

UNIVERSITY OF ILLINOIS

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Michael J. Hogan
President

TRANSMITTAL

Date: September 27, 2010

To: Matthew B. Wheeler, Chair, University Senates Conference

From: Michael J. Hogan, President, University of Illinois

Subject: Amendments to the *Statutes* and *The General Rules*

At the request of the University of Illinois Board of Trustees, I'm transmitting to you amendments to the *Statutes* and *The General Rules*, which the Board of Trustees plans to act upon at its November 18, 2010 meeting. These follow the format required by the University of Illinois, Urbana-Champaign Senate (i.e., numbered lines, omissions in brackets, additions underlined). In addition to the amendments, I'm enclosing the rationale for them.

The Board of Trustees has asked me to extend its invitation to the University Senates Conference to provide input on these amendments by November 12, 2010, for the Board's consideration at the November 18, 2010 Board of Trustees meeting.

Attachment

c: Philip Patston, Chair, Senate Executive Committee, UIC
Tih-Fen Ting, Chair, Campus Senate, UIS
Joyce Tolliver, Chair, Senate Executive Committee, UIUC
Michele Thompson, Secretary to the University of Illinois Board of Trustees
Thomas R. Bearrows, University Counsel

Rationale for Amendments to Effect Streamlining of University Administration & Operations

September 27, 2010

Over the last year, the University has undertaken a number of steps to improve efficiency and save costs, including an extensive study on streamlining the University Administration, which resulted in the Administrative Review and Restructuring Report. The recommendations from the report are being implemented now and will ultimately generate \$50M-\$60M in savings. These savings come in addition to savings that resulted from the substantial furlough days taken by the administration last year (ten days), vacancies within University Administration that have not been filled, and extensive reductions in spending. Since FY 2009, 13.5 senior positions have been eliminated across the University, including five senior positions in University Administration, generating total savings of over \$1.75M. Over the last decade, RAMP administrators (decanal positions and above) have remained stable at about 71-72 positions. Yet, more savings and efficiencies can be realized by strategically re-structuring and streamlining the administration of the entire University across all levels and campuses. It's possible to reduce and also strengthen the administration through a strategic re-organization. With this in mind, the recommendations below are designed to advance the following goals:

- Unify and align the administrative leadership team through a clear chain of command;
- Eliminate unnecessary redundancies in “back-office” operations;
- Generate substantial cost-savings through reduction of administrative overhead;
- Create more opportunities for cross-campus collaborations in research and teaching;
- Increase consistency in process and policy, where appropriate, across the campuses;
- Provide greater access to a University of Illinois degree for students from all backgrounds;
- Strengthen the research enterprise and generate more research funding;
- Improve delivery of clinical services and clinical revenues.

As the Board has made clear, one key to a successful future for the University of Illinois is a strong leadership team with a unified vision for the entire University. This vision would respect the traditional identity of each campus and the traditional authority of the chancellors, while empowering academic leaders to streamline operations, eliminate unnecessary duplications, and enhance cross-campus collaborations in teaching, research, outreach, and clinical care.

At the apex of this leadership team is the president who, as noted in the *University Statutes*, is “the chief executive officer of the University and a member of the faculty of each college, school, institute, division, and academic unit therein.” Thus, the president is not only President of the University as a whole, but also president of each of its campuses. The University officers constitute the President’s leadership team, which advises the President on initiatives and programs to advance the University of Illinois as a whole. As noted in *The General Rules*, the University of Illinois is:

“not a loose federation of universities, nor is it a system of totally independent units. The mission to which the University committed, and upon which its development thus far has been based, starts with an emphasis on the fundamental responsibility of the University as a whole... The campuses are expected to achieve intercampus cooperation, to avoid unnecessary duplication, and to develop missions responsible to their particular orientation and setting, and to build upon and foster faculty and staff strengths and initiatives.”

The chancellors, as chief officers of their campuses, play a key role in the leadership of the University as a whole. While they must have the authority to manage their campuses, they cannot operate autonomously or in a vacuum. Over time, however, the University has grown increasingly fragmented, with each campus focusing primarily on its interests. The result is hardened academic, research, and service silos and lost opportunities to eliminate redundancies and enhance cooperation. Our students and faculty suffer from inconsistencies across our campuses, opportunities for cost-savings are foregone, and the University is unprepared to take advantage of new technologies that will inevitably bring our campuses closer together (e.g., communications technologies such as video conferencing, distance learning, high speed rail). There are tremendous opportunities for empowered chancellors, working as members of a University-wide leadership

team, to play a more vital role in defining the overall vision of the University and how their campuses can contribute to that vision.

Thus, in addition to efficiencies and cost-savings, an important aim of this streamlining proposal is to re-empower the chancellors to define the distinct and distinguished role their campuses play in the University as a whole and to work with the president in establishing a University-wide vision for our future. Each campus has a unique role in the overall mission of the University. Our campuses and the chancellors who lead them represent a critical resource for the State and chancellors should play a role in advising the president on the University's vision, all the while, remaining active advocates for their campus and its constituents.

In sum, what is needed is a strong leadership team advising the president and representing not only the various campuses, but also enterprise-wide interests in academic affairs, research, economic development, and clinical services, not to mention enrollment management and human resources. Such a team will form the infrastructure for changes that are needed to leverage the overall resources of the University and streamline our operations. It's important to note that positions and titles alone are insufficient to bring about these changes. A cultural transformation will be required as well if we hope to do business in a manner that reflects a University-wide mentality.

This is an opportune moment to initiate such organizational and cultural changes, as we face extensive turnover among chancellors, vice chancellors, and other administrative leaders. It is an opportunity to re-shape the University in a fashion that reduces our "back office" operations, as suggested in the Administrative Review & Restructuring Report, and returns the savings to our core missions of teaching and research. This, is what the Board of Trustees expected of the President when he was appointed and has reaffirmed in its most recent meeting on September 23, 2010.

1. Title Re-Alignment

It's essential that the chancellors' titles reflect the important roles they play as both University Officers and stewards of particular campuses. They must be empowered at the top levels of the University as the chief officers of their campuses to work with other University officers in defining the University's vision and agenda. Consequently, they should be re-titled "Vice President of the University of Illinois, Chancellor, [Chicago, Springfield, Urbana-Champaign] Campus." This title would reaffirm their role, along with other vice presidents, in helping the president set a University-wide agenda, which realizes the "organic wholeness" of the University as stated in *The General Rules*, through the development of strong cross-campus collaborations and avoidance of unnecessary duplication. Further, it would clarify the chancellors' authority vis-à-vis the president, making it clear that the President of the University is also President of each campus of the University. Currently, the organization and reporting lines are not always obvious to our external and even internal stakeholders, which creates confusion regarding the voice of the University in such key areas as fundraising, communications, and legislative priorities.

2. Expand Portfolio of the Vice President for Technology and Economic Development and Re-Title Position as Vice President for Research, Technology, and Economic Development

The current Vice President for Technology & Economic Development (VPTED) is charged with managing the University's intellectual property, and specifically the "commercialization" of that property in order to promote statewide economic development. Because intellectual property is inextricably tied to the research of our faculty, the University's mission in the field of economic development would benefit greatly from broadening the portfolio of the current VPTED to include stronger ties to the University's research enterprise. Adding "Research" to the title, signifies that the Vice President for Research, Technology, and Economic Development (VPRTED) would be responsible for facilitating collaborative opportunities among faculty across the campuses and mediating (where appropriate) counter-productive competitions. To facilitate such collaborations, the VPRTED would also be responsible for streamlining research-related policies and processes,

seeking consistencies where appropriate, eliminating unnecessary redundancies, and pulling together back-office operations.

Furthermore, the University suffers from the lack of a strong, singular voice to promote its research priorities with state and federal legislators, funding agencies, and sponsoring foundations. As state and national agendas for research investments are established, it is critical that our University has a unified voice in these discussions. The portfolio for the VPR TED would include helping the president and vice presidents (including the chancellors) establish the University's research vision and communicate it to external as well as internal constituencies.

3. Establish a Vice President for Health Affairs

The clinical work of our health science colleges and units, including our hospital and faculty practice plans, represents a distinctive and increasingly complex element of the University's operations. Furthermore, our clinical enterprise is a University-wide enterprise, with health sciences departments on our Chicago and Urbana-Champaign campuses, College of Medicine sites in Chicago, Urbana-Champaign, Rockford and Peoria, and faculty practicing in sites across the state. The complexity is exacerbated by the rapidly changing and increasingly competitive landscape of healthcare.

Recognizing the enormity, complexity, and competitiveness of our clinical enterprise, the Administrative Review & Restructuring Report recommended the creation of a senior administrative position to oversee it. We concur with this recommendation and propose the creation of a Vice President for Health Affairs. This position would report directly to the President with a "dotted-line" reporting relationship to the Vice President/Chancellor of the Chicago campus. This is important to ensure that the integration of the clinical care enterprise with the education and research missions of the health sciences colleges and schools. The Vice President for Health Affairs would also be responsible for growing revenues from the faculty practice plans, thereby providing additional financial support for the academic mission of our health science departments. Additionally, the Vice President for Health Affairs would be responsible for negotiating important partnerships with other hospitals in the Illinois Medical District, leading our efforts to refurbish and enhance the University of Illinois Hospital in Chicago, and growing our faculty practice

plans – all three of which hold the promise of generating additional financial resources to support our academic mission in the health sciences.

Summary

The proposed reforms would create a University leadership team to advise the president, not only on campus-specific issues, but also on our University-wide missions in areas relating to academic affairs, research, economic development, and the clinical enterprise. Representing all these areas in the President’s cabinet would not only foster cross-campus collaborations, but also facilitate the integration of the missions themselves. This would be accomplished by expanding the portfolios of current administrators and creating only one new university officer. As noted above, however, a key responsibility of all vice presidents (including the vice presidents/chancellors) would be to eliminate unnecessary redundancies and administrative overhead on the campuses. We expect to see a substantial reduction in the overall cost of administration within two-three years, thereby freeing resources to address declining State support and to invest in our core academic mission.

A draft organizational chart depicting title changes, expanded portfolio of the VP-Research, Technology, and Economic Development, and the addition of the VP-Health Affairs position (all shown in red) is attached. These changes require that the Board provide the University Senates Conference (and through them, the campus senates), with an opportunity to provide input on amendments needed in the University’s *Statutes* and *The General Rules*. Beginning this consultation promptly is important not only to fill existing leadership voids, but also to realize the improved services, new efficiencies, and cost-savings that they will generate as quickly as possible. The administrative reductions and cost-savings from these organizational changes will take time for the University to realize. It goes without saying that we face a very serious budget situation in the years ahead and must generate cost-savings as soon as possible. With this in mind, in the past month, President Hogan initiated consultations with the University Senates Conference, senate leadership on each campus, chancellors, and other stakeholders. The Board of Trustees invites the University Senates Conference to provide further input on the amendments to the *Statutes* and *The*

General Rules (see attached), which will be acted upon at the November 18, 2010 meeting of the University of Illinois Board of Trustees.

Summary of Amendments to *Statutes* and *The General Rules*

Change:	To:	Document(s) to be Amended:
“chancellor”	“vice president and chancellor” or “vice president/chancellor”	<i>Statutes</i> <i>The General Rules</i>
“provost” (where term stands alone)	“provost or equivalent officer”	<i>Statutes</i> <i>The General Rules</i>
“vice president for technology and economic development”	“vice president for research, technology, and economic development”	<i>The General Rules</i>
	Add:	Document to be Amended:
	Description for research enterprise responsibilities for the vice president for research, technology, and economic development	<i>The General Rules</i>
	“vice president for health affairs” and description of responsibilities	<i>The General Rules</i>

Amendments Sponsor

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