

Board Meeting
September 14, 2012

ROLL CALL

APPROVE OPERATING BUDGET FOR FISCAL YEAR 2013

Action: Approve Operating Budget for Fiscal Year 2013

Funding: All Sources (State, Auxiliary, Federal, etc.)

The Vice President/Chief Financial Officer and Comptroller recommends approval of the University's Fiscal Year (FY) 2013 operating budget, covering the allocation of estimated operating income from all sources. This recommendation follows the Board's adoption of a preliminary FY 2013 operating budget at the May 2012 meeting. The recommended \$4.4 billion operating budget, before recognition of the value of payments on behalf, represents a \$40.1 million (2.0 percent) increase in unrestricted funds, a \$115.6 million (5.1 percent) increase in restricted funds, and a \$155.6 million (3.7 percent) increase in all operating funds from FY 2012. The recommended \$5.4 billion operating budget, inclusive of the value of payments on behalf, represents a \$40.1 million (2.0 percent) increase in unrestricted funds, a \$115.6 million (5.1 percent) increase in restricted funds, a \$227.6 million (28.7 percent) increase in payments on behalf, and a \$383.3 million (7.6 percent) increase in all operating fund from FY 2012.

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/Chief Financial Officer and Comptroller 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 vice presidents/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 *Budget Summary for Operations* for FY 2013 (the BSO, or "Orange Book"), and presents all University-level budget amounts by source of funds and object of expenditure.

The BSO executive summary is divided into two major sections. The section titled "University Revenue Budget FY 2013" defines the sources of University operating revenue for FY 2013, details the budget by those revenue sources, and analyzes the change in revenue from FY 2012 to FY 2013. The section titled "University Expense Budget FY 2013" defines and details the budget by expenditure category. Detailed campus budget schedules follow the executive summary and provide budget year and prior year revenue and expense information:

- Schedule A: Details campus-level revenue by fund source (e.g., State, institutional, gift/endowment, etc.) and expense by fund type and function (e.g., instruction, research, student aid, etc.).
- Schedule B: Provides budgeted expenditures by college-level organization in the following categories: State; Institutional; Self-Supporting; and Gifts, Grants and Contracts.
- Schedule C: Lists budgeted expenditures by college-level organization and function (for budget year only).
- Schedule D: Provides department-level detail of State and institutional fund budgeted expenditures and presents a more detailed breakdown of college-level restricted fund expenditures than is available in Schedule B.

Schedule A, Schedule B, and Schedule C are campus-level schedules (one of each per campus) whereas Schedule D is college-level and each campus has multiple Schedule Ds.

Three appendices follow the campus budget tables; the first provides critical dates in the budget process; the second provides the delegation of authority for specified budgetary transactions, and the required Board reporting of budgetary activities; and the third provides a glossary of terms.

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.