ed/discovery. . .) (\$15m)
- Surveys and other special funds (\$17m)





# Optional Exclusions

- Research compliance & safety
- Common good (Research Board, cultural assets)
- Building maintenance
- Critical student needs (Rehab Services and Office of Financial Aid)
- Library acquisitions
- Fellowships, Advancement, others

***While all need to be examined, some will likely continue***



# Timeframes for Action

- Short-term actions required in response to loss of \$50-75m of the Urbana campus' state funding in FY11
- Longer-term actions to reposition the institution for continued success

***Probability that State financial situation improves within 3-5 years is very low.***

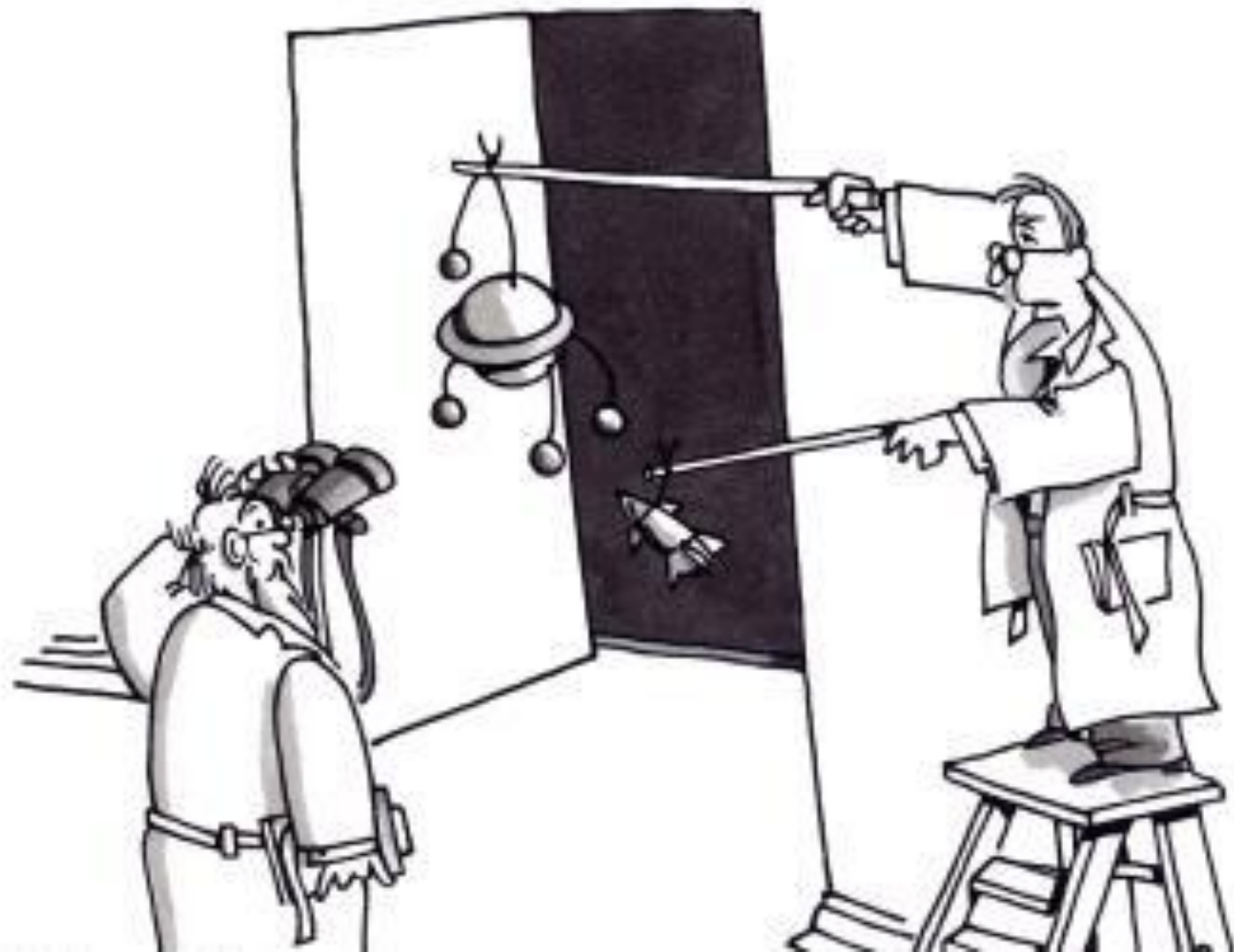


# Covering the Shortfall

- Reduce our footprint in a selective way:  
**eliminate, downsize or reorganize some activities**
- Cut the cost of our operations: purchasing, IT, space, gen ed. . .
- Highly differentiated budget reductions based on a number of factors, such as:
  - Duplicative activity
  - Strategic need
  - Source of funds



# TOUGH TIMES AT THE PLANETARIUM...





# Identify Opportunities for Review

- **Central administrative and support units**—are they organize optimally? Are all of their functions critical?
- **Academic units**—are they organize optimally? What course and program redundancies exist?
- **Support services**—what are the next steps for IT@Illinois and Service Center initiatives?



# *How Do We Respond?*



# Planning Constraints

- Revenue

- State Funds—declining industrial base; **significant unfunded retirement costs**
- Tuition—One of the highest cost publics; cost growing beyond capacity to pay

Tuition for 2010-11 Freshmen  
Expected Increase >10%

- Expense

- **Personnel—80% of total costs**
- **Utilities—significant cost growth in recent years.** Facilities still require investment
- **Financial Aid—major investment required**

# Planning Constraints (cont.)

- Buildings/ Maintenance
  - State stopped supporting facilities in 2002
  - Campus stepped up to cover desperately needed remodeling and facilities
  - Deferred maintenance of \$550 million!
  - Below average \$ per square foot to maintenance—and it shows!



# College Planning

- Plan for three levels of reduction: 7%, 10% and 15%
- Plans must include short-term actions (to raise cash) & long-term actions (to reduce costs)
- Plans should consider possible revenue growth and efficiencies
- Plans should not be limited by organization. Look for opportunities across departments and colleges



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# Furlough and Hiring Freeze Implementation

January 2010



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# Voluntary Separation Incentive Program

Employee Session  
February 2010



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# Program Objectives

- **Reduce the size of the Urbana Campus work force** to save money over the long-term
  - Does not include University Administration, UIC, or UIS
- **Approved applications must result in a benefit, such as a significant cost savings**
  - determined by departmental and campus administration
- Intended primarily for eligible employees in state-funded positions
  - eligible employees in positions funded from other sources may be considered if doing so meets the unit's goals





# Program Description

- **Payment provisions**
  - 50% of annual base pay as of April 2, 2010
    - Maximum payment of \$75,000 minus required deductions
    - Not subject to SURS contributions
  - Paid in a lump sum
    - Within 45 days of separation date
- **Committed to Separation/Retirement Date**
  - Opportunity to propose a separation/retirement date
- **Restoration of furlough/voluntary pay reduction**



# VSIP – Eligibility Criteria

- Urbana Campus employees who:
  - Hold:
    - a permanent academic professional appointment  
or
    - a status civil service appointment;
  - Are employed either full or part time; and
  - Have completed four (4) years of continuous eligible service with the Urbana Campus as of April 2, 2010



# Program Description cont.

- Future Employment
  - VSIP
    - Resignations not eligible for at least 1 year
    - Retirements follow BOT Retiree Rehire Guidelines



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# Voluntary Retirement Program

February 2010



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# RETIREMENT

BECAUSE YOU'VE GIVEN SO MUCH OF YOURSELF TO THE COMPANY THAT  
YOU DON'T HAVE ANYTHING LEFT WE CAN USE.



# Program Description

- **Payment provisions**
  - 50% of annual base pay as of April 2, 2010
    - Maximum payment of \$75,000 minus required deductions
    - Not subject to SURS contributions
  - Paid in a lump sum
    - Within 45 days of separation date
- **Retirement Date No later than 8/15/2011**
  - Opportunity to propose a retirement date
- **Restoration of furlough/voluntary pay reduction**





# Eligibility Criteria

- Urbana Campus Employees who are:
  - SURS retirement-eligible as of retirement date but not later than August 15, 2011; and
  - Permanent tenured faculty at the rank of
    - Associate Professor or
    - (full) Professor;
  - Permanent Clinical or Research Assistant, Associate or (full) Professor
    - if appointment % > zero;



# SURS Retirement Eligibility

- Meet one of the following age and service requirements as of the retirement date but no later than August 15, 2011:
  - age 55 with 8 or more years of service credit;
  - age 62 with 5 or more years of service credit;
  - or
  - 30 or more years of service credit



# Program Description cont.

- Future Employment
  - Can mutually agree to post-retirement activities
  - Follow BOT Retiree Rehire Guidelines



*These steps will not be enough . . .*

*. . . We need to move beyond belt-tightening and take a deep look at our institution*

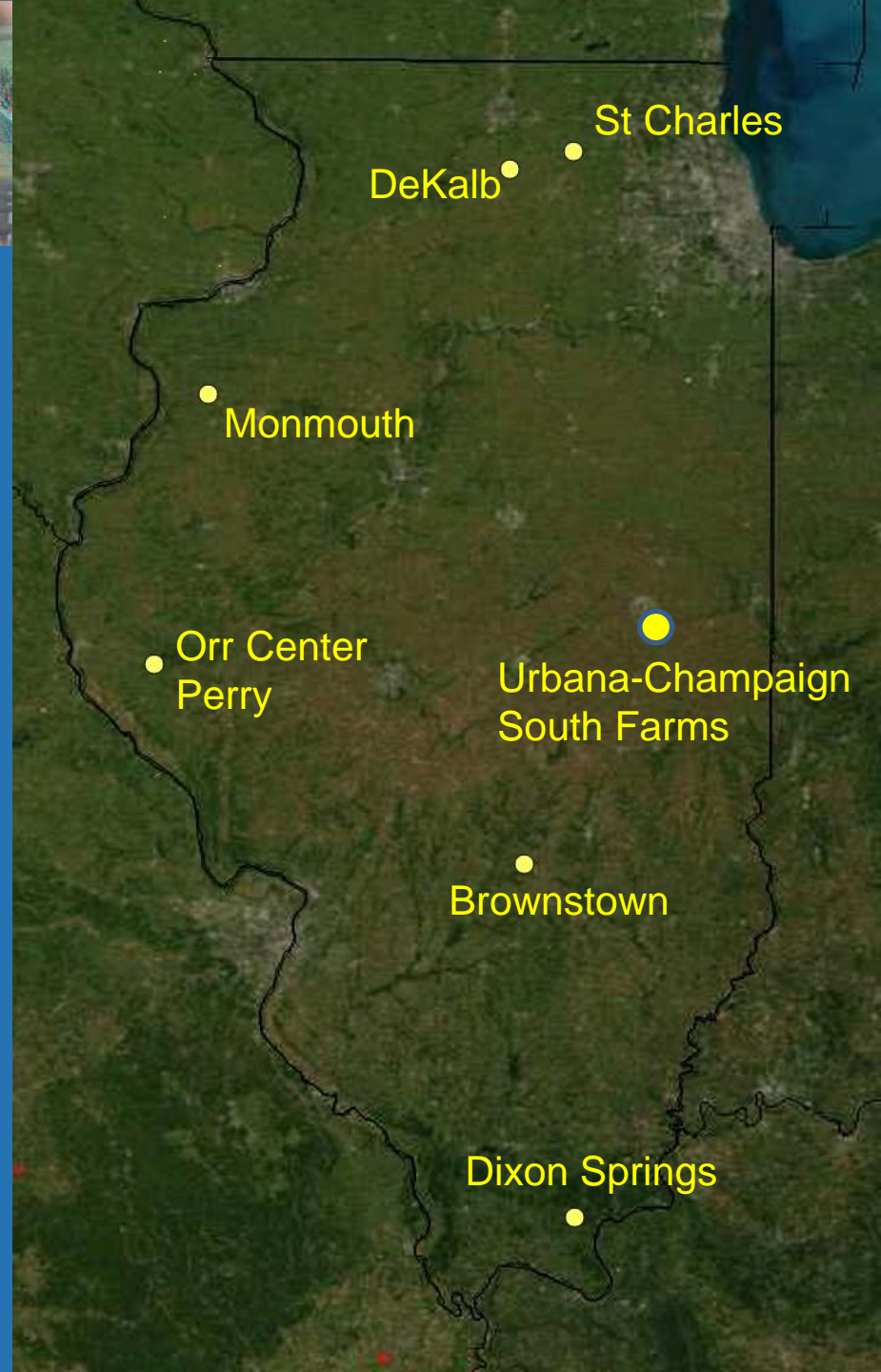
*How do we move forward in an era of declining resources?*



College of ACES  
Research and Education Centers

Department Administered

Crop Sciences  
Animal Sciences  
NRES  
Agric Engineering



# Thank You

