

Board Meeting
November 14, 2007

ROLL CALL

APPROVE OPERATING BUDGET FOR FISCAL YEAR 2008

Action: Approve Fiscal Year 2008 Operating Budget

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

The Vice President/Chief Financial Officer and Comptroller recommends approval of the University's Fiscal Year (FY) 2008 operating budget, covering the allocation of estimated operating income from all sources. This recommendation follows the Board's adoption of preliminary FY 2008 operating budgets at the May and September 2007 meetings. The recommended \$3.9 billion operating budget represents a \$37.1 million (2.4 percent) increase in unrestricted funds, a \$187.1 million (8.9 percent) increase in restricted funds, and a \$224.2 million (6.1 percent) increase in all operating funds from FY 2007. The priorities reflected in the proposed final budget are identical to those adopted in the preliminary operating budget. The total amount in the proposed final budget is \$30.5 million above that anticipated in the preliminary budget, following refinements of forecasts for hospital, royalty, sponsored program, academic facilities maintenance assessment, and indirect cost resources. Attachment A illustrates all changes from preliminary to final budget amounts.

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/Chief Financial Officer and Comptroller 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* for FY 2008 (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 two major sections. The section titled "University Revenue Budget FY 2008" defines the sources of University operating revenue for FY 2008, details the budget by those revenue sources, and analyzes the change in revenue from FY 2007 to FY 2008. The section titled "University Expense Budget FY 2008" defines and details the budget by object of expenditure category. Three appendices follow the campus budget tables; the first provides critical dates in the budget process; the second provides a summary of 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; and the third provides a glossary of terms.

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.