February 4, 2016

Governor Bruce Rauner
Office of the Governor
207 State House
Springfield, IL 62706

Dear Governor Rauner:

The University of Illinois is acutely aware of the profound challenges facing you and legislators as you work together to craft a budget that funds critical services while also putting our state on the road to recovery.

The University has been making similarly difficult decisions, proactively examining our operations from top to bottom in search of efficiencies, and implementing structural reforms that will ensure our campuses continue their legacy of excellence and service in the changing financial landscape of the 21st century.

Our efforts have been guided by a philosophy rooted in the mission we have carried since our land-grant founding nearly 150 years ago — serving the needs of students and the public good, with excellence and integrity as our bedrock principles. Those core priorities are channeling precious resources toward world-class academic and research programs that cultivate the human and intellectual capital essential to lead Illinois forward.

I am proud of the University’s commitment to student access and affordability, and of the investments that our prudent financial stewardship has brought to classrooms, laboratories and the student experience. I would like to take this opportunity to share with you some examples of recent and ongoing actions in this regard:

Affordability

- In January, the Board of Trustees approved a tuition freeze recommended by University and campus leadership that will hold rates steady for in-state freshmen next fall for the second straight year.
- The tuition freezes followed two years of inflation-based 1.7 percent increases that were the lowest in two decades.
• The Board last month also approved our recommendation to freeze mandatory student fees for the first time in memory (except for a long-planned and minor transportation fee increase at Urbana).
• Over the last decade, the University also has ramped up internal efforts to protect the most financially vulnerable students, increasing need-based institutional financial aid more than fourfold to $84 million annually.
• Through state, federal, University and donor-provided financial aid, half of undergraduates pay less than full tuition-and-fee sticker price across the three campuses.
• The University of Illinois is fully committed to holding the line on tuition and fee increases for in-state students into the future, as budget conditions allow.

Access

• Enrollment across the University’s three campuses grew to a record 80,000-plus students last fall. We educate more Illinois natives than ever, and we annually award 20,000 high-demand U of I degrees. Fall enrollment included the largest freshman class ever, up by 1,043 or 10.2 percent from the year before.
• Undergraduate enrollment of minority students increased on each campus. Undergraduate enrollment of African-American students increased this year by 5.4 percent, from 3,414 to 3,597, while Latino enrollment increased 11.5 percent, from 7,359 to 8,205.
• To date, total applications for Fall 2016 are up by 11 percent in Urbana-Champaign and by 19 percent in Chicago compared to a year ago. I am confident that our gains in serving underrepresented minorities will continue into 2016.
• Plans are being developed to aggressively promote further enrollment increases, while maintaining high standards of excellence, with a particular focus on undergraduate and professional degrees for students from Illinois families.

Administrative efficiency

• A July hiring freeze imposed in central administration has reduced employment by about 70 full-time equivalents, saving $4.5 million to date.
• At the beginning of fiscal year 2016, the Urbana-Champaign campus directed all administrative units to reduce spending by a combined $20 million, which is already achieving savings through restructuring, mergers of units, eliminating office space, suspending efforts to create an office in India, and scaling back office operations in China.
• Since the beginning of January 2015, the Urbana-Champaign campus has eliminated about 125 academic professional and 18 civil service positions.
• Administrative units on the Chicago campus have been instructed to reduce expenses by $13.3 million for fiscal year 2016.
• The Chicago campus’ budget planning process has eliminated 48 academic professional and 21 civil service positions.
• During fiscal year 2016, the Springfield campus has reduced staffing by 13 academic professional positions, five civil service positions, and five faculty positions, reducing costs by approximately $1.2 million when combined with other reductions in non-personnel operational expenses.
• In a fiscal 2014 report, the latest figures available, institutional administrative costs for the U of I system accounted for about 5 percent of total expenditures, which ranked 11th among the 14 member schools in the Big Ten Conference.

• At my request, the Board of Trustees eliminated a retention bonus in my contract last year, and it is my expectation that those incentives will no longer be included in contracts for academic administrators.

Cost-savings initiatives

• In June, I redirected $8.2 million in recurring funds from centrally held accounts to support financial aid and other student-centered programs on our three campuses. The funds were previously held in accounts under the direction of the president for various strategic campus and University-wide initiatives. These funds have already enabled, for example, the new agreement between UIC and the City Colleges of Chicago which will provide stipend support for qualified minority students graduating from City Colleges to attend UIC.

• In October, I announced nearly $24 million in spending cuts for central administration programs not directly related to teaching and research. Those cuts for data processing and building maintenance were recommended by a high-level committee that is reviewing centrally controlled accounts to identify cost savings that will protect the University’s core academic and research missions.

• An effort underway on the Urbana-Champaign campus to better integrate technology services has achieved $7.2 million in savings to date and is projected to generate annual savings of $16 million to $24 million when fully implemented.

• The University has developed and implemented a dashboard of metrics that measure the teaching and research performance and the financial viability of all of its academic units on the three campuses. The dashboards are updated annually and are used to make budgetary and organizational decisions to achieve better efficiency and effectiveness.

For all we have accomplished, our work is just beginning. We are committed to continuous improvement, and further efficiency initiatives will be integral parts of a strategic plan that is currently being developed to guide the University system for the next five to 10 years. I expect to submit the plan to the Board for approval in May.

We also are committed to building on our long history of service to the state, providing the highly skilled workforce and research innovation that drives progress and economic growth.

Toward that end, we are developing a proposed “compact” with the state, a multi-year agreement that would provide predictable funding for the University and avert the year-to-year uncertainty that hinders our ability to plan ahead. The University of Illinois 2021 Initiative also calls on the state to ease unnecessary regulatory requirements that often impede efficiency, such as complex procurement guidelines. I thank you for your strong leadership in this regard.
In exchange, the University would pledge to meet tangible objectives that serve the state’s needs, in critical, measureable areas such as enrollment, graduation rates, and affordability. In essence, the University of Illinois 2021 Initiative would provide for a shift to performance-based funding, a concept that we welcome and one that would reinforce our value to the people of Illinois.

The University of Illinois is a key to a better tomorrow for our state, a global leader in education and innovation, and an engine that pumps nearly $14 billion into the state’s economy annually. We are committed to financial stewardship that will build on that legacy and help lead progress for generations to come.

Thank you for your support and your service to our state. If you have questions or want to discuss the University’s efforts in more detail, please do not hesitate to contact me.

Sincerely,

Timothy L. Killeen

cc: Ed McMillan
    University Officers