June 13, 2000

To: Vice Chancellors and Deans

From: Elizabeth Hoffman
Provost and Vice Chancellor
for Academic Affairs

Re: FY 2001 Final Salary and Budget Guidelines and Allocations

The FY 2001 higher education budget has been passed by the General Assembly and signed by the Governor. The proposed budget provides funding for:

- 3% salary increment (on 95% of the personal services budget base);
- Incremental funds for the recruitment and retention of critical faculty and staff;
- Tuition support for programs;
- Library increase;
- Deferred Maintenance; and
- O&M Support.

Recognizing the importance of providing adequate faculty and staff salary increases, the revised program/budget plan encourages all campus units to reallocate additional resources annually to supplement the state’s salary increase. Each unit should reallocate to improve upon the state appropriated 3% salary increment.

In addition, in accord with the Campus Five-Year Program/Budget Plan, campus requires reallocation of 1% for program improvements in FY2001. One-half percent (0.5%) will be reallocated from each unit to the campus and this will be reflected on your allocation sheets. The remaining 0.5% reallocation should be made internal to each vice chancellor and dean’s administrative unit. As you reallocate, services should not be curtailed if the effect would be to require the service to be picked up by another unit thereby causing noticeably increased workload. However, services that can be performed by individual units across the campus with little or no impact may be eliminated. In addition, rates charged to customers should not be increased to offset the effects of reallocations. Any proposed rate increase must be submitted to my office for review and approval.
Budget Creation System files for the Academic Budgeted Position Listing (BPL) and the Budget Planning Statements (BPS) must be completed by small units on or before July 3, 2000 and by large units on or before July 7, 2000.

Budget planning information, including detail regarding the Budget Creation System, the Annual Budget Preparation/Procedural Instructions and the Final Salary and Budget Guidelines may be found at the following web site: [www.oba.uic.edu/budget/index.html](http://www.oba.uic.edu/budget/index.html).

Please direct questions to the following units based on subject matter:

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<td>Budgeting &amp; Program Analysis</td>
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<td><a href="mailto:RGLim@uic.edu">RGLim@uic.edu</a></td>
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<td>Budget Guidelines &amp; Budget Planning Statements (BPS)</td>
<td>OBA-Budget Office</td>
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<td><a href="mailto:comp-uic@uillinois.edu">comp-uic@uillinois.edu</a></td>
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Enclosed for your immediate attention are the FY 2001 Final Salary and Budget Guidelines and your unit allocation sheets, which include commitments for state salary matching support.

Enclosures

cc: Sylvia Manning
    Tom Gardner
    Michele Pitre-Young
    Art Savage
The State has approved a budget that includes a 3% general salary increase program. Each unit is responsible for the equitable distribution of these funds among all employee groups -- faculty, academic professionals, and support staff -- subject to the constraints elaborated below.

A. FACULTY AND ACADEMIC PROFESSIONAL SALARY INCREASES

Salary increases entered through the Budget Creation System will be effective September 1, 2000. The mid-year increase policy, which requires Chancellor/Provost or appropriate vice chancellor approval of any faculty or academic professional off-cycle increase, remains in effect for any increase processed via ECOS with an effective date other than September 1.

1. Merit and Continuing Performance Increases

Salary decisions for faculty and academic professionals should be based on merit and continuing performance. The 3% incremental state funds should be used for this purpose. Colleges may augment their salary pool by internal reallocations.

2. Retention of Critical Faculty and Staff

To address some of the salary problems colleges and other units are facing due to outside offers, market pressures, compression between and within ranks, and other equity considerations, the campus has received requests for matching funds to raise salaries for selected faculty and staff. To be eligible for Recruitment and Retention of Critical Faculty and Staff (RRCFS) matching funds, the college or department must first assign at least a 3% increase to the current salary of the faculty or staff member. The approved campus funding matches, on a dollar for dollar basis, funds the unit assigns to the faculty salary beyond 3%. Allocation sheets reflect the campus commitment to provide RRCFS matching funds.

3. Faculty

Recruiting and retaining the best faculty continues to be one of the highest campus priorities. To support this priority, the campus will reallocate funds to support salary increases for tenure-track faculty promoted in FY2000. The campus will provide $3,000 for each full-time faculty member promoted to full professor and $2,000 for each full-time faculty member promoted to associate professor with tenure. Your allocation sheets reflect these campus-funded increases. The college and department should also contribute to a total promotion raise significantly above the average raise. The campus will continue its policy of providing $20,000 towards the salary of each newly hired minority faculty member.

Deans, Directors and Department Executive Officers should make full and appropriate use of the faculty governance structure for receiving advice on salary issues. You should be prepared to submit justification based on an evaluation of performance for all individual salary increases which exceed 10%, for the denial of an individual's salary increase, and for salary reductions.

4. Professional Academics (PACs)

The campus considered requests for campus subsidy for critical or hard to retain academic professionals. As such, the allocation sheets reflect the campus commitment to provide RRCFS matching funds for Professional Academics.

The minimum salary for a 100% Academic Professional on a Y contract will be increased to $23,000 for AY2001. The campus will consider requests for assistance to fund this new minimum for Academic Professionals paid from state funds.

In accordance with campus guidelines, a report explaining salary increases for Academic Professional positions with current or projected salaries greater than $90,000 that report to a
**dean** (directly or indirectly) must be submitted by **July 7, 2000** to the Provost (via Richard Lim) for approval. See Section 7 (“Salary Increase Reports”) for submission details.

Alternately, a report explaining salary increases for Academic Professional positions with current or projected salaries greater than $90,000 that report directly to a **vice chancellor** (directors and other major administrative appointments) must be submitted by **July 7, 2000** to the Chancellor (via Richard Lim) for approval. Vice chancellors should also submit a comprehensive list of all Academic Professional positions with current or projected salaries greater than $90,000. See Section 7 (“Salary Increase Reports”) for submission details.

5. **First Year “A” Service Code Appointees**

For A service code faculty who are employed at this campus for the first time or for those who are changing service from (12-month) Y or (10-month) B to (9-month) A, please enter “1st Yr A Service” in the employee memo field of the Budget Creation System’s BPL information screen. The annual salary of faculty in this category is spread over the period August 21, 2000 - August 31, 2001 (12 1/3 months or 370 days). For new hires, this assures liability and insurance coverage on the first day of employment. For continuing employees, this assures the new pay rate is applied from the beginning of the new service period. Neither a contract or paycheck will be generated through the BPL entry for these employees; an **ECOS transaction must be processed to generate a paycheck for these employees**. Subsequent contracts will be renewed for the standard September 1 - August 31 dates. Please refer to the annual Budget Preparation/Procedural Instructions if employees in this category are included on your position listing.

6. **Academic Budgeted Position Listing (BPL)**

The Academic Budgeted Position Listing (BPL) is the mechanism used to submit recommended AY 2001 salary increases for faculty and academic professionals. The BPL should reflect appointment information, as units want it to appear effective September 1, 2000.

7. **Salary Increase Reports**

Each Vice Chancellor and Dean is responsible for submitting to Richard Lim, Director of the Office of Budgeting and Program Analysis by **July 7, 2000** the following salary information:

- Average salary increase data for faculty, open range, and academic professional employee groups (include continuing employees only);

- Lists of:
  - Professional Academics with salaries greater than $90,000 (please include FY2000 salary, proposed percentage increase, proposed dollar increase, proposed FY 2001 salary)
  - Associate and Assistant Vice Chancellors, Associate and Assistant Deans, Department Heads and Directors of major units (please include FY2000 salary, proposed percentage increase, proposed dollar increase, proposed FY 2001 salary)
  - Professional Academics and Open Range employees recommended for salary increases in excess of 10%;
  - Individuals denied salary increases; and
  - Individuals recommended for salary reductions.
New reports have been added to the Budget Creation System to assist you in identifying individuals that fall into some of these categories. The new reports include an Academic Professional Salary Threshold Report that can identify professional academics with salaries greater than $90,000 and a BPL Ten Percent Report that can identify individuals with salary increases greater than 10% or with 0% increases. The Budget Creation System also provides users with the ability to export the entire Full Personnel Report and Ad Hoc queries to a spreadsheet format for further data manipulation and the computation of average increases for continuing employees.

B. ASSISTANT SALARY INCREASES

The minimum stipend for 50% teaching and research assistants on a nine-month appointment for AY 2000-2001 will be $10,000. You are encouraged to increase the stipends paid to returning assistants in a manner consistent with the average increases paid to other academic groups within your unit. This increase policy is applicable to all assistants regardless of fund source.

The budget provides state funding to support a 3% general salary increase program. Additional resource requirements are to be funded through unit reallocations with the exception of salary costs associated with increasing assistants’ salaries paid from state funds to the new minimum of $10,000. Units seeking reimbursement should provide justification to Richard Lim, Director of the Office of Budgeting and Program Analysis.

C. SUPPORT STAFF (NONACADEMIC) SALARY INCREASES

1. Open Range Support Staff

Effective August 20, 2000, the current range minimum will be increased by 2% and the maximum by 3% for each salary grade. Any employee whose rate of pay falls below the new minimum will be moved to the new rates. The cost for such movement is a unit responsibility.

For FY 2001, a full merit based salary program is again in effect for Open Range staff. The state budget provides funding to support a 3% general salary increase program for support staff (non-academic). In addition, the campus considered requests for assistance to raise salaries for selected critical or hard to retain staff. Each Vice Chancellor or Dean will determine the spread of individual merit increases. The appropriate Vice Chancellor or Dean must approve increases greater than 10%.

To be eligible for a merit increase, an employee should have participated in the 2000 Employee Development Program (EDP) or a similar review process. A merit increase cannot move an employee beyond the new range maximum for the class. Open Range employees, who have successfully completed their probationary period in class by August 19, 2000, are eligible for merit increases only on August 20, 2000. Employees in a probationary period as of August 19, 2000 are eligible for a merit increase within thirty calendar days following the completion of their probationary period. The Open Range Compensation Plan and guidelines for merit increases available for those completing probation after August 20, 2000 will be distributed under separate cover by the Human Resources Department.

Individual salary increases effective August 20, 2000 will be transmitted using the Budget Creation System. The approved Open Range BPL Summary Report must be transmitted on or before July 31, 2000 to the Human Resources Compensation Unit.

2. Collective Bargaining Support Staff

Salary increases for employees subject to collective bargaining are determined through that process. The state budget provides funding to support a 3% general salary increase program for support staff (nonacademic). Any additional requirements are to be funded through unit reallocations.

3. Prevailing Rate Support Staff
Prevailing Rate support staff will receive appropriate salary adjustments based on prevailing rate changes. The state budget provides funding to support a 3% general salary increase program for support staff (nonacademic). Any additional requirements are to be funded through unit reallocations.

D. STUDENT EMPLOYEES SALARY INCREASES

The state budget provides funding to support a 3% general salary increase program for student employees paid from wages. This increase should be reflected in the hourly wage rates paid to student employees effective August 20, 2000. Units are encouraged to supplement the hourly rate increases through reallocations commensurate with other employee groups.

E. EXTRA HELP EMPLOYEES SALARY INCREASES

The pay rate for a current Extra Help employee should be adjusted to conform to the new salary range for the applicable classification to which the Extra Help position is tied. Human Resources (extension 6-3716) should be contacted for specific information.

F. NON-BUDGETED EMPLOYEE INCREASES

The Chancellor/Provost or appropriate vice chancellor must approve any increases for non-budgeted employees in excess of 10%. This written approval must be attached to the employee Electronic Change of Status (ECOS) transaction before processing will be completed. Approval can be requested via ECOS by forwarding the transaction to the Chancellor/Provost’s or appropriate vice chancellor’s office using the ECOS “send to” function. Justification must accompany the ECOS transaction and should be entered in the MEMO tab field. If approval was granted via email, you can “cut and paste” the email approval into the MEMO Tab field in ECOS. This would eliminate the need to use the “send to” function.
FY 2001 UIC BUDGET GUIDELINES

A. STATE FUNDS (Ledger 1)

1. Reallocation

The Campus Five Year Program/Budget Plan calls for reallocation to support high priority program initiatives noted in the UIC Agenda and the earlier Report of the Standing Campus Priorities Committee. These campus wide reallocations have produced approximately $8.9 million in recurring funds. These funds have been used in support of: salary supplements, undergraduate and graduate programs, research start-up, laboratory/classroom remodeling, faculty and student access to computing, grounds improvement, deferred maintenance, and land acquisition. In order to continue the progress that has been made in these priority areas, the campus has established an annual reallocation of 1 percent of each unit’s total state funded base. A 0.5% reallocation internal to the unit (matching salary dollars as described in the RRCFS program can be used to meet this reallocation) and a 0.5% reallocation to the campus.

2. Funding for Salary Increases

Incremental funds have been appropriated to the University to provide for a 3% salary increase. Your state funds allocation is based upon 95% of your academic, nonacademic, assistant, and wage permanent state base.

An annualization adjustment will be applied to the 3% FY 2001 state funds salary allocation at the college and Chancellor/vice chancellor level. The Office of Business Affairs will enter the annualization adjustment; no action is required on your part. Note that this will reduce your state funds allocation for salary increases, on a cash basis, by 2/12 for FY 2001. This negative adjustment is for the months of July and August during which salary increases are not paid.

3. Price Increases

No new funds are provided for price increases in FY 2001.

4. Summer Session Budgets

Summer session budget entries will be processed by the Office of Business Affairs to departmental accounts on a cash basis in July. Summer session budgets will not appear on the budget planning statements. No departmental action is required.

B. INSTITUTIONAL FUNDS (Ledger 2)

Institutional funds include indirect cost recovery received as reimbursement for indirect costs from government grants and contracts and private gifts and grants. The campus has adopted a plan for the formula distribution of ICR funds. The formula distributes ICR funds to the academic, academic support, and administrative units in direct proportion to the pattern of costs incurred in support of sponsored project programs.

The ICR budget for the campus will be determined at the conclusion of FY 2000. The Office of the Provost and Vice Chancellor for Academic Affairs will contact the specific formula based units if there are any changes in the ICR allocations.

C. RESTRICTED FUNDS
This category includes other University income sources whose use is restricted for specific purposes.

1. **Self-Supporting Accounts (Ledger 3)**

The “Guidelines Pertaining to Handling of Locally Held Funds” approved by the Legislative Audit Commission and adopted by the Board of Trustees provide that pro forma and actual income and operating statements be prepared for all self-supporting accounts (ledger 3) which are in the UFAS budget and planning system. The following items must be included on each pro forma:

- A statement of purpose for each activity in the account(s).
- A brief description of the clientele who provide income to the account(s) and specification in percentage terms of the amount of revenues which come from University and non-University sources.
- Certification by the department head and appropriate dean/director that the activity of the account(s) is solely for the purpose(s) described.

Auxiliary Enterprise and Activity entities, which are not on the budget planning system, must complete pro forma statements. Please refer to the Annual Budget Preparation/Procedural Instructions for more details regarding self-supporting budgets and pro forma statements.

2. **Gifts, Grants and Contracts (Ledger 5)**

It is the responsibility of department heads and similar officers to see that funds are available for all positions and other items listed under Gifts, Grants and Contracts accounts. Budget Planning Statements are not generated for this ledger type.

3. **Medical Service Plan and Dental Service Plan (Ledger 6)**

Ledger 6 Budget Planning Statements are the mechanism used to establish budget estimates of revenue and expense for Medical Service Plan (MSP) and Dental Service Plan (DSP) accounts.

4. **Endowment Pool Budgets (Ledger 6)**

Estimated FY 2001 endowment pool budgets for both the Foundation and the University were sent to endowment pool managers in a letter dated May 1, 2000, from the University of Illinois Foundation. Please refer to the information supplied in that letter to determine the resources available to you from these fund sources. Entries to record your estimated endowment pool balances will be processed by the Investment Office.