Approved by the Board of Trustees

November 16, 2023

**07**

#  Board Meeting November 16, 2023

ROLL CALL

## APPROVE REQUESTS FOR OPERATING AND CAPITAL APPROPRIATIONS, FISCAL YEAR 2025

**Action:** Approve Fiscal Year 2025 Operating and Capital Budget Requests

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

 Each fall, the University of Illinois System submits to the Illinois Board of Higher Education (IBHE) requests for incremental operating funds and new capital appropriations from the State of Illinois for the upcoming fiscal year commencing July 1. This item seeks the Board’s approval for the Fiscal Year 2025 (FY2025) appropriation requests. The accompanying tables summarize the major elements of the requests, and the document “Fiscal Year 2025 Budget Request for Operating and Capital Funds” provides a more detailed background and description.

 For FY2025, the System seeks an 11.9 percent ($82.7 million) increment to the current State appropriations of $697.8 million. The additional funding includes $79.1 million in support of academic operations to allow the three System universities to enhance their academic excellence, improve student outcomes, and continue providing world-class education to Illinois students to prepare the next generation of leaders who will support the state’s economic development.

 The incremental funding request for FY2025 will allow the System to expand its support for the Illinois economy and its citizens by increasing the pool of highly trained professional workforce and grow the state’s infrastructure for life-changing innovations. Consistent with the System’s Guiding Principles and strategic priorities, the FY2025 appropriation request includes incremental funding for academic operations to:

* + Improve student success with investments in bridge programs, mental health programs, undergraduate financial aid, and other wraparound services to help close equity gaps;
	+ Enhance academic excellence by recruiting additional faculty to meet growing enrollment demands and provide competitive compensation for faculty and staff;
	+ Partially offset inflationary cost increases; and
	+ Support investments in technology/cybersecurity infrastructure.

 In addition to the funding for academic operations, the System is requesting incremental funding to support the Prairie Research Institute (PRI). In 2008, the legislature created the PRI by the University of Illinois Scientific Surveys Act (110 ILCS 425/) that brought together the five state scientific surveys under a single research environment at the University of Illinois. The Act includes core mandates calling on PRI to perform specific roles and tasks related to the stewardship of natural and cultural resources. Since transferring to the University, PRI funding has been reduced and is still required to provide statutory services to the state. Incremental funding of $1.8 million is requested to support PRI operations, and an additional $1.8 million is requested to establish the new Illinois Integrated Water Information Center proposed by the State Water Plan Task Force to be established at the PRI.

 The Fiscal Year 2025 capital budget request, as displayed in Table 2, identifies the system’s most crucial and strategic capital development priorities. The total supplemental and new capital request of $851.9 million is consistent with the System’s long-term capital plan. It will enhance the innovation ecosystem at the three universities and support our academic and healthcare initiatives.

 Due to significant cost escalation for current appropriated projects, our first priority is to obtain $90.0 million in supplemental appropriations for those projects. However, it is important to recognize the continuing need for preserving and enhancing facilities already in place at the universities and supporting critically important new initiatives. Overall, the capital request underscores the importance the U of I System places on maintaining and extending the institution’s physical infrastructure for academic programs.

 Together, the operating and capital requests reflect the System’s highest priority budget needs, focusing on our education, research, public service, and economic development missions.

 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 and vice president for academic affairs and the vice president/chief financial officer and comptroller recommend approval.

 The president of the University of Illinois System concurs.

Table 1

FY 2025 Operating Budget Request

(Dollars in Thousands)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **FY 2024 General Funds Appropriation** |   |   |   | **$697,773.3**  |
|  |
| **Requested Increase in Academic Operating Budget** |
| **I.** | **Student Success** | $15,034.6 |  |
|  | Health, Wellness, Bridge Programs, Resident Undergraduate Financial Assistance, Improving Retention and Graduation Rates |  |
| **II.** | **Enhancing Academic Excellence** | $46,348.9 |  |
|  | Faculty and Staff Recruitment, Retention, and Compensation |  |
| **III.** | **Inflationary Cost Increases** | $13,933.5 |  |
|  | Utility Cost Increases and General Price Increases |  |
| **IV.** | **Technology/Cyber Security Infrastructure** | $3,750.0 |  |
| **Subtotal Academic Operating Increase** | **$79,067.0** |
| *% increase in state general funds appropriation* | *11.3%* |
|  |
| **Addendum - Other State Supported Operations** |
|  | **I.** | **Prairie Research Institute** | $3,620.8 |  |
| **Total Increase Including Addendum** | **$82,687.8**  |
|  |
| **FY 2025 General Funds Appropriation Request Including Addendum** | **$780,461.1** |
| *% increase in state general funds appropriation including addendum* | *11.9%* |

Table 2

FY 2025 Capital Budget Request

(Dollars in Thousands)

**Request for Current Capital UIUC UIC UIS** **System Total**

**I. Cost Escalation for FY2020 Appropriated Projects**

A. Altgeld Hall/Illini Hall 40,000 40,000

 B. Computer Design Research Learning 7,000 7,000

 C. Library Commons 8,000 8,000

 D. Discovery Partners Institute Facility 35,000 35,000

 **Total Cost Escalation $40,000 $7,000 $8,000 $35,000 $90,000**

**Request for New Capital**

**I. Repair and Renovation**

A. Repair and Renovation $145,500 $107,700 $9,200 $262,400

**II. Innovation and Workforce Development**

 A. Art & Design Renovation/Addition 111,000 111,000

 B. College of Business Administration Bldg. 84,500 84,500

 C. Brookens Building Remodel 57,000 57,000

**III. Hospital and Health Sciences**

1. Rural Health Sciences Building Rockford 80,000 80,000

**IV. Library Renovations and Upgrades**

1. Library/Digital Learning Center Upgrades 60,000 107,000 167,000

 **Total New Capital $316,500 $379,200 $66,200 $0 $761,900**

**Total Cost Escalation and New Capital $356,500 $386,200 $74,200 $35,000 $851,900**