

**UNIVERSITY
ADMINISTRATION
&
UNIVERSITY - WIDE
ACTIVITIES**

**University of Illinois
1999 Results Report**

Section I
FY99 Activities and Accomplishments
FY00 Planned Activities and Performance Indicators

Illinois Commitment Goal 6: Illinois colleges and universities will continually improve productivity, cost effectiveness, and accountability

FY99 Activities and Accomplishments

The organizational structure of the University of Illinois is unique among Illinois public universities. The three campuses of the University are highly de-centralized in the creation, design, conduct and assessment of academic programs. On the other hand, most administrative support functions are organized and managed centrally as part of the University Administration, including all business, human resources, legal affairs and administrative computing support.

Administrative Systems Streamlining

Two university-wide activities intended to streamline operations, improve the efficient and timely exchange of information, and build a stronger workforce within support functions commanded significant attention during FY99. One was the evolution of a strategic plan for administration, a project known within the University as S³. The S³ project is built around eight specific strategies for improving the University's overall administrative operation. Those strategies include:

- Strategy 1 – Develop and maintain a highly competent and adaptable workforce.
- Strategy 2 – Create a customer-service framework for delivering high-quality administrative services.
- Strategy 3 – Critically re-evaluate the definition and design of administrative processes.
- Strategy 4 – Create a new organizational structure that supports the University's administrative strategic direction.
- Strategy 5 – Implement an institution-wide approach to using and managing information technology.
- Strategy 6 – Enhance decision making and performance improvement by creating and sharing organization information and data across the University community.
- Strategy 7 – Implement performance-measurement systems that are aligned with the University's administrative goals and strategies.
- Strategy 8 – Proactively manage the University's relationships with external entities.

With the definition of strategies complete, current attention is focussed on development of tactics for implementation around which there is consensus across all three campuses and the university administration. That consensus-building process is nearly complete, and it is expected that an implementation plan will be developed within the next several months and that implementation will be well under way during FY00.

The second major activity currently in progress is the search for and evaluation of enterprise resource planning systems (ERP). Closely linked to several of the strategies noted above, a successful selection and implementation of a new strategic information system that integrates all major financial, human resource and student information needs into a single system is the key to progress toward administrative streamlining. The University has distributed a Request for Proposals for a comprehensive ERP – that is, one that fully

integrates financial, human resource and student applications across the entire enterprise. It is expected that the evaluation of the proposals will be completed and a decision to select an ERP ready for review by the Board of Trustees in November. Upon approval by the Board, the ERP implementation is expected to begin in January, 2000.

Each of the initiatives just described represents a significant university-wide effort to streamline and improve administrative process affecting literally every unit – academic or support – across the entire enterprise. In addition to these massive efforts, somewhat smaller, more focussed efforts to streamline administrative processes occurred in FY99. For example:

- The University has worked closely with the State Universities Civil Service System (SUCSS) to define a set of standard titles for the majority of the University's academic/professional employees. This consolidation of the myriad of titles – each one of which requires SUCSS approval for exemption from Civil Service regulation – will greatly streamline the appointment approval process at the University level. To streamline the approval process further, the University Academic Human Resources office has delegated “designated employer representative” approval authority from the central office to campus human resources units. These efforts will save one of the University's most precious assets: staff time and effort.
- Similarly, the University Human Resources office developed and began implementation of a departmental classification program for Civil Service employees. As of April, 1999 the program had been implemented at UIUC and was in pilot stages at UIC and UIS. Implementation of the departmental classification program will reduce bureaucracy within the University and will provide greater control at the college/department level at each campus. For routine classification decisions substantially less involvement of the central human resources offices will be required. Central HR staff will serve as trainers and advisors to departmental units rather than policing unit classifications in a much more time-consuming manner.
- An on-line employment center was developed by the University's central Human Resources office in FY99 and was successfully launched during the past summer. The new center permits candidate viewing of University job openings, candidate submission of applications/resumes either for specific job openings or for general review by prospective employers, departmental postings of jobs and department profiles, departmental searching of a job bank, recruiting and interviewing tips, and suggestions for advertising. Use of the new center is optional, but its availability should provide improved services both to job candidates and departments with job needs.
- In anticipation of the successful selection of an ERP vendor, the Human Resources office also completed an extensive review of the appointment process for all positions. The University's present appointment process will be modified during FY00 to improve streamlining of current processes while the ERP implementation is completed.
- The Purchasing Departments at the three University campuses negotiated a prime vendor agreement with an Internet company known as Chemdex during FY99. This is an integral part of the University's streamlined purchasing process. Chemdex provides a web-based consolidation service that assembles product information for more than 150 manufacturers of life science products used primarily for research. University users can search the web site by item, compare prices and specifications, and place orders with multiple vendors from a single location. Chemdex handles billing and payment processes for all vendors listed on the web site. The Office of Business Affairs will eliminate processing of invoices for individual purchase through use of the newly-established P-Card for payment to Chemdex. This streamlining will eliminate approximately 10,000 payment transactions each year and will provide detailed information on each order accessible to each departmental user via web site maintained by the Office for Business Affairs.
- Similarly, the University has negotiated a prime vendor agreement with Fisher Scientific that provides significant volume-based discounts on a variety of products and services. In FY98 the University spent over \$5.5 million with Fisher Scientific and processed more than 18,000 paper payment transactions. A collaborative arrangement similar to that negotiated with Chemdex will be completed early in FY00, further eliminating processing requirements and providing cost reductions.

Energy Production and Distribution Systems Improvements

FY99 saw continuation of the University's comprehensive program for rehabilitation, reconfiguration and expansion of energy production and delivery systems. The University operates three power plants at its two large campuses: east and west side plants at UIC, and the Abbott Power Plant at Urbana-Champaign. All three require rehabilitation of existing equipment. Anticipating the era of deregulated electrical competition, recognizing the need for updating and expanding the capacities of three major power plants at the Chicago and Urbana campuses, and seeking to capture the efficiencies that cogeneration affords, the University has begun a multi-year effort to improve its energy production and delivery systems. Designed in three major phases, the University will invest approximately \$180 million to rehabilitate and expand electrical delivery systems and power plants on the east and west sides of the Chicago campus, and at the Abbott Power Plant at the Urbana-Champaign campus. Enhancements for the east side of the Chicago campus should be completed by spring, 2000; those for the west side of the Chicago campus should be completed by spring, 2001; and those for the Urbana-Champaign campus by spring, 2003. The entire program has been funded through debt instruments issued by the University, with debt payment derived from savings secured within the University's utilities budget.

University-wide Reallocation

The Illinois Commitment announces the IBHE's intent to hold universities to annual reallocations of at least one percent of each university's base support of tax and tuition dollars. For the first part of the decade of the 1990s outright budget reductions and internal reallocations exceed this expectation by a wide margin. Even with the relative budget stability achieved in the latter half of this decade, annual internal reallocations have exceeded the one-percent target by a substantial margin. Table A, which follows, summarizes the university-level budget reductions and reallocations implemented since FY 1990. The cumulative effects of this increasingly more difficult process of resource shifting should not be ignored. The University of Illinois at Urbana-Champaign, in particular has suffered from the dual dilemma of uncompetitive faculty salaries, which requires the use of reallocated resources to supplement state increments, and the steady reduction in the number of faculty caused by the elimination of positions to create reallocable resources. A gain in one area is immediately offset by a loss in the other, resulting in no overall progress for the institution.

Section II

FY01 University Administration Budget Priorities

The University Administration seeks a total of \$1.5 million in incremental state support within the University's FY01 operating budget request. Of that amount \$500,000 is sought to continue support for the University of Illinois Online. Additional staff and support services are required to meet the growing demand for assistance to University of Illinois faculty at all three campuses who wish to bring individual courses and entire programs online. The performance measure used to assess the effectiveness of this investment will be the increase in the number of University of Illinois courses produced in an online format.

The University Administration also seeks \$1.0 million for additional staff to aid in the implementation of new university-wide administrative systems. In addition to the S³ and ERP projects the University will pursue implementation of an information management strategy that emphasizes the availability of management information at all levels of the organization. These three multi-year initiatives will require additional staff. In some cases, staff with specific skills will be recruited to work on these projects; in others existing staff will be assigned full-time to the projects and additional staff will be needed to run existing systems while new ones are developed. Eventually, a full complement of new administrative systems will provide a more efficient work-flow at all administrative levels. For the next several years, however, additional staff will permit a more rapid deployment of the major university-wide systems now at the threshold of implementation. The performance measure for the success of this investment will be the degree to which the S³, ERP, and information management projects are completed on time.

UNIVERSITY OF ILLINOIS
History of Budget Reductions and Reallocations
FY 1990 through FY 2000
(Dollars in Thousands)

	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	TOTAL
TOTAL UNIVERSITY												
Budget Reduction			5,317.0	16,367.0			1,230.0	284.9	1,872.2			25,071.1
Additional Salary Increase	186.4	4,923.0	1,478.2	11,897.0	6,344.3	9,865.0	8,704.9	4,394.7	4,414.1	7,051.3	7,345.5	66,604.4
Other Payroll Increases						1,385.0	1,314.0					2,699.0
Unfunded Sickleave		188.7	121.2	784.7	154.6	326.7	597.4		485.7	819.1	177.4	3,655.5
Price Increases								68.5				68.5
<u>Academic Programs:</u>												
General Academic Programs	6,280.9	2,585.3		2,121.2	2,696.6	3,219.3	881.1	2,007.0	1,797.9	1,519.1	889.0	23,997.4
Under Represented Group	872.1	1,249.5		195.8	118.8	171.0	31.0	789.1	681.0		334.4	4,442.7
Library Access	330.0	250.0	500.0	250.0	744.0	222.0		250.0				2,546.0
Undergraduate Instruction	570.0				1,720.0	167.5	555.3	1,160.0	654.0	679.2	367.0	5,873.0
Campus Computerization		569.8		71.0	100.0		400.0					1,140.8
Faculty Recruitment & Retention	2,427.5	1,438.9		492.3		1,085.8	1,430.9	1,010.1	808.7	1,344.1	1,969.7	12,008.0
<u>Support Functions:</u>												
Deferred Maintenance/R & R	4,385.1	375.0			2,000.0	1,648.9	500.0	250.1				9,159.1
Negative Base Adjustments	261.1	166.6	10.9	130.6	500.0	471.6	1,146.0					2,686.8
O & M New Areas/Utilities				2,040.0		244.0		950.0				3,234.0
Academic Support/Other	1,808.9	929.8		631.3	645.6	1,705.5	1,274.4	947.1	823.1		46.6	8,812.4
TOTAL	<u>\$17,122.0</u>	<u>\$12,676.6</u>	<u>\$7,427.3</u>	<u>\$34,980.9</u>	<u>\$15,023.9</u>	<u>\$20,512.2</u>	<u>\$18,065.0</u>	<u>12,111.5</u>	<u>11,536.6</u>	<u>11,412.9</u>	<u>11,129.6</u>	<u>\$171,998.5</u>

