

Approved by the Board of Trustees,
September 9, 2004

Board Meeting
September 9, 2004

ROLL CALL

OPERATING BUDGET FOR FISCAL YEAR 2005

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 executive summary attached 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.

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 executive summary to the *Budget Summary for Operations* for Fiscal Year 2005 (the BSO, or "Orange Book"), and presents all University-level budget amounts by source of funds and object of expenditure customarily contained in the BSO document. At the time this board item was prepared, final determinations of campus-level detail were in progress, due to the delay in completing the legislative budget process for the State. Campus-level detail will be completed by the end of September and shared with the board at that time for review, with approval sought at the November board meeting.

The BSO executive summary is divided into four 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. Lastly, 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.

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.