

Board Meeting  
September 6, 2007

ROLL CALL

APPROVE REQUESTS FOR NEW OPERATING AND CAPITAL  
APPROPRIATIONS  
FISCAL YEAR 2009

**Action:** Approve FY 2009 Operating and Capital Budget Requests

**Funding:** Incremental State Operating and Capital Appropriations

Requests for incremental operating funds and for new capital appropriations for the University of Illinois for the fiscal year commencing July 1, 2008, are presented herewith for action by the Board of Trustees. Following Board action, these requests will be submitted to the Illinois Board of Higher Education for review. The accompanying tables summarize the major elements of each request, and the document, Fiscal Year 2009 Budget Request for Operating and Capital Funds, provides detailed descriptions of each program and project included in the request.

The Fiscal Year 2009 Operating Budget Request is outlined in Table 1. The University seeks \$118.3 million in new funds, an increase of 8.9 percent above the current year's budget. The FY 2009 request focuses primarily upon needs for salary competitiveness for faculty and staff, statewide priorities, (e.g. teacher education, healthcare professions, energy research), and university strategic initiatives. The

FY 2009 request also continues prior efforts to secure facilities maintenance resources in the operating budget, as well as resources to meet critical operating cost increases. The request presents the most urgent funding needs confronting the University.

Table 2 identifies the ten projects in the FY 2009 Capital Budget Request in priority order. Together, these projects represent an investment of \$263.8 million, devoted to preserving and extending facilities already in place at the campuses and to critically important new initiatives. Remodeling and renovation projects comprise a large part of the total funds requested with the highest priority given to repair and renovation projects at the three campuses. The request clearly emphasizes the importance the University places on maintenance and upkeep of existing facilities, high-lighting the need to adequately fund multiple aspects of the facility plant assets. As noted in Table 2, the University will also be seeking funding for the Petascale facility at the Urbana campus and planning funds for the Hospital expansion and renovation project at the Chicago campus.

The operating and capital requests summarized here reflect the University's highest priority budget needs, focusing on the University's mission of instruction, research, public service and economic development. The priorities in both the operating and capital requests presented here are consistent with those in the preliminary requests presented to the Board in July 2007.

The University's operating and capital requests for FY 2009 have been prepared by the Vice President / Chief Financial Officer based upon advice from the University Policy Council.

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 Vice President / Chief Financial Officer recommends approval.

The President of the University concurs.

**Table 1**  
**FY 2009 Operating Budget Request**  
**(Dollars in Thousands)**

<b>I. Strengthen Academic Quality</b>		<b>\$ 93,053.0</b>
<i>% of FY 2008 Base *</i>		<i>7.02%</i>
A. Competitive Compensation		\$43,593.0
1. Salary Improvements - 3.0%	\$29,062.0	
2. Recruitment, Retention & Compression - 1.5%	14,531.0	
B. Statewide Priorities		\$21,160.0
1. Teacher Education	\$ 2,015.0	
UIUC: \$1,250		
UIC: \$420		
UIS: \$345		
2. Healthcare Professions	\$12,045.0	
UIUC: \$4,750		
UIC: \$6,800		
UIS: \$495		
3. Energy Research	\$ 7,100.0	
UIUC: \$5,250		
UIC: \$1,850		
C. University Strategic Initiatives		\$28,300.0
1. UIUC	\$13,400.0	
2. UIC	13,000.0	
3. UIS	1,900.0	
<b>II. Address Facility Operations Needs</b>		<b>\$ 6,289.7</b>
A. O & M New Areas		\$ 1,289.7
1. Urbana-Champaign Projects	\$ 1,289.7	
B. Facility Maintenance Support		\$ 5,000.0
1. Facility Maintenance Support	\$ 5,000.0	
<b>III. Meet Inflationary and Other Cost Increases</b>		<b>\$ 18,910.0</b>
A. Payroll Cost Increases		\$ 3,750.0
1. Medicare	\$ 2,000.0	
2. Workers' Compensation	1,500.0	
3. Legal Liability	250.0	
B. Cost Increases		\$15,160.0
1. General Price Increases - 2%	\$ 3,375.5	
2. Utilities Price Increases	3,600.0	
3. Library Price Increases - 10%	2,184.5	
4. Information Technology Increases	6,000.0	
<b>Total Request</b>		<b>\$ 118,252.7</b>
<i>% of FY 2008 Base *</i>		<i>8.92%</i>
<b>IV. Statewide Program (FSI)</b>		\$ 102.3
<b>V. Medical Professional Liability Insurance</b>		\$ 9,200.0
<b>VI. Statewide Economic Development</b>		\$ 1,000.0
* <i>FY 2008 Base:</i>		<i>\$1,325,166.7</i>

**Table 2**  
**FY 2009 Capital Budget Request**  
**(Dollars in Thousands)**

Priority	Project	Urbana-			Total	Cumulative
		Champaign	Chicago	Springfield		
1	Repair and Renovation	\$12,450.8	\$8,331.8	\$687.4	\$21,470.0	\$21,470.0
2	Lincoln Hall Remodeling	53,100.0			53,100.0	74,570.0
3	College of Medicine Rockford		14,250.0		14,250.0	88,820.0
4	Electrical and Computer Engineering Bldg	42,000.0	<sup>1</sup>		42,000.0	130,820.0
5	Integrated Bioprocessing & Research Lab	18,900.0	<sup>2</sup>		18,900.0	149,720.0
6	Advanced Chemical Technologies Inflation		20,000.0		20,000.0	169,720.0
7	Dentistry Modernization/Code Compliance		20,000.0		20,000.0	189,720.0
8	Public Safety Building			2,500.0	2,500.0	192,220.0
9	Medical Sciences Building Modernization		21,600.0		21,600.0	213,820.0
10	Disability Research, Res. & Educ. Srv. Bldg.	50,000.0			50,000.0	263,820.0
		<u>\$176,450.8</u>	<u>\$84,181.8</u>	<u>\$3,187.4</u>	<u>\$263,820.0</u>	

<sup>1</sup> This project was submitted in response to a request from the Governor for Economic Development projects. In the FY 2009 request, the total project budget for ECE has been increased from \$90M to \$95M and separated into two phases. Phase I will total \$75M (\$45M from the State and \$30M from private sources). Phase II will total \$20M and be supported from other sources. Because CDB released \$3M for planning purposes in January 2006, the amount requested from the state is \$42M.

<sup>2</sup> The Bioprocessing Research Laboratory was submitted in response to a request from the Governor for Economic Development projects. In June 2006, CDB released \$1.9M for planning for the Bioprocessing Research Laboratory; construction funding of \$18.9M is still needed for the Lab.

*Note: There are two additional capital projects related to economic development and statewide healthcare for which the University will be seeking capital support. First, the University is seeking \$60M from the State for a petascale facility at UIUC. During the national competition for the federal petascale grant (\$208M), the State committed to funding the project under the State's economic development initiative. The National Science Foundation has announced the award, and the University needs to proceed quickly on planning the project. Second, the University is seeking additional State funding for a hospital renovation and expansion at UIC. The University has received a Master Design Certificate of Need (CON), and the Board of Trustees has approved the next step in the CON process to determine specific actions and timetables. Some of this funding will likely be required in FY 2009 in order to meet the timeliness requirements of the CON.*