

Approved by the Board of Trustees,  
November 11, 2004

Board Meeting  
November 11, 2004

## ROLL CALL

### APPROVE FISCAL YEAR 2005 OPERATING BUDGET

**Action:** Approve Fiscal Year 2005 Operating Budget

**Funding:** All Sources (State, Auxiliary, Federal, etc.)

The Vice President for Administration recommends approval of the University's Fiscal Year 2005 operating budget, covering the allocation of estimated operating income from all sources, as presented in the attachment to this item. The recommended \$3.382 billion operating budget represents a \$97.5 million (7.1 percent) increase in unrestricted funds, a \$75.2 million (4.1 percent) increase in restricted funds, and a \$172.7 million (5.4 percent) increase in all operating funds from FY 2004. The budget totals remain the same, as approved by the Board of Trustees in July and September 2004. However, the campus and unit detailed schedules are now included within the attachment.

Consistent with Board of Trustees directives on the configuration of the internal operating budget adopted by the board at the March 13 and June 27, 2003, meetings, the Vice President for Academic Affairs and the Vice President for Administration prepared the budget based upon: (1) the policies and institutional priorities established by the Board of Trustees in consultation with senior academic leaders, (2) recommendations of the chancellors, after consultation with deans, directors,

and other University officers on the methods and means of best executing the board's policies and institutional priorities, and (3) recommendations from the president. The allocation of restricted funds is in accord with the terms and conditions of the restrictions, and the allocation of unrestricted funds follows the board's policies and institutional priorities.

The attachment to this item is the *Budget Summary for Operations Fiscal Year 2005* (the BSO, or "Orange Book"), and presents all University-level budget amounts by source of funds and object of expenditure.

The BSO Executive Summary is divided into five major sections. The section titled "University Revenue Budget FY 2005" defines the sources of University operating revenue for FY 2005, details the budget by those revenue sources, and analyzes the change in revenue from FY 2004 to FY 2005. The section titled "University Expense Budget FY 2005" defines and details the budget by object of expenditure category. The section titled "Board of Trustees Budgetary Oversight and Accountability" specifies the Board of Trustees requirement for prior board approval of specified budgetary transactions, the delegation of authority for specified budgetary transactions, and the required board reporting of budgetary activities. The section titled "FY 2005 Board Budget Initiatives" provides an overview and status report of major issues addressed with the board during the past fiscal year. Lastly, the final section provides a projection of the overall University expenditures by NACUBO function code.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*,

*The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The President of the University concurs.