

ROLL CALL

APPROVE OPERATING BUDGET FOR FISCAL YEAR 2019

Action: Approve Fiscal Year 2019 Operating Budget

Funding: All Sources

The Executive Vice President and Vice President for Academic Affairs and the Vice President/Chief Financial Officer and Comptroller recommend approval of the University's Fiscal Year (FY) 2019 operating budget, covering the allocation of estimated operating income from all sources. This recommendation follows the Board's adoption of a preliminary FY 2019 operating budget at the May 2018 meeting. The recommended \$6.8 billion budget, including the value of payments made by the state on behalf of the university, represents a \$298.3 million (4.6 percent) increase.

The budget comprises three major categories of funds: benefit payments made by the state on behalf of the university, restricted funds that are available only for those programs and purposes specified by donors, agencies, contractors or state statutes, and unrestricted funds allocated based on institutional priorities. In FY 2019, payments on behalf increased by \$78.4 million or 4.6 percent compared to FY 2018; restricted funds increased by \$135.3 million or 5.1 percent; and unrestricted funds increased by \$84.6 million or 3.9 percent.

Consistent with Board of Trustees' directives, the Executive Vice President and 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/Vice Presidents, after consultation with deans, directors, and other University officers on the methods and means of best executing the Board's policies and institutional priorities; (3) recommendations from the President; and (4) the terms and conditions of use of restricted funds.

The attachment to this item, the *Budget Summary for Operations* for FY 2019 (the BSO) 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 2019" defines the sources of University operating revenue for FY 2019, details the budget by those revenue sources, and analyzes the change in revenue from FY 2018 to FY 2019. The section titled "University Expense Budget FY 2019" defines and details the budget by expenditure category. The executive summary also provides operating budget tables for the three Universities and the University System Office. Detailed university and system office budget schedules follow the executive summary and provide budget year and prior year revenue and expense information:

- Schedule A: Details university and system-level revenue by fund source (e.g., State, institutional, gift/endowment, etc.) and expense by fund type and function (e.g., instruction, research, student aid, etc.).

- Schedule B: Provides budgeted expenditures by college-level organization in the following categories: State; institutional; self-supporting; and gifts, grants and contracts.
- Schedule C: Lists budgeted expenditures by college-level organization and function (for budget year only).
- Schedule D: Provides department-level detail of State and institutional fund budgeted expenditures and presents a more detailed breakdown of college-level restricted fund expenditures than is available in Schedule B.

Schedule A, Schedule B, and Schedule C are university and system-level schedules (one of each per university and system) whereas Schedule D is college-level and each university and system has multiple Schedule Ds.

Three appendices follow the university and system budget tables; the first provides critical dates in the budget process; the second provides 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.