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
• 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**

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

**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

Total State Funds = 29%

- $280,749 Grants & Contracts 13%
- $239,142 GRF/EAF 11%
- $376,424 Tuition / Income Fund 18%
- $118,478 Institutional 6%
- $129,270 Auxiliary Enterprises 6%

- $209,384 Practice Plans 10%
- $24,623 Private Gift/Endowment Inc 1%

Budget Total: $2,131,398

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriation</th>
<th>Billed</th>
<th>Collected</th>
<th>CY/PY Receivable</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$697</td>
<td>$55</td>
<td>$116</td>
<td>$372</td>
</tr>
<tr>
<td>2012</td>
<td>$689</td>
<td>$188</td>
<td>$133</td>
<td>$313</td>
</tr>
<tr>
<td>2013</td>
<td>$662</td>
<td>$59</td>
<td>$57</td>
<td>$372</td>
</tr>
<tr>
<td>2014</td>
<td>$663</td>
<td>$65</td>
<td>$66</td>
<td>$207</td>
</tr>
<tr>
<td>2015</td>
<td>$662</td>
<td>$64</td>
<td>$64</td>
<td>$91</td>
</tr>
</tbody>
</table>
# Reallocation of 2.5%

## SOURCES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>&lt;$493,200&gt;</td>
</tr>
<tr>
<td>Net Tuition</td>
<td>&lt;$1,074,000&gt;</td>
</tr>
<tr>
<td>Reallocation</td>
<td>$12,445,322</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$10,878,122</strong></td>
</tr>
</tbody>
</table>

## USES

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>UA Salary Program</td>
<td>$ 965,400</td>
</tr>
<tr>
<td>Medicare, Liability Ins, WC</td>
<td>$ 522,200</td>
</tr>
<tr>
<td>UIC Salary Program / Fac Promotions</td>
<td>$ 2,594,614</td>
</tr>
<tr>
<td>Hold Harmless Units</td>
<td>$ 1,895,908</td>
</tr>
<tr>
<td>Utility Costs</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Strategic Priorities</td>
<td>$ 3,900,000</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$ 10,878,122</strong></td>
</tr>
</tbody>
</table>
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 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 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 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 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**
  
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Improvements</td>
<td>$ 2.5 million</td>
</tr>
<tr>
<td>Campus Appearance</td>
<td>$ 1 million</td>
</tr>
<tr>
<td>Repairs &amp; Renovation</td>
<td>$12 million</td>
</tr>
<tr>
<td>AFMFA</td>
<td>$10 million</td>
</tr>
<tr>
<td>Utility Improvements</td>
<td>$ 6 million</td>
</tr>
<tr>
<td>IT Infrastructure</td>
<td>$ 1.5 million</td>
</tr>
<tr>
<td></td>
<td>$33 million</td>
</tr>
</tbody>
</table>

**Total:** $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
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