

ROLL CALL

APPROVE REQUESTS FOR OPERATING AND CAPITAL APPROPRIATIONS
FISCAL YEAR 2019

Action: Approve Requests for Operating and Capital Budget Requests Fiscal Year 2019

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, 2018, 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 2019 Budget Request 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 impacted the University of Illinois System and its three universities. Recognizing the State's financial challenges, the FY 2019 request focuses on 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 2019 Operating Budget Request is outlined in Table 1. The University seeks \$98.0 million in new funds, an increase of 5.4 percent above the current year's state and tuition budget. Of the \$98.0 million, \$67.1 million will restore core state support to the fiscal year 2017 appropriation level and the remaining \$30.9 million will provide additional funding for the University to maintain its academic competitiveness, support the state's economic development, continue to provide world-class education to Illinois students, and prepare the next generation of leaders. The FY 2019 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 2019 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 planning document and they focus on fostering innovation and workforce development. Together, these projects represent an investment of \$585.1 million, devoted to preserving and enhancing facilities already in place on the university campuses as well as supporting critically important new initiatives. Remodeling and renovation projects comprise a significant part of the total funds requested, with the highest priority given to facilities that will enhance our

innovation ecosystem at each university and support workforce development related to STEM, healthcare, agricultural production and research, and multidisciplinary design thinking. The request clearly emphasizes the importance the University places on maintaining and extending the institution's physical infrastructure. In addition, the University seeks fulfillment of an appropriation made several years ago for the Advanced Chemical Technology Building in Chicago.

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 2017.

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

The President of the University concurs.

Table 1
FY 2019 Operating Budget Request
(Dollars in Thousands)

I. Strengthen Academic Quality		\$ 77,335.5
<i>% of FY 2018 Base</i>		<i>4.2%</i>
A. Competitive Compensation	\$ 57,335.5	
1. Salary Improvements - 2.0%	\$ 22,934.2	
2. Compression, Market, Equity and Retention (CMER) - 3.0%	34,401.3	
B. Resident Undergraduate Scholarship Program	\$ 10,000.0	
C. Distinguished Faculty Recruitment Program	\$ 10,000.0	
 II. Address Facility Operations Needs		 \$ 16,129.7
A. O & M New Areas	\$ 1,129.7	
B. Facility Maintenance Support	15,000.0	
 III. Meet Inflationary and Other Cost Increases		 \$ 4,500.0
A. Payroll Cost Increases	\$ 200.0	
1. Medicare	\$ 200.0	
B. Information Technology & Security Upgrades	\$ 4,300.0	
 Total Request		 \$ 97,965.2
<i>% of FY 2018 Base</i>		<i>5.4%</i>

FY 2018 Base: \$1,825,390.4
Base = EAF/GRF + Tuition

Table 2
FY 2019 CAPITAL REQUEST LIST
(Dollars in Thousands)

	<u>Urbana</u>	<u>Chicago</u>	<u>Springfield</u>	<u>Total</u>
I. Repair and Renovation				
A. Repair and Renovation	\$33,600	\$24,000	\$2,400	\$60,000
 II. Innovation and Workforce Development				
A. Math/Statistics/Data Science Collaborative Facility (Altgeld/Illini Hall renovation)	43,000			43,000
B. School of Art & Design Thinking and Learning Addition	64,860			64,860
C. Animal Nutrition Feed Processing Research Facility	14,000			14,000
D. Advanced Engineering Facility		86,000		86,000
E. Advanced Pharmaceutical and Innovation Institute		150,000		150,000
 III. Library Renovations				
A. Campus Library Upgrades	54,050	55,000	58,200	167,250
Total Request	\$209,510	\$315,000	\$60,600	\$585,110
 IV. Legacy Appropriations				
A. Advanced Chemical Technology Building		\$67,200		\$67,200