



Financial Report

Prepared for presentation to the Board of Trustees

July 25, 2019

FY20 State Operational and Capital Appropriations

A Historic Higher Education Budget

Operating Funds of \$622 Million
Capital Appropriation of \$1.3 Billion

Operating Fund Appropriation

FY2020 Allocation \$622 Million (+4.6%)

	FY2019	FY2020	\$ Change	% Change
General Funds	\$535.7	\$562.5	\$26.8	+5.0
Designated Allocations	\$58.9	\$59.4	\$0.5	+0.8
TOTAL	\$594.6	\$621.9	\$27.3	+4.6

Student Financial Aid

Statewide Increases

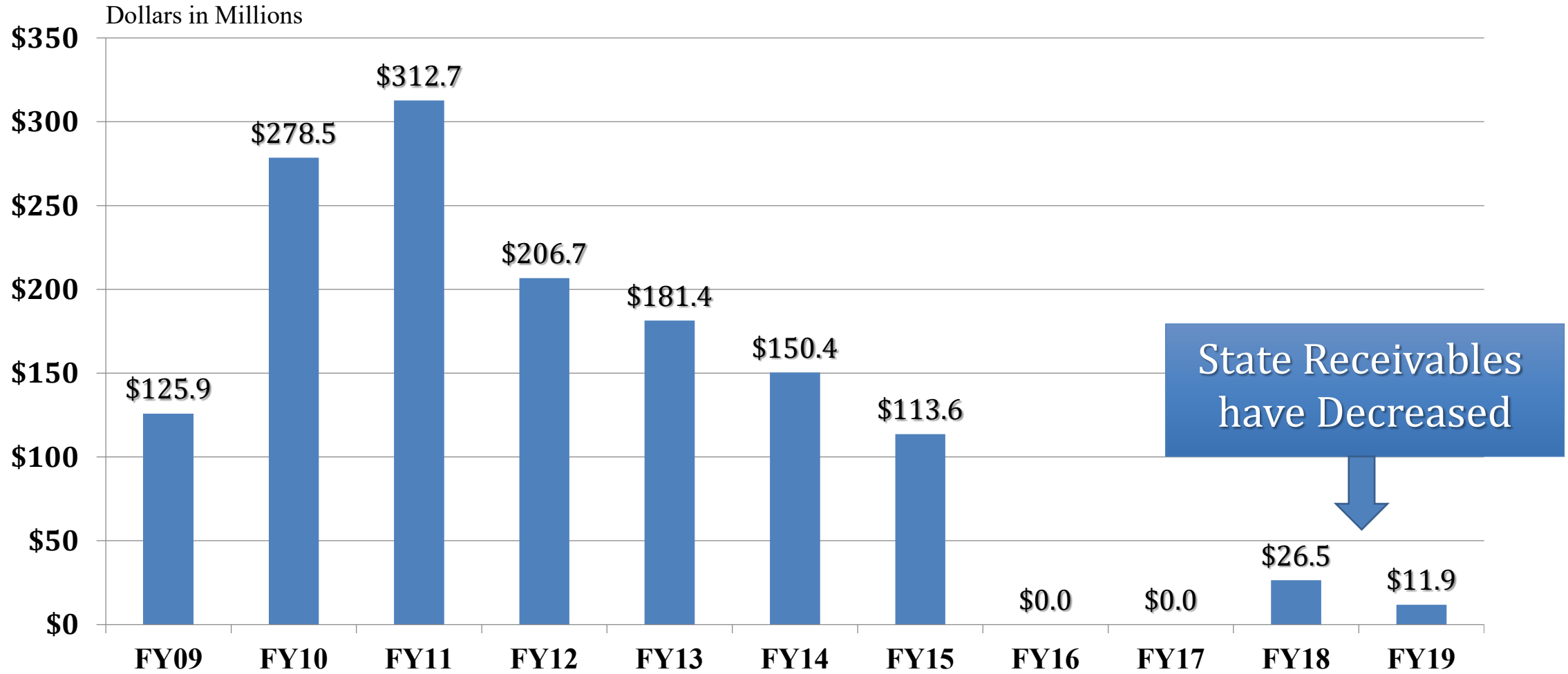
Annual MAP funding increase \$50M

- Total of \$451M

“Aim High” Grants increase \$10M

- Total of \$35M

Year End State Receivable



CAPITAL APPROPRIATIONS



CATEGORY	AMOUNT
New Buildings	\$353M
Repair & Renovation	\$333M
FY 2020 Total	\$686M
DPI/IIN Re-appropriation	\$500M
Other Re-appropriation	\$129M
GRAND TOTAL	\$1.3 Billion

CAPITAL APPROPRIATION BY LOCATION & TYPE

		FY20	Re-appropriation
Urbana Total \$406.5M	Major Projects	\$200.0M*	-
	Repair/Renovation	\$195.2M	\$11.3M
Chicago Total \$331.8M	Major Projects	\$98.0M	\$68.0M
	Repair/Renovation	\$146.4M	\$19.4M
Springfield Total \$52.7M	Major Projects	\$35.0M	\$5.5M
	Repair/Renovation	\$11.6M	\$0.6M
System-wide Total \$24.1M	Repair/Renovation	-	\$24.1M

* Includes \$100M for Quantum Computing Consortium

- ❑ Projects to be managed by the Capital Development Board (CDB)
- ❑ Additional \$188 million of statewide funds for higher education

Capital Project Implementation

□ Chicago

- Computer Design Research & Learning Center (\$98M)
- Advanced Chemical Technology Building (\$68M)

□ Springfield

- Library Learning and Student Success Center (\$35M)
- Public Safety Building (\$5.5M)

□ Urbana

- Altgeld Hall Renovation (\$100M)

❑ DPI Downtown Chicago Center

❑ Chicago

- Computer Design Research & Learning Center
- Innovation Center Expansion

❑ Springfield

- Capital Innovation Center

❑ Urbana

- Data Sciences Collaborative
- Biomedical Translational Facility
- NCSA & Siebel Center Expansion
- Research Park Expansion

- ❑ In discussion with CDB on timing and rules of engagement for these projects
- ❑ Site and scope of projects established
- ❑ Initial planning initiated for selected projects

Other Priority Major Projects

□ Urbana

- Art & Design Facility
- Davenport Hall Renovation
- Disability Research, Resources and Education Facility
- Undergraduate Library Redevelopment
- Ubben Center Expansion
- Ice Hockey Arena
- Parking Garage Repair and Renovation

□ Springfield

- Childhood Development Center

□ Chicago

- Drug Discovery and Innovation Platform
- Cancer Center
- College of Business Facility
- Performing Arts Center
- Ambulatory Surgery Center
- Hospital Welcome Atrium
- Residence Hall

Design Planning Initiated for These Projects

- Altgeld Hall
- Ambulatory Surgery Center and Outpatient Clinics
- Computer Design Research and Learning Center
- Hospital Welcome Atrium

FY19 Capital Program Report

FY2019 Retrospective

Everitt Lab Renovation



University Hall Facade Repair



Since July 2018

Completed:
115 projects with
\$441 million total project budget

Initiated:
147 projects with
\$504 million total project budget



Two Hundred Projects Currently Underway

\$1.3 Billion Budgeted Expenditures



Currently Active Projects

	Chicago	Springfield	Urbana	Total
Planning/ Design	41	15	31	87
Under Construction	38	11	65	114
Total Projects	79	26	96	201
Total Budget	\$523.3	\$17.2	\$823.3	\$1,265.7

Values in \$ millions; Project status as of 6/30/2019

Type of Active Projects

New Buildings 46.7%

Renovations 40.1%

Maintenance 7.1%

Infrastructure 6.1%



Purpose of Active Projects

Academic 54.1%

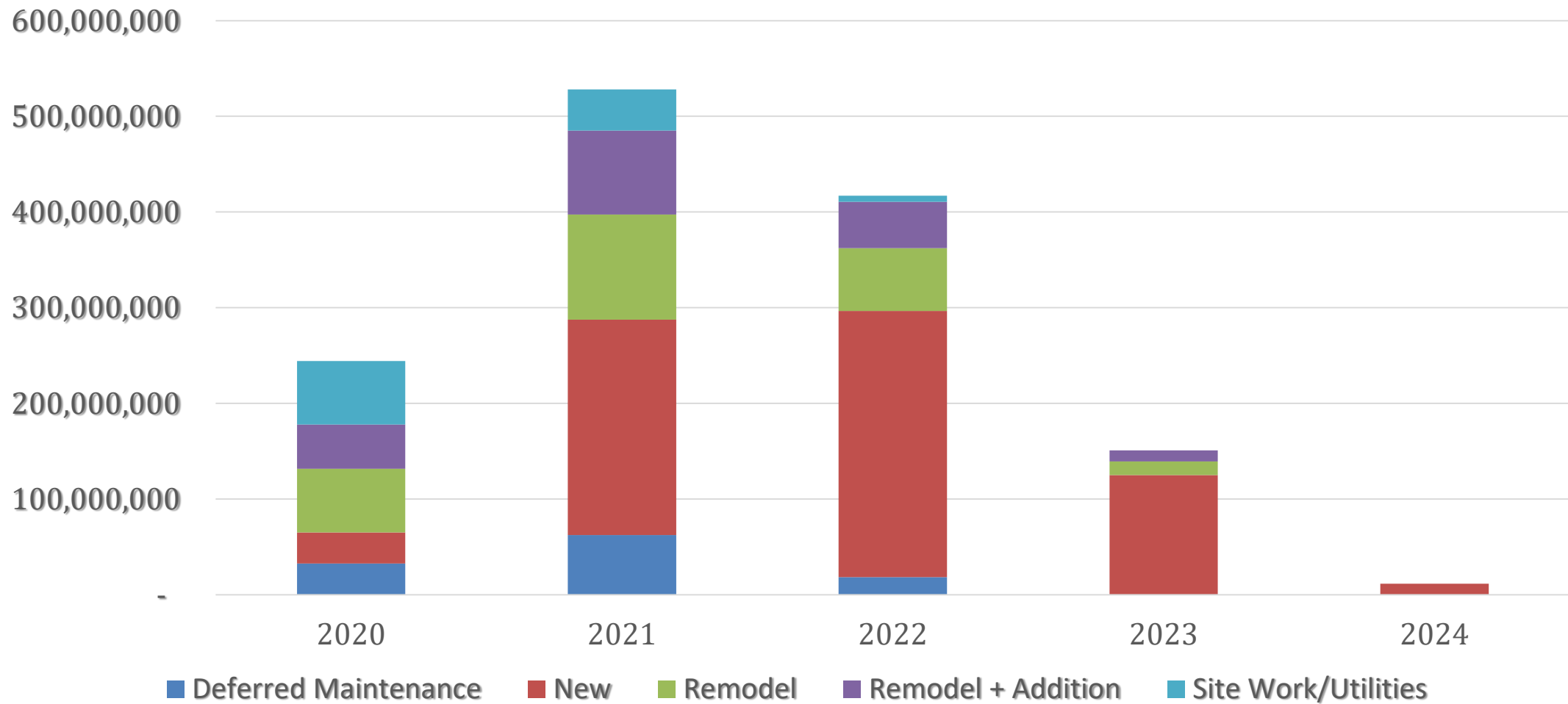
Auxiliary 26.3%

Health 10.5%

Athletics 6.3%

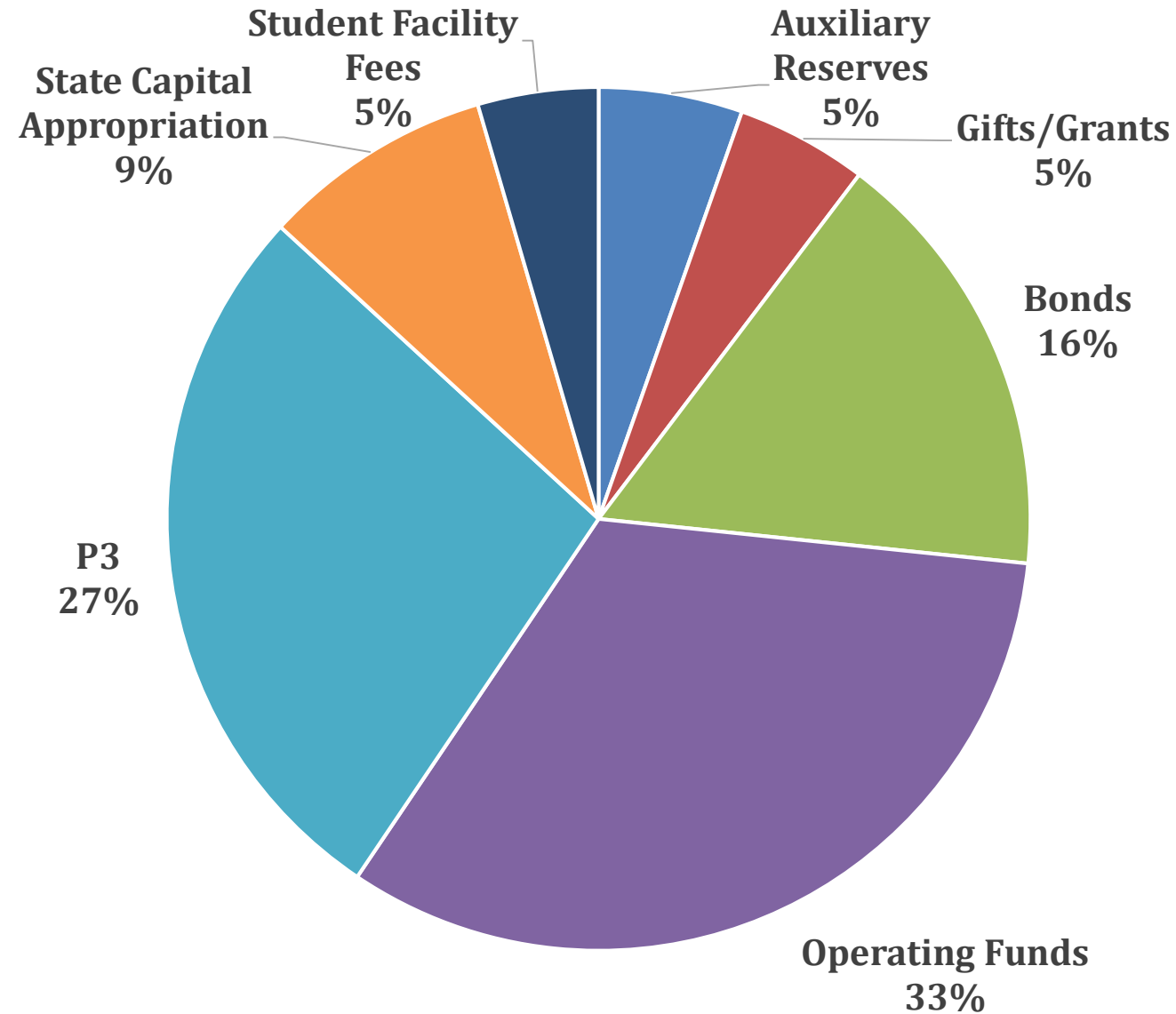
Infrastructure 2.7%

PROJECTED EXPENDITURES BY YEAR



Currently Active Projects Only

How Are the Projects Funded?



THREE PROJECTS NEAR OCCUPANCY



Academic and Residential Complex (Chicago)

Engineering Innovation Building (Chicago)

Football Performance Center (Urbana)



Capital Delivery Process Review

External Consultant Engagement

- E&Y retained as external consultants in November 2018
- Scope of work:
 - Evaluate capital delivery process at each university and across the system. Compare to industry standards.
 - Identify current practices that impede efficient delivery of capital
 - Make recommendations to improve cost management and reduce risks.
- Based on data, observation and interviews
- Final report submitted in May 2019

Comparison to Peers

- Project Cycles are longer resulting in higher cost
 - State regulations constrain process efficiency
 - Many layers of approvals and long timelines
- Change order cost data in-line with peers (5.4% of total budget)
- Inadequate capital delivery personnel resources
- Inadequate clarity from users during project conceptualization
- More active project management required
- Long close-out processes due to multiple contractors

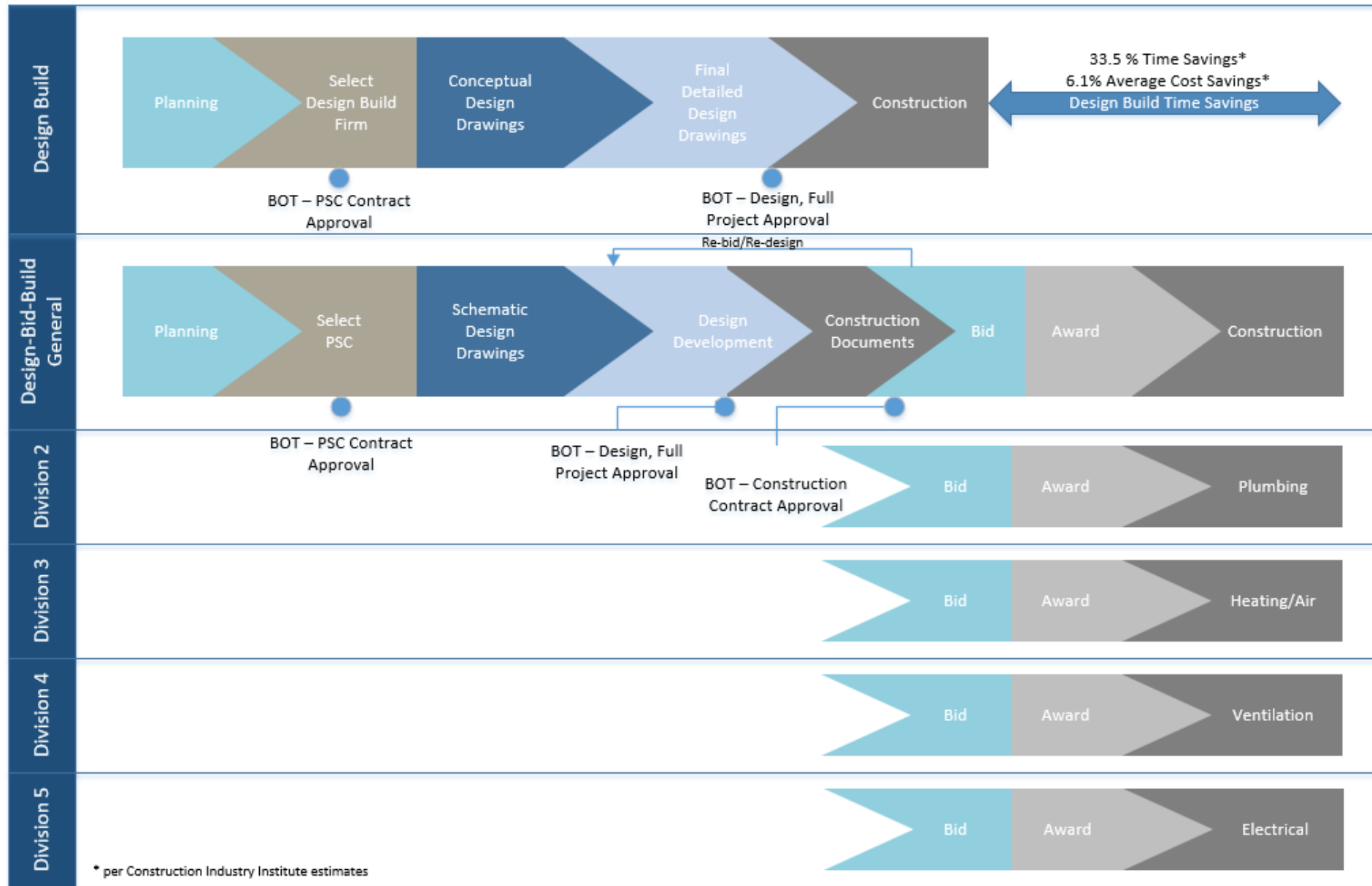
A Salient Observation

Ability to Use Design-Build Process

Would Reduce Time to Complete Project by 33 Percent

And Reduce Cost by 6 Percent

Design Build vs. Design-Bid-Build



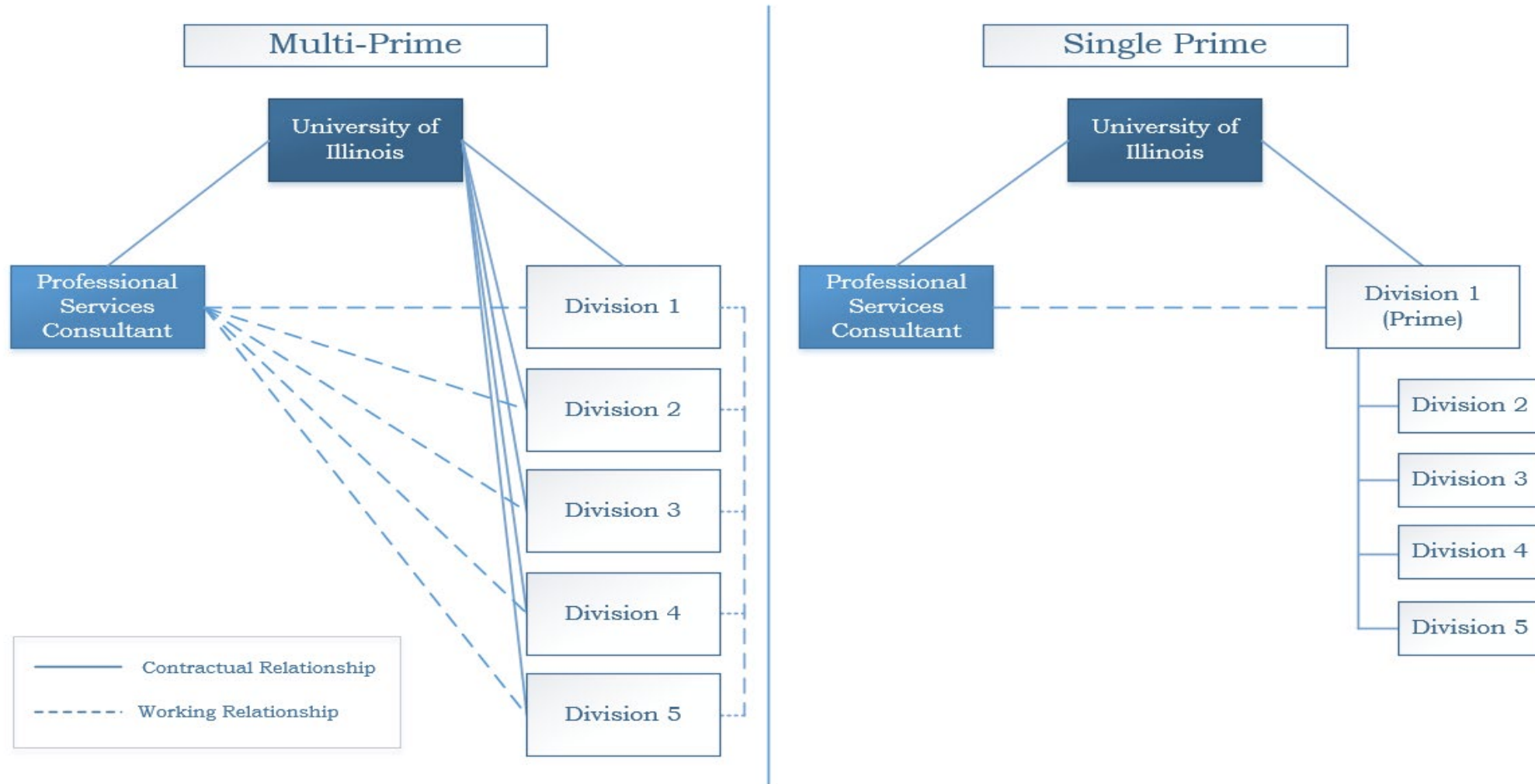
Major Recommendations

- Increase staffing in response to increased capital demands
- Reduce approval process bottlenecks
- Employ a digital process for bid submissions and checking
- Standardize data collection and reporting standards
- Make post contract evaluation of contractors mandatory for large projects
- Increase use of retainer contracts for professional services (including MBE firms).
- Seek legislative reform

Legislative Priorities (I)

- Allow university to use “Design-Build” delivery method
- Allow universities to use single “Prime” contractor

Single- vs Multi-Prime



Currently must bid and contract with at least 5 divisions of work for projects greater than \$250,000

Next Steps

- Advocacy efforts to modify state regulations
- Work with individual universities on optimal staffing model
- Engage external post-contract auditor
- Review and modify internal approval processes
- Improve data collection and reporting
- Explore feasibility of digital bid submission system