

**REPORT
OF THE UNIVERSITY ADMINISTRATION (UA) REVIEW
ADVISORY COMMITTEE**

July 31, 2013

Revised March 1, 2014

to include the decisions made by President Robert Easter
and Chancellors Paula Allen-Meares (Chicago), Susan Koch (Springfield),
and Phyllis Wise (Urbana-Champaign)

Christophe Pierre, Chair, Vice President for Academic Affairs
Ilesanmi Adesida, Vice Chancellor for Academic Affairs and Provost, Urbana
Lon Kaufman, Vice Chancellor for Academic Affairs and Provost, Chicago
Lynn Pardie, Provost and Vice Chancellor for Academic Affairs, Springfield
Walter Knorr, Vice President and Chief Financial Officer
Nick Burbules, University Senates Conference Chair
Richard Wheeler, Visiting Associate Vice President for Academic Affairs

Every organization needs an appropriate infrastructure for business and support services, and these services are vitally important for the conduct of the University's overall academic mission. It is critical that resources devoted to administrative services be used in the most efficient manner possible to support the core missions of the University. With this recognition in mind, President Easter initiated a review of all University Administration (UA) units in November 2012. Seven review teams comprising representatives of different campuses and UA conducted these reviews. The Office of the Vice President for Health Affairs and its activities were not reviewed as part of this process, but other reviews of that office and the hospital are underway.

The president's charge letters to the review teams asked them to "provide important guidance about the appropriate amount of resources that should be allocated to these units to carry out their activities and their appropriate alignment within the organization structure." "Areas of inquiry" for each team to pursue included "reporting structure; scope of activities; the amount and deployment of resources; and developing a formal process whereby these units and their budgets and performance are reviewed annually." The charge letter identified the "following key questions" to the review teams to explore:

- Is the current scope of activities of these units appropriate and how are these units contributing to the core academic missions-teaching, research, service and economic development-of the university? Are there activities and functions that should be strengthened, abandoned or transferred to the campuses?
- Do the activities and functions of these units warrant the amount of resources (both funding and personnel) that are currently dedicated to them, e.g., are there opportunities to outsource part or all of the functions or services?
- Are the resources deployed in an effective manner? Are there ways the unit's operations can become more efficient and effective? Is there duplication or overlap either within the unit or with other units that can be eliminated to create savings?
- How can the ability of these units to provide valued service to the University be protected as we continue to experience a period of declining State support and constrained tuition growth?
- Are there strategies or best practices used at other institutions that could be used here?

- Please suggest a process whereby these units' budgets and performance are reviewed annually with significant participation by the campuses.

This Advisory Committee, chaired by the Vice President for Academic Affairs and including the Vice President/CFO, the provosts of the three campuses, the Associate Vice President for Academic Affairs, and a faculty representative from the University Senates Conference, reviewed the team reports, the unit responses, and a draft summary prepared by the Steering Committee, to develop a set of recommendations to be forwarded on to the president. The president consulted with the chancellors of all three campuses before making final decisions about what recommendations to implement and the timeline and processes for implementation.

This report represents what the Advisory Committee sees as essential in the commentary in the team reports and identifies recommendations we believe should have high priority for further consideration by the president in consultation with the chancellors. It begins with an initial set of overarching recommendations that apply to all UA units in areas such as communication and customer service, the role of the campuses in policy decisions, and the development of annual and periodic reviews of UA units and leadership. It then looks at each team report one by one.

All of the review teams committed considerable time and energy to this review process. Their work represents the culmination of thoughtful analyses of unit budget and personnel reports, engagement with the leaders and staff in UA units, and conversations with those who rely on the work of UA units. The full analyses and recommendations of the team reports were an ongoing resource of considerable importance to the deliberations of the president and chancellors.

This review was designed to reinforce principles that are central to the University. Emphasizing collegiality and collaboration, the recommendations that follow are designed to enhance the ways in which UA units work with campus customers and stakeholders. Actions that address some of these recommendations are already underway.

Overarching recommendations

What is clear from this review is that work essential to the effectiveness of the entire institution is performed every day by hard-working individuals in UA units. All of the review teams identified areas where increased attention and awareness could lead to improved functionality, performance, and service. They also identified opportunities to include campus representation in budget and performance reviews. Because these recommendations came out of the work of multiple teams and could be applied to all UA units, they have been grouped into categories as part of a set of overarching recommendations.

These recommendations all pivot on issues of creating better communication, building trust, and developing more participatory decision-making processes. As a general rule, the more campuses engage with and understand UA processes, and vice versa, the less prevalent will be the “us vs. them” mentality that many current practices tend to encourage both on the campuses and in UA.

Communication and customer service

The core missions of the University are teaching, research, and public service, each of which contributes substantially to economic development. This work occurs first and foremost at the campus level and must be facilitated and supported by the work of service-oriented UA units.

Recommendation 1: *UA units must strive to maintain and continuously improve a customer-service orientation focused chiefly on support of the campuses as well as UA units, University Related Organizations (UROs), and other stakeholders that they serve. Strong linkages and open channels of communication are essential to this service commitment. It may be necessary to evaluate the physical distribution of UA personnel across all three campuses in order to enhance customer service, avoid miscommunication problems, and increase awareness of local campus issues.*

This was approved. Vice President Pierre will be asked to work with UA leaders to achieve continuous improvement in these areas. Progress will be tracked through the annual evaluation process.

Policy decisions

UA-initiated policy decisions that impact faculty, staff and students on the campuses should incorporate input from campus representatives. Even when policy decisions are mandated by imperatives from agencies external to the University, those most affected by these policies should be made aware of each change and why it is necessary before implementation.

Recommendation 2: *UA units will consult with affected campus representatives when making significant policy decisions.*

This was approved. Vice President Pierre will be asked work with UA leaders to develop and implement a process for consultation with campuses as such decisions are made.

Annual budget evaluations and periodic unit/personnel evaluations

Historically, UA units have not had budget and unit/senior personnel reviews that parallel reviews that take place on the campuses. Under the leadership of the president, UA should design a more inclusive periodic review of its budget and staffing. UA should consider the budget processes employed by the campuses and the processes used to review the provost, the chancellor, and other central campus support unit budgets and personnel. As an example, several teams suggested the Dean's Budget Committee on the Urbana campus as a model for the annual budget reviews of UA units. Regular annual reviews of performance and budgets, and periodic reviews of units and senior personnel, would provide transparency and a sense of inclusion, in addition to providing a rational basis for UA unit budget allocations. The review process should include campus representatives.

Recommendation 3: *UA unit budgets, including their carry-forward balances, will be reviewed on an annual basis by groups that include campus representation. Periodic performance reviews of UA units, unit directors and senior personnel are to include input and assessment, particularly from the campuses, regarding effectiveness in meeting customer needs and achieving the academic priorities of the University. As budget reviews identify carry-forward balances, careful consideration should be given to the nature of and rationale for these balances and their intended uses. The purpose and scope of each carry-forward balance – what function it serves, its appropriate size, and why it is necessary to support the*

strategic academic priorities of the University – should be fully understood by all University officers, provosts, and campus CFOs.

This was approved and is being implemented. The review process will be initiated immediately to inform FY 2015 budget allocation decisions.

Team 1 – Administrative Information Technology Service (AITS), University Human Resources (UHR), and the University Office of Equal Opportunity

AITS

AITS provides a variety of university-wide IT services to the campuses. The review team found strong support, across the campuses, for a recent change to return the reporting line of campus CIOs to the provosts. This change does not seem to have diminished the ability of AITS to coordinate IT functions across three campuses and has, in fact, enhanced its relationship with campus CIOs and administrators. In its efforts to provide service to the campuses, AITS continues to focus on improving university-wide IT services such as Banner functionality, security, and other administrative services, and avoiding duplication of services provided by campuses, e.g., wireless services. Recommendations related to AITS come in the areas of unit alignment and continued enhancement of communication and customer service.

Within AITS, Decision Support (DS) is the Business Intelligence Competency Center for the University. DS is responsible for scoping, designing, and delivering solutions to business problems. There is a lack of clarity regarding some of the activities of DS staff, what role they play in institutional research activities at both the UA and campus levels, and how their work aligns with campus and faculty needs. This group does not seem to have a direct connection to the Office of Planning and Budgeting or the campuses' institutional research offices, more natural homes for institutional research than AITS.

Recommendation 4: *The purpose and scope of the DS group and its relationship to other institutional research groups in UA and on the campuses will be carefully reviewed by a group constituted by the Academic Affairs Planning Council (AAPC). The goal is better alignment with the needs of the campuses. It is important that a coherent structure be developed, across UA and the campuses, that effectively*

addresses the needs of the University in the important area of institutional research.

This was approved. Vice President Pierre will have AAPC constitute a group to review the DS Unit and make needed recommendations.

AITs deploys several university-wide IT interfaces that connect users with enterprise systems, chiefly Banner. These interfaces have created some difficulties for users who often have felt they could have played a greater role in the testing of and feedback on new interfaces. AITs has a strong desire to improve and enhance its customer service and is in the process of creating mechanisms for user feedback that should improve services.

Recommendation 5: *AITs should proactively solicit greater user input to understand and address the user experience with enterprise systems, should implement changes based on customer feedback, and should conduct post-implementation reviews. Priorities should be developed at the campus level and addressed by the provosts through AAPC.*

This was approved. Vice President Pierre will work with AITs leadership to implement a process to develop a set of priorities for AITs projects in consultation with their customers and a process for post-implementation reviews.

University Human Resources (UHR)

UHR plays an essential role in coordinating HR policies, addressing legislative mandates, and working with external agencies. HR offices on the campuses manage the day-to-day HR needs of faculty and staff and are limited in their capacity to play a leading role in managing high-level policy issues. The coordinating role of UHR involves consultation with campus stakeholders in policy issues and should be responsive to the HR needs of the campuses, as these are critical to the achievement of the academic missions of the campuses. UA HR issues should continue to be handled by UHR. Recommendations related to UHR reflect principles related to the relationships between UA units and the campuses that they serve.

There are useful examples of administrative relationships between UA leaders and the campuses, and these should serve as a model for UHR. The Vice President

for Academic Affairs works directly with the campus provosts, although they do not report to him. Campus CFOs rely on the work of the University CFO but have no reporting lines to that office. The previously mentioned coordinating role of the head of AITS and campus CIOs has been noted as a success, in part because campus CIOs now report directly to their provosts. These organizational principles define a model that is already prevalent throughout UA and should become uniform. Namely, for the purposes of employment, evaluation, and decision-making authority, employees of a campus should report to someone on that campus. Campuses report directly to UA through the chancellors, and the key chancellor/president relationships underwrite the cooperation and collaboration essential to the myriad working relations that make up ongoing UA/Campus interactions.

Recommendation 6: *A decisive majority of the Advisory Committee agreed that the reporting structure and alignment of functions and duties of UHR should be amended to reflect the direct reporting line from campus HR offices to campus leadership. Within UA, the reporting line of UHR to the CFO should not be changed. UHR should proactively solicit greater input from units in UA and on the campuses that directly interact with UHR, should implement changes based on customer feedback, and should conduct post-implementation reviews. HR matters related to academic affairs should be brought to AAPC.*

This was approved and has been implemented.

University Office of Equal Opportunity

The University Office of Equal Opportunity plays an important and unique role relative to issues of compliance, diversity, and discrimination/harassment issues. Although the review team put forth several recommendations in this area, there are complex legal and organizational issues at stake, the implications of which cannot be fully understood relative to the team's recommendations. In that vein, this committee endorses a more detailed examination of this office, its reporting structure, the duties of its director, and the potential impact of any proposed realignment.

An internal review will be initiated by the President's Office.

Team 2 – University Counsel, Labor Relations, University Audits, Risk Management, and University Ethics Office

Ethics Office

The Ethics Office addresses ethics issues and complaints raised by the campuses and develops and deploys university-wide ethics training. Customers reported a high level of satisfaction with the operations of the Ethics Office and the two individuals who staff it.

Currently, the Ethics Office has one full-time director and one other full-time support staff member.

Recommendation 7: *Although there was a high level of customer satisfaction with the operations of the Ethics Office, concerns were raised about the staffing level of the Ethics Office, which could be increased modestly to include administrative support for the office.*

This was approved and is being implemented.

University Counsel

The Office of the University Counsel provides legal guidance to the Board of Trustees, the president, and UA units, and includes the campus legal counsel offices. Clients generally reported a high level of satisfaction with this office. In assessing the resources devoted to this office, the team found that an increased regulatory burden and the need for crisis management have increased the workload of the unit. Although the team recommended that the role of Deputy University Counsel should be returned to a full-time position, in part to help alleviate workload issues, this decision should be made by the University Counsel.

The Office of the University Counsel provides legal advice to University Related Organizations (UROs). There was significant sentiment that current set payments for these legal services do not reflect the amount of service provided.

Recommendation 8: *UROs should be assessed an appropriate share of the costs of legal services incurred on their behalf.*

This was approved and the President's Office will work with University Counsel to conduct this review. Based upon the results, a process will be initiated to work with each URO to determine how this recommendation might be implemented.

The Office of the University Counsel has been working to improve the efficiency of its operations both at the UA level and at the campus level.

Recommendation 9: Operational efficiency efforts initiated recently should be continued and be in effect on all campuses.

The efforts and streamlining business functions within this office are commended and should be continued.

Executive Director of Labor Relations

The executive director of labor relations advises the president and the Board of Trustees on broad employment issues such as negotiating union contracts and responding to unionization initiatives. Because these issues have a significant impact on campus operations and policies, the executive director works directly with campus HR and labor relations staff. There was a high level of satisfaction with the executive director, but there is a lack of clarity as to whether this role is purely advisory or has the authority to make policy decisions that run counter to the desire of a campus or campuses.

Clarifying the relationship of this position to the campuses is an essential need if this position is to be successful in the future. Because a new individual will likely occupy the position of executive director in the near term, such a clarification would benefit the executive director, those he/she advises, and the campuses that rely on him/her for guidance.

Recommendation 10: The executive director of labor relations should continue to report to the president and prepare a memorandum of understanding between the executive director, the president, and each campus HR leader regarding roles, responsibilities and reporting lines for Labor and Employment Relations (LER) staff on the campuses.

This was approved. The executive director of labor relations will be asked to draft and complete a Memorandum of Understanding between his position and the

respective campuses, to clarify roles, responsibilities and reporting lines for the position.

University Audits

The Office of University Audits provides guidance to the Board of Trustees, the president, and the campuses regarding activities and practices that present risk to the institution and/or that fail to meet legal or regulatory expectations. University Audits reports administratively to the CFO. Three directors oversee healthcare, enterprise-wide, and IT auditing functions for the three campuses. The office identifies risks and advises as to what level of risk exists in given scenarios and problems. The recommendations related to this office are designed to enhance its interactions with the campuses and clarify its role in providing advice and guidance.

This office follows professional and legal standards for compliance and identification of risk. It is not always clear to campus offices what criteria are used to identify risks, and a perception exists that our internal audit function may be overly risk-averse, hampering working relationships with the campuses.

Recommendation 11: *The Office of University Audits should engage with University and campus leadership to assess the appropriate level of risk tolerance for the institution.*

(See below--Recommendation 13.)

The Office of University Audits frequently has the difficult job of assessing practices deeply embedded in the values of a broad-based academic disciplinary culture or in emerging activities generated by new discovery. The more deeply auditors understand academic practices geared to communicating and expanding knowledge, the more effectively they will be able to assess the relation of those practices to the regulatory environment.

Recommendation 12: *The Office of University Audits should be more engaged with the deans, who are well positioned to understand and to improve the internal control environment of their colleges.*

(See below—Recommendation 13)

Units do not always understand how to respond to audit findings or whether they have the option to accept a certain amount of risk and what the consequences of negative outcomes might be, should they accept risk.

Recommendation 13: *The Office of University Audits should provide units responding to audit recommendations with greater guidance and help in developing and implementing plans that reflect a clear understanding of the risks involved.*

Recommendations 11, 12 & 13 were approved. Vice President/CFO Knorr will be asked to work with the University Audits unit as they implement these recommendations.

Office of Risk Management

The Office of Risk Management is the insurance agent of the University and serves the entire university, including all its campuses, regional sites, and Extension offices. The team found a high level of satisfaction with the Office of Risk Management, especially in relation to significant campus crises, despite its relatively small size and location on the Urbana campus.

UA has another office, the University Office of Enterprise Risk Management, which focuses primarily on a wide-spectrum of system-level risks. Intuitively, offices devoted to public safety and occupational safety are often associated with “risks” found on the campuses.

Recommendation 14: *To avoid confusion, the Office of Enterprise Risk Management could be renamed, and the Office of Risk Management could communicate its work more broadly to avoid confusion with other offices.*

This was approved. We will ask Vice-President/CFO Knorr to explore a name change for the Office of Risk Management that would resolve this situation.

Team 3 – (Office of University Relations and Office of Governmental Relations)

The Office of University Relations (OUR) manages relationships with media outlets on behalf of the University as a whole and works directly with campus marketing and public relations offices. It also has responsibilities for responding to Freedom of Information Act requests (FOIA) for all three campuses and is the spokesperson for the president and Board of Trustees.

The Office of Governmental Relations (OGR) works with the state legislature and federal government to advocate for policies supported by the institution and works with Lewis-Burke Associates to help interface with federal agencies and national legislators.

The review team identified opportunities for these two offices to work together in a more deliberate and integrated way.

Because the public image we project of the University is vital to the way we are perceived by state government, federal agency officials and citizens and because those perceptions are critical to our capacity to manage effectively our relations with government agencies and public officials, it is important for those who represent these two offices to coordinate carefully and robustly the priorities of the University.

Recommendation 15: *The Office of Governmental Relations and the Office of University Relations need to better coordinate their communication and messaging strategies.*

This was approved and is being implemented.

Office of University Relations (OUR)

OUR has a productive and collegial relationship with the campus public relations offices and their leadership. These relationships could be utilized: to develop an internal messaging strategy for communication and messaging among the president, chancellors and vice presidents; to create a strategic marketing plan, including the use of digital media; and to standardize and coordinate communication by the various UA offices. The problems of projecting an image of

the University of Illinois that recognizes all three campuses are historically based, well recognized, and exceptionally difficult to manage. They present ongoing challenges to the OUR that must be addressed.

Recommendation 16: *OUR should develop a proactive overall University-level communication and marketing strategy that promotes the academic priorities of the University and recognizes and highlights the identities of each campus. OUR should also be given the authority to standardize and coordinate communication by the various UA offices.*

This was approved. OUR is encouraged to work with the campuses to develop a communication and marketing strategy that reconciles the unique campus identities with the overall identity of the University of Illinois. The president and chancellors will continue to work with OUR as this strategy is developed.

OUR has helped streamline the FOIA information gathering and response process. Increases in demand for FOIA reports have placed an increased burden on the OUR and have the potential to interfere with the core work of this office. As the volume of requests increases, appropriate resources should be allocated so that OUR can also fulfill its strategic communication responsibilities adequately.

Recommendation 17: *OUR should develop a plan for addressing the increased demand in FOIA requests that does not interfere with the office's core communication and marketing activities.*

This was approved. The unit will be advised to include any need for increased resources through the annual budget review process.

Office of Governmental Relations (OGR)

OGR is a small office with large responsibilities for dealing with massive government agencies. Part of its work will always be reactive, since there is no effective way to predict accurately the range of issues that will arise in Springfield, Washington, Chicago, Cook County, or other local communities in which the campuses operate. It is especially important, however, to take University priorities proactively to government agencies. Developing these priorities and the rationale behind them, in close consultation with the president, the chancellors and other University leaders, must be a key dimension of the work of this office.

Recommendation 18: *OGR should engage in an ongoing process to develop a coherent and proactive legislative engagement strategy, especially with regard to state issues, based on priorities and messages developed through greater engagement with internal stakeholders.*

This was approved. A process will be initiated to develop an on-going process to identify a set of University priorities for each legislative year. Vice President Pierre will be asked to provide leadership to this activity.

There is enormous expertise in areas directly germane to legislative strategies dispersed across faculty and staff. OGR often calls upon faculty and staff to tap some of that expertise.

Recommendation 19: *OGR should develop a plan to utilize faculty and staff expertise more widely and more systematically.*

This was approved. It is important that any process for engaging campus faculty be coordinated through the respective campus chancellor or provost. Vice-President Pierre will be asked to work with provosts to develop a plan and implement it.

The University employs the services of Lewis-Burke Associates in Washington to help interface with legislators and government agencies. The expense of these services is split between the Urbana campus, the Chicago campus, and the vice president for research.

Recommendation 20: *The value of Lewis-Burke Associates to the campuses could be enhanced by developing a greater understanding among faculty and deans of the services that it provides and its connections with federal agencies and legislators. The campuses, in turn, should more effectively communicate campus positions on issues in which government agency policies affect core University operations.*

This was approved. There will need to be continued consultation with the president and chancellors as this recommendation moves forward. Vice President Pierre will be asked to work with provosts to develop a process and then implement the recommendation.

Team 4 – Vice President for Academic Affairs and Office of Planning and Budgeting

Vice President for Academic Affairs

The role of the Vice President for Academic Affairs (VPAA) is important to the University in serving as a representative of the president in a range of internal and external roles. The VPAA provides leadership in coordinating the university-wide budgeting and planning process, monitoring accountability for institutional policies, establishing broad goals and targets in critical areas and facilitating the achievement of those targets by campuses. Overall, the VPAA serves as a resource to campus chancellors and provosts.

The VPAA has relationships with several organizations and agencies that are best handled at the University level. The VPAA office should continue to facilitate the University's relationships with the Illinois Board of Higher Education and Illinois Community College Board and other state agencies.

Some of the programs and activities that have been managed by the VPAA historically have decreased in size and relevance to the academic mission of the institution.

Recommendation 21: *U of I Online and University Outreach should be scaled back or perhaps even eliminated. Some of these changes are already underway. Organizational changes in OVPAA should be guided by the principle that direct instructional activities are best organized through units that form the academic core of a campus.*

This was approved. It was noted that UI Online is the portal for UIS online offerings. It was agreed that this portal must be maintained. In the future, online offerings will be provided at the campus level. Vice President Pierre will be asked to explore options for maintaining the portal as this recommendation is implemented.

Activities related to student recruitment and retention are best handled by the campuses in which the students enrolled. The President's Award Program (PAP) is managed by the VPAA and includes some recruitment activities.

Recommendation 22: *Devolve the recruitment and retention activities of PAP to the campus Admissions offices, retaining a coordinating role for OVPA. Performance-based allocation of PAP resources to the campuses and responsibility for establishing attendant student standards should remain with the VPAA.*

This was approved. Vice President Pierre will be asked work with provosts to develop a plan to accomplish this. As this process moves forward, it will be important to reconcile the need for overall university-wide coordination with the unique campus approaches.

Issues that concern the funding of university presses are shared by major universities across the nation and have been subject to vigorous debate as publishing technologies have evolved over the past several years. These funding concerns are deeply tied to issues fundamental to significant areas of scholarly research performed by university faculty.

Recommendation 23: *The University of Illinois Press should continue to monitor and adapt to changes in the publishing industry, including uses of digital technology, while also sustaining its print publication operation. The Press should vigorously pursue its efforts to remain financially viable, through rigorous efficiencies and aggressive revenue generation. The subsidy currently supporting the University Press should be reviewed annually.*

This was approved. Vice President Pierre will be asked implement this and it was agreed to carefully review the Press, its budget and operations in three years.

CARLI is a consortium of libraries in the state of Illinois that is both well-respected and financially successful. CARLI receives a large university subsidy while it also generates significant revenue from user fees, and as a result has considerable carry-forward balances.

Recommendation 24: *Once other member institutions have been notified, the VPAA subsidy for CARLI should be reduced over a 3-5 year period to cover only infrastructure, space, and utility costs. Note: it will be necessary to identify legal obligations deriving from the legislative mandate establishing CARLI before any action can be taken to reduce the University subsidy.*

This was approved. Vice President Pierre will be asked to have University Counsel review the enabling legislation prior to initiating this recommendation.

The Institute of Government and Public Affairs (IGPA) is a legislatively-established institute that has approximately 20 faculty members, as well as a sizable research staff, partially supported by grant-funding. IGPA is a tenure-granting unit, which is unusual for an institute of this nature, as is the location of an academic unit within UA. Faculty members from all three campuses hold appointments there, and physical space for IGPA exists on all three campuses. Faculty members do not hold permanent appointments in other institutes such as Beckman and IGB on the Urbana campus, and those institutes do not grant tenure. Faculty members regularly move in and out of these institutes based on how their current research contributes directly to an institute's mission.

Recommendation 25: *No future appointments should be made indicating that any part of the faculty member's tenure resides in IGPA, and steps should be taken to remove tenure lines from IGPA and return tenure to the appropriate campus units. A detailed, yet prompt, review of IGPA should occur examining its structure, organization, and scope, especially with respect to its physical infrastructure, with the aims of bolstering its focus on a public-service mission and achieving financial sustainability.*

This was approved and is already being initiated by Vice President Pierre.

Office of Planning and Budgeting (OPB)

The Office of Planning and Budget (OPB) serves as an essential resource for institutional data provided to the Board of Trustees, the president, UA units, and the campuses. It is expected to work closely with the institutional research offices on the campuses in order to provide detailed reports and analyses of the University's current and historical academic and financial situations, especially relative to support provided by the state.

Currently, OPB has a dual reporting line to the CFO (primary) and the VPAA (secondary). This dual reporting line has created some confusion over lines of authority and responsibilities, and it does not meet all the needs of the VPAA in coordinating the university-wide budgeting and planning process.

Recommendation 26: *OPB should have a primary reporting line to the VPAA and a secondary reporting line to the CFO. A memorandum of understanding (MOU) should be developed between OPB, the VPAA, the CFO, and the campuses' institutional research offices (e.g., DMI on the Urbana campus). This MOU should describe how this reporting structure should be operationalized, specify how OPB should be organized to address the institutional research and reporting needs of the university, and address appropriate expectations for the responsiveness and accountability of OPB to the OVPAA .*

This was approved. Vice President Pierre and Vice President/CFO Walter Knorr will be asked to work together to implement this recommendation.

There are some activities housed within OPB, such as space management and IT development, which do not seem aligned with the core mission of that office. There are opportunities for reorganization through reassignments and consolidations that would streamline the services provided by this office and optimize its resources.

Recommendation 27: *Activities that are not core to the OPB mission should be reassigned to other UA units, while some institutional research activities would benefit from consolidation and/or transfer to the campuses. Note: see the comments above on institutional researchers in Decision Support.*

This was approved. The president will designate a staff person to work with Vice Presidents Pierre and Knorr to develop a process to implement these changes where appropriate.

Note: there are recommendations in the Team 5 Report that have potential implications for the OVPAA.

Team 5 – Office of the Vice President for Research

The scope, purpose and performance expectations of the Office of the Vice President for Research (VPR) were not clarified at its inception. As a result, there is considerable confusion as to the responsibilities of this office and its overall goals. The role of the VPR in managing or nurturing the research enterprises at

the campuses is considered unnecessary. Research support and advocacy are best performed by the VCRs on the campuses.

Several units under the VPR portfolio were once housed within the campuses and could be returned to campus management. Other VPR units could be managed by other UA offices, with the remaining activities of the VPR managed as focused projects or initiatives within UA.

Recommendation 28: *Return management of the Offices of Technology Management (OTMs) to the campuses; have the research parks managed by the respective VCRs, with UA providing as-needed coordination and reporting; move Illinois Ventures to the portfolio of the CFO; and repatriate the remaining activities (including conflict of interest) under the direction of an Associate Vice President within VPAA. With such changes, there is no longer a need for a Vice-Presidential office focused on research, and the Advisory Committee recommends that the OVPR be dissolved. Specific university-wide projects and initiatives such as UI Labs should be handled through the appointment, on a temporary basis, of a special advisor to the president.*

This was not approved. The office will not be eliminated. The president will explore a change in title for the VPR that might more appropriately represent the unit's mission and to clarify that campus Vice Chancellors for Research will have no direct reporting line to or through this position and also explore strengthening their roles related to research parks and OTMs on their respective campuses.

Comments on Teams 6 and 7

The reports of Teams 6 and 7 address the largest concentrations of responsibilities – and employees – in UA. The OBFS units covered in these reports have an exceptionally wide range of responsibilities for managing business functions essential to sustain the operation of a complex university system with annual revenues and expenditures of approximately \$5 billion.

The remarkable overall success of OBFS in managing these functions can be measured in many ways. Basic economic indicators are strong for the University despite its reliance on a state experiencing very serious financial woes.

Particularly notable has been the capacity of the University to sustain normal operations through a period in which payment delays from the state appropriation have gone as high as half a billion dollars. OBFS has ensured that UI assets have been managed and invested wisely, and necessary borrowing has been accomplished at favorable rates. Reserves are in place that will help the University cope with a group of financial stresses that are expected to afflict it in the next several years because of problems with SURS, rising health care costs, declining state appropriations, and limited opportunity for tuition growth. OBFS has played, and will continue to play, a substantial and essential role in assuring the University's capacity to withstand the serious financial and operational issues facing higher education in the state.

The business work done in OBFS helps create a reasonably stable financial environment that enables the campuses to pursue their fundamental missions of teaching, research, and service. Because the campuses have considerable autonomy and unique attributes, however, each campus has business requirements and needs that are not effectively met through centralized services.

For each campus, business operations are managed through a continuum of employees:

- some of whom are campus employees and report directly to campus organizations;
- some of whom are OBFS employees with responsibilities largely or wholly focused on a particular campus, but who report to UA leadership, and who may or may not be located on the campus; and
- some of whom are UA employees with responsibilities that serve all three campuses and/or administrative needs within UA.

The intricate distribution of responsibilities that links the business operations of the campuses with those performed at UA creates an exceptionally complex network of interfaces or points of connections. Each point of contact is a potential point of information loss, tension, or conflict, and it would be highly unusual if the system were to work so smoothly that it produced no noise or friction at any of these connecting points.

A number of observations made in the review team reports raise the question, explicitly or implicitly, of whether employees in certain areas can be most

effective in supporting the work of the campuses as members of OBFS units or as employees of the campuses. This is a difficult question in any large, subdivided organization, and it is made more difficult by some of the defining conditions of the University of Illinois – its history as a one-campus organization in Urbana-Champaign (with professional health science schools in Chicago) that developed into an organization with three extremely different campuses, but with an administrative center (UA) that remains at the physical center of the Urbana campus.

The Advisory Committee supports the Steering Committee recommendation that there be an overall review of OBFS staff distribution across the campuses. The issues addressed in this recommendation are fundamental to the rationale for the structure of UA units that exist to support campus missions.

- When is it best to have a function performed centrally in the service of all three campuses?
- When is it best to have a function performed by UA staff embedded on a campus and with responsibilities primarily focused on that campus?
- When is it best to have a function performed by staff employed by the campus and with a primary reporting line to a campus office working collaboratively with, and under the policy guidance of, a central UA office?

Answers to these three questions are implicit in current structures linking UA units to the campuses and to possible realignments in the future. The reports provided by Review Teams 6 and 7 suggest that a systematic process of explicitly asking these questions should be central to administrative actions taken in response to the UA Review.

The Advisory Committee finds these reports helpful in identifying sensitive areas that demand a high priority when organizing administrative measures to address areas of concern covered in the UA Review. Some of the issues raised by the Teams 6 and 7 reports are largely concerned with communication, some pertain chiefly to institutional culture, some appear to be matters of employee morale, and some are structural or organizational. In some instances, all four of these areas seem to be in play, not surprisingly, since they are closely interdependent.

Most of the organizational issues have to do with the mix of centralized vs. distributed responsibilities – when is work best performed at the center of a

complex university organization and when is it best performed by the campuses? It will be important to look closely at each of the points that constitute a major interface of OBFS and the campuses, including those hybrid structures that are primarily campus-focused but administratively housed under the OBFS umbrella.

Do these structures appropriately align responsibility and authority and effectively balance broad principles of University policy with the textured understanding of each campus's operational demands and challenges? In other words, what changes or modifications in current structures will most efficiently enable each campus to meet its operational obligations while still ensuring responsible levels of compliance?

Issues of institutional culture, communication, and morale are not the same, but are so closely interrelated that they can be addressed together. As noted in Recommendation #47, the Advisory Committee supports the creation of a senior level administrative position in OBFS that is focused on issues in these areas, some of which can be addressed through periodic self-reviews within units. Modifying institutional cultures can be exceptionally difficult, but it is essential to enable a complex organization to adapt to its changing internal and external environments. Modifying the structure at the top of OBFS to recognize and address the importance of its culture in shaping relations to its goals and its customers is an important next step.

Team 6 – Office of Vice President for Administration and Finance (CFO), University Accounting and Financial Reporting, Treasury Operations/Capital Finance, University Office of Capital Programs and Real Estate Services, and Utilities

The work of Review Team 6 focused on several units housed within OBFS. Each of these units performs an essential function for the University as a whole and for the campuses, which are served by UA. Team 6 encountered recurring issues throughout the review process. The issues identified include the extent to which functions should be centralized or distributed across the campuses, tensions between the necessity of compliance and the need for customer service, and the need for enhancing communication between OBFS units and their customers.

UAFR (University Accounting and Financial Reporting)

The University could not continue to function without robust accounting and financial reporting. Every day, highly trained professionals track transactions and maintain records that keep the institution in compliance with state and federal regulations and ensure the financial solvency of the University. Centralizing these functions can produce efficiencies but can also lead to a loss of localized knowledge and expertise. The majority of individuals employed by UAFR are located in Urbana, a personnel distribution that was questioned both by the review team and some of its interviewees.

Recommendation 29: *Specific decisions about staffing levels should not be mandated as part of this review, but an overall review of staffing and staff distribution across all three campuses is warranted. Particular attention should be paid to circumstances at UIC and UIS, where local accounting functions are less fully integrated into what is a largely centralized organization.*

This was approved. Vice President/CFO Walter Knorr will be asked to conduct a review of the allocation of staff across campuses and make any changes that might be warranted.

UOCP & RES (University Office of Capital Programs and Real Estate Services)

Management of capital programs and real estate service at the UA level can inhibit the ability of the campuses to react nimbly, quickly, and contextually to their pressing needs. At the same time, this office acts on behalf of the Board of Trustees and must play a coordinating role to ensure that the Board has the proper input and authority before entering into contracts. The recommendations for this unit are separated into the areas of Capital Programs and Real Estate Services.

Capital Programs

Recommendation 30: *Campuses should have responsibility for managing capital projects below the BOT approval limit of \$2.5 million.*

(See below)

Recommendation 31: *Approval of zero-dollar change orders should be delegated to the campuses.*

Both recommendations 30 & 31 are approved. The Vice President/CFO Walter Knorr will be asked to develop a plan to accomplish these recommendations.

Office of Real Estate Services (RES)

The negotiation and execution of leases are largely localized functions, but the authority to enter into these agreements, which resides in the Board of Trustees, must be maintained. RES is appropriately positioned to coordinate these functions and to facilitate Board approval should the primary responsibilities for such leases be transferred back to the campuses.

Recommendation 32: *A decisive majority of the Advisory Committee agree with the Team 6 report that there should be a shift in the responsibilities for the negotiation and execution of leases from RES to the campuses. There should be close coordination of these activities by RES, and RES should manage the relationship with the Board of Trustees so that Board approval is secured before entering into leases.*

This was approved. There was the strong sentiment for a presence at the campus level for these services. Vice President/CFO Knorr will be asked to work with his Senior Vice President to determine how this might be accomplished.

UPB (University Payroll and Benefits)

The payroll and benefits structure at the University is not unusual or unique to our institution. In many ways, payroll and benefits are functions of human resources, despite this office's location within OBFS. When communication between this office and human resources is not streamlined, there are opportunities for miscommunications which can have a significant and detrimental impact to UA employees as well as employees on all three campuses.

Recommendation 33: *To enhance communication between UPB and UHR, the two offices should jointly conduct a prompt, system-wide review to identify gaps or problems that have developed over the last 3-5 years, especially those scenarios that have resulted in a temporary loss of employee benefits, incomplete follow-through on requests for services, or increased waiting time for question resolution. This review, focused on customer service, should include extensive input from campus customers, and should consider opportunities to improve front-end services by moving them into campus-specific offices.*

This was approved. We will ask the leaders of both units to conduct this review and make a set of recommendations to Vice Presidents Pierre and Knorr about ways to address these concerns.

Treasury

The Office of Treasury Operations provides a good example of the economies that can be gained from centralization. The operations of this office have been managed successfully at the UA level. This office would benefit from greater communication with campus customers when establishing service fees that impact faculty, staff, and students on all three campuses.

Recommendation 34: *Establish a single policy and a consistent set of protocols to ensure that, in advance of setting any UA fee, the campuses are consulted and given a clear understanding of why the UA unit believes the fee is necessary and/or has been imposed by forces outside of the institution (e.g., bank fees). When pertinent, the campuses should have an opportunity to work with the UA unit to determine the appropriate rate for the fee.*

This is approved. We will ask Vice President/CFO Knorr to work with his Senior Associate Vice President to develop the policy and related procedures to implement this recommendation.

USFSCO (University Student Financial Services & Cashiering Operations)

USFSCO is responsible for processing student payments and ensuring that student accounts are up-to-date and in good standing. As a transactional unit that works directly with students, the office could enhance and expand its communication with campus offices and should increase its consultation with the campuses before instituting policies or fees.

The Team 6 report raises significant issues concerning the proper scope of USFSCO beyond its strictly transactional services. This unit has developed the Illinois College Advising Corps (ICAC) and the Student Money Management Center (SMMC), for example, and USFSCO representatives frequently speak for the University on key financial aid issues. In such instances, USFSCO has exercised entrepreneurial initiative to improve student financial management skills, starting with programs for high school students and extending through programs designed to improve financial literacy of enrolled students. Such activities are of

importance, but they also introduce opportunities for potential conflict with a number of campus and UA units. Because USFSCO transactions necessarily engage students who enroll on all three campuses, it is crucial that lines of responsibility be as clear as possible at those points where there is overlap and potential conflict with the responsibilities of campus units.

Recommendation 35: Policies being considered by USFSCO should not be made unilaterally but should involve consultation and collaboration with the respective campuses when campus customers (faculty, staff and students) are involved. This can be accomplished through regular, face-to-face meetings of an advisory committee with representation from campus financial aid, admissions, students affairs, student housing, and records, and by including students who are often most affected by such fees and policies. This advisory committee would also be well positioned to offer input on operational issues within USFSCO, such as hours of operation, the effective use of out of state call centers, and acceptable methods of payments.

This is approved. Vice President/CFO Knorr is being asked to implement this and set up the advisory committee. It is important that there be campus involvement as these are implemented.

Recommendation 36: USFSCO has taken a leading role in the management of and responsibility for the Illinois College Advising Corps (ICAC) and Student Money Management Center (SMMC). These programs fall beyond USFSCO's scope as a unit responsible for transactional service and therefore they should be located elsewhere at the University, whether in UA or on the campuses or both.

This is approved. We will ask Vice Presidents Pierre and Knorr to initiate a consultative process to devolve these activities to the campuses. It is expected that USFSCO will continue to provide valuable assistance as the campuses carry out these programs.

Recommendation 37: USFSCO representatives should not serve as the spokespersons for financial aid. Such a role is better handled by the Student Financial Aid leaders from the campuses with coordination, when appropriate, by OVPAA.

This was approved. Vice Presidents Pierre and Knorr will be asked to work with campus representatives to implement this recommendation.

UAO (Utilities Administration Office)

The UAO is responsible for negotiating and securing commodities at rates that reduce utility costs for the entire institution. These core activities provide service to the campuses and are the primary activities of this unit. UAO has been pared down significantly over the past several years, with significant responsibilities shifting to the campuses. Team 6 believes that shift of responsibilities should continue and questions whether UAO should have oversight for campus operations and rate-setting. The Team 6 Report also questions whether justification remains for a continuation of Prairieland Energy Inc. (PEI), a Subchapter S Corporation wholly owned by the Board of Trustees, originally formed to produce, acquire, and sell various forms of energy to reduce energy costs to the University.

Recommendation 38: *The Utilities Administration Office (UAO) should continue to focus on its core functions: reducing commodity costs and negotiating/securing the commodities in partnership with the campuses. UAO should divest itself from functions, such as central accounting, that could be provided by staff elsewhere in UA. Remaining resources should be restored to campus utility offices along with the authority to approve campus rates.*

This was approved. We will ask Vice President Knorr to develop a plan and implement this recommendation.

Recommendation 39: *Assess the effectiveness of PEI to determine if it should continue to function or be dissolved.*

This was not approved and the unit will not be dissolved. We will, however, ask Vice President/CFO Knorr to review and update a report issued in 2008 about PEI to further assess the unit.

Team 7 – Office of Business and Financial Services

Team 7 examined the OBFS units that were not part of the Team 6 review. These units included those housed within the offices of campus-focused assistant vice presidents for OBFS such as Purchasing, Payables, Grants and Contracts, and the Budget and Financial Analysis units. Many of these units illustrate issues that arise when attentiveness to compliance concerns appears to overwhelm efforts to facilitate urgent campus-based needs to accomplish goals within a complex regulatory environment. Campuses would benefit from a shift of emphasis within OBFS staff toward facilitating customer needs through problem-solving and identification of alternatives when campus requests do not adhere to compliance standards.

Team 7 urges OBFS to develop “an institutional culture of shared responsibility built on common values.” Fundamental to this report is the perception of two different, and at times, competing cultures – campus vs. UA – pulling against one another, rather than together, in the performance of functions essential to the effective operations of the campuses. There are observations throughout this report suggesting that a culture has been built up in some OBFS units that compounds rather than ameliorates the inevitable tensions produced when two, differently-centered organizations, each with its own distinctive culture, are engaged in pursuing a common end.

In addition to concerns about increased focus on compliance, some OBFS units were characterized as overly risk-averse and unprepared to consult with campus customers before decisions are made and policies are put into place.

Recommendation 40: *OBFS should identify opportunities for optimal, efficient transaction processing and prompt problem resolution across the campuses and establish consistent standards and practices where possible. Regardless of whether a process is centralized or decentralized, OBFS needs to improve communications with and be responsive to its customers, and provide stronger rationale for its organizational structure and its distribution of OBFS staff on the campuses, ensuring that the rationale is based on well-reasoned arguments rather than on historical practices.*

This was approved. We will ask Vice President/CFO Knorr to review the current distribution of staff, standards, practices and communications with customers and make recommendations for any needed changes or improvements.

Recommendation 41: *There are key areas in OBFS (e.g., the OBFS Budget and Financial Analysis unit on the Urbana campus) where it will be particularly important to determine the most appropriate organizational home for direct reporting and physical location – UA or campus. The president should initiate a process that includes participation from OBFS, the campuses, and UA units outside of OBFS, to determine what campus business needs should be met by units housed in OBFS and what business needs should be met by units housed in and reporting to each campus.*

This was approved. We will ask Vice President/CFO Knorr to initiate a process to determine/assess the proper allocation between UA and the campuses of resources related to campus business needs. The process will necessarily include participation from each of the campuses. VP Knorr will be asked to implement needed changes.

Several potential efficiencies would follow were the Offices of Purchasing and Payables to be consolidated. OBFS leadership has communicated its intent to consolidate Purchasing and Payables functions and establish a single assistant vice president position for Purchasing and Payables.

Recommendation 42: *The Offices of Purchasing and Payables should be combined under a single assistant vice president, an action that is already underway.*

This is approved and is already under consideration by Vice President/CFO Knorr.

Given the number of constituent units within OBFS, it is important that these units have a set of annual budget reviews and periodic personnel and unit evaluations that parallel those proposed for all other UA units described in the overarching principles of this report.

Recommendation 43: *OBFS units should establish a formal process for annual budget and performance reviews and for periodic evaluations of the units and directors that will be transparent, driven by priorities, and will include*

participation from campus and other customers served by these units. These reviews would also assess organizational effectiveness and promote efforts to improve customer satisfaction.

This is approved. We will ask Vice President/CFO Knorr to initiate this recommendation and advise the President's Office when this has been implemented.

OBFS customers do not always feel as though they have a venue to have their concerns heard and addressed. There are not many feedback mechanisms for customer service in regular use across OBFS.

Recommendation 44: *Establish a working group or taskforce focused on addressing accessibility and responsiveness within OBFS that includes representation from campus customers. Creating consistency of service across UA and all three campuses should be a central focus of this group.*

This is approved. We are asking Vice President/CFO Knorr to implement this recommendation and report to the President as it progresses.

Breakdowns or delays in service from OBFS units are often attributed to high levels of staff turnover in which employees with high levels of training, expertise, and knowledge leave to take positions on the campuses or senior employees retire without clear succession planning.

Recommendation 45: *OBFS should address issues of morale and compensation that lead employees to take positions on the campuses, determining the reasons for key departures to the campuses and taking appropriate remedial steps. OBFS should establish clear succession plans so that the retirement of senior OBFS leaders does not leave a void or cause a disruption in service.*

This is approved. We will ask Vice President/CFO Knorr to work with UHR to conduct a review/study to gain a better understanding of underlying issues and determine and implement specific recommendations to address them.

Both within OBFS and among its customers, significant frustration was reported regarding the recently-modified State of Illinois procurement process which has

led to significant delays and therefore significant costs and inefficiencies in procurements.

Recommendation 46: *The University should intensify its efforts to seek legislative relief from the burden of the current procurement code, which has eroded the capacity of campus researchers to advance projects effectively and which has had a damaging effect on staff morale and staff retention. The seriousness of this situation makes advocating for regulatory relief from the procurement code an urgent priority for the president, government affairs, and other university officials who interact with state government.*

This is approved. Plans are currently underway to gain such relief and this is a high priority for university leadership.

As is demonstrated by this review and is well-known across the campuses, OBFS is a large organization tasked with advancing business policies in the interests of the University, managing the financial resources of the institution, and performing operational business functions. This portfolio is complex and diverse, and Team 7 recognized the enormous base of knowledge, skill, expertise, and judgment that enables OBFS to promote and follow sound business practices across the University system. Team 7 also believes the services OBFS provides would benefit from an enhanced focus on communication within OBFS and with the campuses and increased focus on follow-through on operational issues. A senior administrator within OBFS whose primary focus is on institutional culture, follow-through, communication strategies, employee relations, and the self-review of units, would be an effective way to address many of the issues raised in the Team 7 report.

Recommendation 47: *Because greater attention needs to be paid to OBFS operational issues such as communication, employee relations, service to customers, and the review of OBFS units and personnel, establishing a senior manager position reporting to the senior associate vice president should be given serious consideration.*

This is approved and we are asking Vice President/CFO Knorr to implement.

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