

## News Release

July 17, 2003

### Administrative Review Yields \$10 Million in Potential Savings

URBANA-An intensive four-month study of University of Illinois administration has identified some \$10 million in potential savings from streamlining the way the University does business. The hoped-for savings will be used to offset the impact of severe state budget cuts. And \$10 million is just the beginning, according to UI President James J. Stukel.

The study is the first phase of an initiative ordered last March by the University's Board of Trustees. The purpose is to reduce administrative costs, provide more efficient services and redirect savings to the University's core educational mission.

"Our vice presidents and our campus provosts worked diligently during the discovery phase with some 130 employees and outside consultants on this important project," Stukel said. "Our results to date are fact-based; we know where there likely are savings to be had."

Stukel briefed the board on the administrative review Thursday during its regular meeting at the Urbana-Champaign campus. He said University-wide administrative and service units already have absorbed some \$58 million in cuts in the fiscal year 2002-2004 period, or about 16 percent of administrative and service units' annual budgets compared to less than 7 percent for academic units. By cutting the budgets for administrative and service units more than academic units, the university has reallocated about \$22 million to the core academic units. This reallocation has preserved 425 full-time equivalent positions for academic units, including 100 FTE faculty, and 400 course sections.

"The savings to date are certainly not trivial, nor are they without consequences," Stukel said. "The advantage of our current review model is that further reductions, whether by streamlining, reorganizing or outsourcing, give us the opportunity to make changes in how we do business that will continue to pay dividends."

Beginning last March, U of I staff, sometimes assisted by consultants from Accenture and Washington Advisory Group, analyzed 17 so-called functional administrative and service areas plus commodities procurement practices. Functional areas include utilities procurement, research park management, academic and administrative computing and human resources. The budgets in those 17 areas top \$258 million, while commodities procurement under review is another \$141 million of the total \$829 million spent on commodities.

While further analysis is needed, Stukel said, the University's initial look has found \$10 million in potential savings and cost avoidance in just eight areas and expects an additional \$10 million in commodities, or about 7 percent of the \$141 million under study.

University teams will spend the next eight to 10 weeks prioritizing the savings

opportunities, benchmarking against other universities and best practices in private business and re-evaluating savings targets. Depending on the area, detailed assessments could take three to nine months. As each area is completed, the Administrative Review Executive Team, led by Chester Gardner, vice president for academic affairs, will recommend changes to the president who will make the final decisions. The team has been overseeing the project since March.

"This will be an ongoing process, and we will implement decisions as they are made," Gardner said. "This is a difficult assignment, but we're viewing it as an opportunity to make our administrative and service operations even better."

The president expects to update the Board of Trustees again in November.

In general, the University is aiming at a 20-25 percent range in total reduction of administrative costs from FY 02 to FY 05. This is in keeping with a target proposed by the Illinois Board of Higher Education. In all cases, Stukel said, the University of Illinois is using conservative calculations.

Each of the three campuses is also conducting similar reviews of its administrative and service areas that are separate from the University Administration review discussed Thursday.

Since FY 02 the University's day-to-day budget has been reduced by 10 percent; academic units absorbed an average 6.7 percent reduction and administrative and service units absorbed 16.1 percent since FY 02, slightly more than 3 to 1 ratio.

The University of Illinois enrolls 70,000 students on campuses at Chicago, Springfield and Urbana-Champaign and has an operating budget that approaches \$3 billion.

###

REPORTERS/EDITORS/NEWS DIRECTORS: President Stukel's presentation is posted on line at [www.uillinois.edu/president](http://www.uillinois.edu/president).