UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN
FY 2017
BUDGET GUIDELINES

SALARY RATE INCREASES

At the time of issuing these guidelines, there is no general salary program except where union settlements dictate otherwise. If a salary program is authorized at a later time in FY 2017, revised guidelines will be issued.

Tenure-Track Faculty

Although there is no general salary program, funds will be provided for tenure-track faculty promotions. The campus amounts provided for promotions are $7,000 for promotion to associate professor and $10,000 to full professor. Since the intent of increasing the promotion supplement is to increase the salaries of promoted faculty, these additional funds should not be used to replace unit promotion supplements.

Academic Professional Employees

The minimum salary for 12-month full-time academic professional staff is remains at $30,826 pro-rated for FTE and service basis.

Academic Human Resources (AHR) will monitor to ensure all academic staff are appointed in alignment with the minimum.

Academic Collective Bargaining Units

Salary increases for employees in these categories are governed by negotiated agreements.

The Non-Tenure Track Faculty Coalition, the Uni High Faculty Organization, the Visiting Academic Professionals and Graduate Assistants Organization agreements all specify that members are eligible to participate in whatever general salary program is announced. Given there is no general salary program at this time, there will be no increases for represented academic employees.

Please contact Sharon Reynolds (sreynlds@illinois.edu, 333-0033) for questions concerning

- Non-Tenure Track Faculty Coalition
- Uni High Faculty Organization bargaining agreements

Minimum: The minimum salary for a 9-month, full-time non-visiting specialized faculty member is $40,000.

Please contact Heather Horn (hwilson@illinois.edu, 333-0033) for questions concerning

- the Visiting Academic Professionals

- the Graduate Employee Organization (GEO)

The Graduate Employees Organization (GEO) agreement establishes a minimum salary for Assistantships.

Minimum: Based on the collective bargaining agreement with the GEO, in AY17, the minimum salary for a 50%, 9-month appointment will be $16,281. Appointments of a different duration or percentage shall be figured proportionately. The appointing unit may pay above the minimum amount. Increases required to bring an assistant's salary to the new minimum will be provided.

The agreement calls for reappointed graduate assistants to be eligible for the campus salary program. Since the campus salary program for 2016-2017 is $0, there are no standard or across-the-board increases for any graduate assistant employees. Aside from the increase in the minimum salary, the only allowable increases are for internal rate structures that are tied to completion of an academic progress milestone.

Minimum salary ranges for grad assistantships can be accessed at:
http://www.ahr.illinois.edu/grads/grad1617rates.pdf

Open Range Civil Service Employees

Current salary minima and maxima are not increased. However, units are still reminded to conduct performance appraisals for all Open Range employees.

Civil Service Collective Bargaining Units and Prevailing Wage Categories

Salary increases for employees in these categories are governed by negotiated agreements and units must consult the appropriate collective bargaining agreement for details concerning salaries. Please contact the Staff Human Resources office if you have questions about specific civil service contract provisions.

For questions related to civil service employees covered by a collective bargaining agreement, please contact Leslie Arvan (arvan@illinois.edu), 333-3105. Units are responsible for funding the costs of negotiated agreements.

Wages

There will be no increases provided on wages, subject to a limited number of exceptions.

TUITION REVENUE GENERATION

The Revenue Generation Table supports the budget allocation sheet by providing data related to distributed tuition as detailed in Provost Communication 1. The FY 2016 and FY 2017 levels of distributed tuition are shown. Changes in undergraduate base-rate tuition are distributed based on $110 per IU and $2,500 per major. Undergraduate differentials are distributed to the generating units. Note that 15% of incremental differential tuition is held to supplement financial aid. The balance of the general tuition increase and surcharge funds are not distributed but are used to help fund incremental costs, including a portion of the salary program and financial aid.

Under Provost Communication 1, units do not receive a summer session allocation but generate summer budgets from the instructional units they teach during summer. Summer allocations for FY 2017 are based on estimated summer 2016 undergraduate income and summer 2015 instructional units. In the fall, adjustments will be recorded to reflect summer 2016 instructional units and actual summer 2016 tuition earnings.

The earned funds portion of the budget process is complicated. The Office of Business and Financial Services has placed explanatory materials on the web at the OBFS website at https://www.obfs.uillinois.edu/budgeting/urbana-champaign-campus/budget-reform/budget-reform-spreadsheets/ If you have questions, please visit this website and contact Suzanne Rinehart if questions remain.

FY 2017 BUDGET ASSESSMENTS

Units are receiving a reduction of 0.25% of their State, Income Fund and allocated ICR bases to fund the hiring program, Medicare and Worker's Compensation increases, and system-level cost increases. In addition, units will be required to contribute 0.75% of their State, Income fund and allocated ICR budget to common costs, including the restoration of the building maintenance, strategic initiatives, recruiting efforts, and other common costs. The guiding principles of the FY 2017 financial plan are to combine a systematic cost reduction scenario with a request for strategic investment proposals. The campus target for reduction across all academic and administrative units for FY 2017 is $20 million, with $2 million of that amount redirected to a reinvestment pool for growth and reorganization initiatives, resulting in a net reduction of $18 million. All campus units contribute to the reduction plan and as such, FY 2017 permanent budget reductions have been reflected on the FY 2017 draft budget allocation sheet.

CONTROL OF FUNDS DURING FY 2017

In developing the budget for State funds, units will be allowed to reallocate funds from one budget category (academic salaries, nonacademic salaries, wages, expense, and equipment) to another. Each major academic unit may have an "unassigned account" in which all funds for vacant academic positions, new allocations, or dollars generated through the reduction or elimination of programs by the college will reside until the relevant Vice Chancellors, Deans and Directors determine the utilization of the resources.

Vice Chancellors, Deans and Directors will continue to control salary dollars related to academic leave lines. Units will retain control of all funds related to academic and civil service staff salary lines that become vacant during the year. Units are encouraged to give serious consideration to infrastructure needs (wages, expense, or equipment) when making personnel decisions.

There is considerable budget uncertainty since the State of Illinois Legislature has failed to pass a State budget for the second straight year. The FY 2016 stopgap legislation passed in May resulted in an allocation of only about 25% of the campus's FY 2015 funding, and it is not clear when and to what extent this shortfall will be funded by the State. Therefore, **units are also required to hold non-recurring budget in a separate account that can be accessed by campus when it is known if additional FY 2016 funding will be provided by the State. The amount each unit must hold is included at the bottom of the FY 2017 draft budget allocation sheet. Note that it may also be necessary to implement a similar contingency plan in the event of an FY 2017 cash shortfall** as the recent bridge funding passed in June resulted in an allocation of approximately 50% of the campus's FY 2015 funding.

ALLOCATION OF ICR FUNDS

Unless another distribution formula has been approved for a unit, 45% of indirect cost recoveries (ICR) related to facilities and administration will be distributed to the college and department. In addition, 75% of earnings related to tuition remission will be distributed to the academic college of the student generating the remission. Remission funds may be used to fund graduate education and support graduate students. These funds can be used by units to fund partial fellowships required as student's salaries reach the NIH salary cap.

The procedures to be followed in preparing the FY 2017 budget for ICR earnings are as follows:

1. An estimate of the F&A earnings portion of the total indirect cost to be recovered during FY 2017 is to be made by the college and department and recorded as a revenue and expense budget in the appropriate C-FOP via the budget development application. Program codes used for budgeting F&A related ICR should have the 'E'arned attribute.
2. An estimate of the tuition remission earnings portion of the total indirect cost to be recovered during FY 2017 is to be made by the college and recorded as a revenue and expense budget in the appropriate <u>college-level</u> C-FOP via the budget development application. The program code used for budgeting remission related ICR should have the 'T'uition remission attribute.
3. Do not include expected carry-over in the FY 2017 budget process.
4. The recorded budget for F&A earnings will be reflected in monthly detailed F&A earnings statements. Budget adjustments will be made semi-annually to reflect the actual and projected earnings for the year.
5. The recorded budget and actual tuition remission earnings will be reflected in quarterly tuition remission earnings statements. The budget office will transfer "actual" tuition remission revenue on a quarterly basis to the designated college-level tuition remission FOP; the budget will be adjusted to reflect actual recoveries at the end of FY17. The college is responsible for distributing the tuition remission based on their internal ICR policy.

6. Since allocations for both F&A and tuition remission earnings will be adjusted to reflect actual earnings, units will not be either advantaged or disadvantaged by the level at which they set their earnings estimate.

In the case of interdisciplinary programs, there may be some question as to the distribution of ICR funds. If the parties involved are unable to resolve a problem, they should consult the Office of the Provost.

Please remember that no F&A funds should be budgeted or expended for the direct support of instructional programs. Instructional programs are those courses which are credit bearing and/or courses which lead to a credit-bearing degree. Additionally, ICR funds should not be expended in administrative units whose only activity is the support of instructional programs.

While every effort will be made to accommodate the individual ICR carry-over requests of departments, the campus, as a whole, is limited to a carryover of 30% of the total ICR budget. Please work with the budget office of the Office of Business and Financial Services if you anticipate a large increase in your year-end balance.

BUDGETING ENDOWMENT INCOME

Units receiving endowment income will be notified of the assigned FY 2017 budget excluding carry-over balances. The FY 2017 budgeted amount is based upon 4.0% of a six-year moving average of the endowment pool market value.

The income budgeted for FY 2017 is guaranteed; however, additions or withdrawals from the endowment pool made prior to June 30, 2016 will result in a budget adjustment. Over or under realizations of income at the end of FY 2017 will be charged or credited to the account which holds gains or losses from sales of securities.

RESTRICTED FUNDS

Restricted funds include all grants, contracts, self-supporting and auxiliary activities, storeroom and service departments, and other similar accounts, the use of which is restricted to specific purposes. Expenditures made from these funds are subject to the Board of Trustees general rules governing such expenditures and must be within the total income accruing in the account involved.

It is the responsibility of department heads and similar officers to see that funds are available for all positions or other items listed under restricted fund accounts. Salary minima, union negotiations, and other University regulations governing appointments and the use of funds apply to restricted funds. Salary increase decisions for individuals funded with restricted funds are subject to the same guidelines as govern such decisions for individuals funded with State funds.

CONCLUSION

Questions concerning these Budget Guidelines should be addressed to Vicky Gress or Andrea Hoey at (333-4493) or Suzanne Rinehart at (333-9526).