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## University of Illinois Investment, Performance, and Accountability Commitment (IPAC)

### FAQ

What is the goal of the University of Illinois IPA Initiative?

- Immediate: Begin the conversation that is not being had. What is the future of Illinois public higher education? Public higher education is in crisis in Illinois. The current model is not working, and we would like to help fix the problem and rebuild the trust between the university and the state.
- Long-term: Redefine the relationship between the state and the flag ship university.
  - Establish a long-term budget planning process that benefits the state and the university
  - Holds the university accountable to the state in delivering its missions of affordable education, workforce preparation, innovation and economic development
  - Allows for a more transparent and productive appropriations process. Provides sunshine on university metrics and goals for student affordability and enrollment
  - Gives the university the necessary autonomy to operate most effectively and efficiently and thus be competitive on the world stage, while helping the state reduce expenditures

What is the basic concept of the Initiative?

- Redefining the relationship between the state and its flag ship university
- In exchange for predictable and sustainable funding, the U of I will commit to being held accountable to the state on its tuition rates, admission numbers, need based and underserved population financial aid, and performance measures.
- In addition, the state will provide much needed regulatory relief. This will allow the university to better perform on behalf of the state and people of Illinois.

Why only specific to the University of Illinois?

- The U of I has a forward-looking strategic framework developed under President Killeen that will guide the university for the next decade. The IPA initiative is a critical part of our strategic framework and could become a model for other public universities, each of which has its own unique circumstances and strategic imperatives.
- Each of the nine public universities are unique and serve their own mission and constituency. We cannot speak for the other publics or write an initiative that they will have to commit.
- For the first iteration of the IPA initiative, this could be considered a pilot program.

At what level is the University asking to be appropriated?

- FY15 appropriation level, before the rescission

- FY15 was the last time we have received a full budget

How is this agreement made binding?

- It is our intent and our hope that given what we are committing to, the General Assembly would agree to commitment to predictable funding level for the next five years.
- Once the details are negotiated and agreed to between the University of Illinois, the General Assembly, the Governor, and the Comptroller, the bill will need to pass both houses of the General Assembly and be signed by the Governor to become state statute.
- If the state does not appropriate the agreed amount to the University, then the University will not need to meet the metrics stated for the following year.
- If the University does not meet the metrics outlined in the statute, then the General Assembly will not need to appropriate the University the amount agreed upon.

What does the University agree to be held accountable to the state?

- In exchange for the predictable funding level, the University of Illinois would agree to put the following in statute:
  - Promise to cap tuition at no more than the rate of inflation
  - Promise to admit a certain and specific number of Illinois residents at each of our three universities
  - Promise to a certain percentage of our state appropriation to go towards need based financial aid
  - Promise to invest in additional financial aid programs targeted to underserved populations
  - Promise to continue to meet the higher standards set regarding retention and graduation rates
  - Promise to publish all statistics and numbers on our website as an annual report card

Why is this a big deal and why isn't the U of I already doing this?

- This will be the first time in the history of the state of Illinois that a public university has put such metrics into state statute. Allowing the General Assembly to weigh in on the U of I's tuition, admissions, financial aid, and performance metrics is redefining the relationship between the state and the flagship university.
- We want to sustain our high standards, and also want to grow. But we cannot do so without state support.
- The U of I is confident that we can live up to the high standard set by the state, if and only if the state commits to investing and supporting the University.

How does this help the state in a time of budget crisis?

- This will guarantee the state and the people of Illinois, a positive return on their investment
- By holding the University of Illinois accountable, the people will know that their state tax dollars are being spent wisely
- The U of I has a \$14 billion impact on the state economy. If the University of Illinois succeeds, the state of Illinois can succeed.

What does the state give in return?

- The General Assembly and the Governor would agree to an appropriation amount for the University of Illinois for the next five years
  - The General Assembly would still have to vote and appropriate the money every year, but the amount would already be agreed to, assuming that the university held up to our end of the bargain.
- In addition, the state would also agree to:
  - Create an Illinois Excellence Fund to help recruit and retain rising star faculty through capital investments
  - Provide regulatory reforms, including but not limited to an exemption from the procurement code.

Regulatory Reform details and why?

- Exempt the University from the state procurement code
  - Allow researchers to do their job in a more effective and competitive environment. Lost academic and entrepreneurial talent and lost opportunity costs are the direct result of the procurement frustrations encountered by the University systems.
  - Contracting of costs of goods and services are needlessly increased to the detriment of students and researchers. Some businesses are declining to provide goods and services to the University because the current policies make the transaction non- economically viable.
  - The State's procurement goals of openness, transparency, avoidance of conflicts of interest, will be obtained in a more cost efficient through the Universities' proposed revisions to their respective Acts to incorporate appropriately designed procurement practices governing the expenditure of University funds. The University believes this will lead to wider opportunity for vendors, and increased competition which will drive down costs.
- Reinstatement of the Certificate of Participation Program
  - The State University Certificates of Participation Act granted the Board of any state university the authority to enter into financing agreements to fund capital improvements by selling Certificates of Participation (COPs), which expired on December 31, 2014.
  - The expiration of this Act eliminated the authority of the Board of any state university to finance capital improvements by selling certificates of participation. This adversely impacts the state universities' ability to maintain and expand their academic facilities and would increase their reliance on state capital appropriations.
  - The state universities have no legislative authority to borrow for academic capital projects other than COPs.
- Amend the Property Control Act
  - Governs all University Property & Equipment

- Assigns property ownership to the State
- Regulates property handling from “cradle to grave” (purchase to disposal)
- Promotes good stewardship over property, but is administratively very burdensome
- Objectives can be achieved more efficiently
- Exemption from Act/Amendments to Act = Relief to the University
- University-based controls can ensure stewardship
- Unlike many State Agencies where CMS tracks equipment inventory, the University tracks and maintains its equipment inventory and CMS does not. The University also operates our own campus surplus warehouses on the UIC and UIUC Universities.
- Examples of reforms possible with exemption or amendments:
  - University could increase equipment tracking threshold from \$500 to \$5,000, which would:
    - Dramatically reduce administrative burden on faculty and staff
    - Maintain tracking of 83% of equipment costs, by tracking only 15% items tracked today
  - Reduce administrative burden on furniture procurements over \$500 by eliminating requirement to file notarized affidavit of need with State
  - Retain proceeds on surplus sales of retired property, instead of sending to State