UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Office of the Chancellor
Swanlund Administration Building
601 East John Street
Champaign, IL 61820

November 12, 2010

Dear Colleagues,

The Stewarding Excellence @ Illinois Academic Units Review Project Team reviewed four independent colleges and schools with fewer than 40 faculty members. The reviewed units are the College of Media (Media), the School of Labor and Employment Relations (SLER), the School of Social Work (SSW) and the Graduate School of Library Information and Sciences (GSLIS). The stated purpose of the project was to examine whether organizational changes or restructuring could realize budgetary savings while preserving the units' academic and intellectual missions. We appreciate the thoughtful analyses provided by the Project Team and the helpful comments and feedback provided by the units, the Campus Advisory Committee, external advisors, the campus community, and the general public.

The Project Team did not endorse any specific restructuring plan, expressing the view that mergers and consolidation generally should emerge from discussions among the units. Nor did any plan emerge from the extensive discussions conducted by and among the units under review. A number of plausible reorganization strategies were suggested during the time period covered by this review. Each of the single unit schools expressed the belief that any alternative form of organization other than their free-standing organization under a dean would damage their national reputations and standing. Because we understand the importance of faculty consultation and value that input into the analysis of whether to join academic disciplines, we will not be proposing any mergers or consolidations of these four units at this time. The review committee expressly recognized, however, that there may be mergers or consolidations that could offer cost savings, significant intellectual synergies, and financial flexibility.

All campus units are, and have been, carefully evaluating their budgets and making tough decisions about how best to support their core missions given the current fiscal challenges. We expect this process to continue and even to intensify in the coming years. Units that receive substantial allocations from General Revenue Funds (GRF) have had to identify new revenue streams and reduce their expenses in response to the significant decline in state support. GSLIS, SSW and SLER all currently depend upon substantial subsidies from GRF funding. Along with every other similarly-situated unit, GSLIS, SSW, and SLER must take immediate and continued action to prepare for the reductions in GRF that will occur over the next few years with the expectation that this diminished state funding model will remain in place for the foreseeable future. We strongly encourage the independent, graduate-student focused schools (SLER, SSW and GSLIS) to investigate mergers or consolidations with other academic units as a long-term plan to sustain and protect their programs.

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The College of Media is situated differently than the other three units that were reviewed by this Project Team. Although Media too must meet serious organizational and financial challenges, its funding does not predominantly come from GRF. Rather, Media is largely supported as a whole by the tuition generated in the college. Nonetheless, Media must evaluate its internal structure including investigating strategic alignments within and outside the college that may support and sustain its long-term viability. Notably, after the Project Team finalized and submitted its report, significant changes began within Media. In July, Dr. Jan Slater was named the Interim Dean for a two-year term. Dean Slater and Media have begun to address the structural and economic issues facing the college. Particular challenges include:

- addressing internal stresses on Media perhaps best represented by the Department of Advertising's request to transfer out of the college;
- adapting instruction in the Journalism Department to the changing nature of the journalism profession;
- balancing resources and instructional responsibilities across Media's constituent academic disciplines; and
- making the governance and resource base responsive to the needs of students, faculty, and the broader community.

Dean Slater has been tasked with determining if the current college configuration provides the most academically sound and economically viable structure to sustain and develop the important areas of study now organized there.

As each of these reviewed units commit their efforts to the central questions of long-term strategic planning, they are also called upon to take immediate action to respond to current budgetary constraints. All have begun those efforts in earnest and have looked not just within, but beyond their units to identify cost-savings and revenue-generating opportunities. One aspect of these efforts has been to explore and to develop shared services arrangements. Several of the units have arrangements with other units that incorporate some elements of shared service. Some areas that have been identified as appropriate for shared services include IT, human resources and other business functions, communications, and development. We are confident that the creation of administrative shared services will produce even greater benefits and significant savings. As an administrative unit, we believe that the Graduate College can also benefit from shared services with these units.

Because of the magnitude of the fiscal challenges and the proven benefits of shared administrative services, we have asked the reviewed units and the Graduate College to work together to create administrative shared services. Associate Provost Stig Lanesskog and Associate Provost Keith Marshall will facilitate this project and work with these units. We believe that the first phase of administrative shared services can be implemented by the beginning on the next academic year, AY 2011-2012 and be fully operational by the end of that year. A more refined information gathering process must occur to determine the staff and resources currently dedicated to the functions of IT, communications, development, human resources and other business functions. We have asked Associate Provosts Lanesskog and Marshall to provide a report that details that financial and staffing information by December 6,

2010. Based on preliminary analyses of personnel data, the savings experienced by shared services elsewhere on campus, and the industry standard of 20% -30%, a reasonable range of savings is $250,000-$300,000. We are hopeful that more robust cost analyses might produce opportunities for savings greater than this conservative estimate. We have instructed Associate Provosts Lanesskog and Marshall to work with the units to meet these objectives and time lines.

We note that, as a college with differentiated departments, it may not be optimal or necessary for Media to participate in all aspects of administrative shared services. Efforts should be made, however, to explore all possible opportunities for greater efficiency, service, and savings. We encourage this group to build upon existing arrangements between and beyond the reviewed units and to investigate whether the scope of the shared services might be broadened in terms of the identified functions and units served. Finally, we encourage the ongoing collaborative efforts happening across campus and urge all units to explore opportunities for shared services, including participation in the shared services that will be created as a result of this report.

As the Administrative Review and Restructuring Committee noted, there are relevant examples within the university that demonstrate the cost savings and advantages of shared services. For instance, the College of Applied Health Sciences has created shared services, which have resulted in a cost savings of at least 30%. The College of Engineering has recently created an IT shared service, which has already produced significant savings in both staffing and infrastructure expenses. In addition to significant projected annual savings, Engineering also cites many other advantages of the shared services model, including increased breadth and the depth of expertise, greater flexibility to meet new staffing and services needs, better strategic planning, savings associated with consolidated purchasing, and space realignment and related cost savings.

In closing, we wish to highlight the following salient point made by the Project Team:

"The question of consolidating, merging and reconfiguring academic units is a critical one for all public universities facing significant changes in their state funding. The central issue is not whether such changes are likely to occur, but how they will occur."

We agree with the Project Team and will continue to engage with the units, the campus and the community in our collective efforts to transform the university to ensure its ongoing excellence.

Sincerely,

Robert A. Easter
Chancellor and Provost (Interim)

Richard P. Wheeler
Vice Chancellor for Academic Affairs (Interim)