

Approved by the Board of Trustees
November 15, 2018

Board Meeting
November 15, 2018

ROLL CALL

APPROVE REQUESTS FOR OPERATING AND CAPITAL APPROPRIATIONS FISCAL YEAR 2020

Action: Approve Fiscal Year 2020 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 System for the fiscal year commencing July 1, 2019, are presented for action by the Board of Trustees. Following Board approval, 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 2020 Budget Requests for Operating and Capital Funds," provides detailed descriptions of each program and project included in the request.

The prolonged budgetary uncertainty in Illinois State Government over the past several years has been challenging for the University of Illinois System and its three universities and we have responded collectively by cutting administrative costs and carefully prioritizing support for excellence in teaching and research. The FY 2020 request focuses funds that are crucial to the future success and overall competitiveness of the institution. The University of Illinois System will continue to allocate funding toward

its core missions, with emphasis on supporting in-state students and supporting the development of an educated workforce necessary to support economic development.

The Fiscal Year 2020 Operating Budget Request is outlined in Table 1. The University seeks \$97.9 million in new funds, an increase of 16.5 percent in state appropriations, or 5.2 percent above the current year's combined state and tuition budget. Of the \$97.9 million, \$55.7 million will restore core state support to the fiscal year 2017 appropriation level and the remaining \$42.2 million will provide additional funding for the University to maintain its academic competitiveness, continue to provide world-class education to Illinois students, prepare the next generation of leaders, and support the state's economic development. The FY 2020 request focuses upon the need for salary competitiveness for faculty and staff, and support for system-wide strategic initiatives. The 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.

The FY 2020 capital budget request, as displayed in Table 2, identifies the University's most crucial and strategic capital priorities. These priorities directly support the University's goals outlined in our Strategic Framework document and they focus on fostering innovation and workforce development. Together, these projects represent an investment of \$722.4 million, devoted to preserving and enhancing facilities already in place on the university campuses as well as supporting critically important new initiatives. Repair and renovation comprise thirty eight percent of the total funds requested and support the Illinois Board of Higher Education's guidelines to request three

percent of state supported facility replacement costs. Additionally, individual projects with the highest priority, as identified in the new system-wide five-year capital plan, are requested. Each of these projects will enhance our innovation ecosystem at the universities as well as support workforce development related to STEM, healthcare, and multidisciplinary design thinking. The request clearly emphasizes the importance the University places on maintaining and extending the institution's physical infrastructure.

Together, the operating and capital requests reflect the University's highest priority budget needs, focusing on our missions of education, research, public service, and economic development. The priorities in both the operating and capital requests are consistent with those in the preliminary requests presented to the Audit, Budget, Finance, and Facilities Committee in November 2018.

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 Executive Vice President/Vice President for Academic Affairs and the Vice President/Chief Financial Officer and Comptroller recommend approval.

The President of the University concurs.

Table 1
FY 2020 Operating Budget Request
(Dollars in Thousands)

I. Ensuring Competitiveness		\$ 79,487.5
A. Competitive Compensation		\$ 59,487.5
1. Salary Improvements - 2.0%	\$ 23,795.0	
2. Compression, Market, Equity and Retention (CMER) - 3.0%	35,692.5	
B. Undergraduate Scholarship Program for Illinois Residents		10,000.0
C. Recruiting and Rebuilding Faculty		10,000.0
II. Infrastructure Maintenance		\$ 13,614.8
A. O & M New Areas		\$ 3,214.8
B. Facility Maintenance Support		10,400.0
III. Meet Inflationary and Other Cost Increases		\$ 4,800.0
A. Payroll Cost Increases		\$ 800.0
1. Medicare	\$ 800.0	
B. Information Technology & Security Upgrades		4,000.0
Total Request		\$ 97,902.3
% of FY 2019 State Funds and Tuition		5.2%
% of FY 2019 State Funds		16.5%
<i>FY 2019 Base:</i>	\$1,899,582.3	
<i>Base = EAF/GRF + Tuition</i>		

Table 2
FY 2020 Capital Request
(Dollars in Thousands)

	<u>Urbana</u>	<u>Chicago</u>	<u>Springfield</u>	<u>Total</u>
I. Repair and Renovation				
A. Repair and Renovation	\$152,594	\$112,348	\$7,381	\$272,323
II. Innovation and Workforce Development				
A. Math/Statistics/Data Science Collaborative Facility (Altgeld/Illini Hall renovation)	43,200			43,200
B. School of Art & Design Thinking and Learning Addition	64,860			64,860
C. Computer Design Research and Learning Center		98,000		98,000
D. Drug Discovery and Innovation Pavilion		100,000		100,000
III. Academic Libraries				
A. Library Upgrades	54,050	55,000		109,050
B. Library Learning Student Success Center			35,000	35,000
Total Request	\$314,704	\$365,348	\$42,381	\$722,433