**Office of the Provost**

**University of Illinois at Urbana-Champaign**

**BUDGET REPORT GUIDANCE FOR FY25**

# CENTRALLY-BUDGETED ADMINISTRATIVE UNITS

# 

**December 1, 2023**

As stewards of University resources, we must strive to make investment decisions comprehensively and collectively and manage cash balances strategically. Strong student enrollment numbers are reason for optimism and confidence in the value of the University of Illinois brand. However, we must be mindful of changing demographics that may negatively impact our future tuition revenues, along with inflationary impacts on our expenses, including labor and utility costs.

The State of Illinois has seen improvements in its fiscal outlook over the last few years. The University of Illinois System received approximately 7.0% in additional funding for general operations for FY2024. The State budget also re-appropriated capital funding to support key construction projects, including the Discovery Partners Institute (DPI), Illinois Innovation Network (IIN), and significant projects such as the Altgeld Hall/Illini Hall and quantum sciences initiatives. Nevertheless, the state is still burdened with an unfunded pension obligation of about $130 billion. Therefore, we must continue with our longer-term strategy of reducing our reliance on state appropriations, including the possibility of a shift in benefit costs from the State to the University.

Our FY25 budget planning process will be guided by the following considerations and actions:

* We will continue to use the Integrated and Value-Centered Budgeting (IVCB) model to determine allocations of state funding for tuition units. Units will need to consider the impacts of inflation on operating costs as they complete their three-year financial projections.
* All colleges should expect, at best, a flat University Value-Based Investment, and should plan accordingly. Those colleges told to expect gray box reductions beginning in FY21 and given one-, three-, and five-year targets should discuss how they will meet these targets in section 4.
* The **Investment for Growth** strategic initiative involves the pooling of college resources to support growth and reorganization proposals. The funding for these calls has been derived from previous years’ Investment for Growth recurring contributions; no additional reallocations will be made in FY25. More information about the FY25 call will be forthcoming.
* The IVCB model calls for tuition units to cover 100% of both the growth in financial aid costs and the cost of an FY25 salary program should one be announced by the University System Offices. The Office of the Provost will follow its standard practice of providing recurring funding to the centrally-budgeted units in support of an announced salary program.
* Leaders and the senior budget officers of all activity-based units and larger centrally-budgeted units will meet and discuss their reports and plans with the Provost’s team. The Office of the Provost may provide some unit-specific questions in advance to address in your meeting. The Administrative Budget Committee (ABC) will review the remaining centrally-budgeted units.
* The unit reports and unit discussions will be considered and factored into the formulation of a university-wide budget plan for FY25 by the Offices of the Provost and the Chancellor. This budget plan will be reviewed and revised under the guidance of the Campus Budget Oversight Committee (CBOC). We will share all unit budget reports with both CBOC and the Council of Deans.
* We have shaped the budget guidance for both activity-based and centrally-budgeted units to prioritize strategic efforts to reduce redundancies, improve efficiencies, and contain administrative costs in order to enhance our missions, as outlined in the Operational Excellence @ Illinois initiative, and to generate additional net revenue.

The remainder of this document provides additional details on the plan outlined above and specific guidance for the preparation of centrally-budgeted administrative unit reports.

# Report Components

The six sections for the report are described below. To allow for comparability of annual reports, please follow the prescribed format and provide the information requested in each section. Please be succinct and frank in your narrative. Unless necessary, refrain from including photos, charts, graphs, or multiple column layouts in the body of the report. If desired, these items may be included as appendices.

1. **Introduction and Unit Mission**: Briefly explain the mission of your unit, its most important functions, how they protect or promote the campus’s reputation, and why the functions are best performed centrally. Indicate how the unit budget is aligned with these functions.
2. **Opportunities, Threats and Strategic Priorities**: Please discuss the overall state of your unit along with opportunities and threats facing it. Identify specific opportunities that you believe, if addressed, would enhance the excellence of your unit, and build upon your strengths. You are encouraged to reflect and share how your office can think boldly utilizing current resources. To the extent that additional resources may be necessary for these initiatives, please see Section 4.iii. below. Discuss threats to the excellence of your programs and address high priority activities. Describe challenges you may be experiencing. Provide benchmarking data, if appropriate.

**Activity Metrics:** During the previous four reporting cycles, your unit proposed activity metrics which have been consolidated into a table of activity metrics for all centrally-budgeted units. The Activity Metrics table has been incorporated into the 3-year budget-planning template. Please update the FY2023 column for submission with your annual report. In addition to populating the table, provide a brief description of your selected metrics and what they are (or are not) intending to measure. If applicable, identify any emerging trends and what those trends mean for your operations.

We anticipate refining units’ activity metrics over time. Please identify, if applicable, the metrics you would like to change and why to provide better descriptions of your unit operations.

**Financial Scenarios & Projections:** We will again provide a 3-year budget-planning template that must be completed and submitted with your report. Provost Office Staff and/or ABC members will meet with unit representatives to review draft templates in advance of submitting your final report.

In the text of your report, please address the following items if relevant to your unit:

1. Please provide a brief description of anticipated budget changes, the drivers for these changes and plans to address any budget shortfalls (if applicable).
2. Describe your plans for cash reserves and correcting deficits, if applicable.
3. To the extent that additional resources might be needed over the next several years for restructuring, merging, or establishing shared services, please describe and quantify the amounts needed in the text of your report. Unless commitments are already booked, additional allocations of central resources should not be reflected in your 3-year budget planning template.
4. **Staffing Plans**: Staff salaries comprise the vast majority of most centrally-budgeted units’ operational costs. Include projections of your staff FTE as part of your 3-year budget planning template. In the text of your report, please address the following items if relevant to your unit:
   * 1. What assumptions did you use in projecting your staff FTE? **If you wish to make a request for new Academic Professional/Civil Service positions (additional FTE) via a**

**search conducted in FY25, please complete and submit your comprehensive hiring plan on the attached Hiring Plan Template.**

There is no set deadline for the submission of your detailed comprehensive hiring plan for FY25 searches. However, each unit’s comprehensive plan will represent its only opportunity to request hiring approvals for all but the most unexpected circumstances. The Office of the Provost will begin to review comprehensive plans after June 1, 2024.

When submitting your comprehensive hiring plan for FY25 search activity in the attached Excel template, please include only crucial positions that align with the following hiring guiding principles:

* + - Units must demonstrate the financial ability to sustain both the recurring and non-recurring costs associated with each position.
* Each requested position must be central to the activities of our core mission with particular attention to research and innovation, student access and learning, and extension, outreach, and public engagement locally and globally. This includes hires that would enhance e-learning, blended learning, and online delivery of our programs; foster ongoing public engagement initiatives related to infectious diseases; and support essential functions for public safety, health care, and critical campus infrastructure. Hiring requests related to the research priorities identified in the strategic plan should be discussed in advance with the Office of the Provost.
  + 1. Are there vacancies in your unit and, if so, what are your plans for filling them?
    2. What are your policies and practices for dealing with positions that become vacant due to resignations or retirements? Can they be strategically reallocated to other units or are they automatically replaced?
    3. Are there any personnel policies, requirements, market forces, etc., that impact the flexibility of your unit’s workforce?

1. **Supplementary Information**: Please use this section to respond to any explicit requests for additional information that you might have received from the Provost’s Office of Budget and Resource Planning and/or to provide information related to the status of prior year approved funding requests, including the extent to which they have been implemented or deferred.

1. **Space Planning**: Facility costs have a significant impact on the financial health of the University. The iCAP 2020 objective 2.2.1 is to improve efficiency of space use by minimizing the square footage per person. Please describe how your unit is evaluating space usage, identifying future space needs and plans, or taking action to economize workspace. Please remark on the impact of remote and hybrid work schedules. Discuss, if applicable, how any space challenges faced by your unit tie in with the University’s Net Zero Growth policy.

# Budget Report: Metrics

A separate communication will be sent to your budget officer providing details related to accessing the data sources referenced below. The metrics are obtained from common data sources, including the Campus Profile, and other standard financial reports. We will review these metrics, along with standard accounting information, in conjunction with your report.

Financial Metrics <https://go.illinois.edu/Financial_Metrics>

This table provides five years of data for the following items:

* Budget (state/tuition and Institutional funds)
* Non-state funds (grants, gifts, self-supporting)
* Carryover balances
* Deficit balances
* Staffing trends

# Submission Deadlines

* Please submit your draft 3-year budget-planning template to [provostbudget@illinois.edu](mailto:provostbudget@illinois.edu) by **Friday, January 5, 2024.**
* Please submit your report and final budget planning template to [provostbudget@illinois.edu](mailto:provostbudget@illinois.edu) by **Friday, February 2, 2024.**Page Limit
* Your narrative should be ***no more than ten pages long.***