

Board Meeting  
September 7, 2006

## ROLL CALL

### REQUESTS FOR NEW OPERATING AND CAPITAL APPROPRIATIONS FISCAL YEAR 2008

**Action:** Approve FY 2008 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 for the fiscal year commencing July 1, 2007, are presented herewith for action by the Board of Trustees. Following Board action, the budget request will be submitted to the Illinois Board of Higher Education for review. The accompanying tables summarize the major elements of each request. The document, Fiscal Year 2008 Budget Request for Operating and Capital Funds, provides detailed descriptions of each program and project included in the request.

The Fiscal Year 2008 Operating Budget Request is outlined in Table 1. The University is requesting \$101.0 million in new funds, an increase of 8.06 percent above the current year budget. The FY 2008 request focuses on strengthening academic quality, addressing facility operations needs, and meeting cost increases. The academic quality initiative is comprised of a salary program for faculty and staff and key strategic initiatives developed by each campus. The strategic initiatives include establishment of

new interdisciplinary activities at the Chicago campus, an Experiential and Service Learning Institute at the Springfield campus, and strengthening undergraduate education and interdisciplinary research at Urbana. The FY 2008 request also seeks support for facilities maintenance resources as well as meeting cost increases in areas such as utilities, libraries, and information technology.

Table 2 identifies in priority order the ten projects that comprise the FY 2008 Capital Budget Request. These projects represent a total investment of \$261.9 million for improvements to the University's existing facilities as well as critical new space needs. Remodeling and renovation projects comprise a large part of the total funds requested with the highest priority given to repair and renovation projects at the three campuses. In addition, the next highest priority is the deferred maintenance request. Both items clearly emphasize the importance the University places on maintenance and upkeep of facilities, highlighting the need to adequately fund multiple aspects of the facility plant assets.

The operating and capital requests summarized here reflect the University's highest priority budget needs, focusing on the University's mission of instruction, research, public service, and economic development. Both funding requests are consistent with the preliminary requests presented to the Board in July.

The University's operating and capital budget requests for FY 2008 have been prepared by the President, Chancellors, and Vice Presidents with consultation from the Academic Affairs Management Team and the University Policy Council.

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 Vice President for Academic Affairs recommends approval.

The President of the University concurs.

**Table 1**  
**FY 2008 Operating Budget Request**  
**(Dollars in Thousands)**

<b>I. Strengthen Academic Quality</b>			<b>\$ 70,132.2</b>
A. Compensation Improvements		\$ 41,332.2	
1. Salary Improvements - 4%	\$ 36,739.7		
2. Recruitment, Retention & Compression - 0.5%	4,592.5		
B. Campus Strategic Initiatives		\$ 28,800.0	
1. UIC	\$ 13,000.0		
2. UIS	1,900.0		
3. UIUC	13,900.0		
<b>II. Address Facility Operations Needs</b>			<b>\$ 6,290.1</b>
A. O & M New Areas		\$ 1,290.1	
1. Urbana-Champaign Projects	\$ 1,290.1		
B. Facility Maintenance Support		\$ 5,000.0	
1. Facility Maintenance Support	\$ 5,000.0		
<b>III. Meet Inflationary and Other Cost Increases</b>			<b>\$24,573.4</b>
A. Payroll Cost Increases		\$ 2,200.0	
1. Medicare	\$ 800.0		
2. Workers' Compensation	1,150.0		
3. Legal Liability	250.0		
B. Cost Increases		\$ 22,373.4	
1. General Price Increases - 2%	\$ 3,367.7		
2. Utilities Price Increases - 17.5%	13,861.0		
3. Library Price Increases - 10%	2,144.7		
4. IT Infrastructure Costs	3,000.0		
<b>Total Request</b>			<b>\$ 100,995.7</b>
<b>IV. Statewide Program (FSI)</b>		\$ 21.9	
<b>V. Medical Professional Liability Insurance</b>		\$ 12,000.0	
<b>VI. Statewide Economic Development (Technology Commercialization)</b>		\$ 3,000.0	

**Table 2**  
**FY 2008 Capital Budget Request**  
**(Dollars in Thousands)**

**State Funding Priority Order**

<u>Priority</u>	<u>Project</u>	<u>Chicago</u>	<u>Springfield</u>	<u>Urbana</u>	<u>Tota</u>	<u>Cumulative</u>
1	Repair and Renovation	8,331.8	687.4	12,450.8	21,470.0	21,470.0
2	Deferred Maintenance	8,000.0	125.0	12,000.0	20,125.0	41,595.0
3	Lincoln Hall Remodeling			53,100.0	53,100.0	94,695.0
4	College of Medicine Rockford	14,250.0			14,250.0	108,945.0
5	Dentistry Modernization/Code Compliance	20,000.0			20,000.0	128,945.0
6	South Farms Realignment <sup>1</sup>			43,000.0	43,000.0	171,945.0
7	Advanced Chemical Technologies Inflation <sup>2</sup>	20,000.0			20,000.0	191,945.0
8	Electrical and Computer Engineering Bldg <sup>3</sup>			42,000.0	42,000.0	233,945.0
9	Brookens Library Renovation		8,000.0		8,000.0	241,945.0
10	Medical Sciences Building Modernization	20,000.0			20,000.0	261,945.0
		<u>90,581.8</u>	<u>8,812.4</u>	<u>162,550.8</u>	<u>261,945.0</u>	

1

\$43.0 M includes funding for three facilities: 1) Bioprocessing Research Laboratory (\$18.0 M); 2) Swine Biogenetic and Biomedical Research Laboratory (\$15 M); and 3) Feedmill (\$10 M). In June 2006, CDB released \$1.9 M for planning for the Bioprocessing Research Laboratory; construction funding of \$18 M is still needed for the Lab. For FY 2008, additional funding of \$25 M is requested for the Swine Lab and the Feedmill projects. The Bioprocessing Research Laboratory was submitted in response to a request from the Governor for Economic Development projects.

2

\$64 M was appropriated for the ACT project (\$6 M for planning in FY 2002 and \$57.6 M for construction in FY 2003), but the funds have not been released to date. For FY 2008, an additional \$20 M is requested to offset the cost increases that have occurred over the five years the funds have been "frozen" and to enable a full build-out of the facility as originally approved.

3

This project was submitted in response to a request from the Governor for Economic Development projects. In the FY 2008 request, the total project budget for ECE has been increased from \$60 M to \$90 M with \$45 M each to be provided by state and private support (i.e., an additional \$15 M from both state and private sources is needed for the project). Because CDB released \$3M for planning purposes in January 2006, the amount requested is \$42 M.