

# University of Illinois at Chicago

## Remarks on the State of the Campus

R. Michael Tanner, Provost  
Bringing Administrators Together Conference

March 6, 2008

# Overview

---

## **UIC on the Move**

- FY07 Projects and Activities

## **National Trends in Higher Education**

- Financial Trends
- Accountability

## **Budget Outlook and Overview**

- National, State, UIC Economies
- Resource Strategies

## **Highlights of UIC Major Endeavors for FY08**

- “Healthy Returns” (formerly “Illinois Bill of Health”)
- Pharmacy and MBRB Repairs
- Diversity
- Energy and Sustainability
- Space Economy

# UIC on the Move: FY07 Projects and Activities

---

- Tuition Distribution
- North Central Association reaccreditation
- Campaign - launched 6/1/07
  - UIC Goal: \$650M by 2011 (\$2.25B for UI)*
- Major hires: Interim Chancellor - Eric Gislason
  - Interim Vice Chancellor for Research: Larry Danziger
  - Deans:           LAS - Dwight McBride
  - Pharmacy - Jerry Bauman
  - SPH – Paul Brandt-Rauf
  - Special Asst to the Provost: William Walden
- Hospital – Certificate of Need received

# UIC on the Move: FY07 Projects and Activities

---

## New and Renovated Facilities:

- Grant Hall completion - *Geothermal HVAC*
- Classroom renovations:
  - Lecture Center A Lobby & A2-A7
  - Lecture Center D2 & D5
  - BSB 285
- Learning Centers - Math, Writing, now Language and Culture
- UIC Forum (opened 2008)
- Stukel Towers (open fall 2007)

# UIC on the Move: FY07 Projects and Activities

---

## New and Renovated Facilities (cont'd):

- Cancer Center/CCTS
  - Administrative Space in MCA
  - Clinical Space in CSN
- Other West Side Projects
  - SPHPI remodeling for Psychiatry (NIH grant)
  - Dentistry Building Improvements
  - OTM Renovations (College of Medicine - East)

# UIC on the Move: Grant Hall – Before and After

---



**Reduced energy consumption by 50%  
over a conventional year-round heating  
and cooling system**



# UIC on the Move: The New Grant Hall



# Geothermal Heat Pumps

## Cooling Mode

To cool, heat from the building is transferred to water, which then is cooled as it passes through the ground loop.



Illustration developed by the  
National Renewable Energy  
Laboratory

U.S. Department of Energy

Geothermal heat pumps use the stable temperatures of the ground (vertical boreholes at UIC are over 400 feet deep) as a heat source to warm buildings in winter and as a heat sink to cool them in summer.



# Geothermal Heat Pumps

## Heating Mode

To heat, heat is taken from the water and transferred to the building, cooling the water. The water heats back up as it passes through the ground loop.



Illustration developed by the  
National Renewable Energy  
Laboratory

U.S. Department of Energy

Geothermal heat pumps use the stable temperatures of the ground (vertical boreholes at UIC are over 400 feet deep) as a heat source to warm buildings in winter and as a heat sink to cool them in summer.

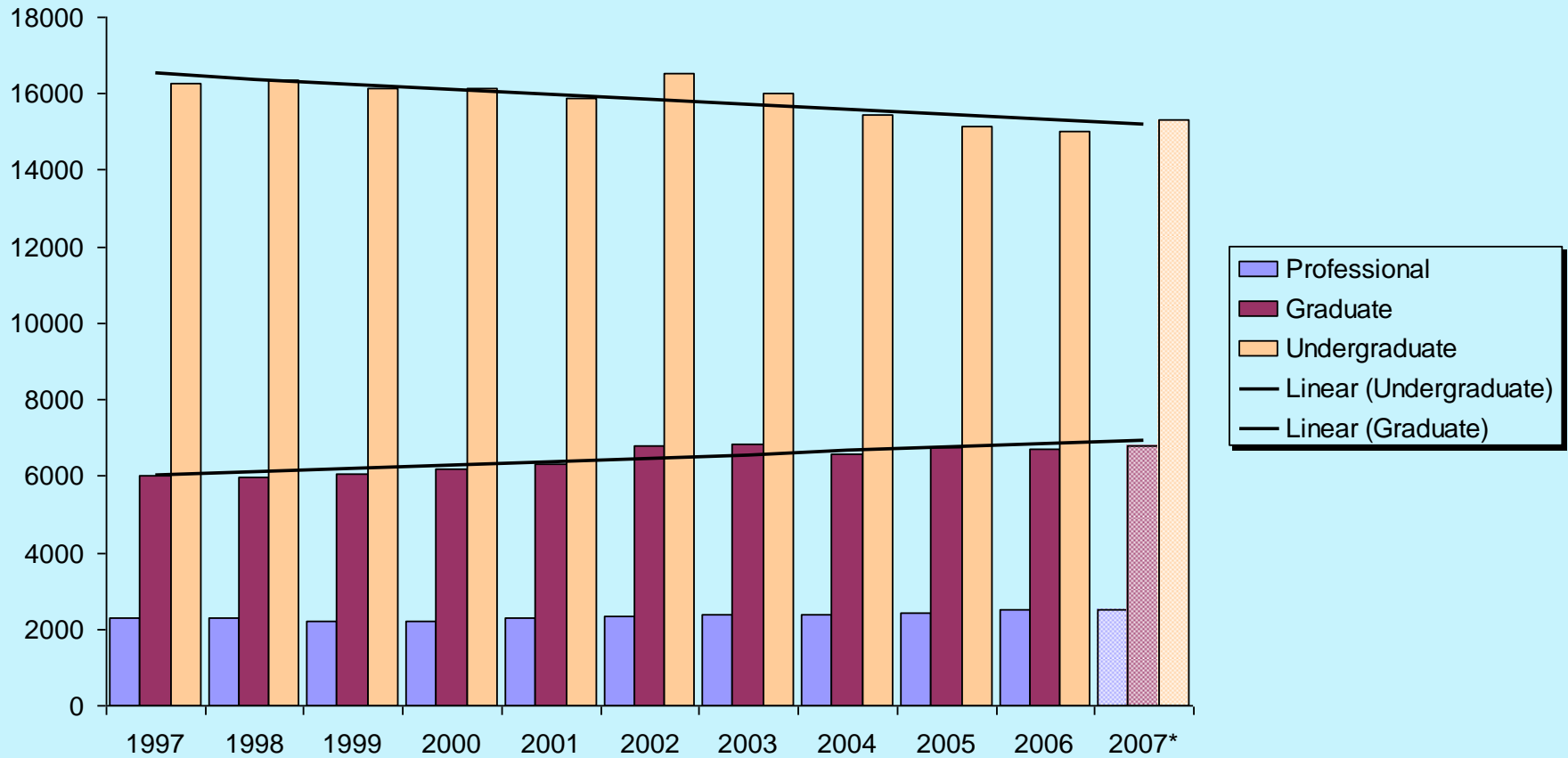
# **UIC on the Move: FY07 Projects and Activities**

---

## **Major Interdisciplinary Research Initiatives**

- Cancer Center
- Center for Clinical and Translational Science (CCTS)
- Institute on Race Research and Public Policy (IRRPP)
- Innovation Center
- Learning Science Research Institute - LSRI (2 half-time positions added this year)

# UIC on the Move: UIC Total Enrollment by Level



\*Fall 2007 targets

# UIC on the Move: Enrollment and Admissions

---

## Applicants and Enrolled, Fall 2007 (with change from Fall 2006)

	Applicants	Enrolled
Freshmen	13,898 (+3%)	3,291 (+15%)
Transfer	6,264 (+5%)	1,651 (+29%)
Readmits	522 (-6%)	173 (-7%)
Domestic Graduate	5,900 (-2% )	1,499 (+9%)
Intn'l Graduate	4,680 (-6%)	371 (-10%)
Total	31,264 (+2%)	6,985 (+14%)

### Increased Average Applicant ACT:

Fall 2007: 24.50 for 8675 scores

Fall 2006: 24.37 for 7974 scores

# UIC on the Move: Enrollment and Admissions

---

## Undergraduate Underrepresented Student Registration

### Freshmen

	Final Fall 2007	Final Fall 2006	Increase from Fall 2006
African American	348 (10.6% of freshmen)	273 (9.6% of freshmen)	27%
Latino	596 (18.1% of freshmen)	476 (16.7% of freshmen)	25%

### Transfers

	Final Fall 2007	Final Fall 2006	Increase from Fall 2006
African American	139 (8.4% of transfers)	93 (7.2% of transfers)	49%
Latino	211 (12.8% of transfers)	142 (11.1% of transfers)	49%

# UIC on the Move: Enrollment and Admissions

---

## UIC's Increasing Popularity

### Enrollment increased because:

- Higher yield of admitted students: more accepted our offer of admission
- Highly coordinated yield activities + increased number of yield activities
- “Portal-like” website for admitted students

### Indications that UIC is first-choice school and increasing in popularity:

- Over target enrollment for fall by 465
- Denied 685 admissible students due to lack of room
- Summer orientation was packed with very low no-show rate
- Record number of parents attended parent orientation
- Residence halls had waiting list, even with 740 new beds in Stukel Towers

# National Trends

---

## **NASULGC Voluntary System of Accountability**

- Standard website with standard information
  - Cost, enrollment, demographics, student engagement, etc.
  - “Performance” and “value-added”

## **Energy and Sustainability**

- Reduce fossil fuel usage
- Reducing carbon footprint - Climate Commitment
- Material use and disposal - recycling

## **U.S. trends in state funding for higher education**

### **Trends in federal funding**

- NIH +.9%, NSF +2.0%, DOD trying to cap overhead costs at 20%

# Budget Outlook: National Economy

---

- Over the past decade, the Higher Education Price Index (HEPI) has increased significantly faster than the nation's Consumer Price Index
- Continued public pressure to contain tuition increases
  - Even when adjusted for inflation, tuition and fees have risen 24% at four-year public universities over the past 5 years and 32% over the past decade.*
- Federal policies (e.g., unfunded mandates and rising health care costs) are worsening the state fiscal condition.
- Changing Federal support for research
  - Shift in focus from NIH to NSF differentially impacts UIC, since our research base is primarily NIH-funded.
  - Interest at the Federal level in reducing costs by lowering F&A rates for universities.

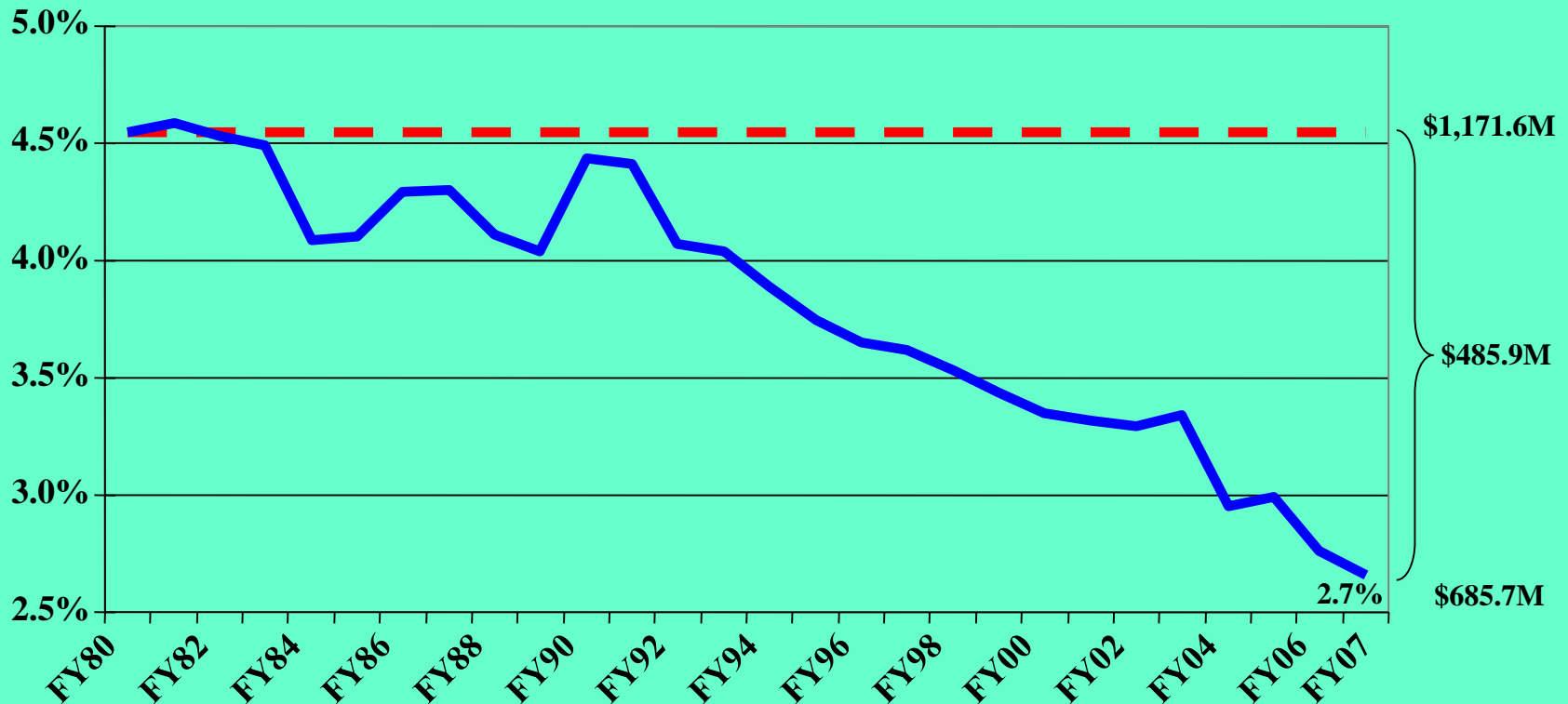


# Budget Outlook: State Economy

---

- Over the last several years Illinois tax revenue has increased, but not as fast as in other states
- There is intense competition for resources, Illinois “backlog” remains high (e.g., pension funding, roads and bridges)
- Increasing benefit costs (primarily health insurance and retirement) are consuming incremental State resources, leaving little for higher education operating costs
- The General Revenue Fund continues to shrink as a % of total U of I budget
- U of I receives declining share of State tax appropriations for operating expenses

# Budget Outlook: U of I Share of State Tax Appropriations



FY02 - FY07 excludes \$45 million reduction to Universities for Health Insurance

# Budget Outlook – FY09 Governor's Budget

---

## Operating Budget

- 0% increase in General Revenue Funds (GRF)
- Project CHANCE eliminated (\$1 M)
- Hispanic Center for Excellence eliminated (\$ .4M)

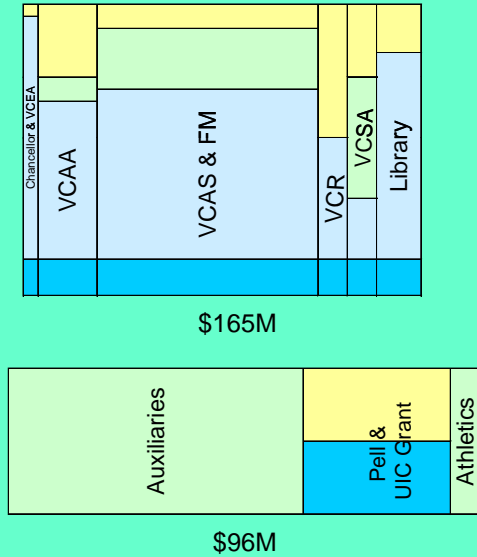
## Capital Budget

- COM Rockford Bldg (\$14.5 M)
- Dentistry renovation (\$20 M)
- Repair & Renovation (\$ 4.17 M)

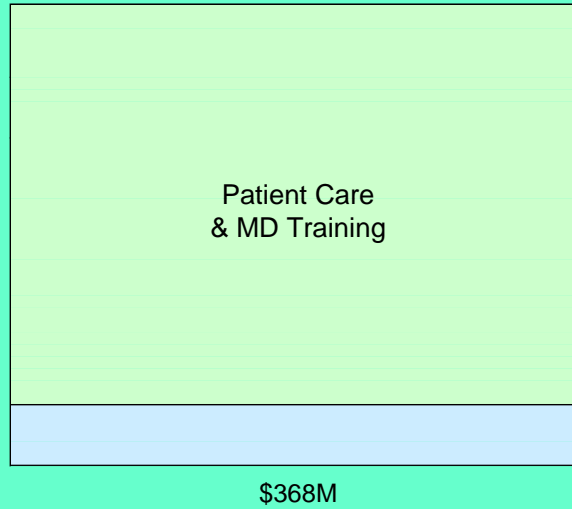
# Building Blocks of UIC's Economy

\$1,351M\* → \$1.46B for FY2007

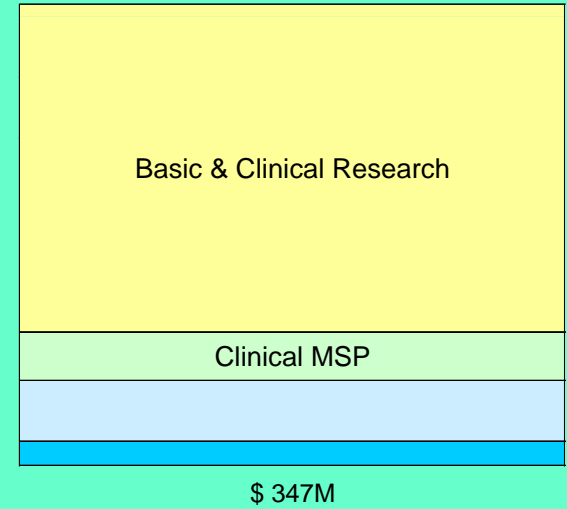
## Admin & Academic Support



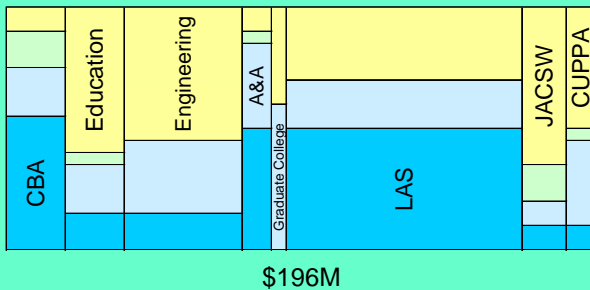
## Hospital



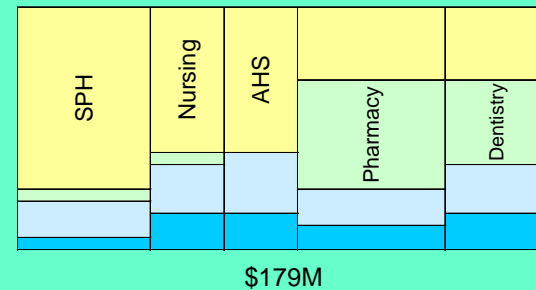
## Medicine



## Eastside Colleges



## Other Health Colleges



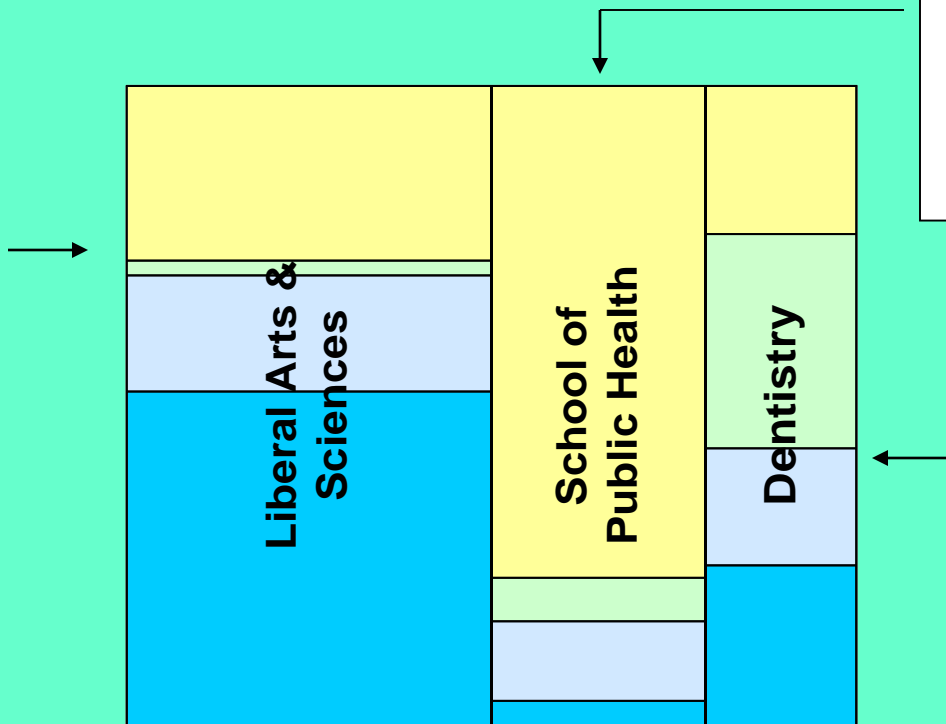
\*Source: FY 2006 Budget Summary for Operations, excluding Campus General, VCHA and DSCC.



## Budget Comparison (LAS, Public Health, and Dentistry)


\$175M\*

**LAS**  
Tenure-track faculty declined from 420 in FY02 to 360 in FY07.





**SPH**  
The State has a highly leveraged investment in public health.

**Dentistry**  
Costs of providing health care in conjunction with education are not adequately reimbursed by the State.

 Income Fund (\$56M)

 State Appropriation (\$29M)

 Self-Supporting (\$18M)

 Gifts, Grants/Contracts & Institutional (\$73M)

\*Source: FY 2008 Budget Summary

# Budget Outlook: UIC Economy

---

- Reliance on tuition revenue: students shouldering more of the costs
- Growth in research funding, although more modest
- Reimbursement for expenditures that UIC has made in support of research (ICR) is the major source of flexible funds (FY07 \$68M)
- Decreased Medical Malpractice costs are encouraging (FY07 \$38.3M, FY08 \$36.4M)
- Fast-rising utility costs (more later under “FY08 Projects”) have put significant stress on state funding
  - This year’s increase was greater than the GRF increment provided by the State

# Budget Outlook: UIC Economy

---

## The Physical Plant (A missing piece for sustainability)

Deferred Maintenance

Capital investment in new buildings

*Without State capital programs, renewing the physical plant would require ~ \$40M/year of planned investment.*

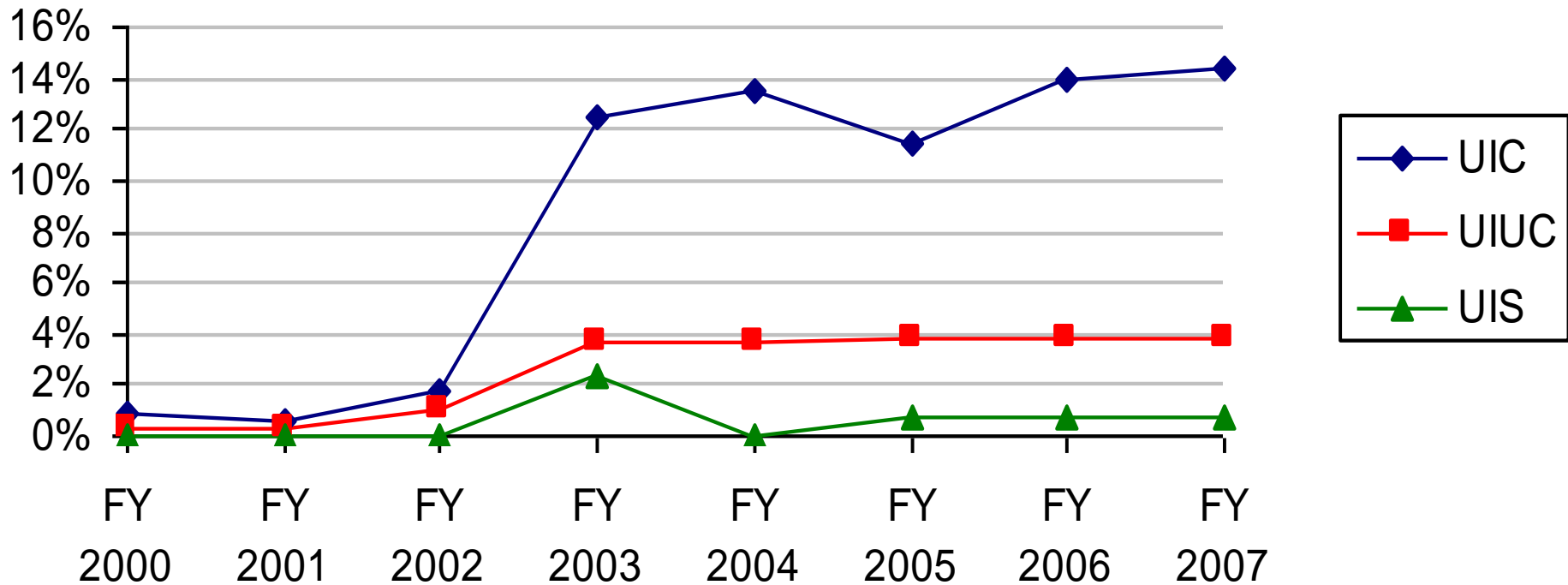
Internal funding strategies:

Certificate of Participation (COPS): \$ 50 million bond issue

Academic Facilities Maintenance Fund Assessment (AFMFA):  
up to \$ 9 million per year student assessment

Disadvantage: **Debt Service**

# University of Illinois Financial Aid Expense as % of tuition revenue



*We allow admissible Pell-eligible students to attend UIC even though they cannot afford our tuition and fee increases. Maintaining access to excellence requires a commitment to institutional aid.*



How does UIC respond to its resource challenges strategically?

# Strategies: Revenue Enhancement

---

- Development/philanthropy growth
- Entrepreneurship
- Improved payer mix at the Hospital
- Hybrid Learning - expand paying student base

# Strategies: Cost Reduction

---

- Smaller physical plant
- Energy efficiency and usage reduction
- Business process improvements
- Administrative redesign
- Decline non-cost-recovery research
- Eliminate non-essential high-cost academic programs
- Lower financial aid support
- University Resource Task Force

# Strategies:

## Create Incentives Aligned to Values

---

- ICR (F&A) flow to the uses
- Tuition flow aligned with student instruction
- Space economy – putting a value on space
- Energy costs assigned to units
- Centralization/decentralization – designing optimal administrative processes

# Strategies:

## Budgetary Flows Implemented at UIC

---

- 1) 50% of campus net ICR (Indirect Cost Recovery from sponsored research) flows to the colleges.

*Principle:* ICR has to flow to cover the actual costs for conducting the sponsored research.

UIC policy returns more to the colleges than Federal cost studies assign to them, to provide incentive for research. The colleges must cover faculty start-up and other research expenses.

# Strategies:

## Budgetary Flows Implemented at UIC

---

2) 75-85% of collected tuition revenue flows down to the colleges.

This is more than would allow us to sustain the campus if we were entirely tuition-dependent.

*Principle:* We have to ensure quality of instruction offered to the students who, increasingly, are paying for it.

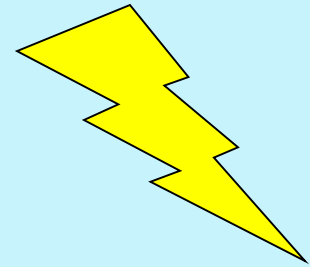
# FY08 Projects and Activities

---

- School of Continuing Studies - Niche market, hybrid  
U of I Global Campus - Large market, pure Internet
- Math/Science High School - Noble Street School partnership
- Multi-College and Multiple-Disciplinary Research Endeavors
- Capital Campaign
- Master planning
- Lincoln Hall renovation plans
- Pharmacy and MBRB cleanup and repair
- Hospital / “Healthy Returns” (former “Illinois Bill of Health”)
- Diversity Strategic Planning
- Energy and Sustainability
- Space Economy

# FY08 Projects: Pharmacy and MBRB Cleanup & Repair

---



## Pharmacy:

Cleanup: \$ 5.4 million so far

Repair: \$ tbd – may exceed \$10 million

## MBRB:

Cleanup & repair: \$ 2.5 million total

Insurance deductible: \$500,000 per building



# Pharmacy Fire

---



# **FY08 Projects: “Healthy Returns”**

---

**“Healthy Returns:  
Investing in Illinois Health Education”**

# FY08 Projects: “Healthy Returns”

---

## Why we need it:

### Important mission:

- 600,000 patient visits per year
- In Illinois: 1 in 6 physicians, 44% of dentists, 33% of pharmacists are UIC alumni
- Est. 60% of Illinois physicians from underrepresented groups (70% in Chicago) are UIC alumni

Educating health professionals costs more than educating undergraduates: faculty/student ratio, technology

Tuition increases cannot and should not have to cover State GRF decline

# FY08 Projects: “Healthy Returns”

---

## Why we need it:

New student assessment will not cover health science college capital and maintenance needs. (Life/safety and energy efficiency priorities)

On the Westside alone, deferred maintenance backlog exceeds \$300M

Hospital - Payer mix and reimbursement rates

Medical malpractice costs:	\$11.7M in FY00
	\$38.3M in FY07
	\$36.4M in FY08

# FY08 Projects: “Healthy Returns”

---

## What we are asking for:

- \$50 million permanent recurring funding  
(\$10 million per year for 5 years)
- \$10 million to complete master plan for Medical Center expansion & renovation
- Funding to increase size of the Medical school class  
20 - 25%

# FY08 Projects: Diversity

---

## Goals:

- Increasing Diversity: African-American, Latino, Native American underrepresented in faculty and students
- Maximizing the advantages of diversity

## Collaborative efforts:

- Diversity Advisory Committee
- Provost's Working Group

Special Assistant to the Provost for Diversity  
William Walden

Strategic Plan for Diversity

# FY08 Projects: Energy and Sustainability

---

Rapid increases in cost prompt us to consider how to reduce consumption

University efforts

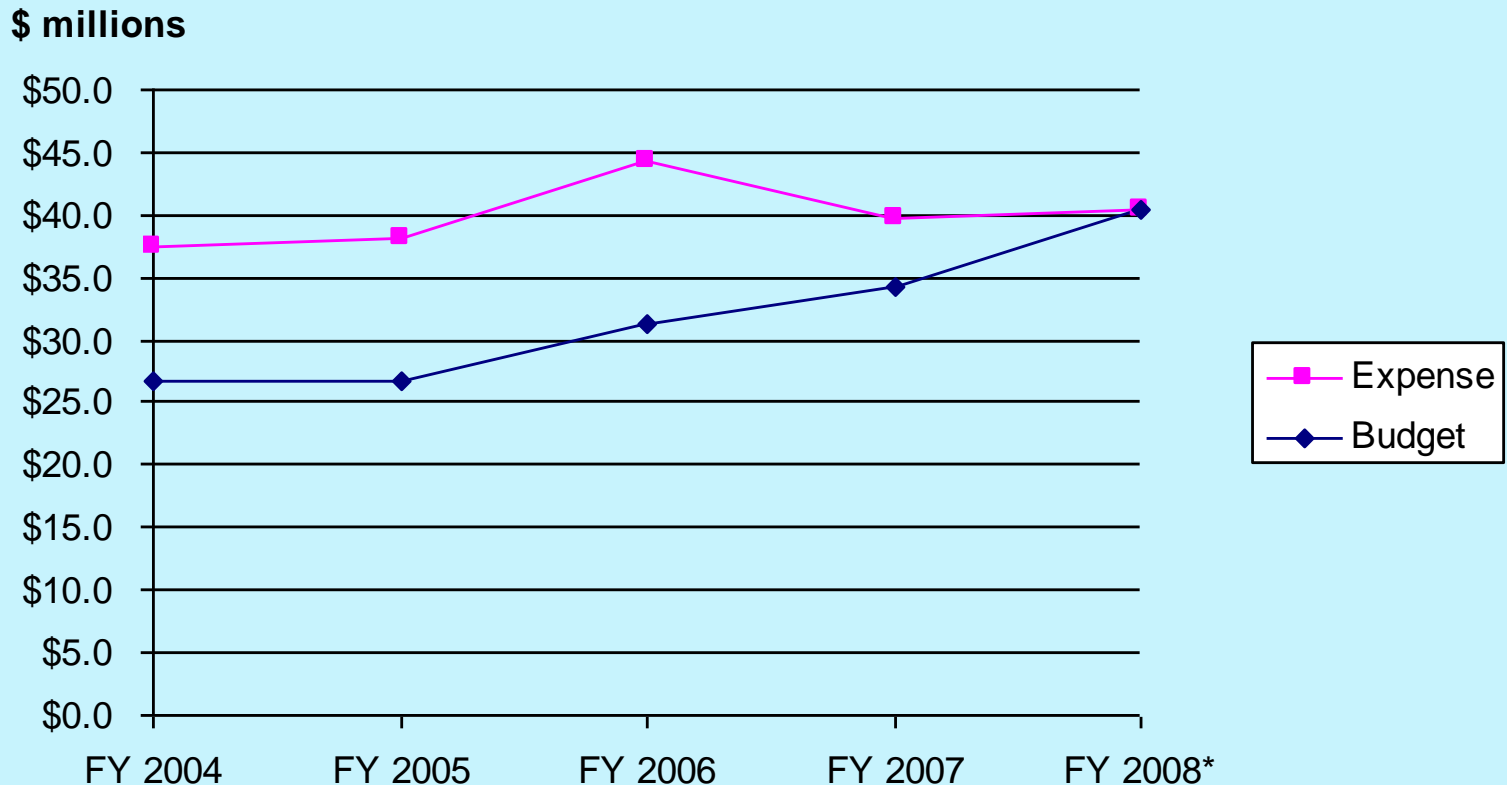
- Energy Task Force
- Energy Usage Policy approved in September

UIC Campus efforts

- Campus sustainability group
- Energy Efficiency - Inventory of cost-effective projects and building energy explicitly into unit budgets

# FY08 Projects: Energy and Sustainability

## UIC Expenses vs State Budget for Utilities





# FY08 Projects: Energy and Sustainability

---

## Shift in investments and practices

- Energy-conscious regular and deferred maintenance prioritization
  - Renewal of HVAC systems
  - Implementation of control systems
  - “User-passive” conservation devices  
(e.g., more efficient lights and motion detectors)
- Educate users and units as to how and how much they use
- Financial signaling - Building energy explicitly into the budget
  - Previously energy costs were covered centrally
  - Units had no knowledge of their usage
  - No financial incentive to change usage patterns this way
    - ***Monitor or meter usage***
    - ***Provide financial incentives for reduction***

# FY08 Projects: Start a Space Economy at UIC

---

## Goals for creating a space market economy

- Make space more fluid and responsive
- Use existing space to better advantage
- Reduce the square feet of space needed
  - Avoid extra expense of off-campus rentals where off-campus location has no real purpose or advantage
- Reinvest money saved in improving space we have

# FY08 Projects: Start a Space Economy at UIC

---

Restated otherwise:

- Reduce hoarding by providing a financial reason to relinquish space: holding money rather than holding vacant space
- Encourage the efficient use of existing space and provide units with an incentive to distinguish between a want and a need
- Move beyond the barter economy: eliminate the need to find someone who has the space that you want and is willing to accept the space you have in exchange
- Provide a tool to manage space as a very valuable resource
- Encourage investment in improving existing space

# Coming Attractions: The OBFS “Big Picture”

---

- Improve customer satisfaction
- Improve procurement services
- Improve research compliance and grants management
- Leverage technology to work smarter vs. harder
- Create a *business development services* office through which all revenue contracts flow to ensure that sound business and financial plans underpin the activity
- Achieve more integrated and robust financial and HR reporting solutions for users
- Improve the campus’s internal control environment
- Improve training and new employee orientation to OBFS policies/procedures

# What You Can Do to Advance UIC

---

- High ethical standards
- Transparency
- Be an active learner
  - *Increase your understanding*
  - *Be inquisitive*
  - *Embrace change*

# Next Steps Today

---

Workshop Session 1 starts at 10:45

To get to the Workshop rooms, exit this room and go back toward the check-in area. There will be volunteers to direct you.

