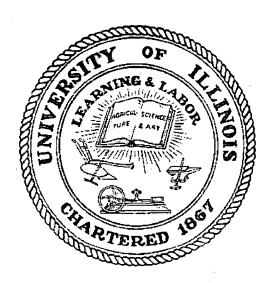
University of Illinois

FY 1998 Budget Request for Operating and Capital Funds



Prepared for Presentation to the Board of Trustees September 11, 1996

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Preface

One of my first acts upon becoming the 15th President of the University of Illinois a year ago was to compose a Preface to the annual budget request document I would present to the Trustees for approval. That task gave me an early opportunity to articulate, in a budget context, the major themes which would underlie my tenure as chief executive officer of one of this nation's strongest educational institutions.

New leaders of institutions with long and distinguished histories face an interesting paradox of perspective at the beginning of their tenure. Buoyed by the energy and excitement of a new office, changes in presidential leadership offer opportunities to reshape institutional priorities, redirect institutional efforts, and revitalize areas where new direction is needed. At the same time, there are strong linkages to past accomplishments, to the quality and excellence built up over generations, and the desire to preserve and extend that excellence is stronger still. The enduring value to the State of an institution of the quality, scope and scale of the University of Illinois is found not so much in the role of a single individual, but in the collective quality and strength of the faculty and students who comprise the core of this world-class educational enterprise. At the beginning of my second year in office, I find that both perspectives are valid.

From the outset it has been clear to me that our role of service to the people of Illinois must expand. The most central activity defining the purpose and mission of the University of Illinois is our role as the State's land-grant institution. Land grant universities were conceived as mechanisms to bring education and research to a broadened base of this nation's populace for the benefit of both individuals and the larger society. Indeed, the creation of land grant universities marks the point at which our mission became a threefold one of teaching, research and service.

The need has never been greater for institutions like ours to reemphasize responsibility for service. This nation's most compelling issues demand expanded involvement of universities – from dealing with problems besetting our cities to strengthening our economic vitality in a global marketplace; from advancing health care for all citizens efficiently to finding mechanisms for meaningful employment for all able to work; from strengthening the effectiveness of elementary and secondary education to advancing the technological innovation which has become the hallmark of this country's research enterprise.

All segments of our University must strengthen ties with the public. A renewed emphasis on service can help restore public trust and confidence and overcome the cynicism which colors the views

of many about higher education today. Through the Great Cities initiative at Chicago, through Partnership Illinois at Urbana-Champaign, and through the public affairs emphasis which infuses the entire curriculum at Springfield, the University has renewed its service orientation. Each of these receives attention in the budget request which follows.

Along with a focus on service, three other objectives will guide the University's development in the future. The University of Illinois must:

- improve the educational experiences and successes of undergraduates;
- improve productivity and management efficiencies at all levels; and
- preserve and extend the academic excellence achieved by those who have gone before us, focusing on the recruitment and retention of top-quality faculty, staff and students who can sustain the University's position as the flagship institution in Illinois public higher education and among the most prominent institutions in the country.

These principles underpin every element of the University's budget request for the coming year. We know, for example, that while our fiscal needs are real and can be sharply defined, the State of Illinois cannot provide the resources to meet them all. For more than a decade the University has met the challenge to redirect existing resources to the areas of highest priority, and we are committed to extending that effort. I am pleased that in the last year we have begun to streamline a number of administrative systems and processes, and that we have begun a major effort to re-engineer some of our most comprehensive University-wide procedures. With the help of consultants we have looked for ways to adopt the best practices both universities and the corporate sector have found effective. As savings accrue from this effort over time, they will be redirected to our most important academic needs, augmenting what the State is able to provide.

For the past three years the Board of Higher Education, the General Assembly, and the Governor have recognized the importance of budget stability in higher education. The IBHE has created a set of fiscally achievable budget recommendations which incorporate additional tax revenue along with modest increases in support from students and their families and which assume that institutions will continue to redirect resources from lower to higher priorities. The General Assembly has adopted the IBHE recommendations in their entirety for three years in succession and the Governor has approved the General Assembly's actions. This combination of State, student, and institutional resources has permitted institutions to plan more effectively and to achieve a measure of fiscal stability not achieved in

the 1980s or early 1990s. As we look to the FY 1998 budget request, we hope this three-year trend will continue.

As has nearly always been the case, providing adequate compensation for faculty and staff is the paramount objective of our FY 1998 request, and nearly one-half of the total incremental resources we seek is devoted to that element. We seek a 4% general salary advance for all faculty and staff, a measure which would permit the University to keep pace with projected inflation rises and make a very modest recovery of the competitive ground lost over the last several years. We have also targeted a significant piece of our academic program funds to provide improved salary competitiveness where our peer comparisons indicate the greatest need.

Cost increase requests are very constrained for FY 1998, and we seek only to meet inflation forecasts, thereby stemming further erosion of the base of support for the goods and services which underpin our instructional and research efforts. We also seek some \$1.6 million to address unavoidable cost increases in payroll-related areas such as meeting federal Medicare mandates and statutory sick leave compensation and Workers' Compensation requirements.

New academic program initiatives comprise a major fraction of the FY 1998 request. Our primary objectives here are to provide additional faculty resources to respond to student enrollment pressures, to continue development of general education components, and to otherwise strengthen the instructional experiences our undergraduates enjoy. We seek to expand or initiate a number of other academic programs in areas ranging from business administration, social work and engineering at Chicago to public affairs at Springfield. We must increase our investment in instructional technology as the computerization of literally every discipline offered within the University continues to accelerate. And as noted earlier, our FY 1998 request seeks additional support for our increased linkages with the State of Illinois.

Finally, our FY1998 request includes a special emphasis on facilities needs. Our operating budget request contains the first of a four-year initiative to provide a regular and reliable source of funds for facilities renovation. An operating budget increment will help us first to restore an adequate level of preventive maintenance to stem the growth in the now significant backlog of deferred maintenance needs at all three campuses. It will permit us as well to adapt existing facilities to new program requirements and to provide an adequate infrastructure to support growing technology applications. Capital budget support for these activities has been uneven in the past and unavailable entirely for the last two years, and it is time to meet facilities renovation needs from both operating and capital budget sources.

Our capital budget priorities focus on major remodeling requirements at all campuses and the need to move ahead with carefully selected new construction measures. Above all else, the stalemate which has stopped all new capital appropriations for the past two years must be broken.

The past year was one of significant change for all higher education in Illinois. Two governing boards were abolished and seven newly-independent universities emerged. The University of Illinois welcomed a third campus, which has responded to its new organizational home with an exciting plan to enrich the academic environment in which it operates. New development opportunities for the area surrounding the University of Illinois at Chicago present exciting challenges for the campus and the City of Chicago. The National Center for Supercomputing Applications at Urbana-Champaign has seen the end of the National Science Foundation's ten-year-old Supercomputer Centers program and is poised to enter the NSF's national competition for the next generation of advanced computational initiatives.

With continued budget stability the University of Illinois can meet the challenges which a changing environment presents. The most critical of those challenges are outlined in the document which follows.

James J. Stukel

President

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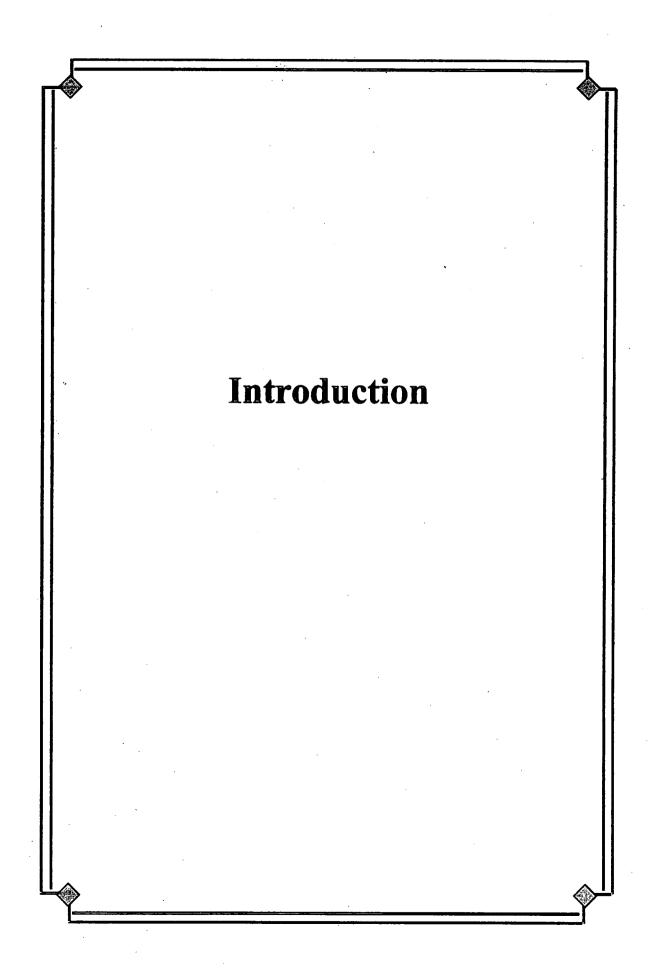
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Introduction

The University of Illinois has enjoyed three successive years of budget stability achieved by the combination of modest tax and tuition revenues and redirection of existing resources from lower to higher priority programs.

For the third consecutive year, the Illinois Board of Higher Education (IBHE) developed FY 1997 budget recommendations for Illinois's colleges and universities which were positive, yet which took cognizance of the State's constrained fiscal circumstances. And for the third year in a row the Governor's budget plan fully incorporated the IBHE recommendations and the General Assembly appropriated sufficient revenue to enact them. As was the case a year ago, the FY 1997 budget for the University of Illinois is characterized by modest but critically important growth in State tax support, general tuition increases approaching the rate of inflation, and significant internal reallocation to augment increases in tax and tuition support.

This effective combination of support from multiple sources has brought budget stability not seen during most of the 1980s and 1990s. That latter period was characterized by State tax support following "peak and valley" cycles in which years of sharp increases, usually when taxes were raised, were followed by years of sharp decline and sometimes outright budget reductions. When general tax support dropped, tuition increased significantly, but could blunt only a portion of the loss of tax revenue. Reallocation of existing resources occurred on largely an ad hoc basis from year to year in response to immediate budget problems.

In the 1990s it has been clear that Illinois is confronted with an array of social and human service funding needs so large that the State cannot meet fully even the most pressing University budget requirements. Whether in children and family services, mental health, corrections, health care, public aid, or elementary/secondary education, the list of fundamentally important but unmet resource needs grows each year, and competition intensifies among agencies with compelling calls for added support.

A Changing Budget Focus

For the University of Illinois the early 1990s brought diminished State tax support with two years of outright reductions in combination with general tuition increases held to the level of inflation. What has changed substantially from the earlier period has been the University's determination to redirect

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The campuses have reviewed their overall academic plans, and in this context, shifted resources from relatively lower priority projects to those of higher priority.

resources internally. In earlier times reallocations might have been made on an ad hoc basis to accommodate declining support, but with the expectation that the next year's funding from the State would improve. Now, however, the University has recognized the importance of adopting long-term budget planning strategies which include redirection of existing resources as an integral component augmenting tax and tuition support. Within the framework of welldeveloped long-range plans, resources have been shifted at each campus from programs of relative lower priority to those of higher priority. The campuses have undertaken a fundamental reexamination of the uses of all existing resources and, perhaps most importantly, have concluded a comprehensive review of their overall academic directions. They have recognized that the danger of attempting to preserve all existing programs and operations in an era of fiscal constraint is that none can maintain the excellence and quality achieved over decades of prudent investment. As the Springfield campus joins the University, it is embarking on a significant academic development plan which will help chart its course within the context of the University of Illinois. This effort will include a resource allocation plan comparable in scope to those now in force for the Chicago and Urbana-Champaign campuses.

A New
Budget
Framework
for the
Balance of
the 1990s

Successive years of modestly improved State tax support plus increases in general tuition revenue have combined with substantial reallocation of existing resources to produce stable budget advances. Benefiting from growth in multiple sources of support, the University has made progress toward meeting its top budget needs. Salary competitiveness has improved, albeit slowly. Academic program advances, particularly in undergraduate education, have been implemented. The University appears to have entered a period of sustainable budget strength.

Yet it is remains clear no single source of support is adequate to meet the full range of key budget needs. The University can likely expect only modest assistance from State tax support and from annual growth in tuition, making it amply evident that redirection of existing resources will be an essential element of its budget planning and success for the foreseeable future. So long as this

combination of budget elements can be sustained, the University can extend the stability achieved since FY 1995.

The single most important source of budget strength remains State tax funds.

At the same time that the University has recognized the importance of addressing budget requirements via multiple sources, it is clearer than ever that the single most important source of budget strength remains State tax funds. State support now represents one-third of the University's total operating budget and, in combination with tuition revenue, represents virtually the entire funding for instructional programs. Even though tuition has absorbed a larger share of the University's total budget over the past decade years, it still requires more than a 3% rise in tuition to equal a 1% rise in State tax support. The University of Illinois cannot sustain, let alone enhance its quality without a firm foundation of annual State support.

FY 1997 Budget Outcomes

For Fiscal Year 1997 this mix of positive improvement in budget sources has produced solid progress on the University's most important funding objectives. Tax support for the University increased for FY 1997, although the growth was below the average increase for the State as a whole. Additional tuition revenues were derived from two sources: general increases for all students, and a set of special-purpose increases from which all income was specifically dedicated to improvement of instructional programs largely at the professional level. In total, the \$34.6 million in incremental appropriated funds provided growth of 4.3%.

As was the case a year ago, significant internal reallocation accompanied this increase in State support. A total of \$12.1 million was redirected, the equivalent of another 1.5% budget increase. The reallocations accomplished in FY 1996 and FY 1997 are outstanding examples of the program advances which are possible when incremental tax and tuition revenues are coupled with significant internal reallocation.

For the third consecutive year, reallocated funds were added in largest measure to help address the serious competitive salary gap facing faculty and staff at all three campuses. While final data for peer institutions won't be available for several months, projections indicate that competitive gains have been achieved for both

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faculty and staff. Academic program support was targeted to the addition of class sections in areas of high student demand; to technology improvements, especially in access to computers for students and staff; and to expanded minority fellowship support. Additional resources were required to meet unavoidable cost increases in Medicare and employee sick leave payments, and inflationary rises in utilities and library prices were addressed. Additional funds were also made available to open new facilities in Chicago and Urbana-Champaign.

Budget Trends in Perspective: Tax Support

The following charts and graphs illustrate the changes in funding which the University has experienced in the recent past. Funding improvements for the State's educational systems at all levels has frequently been cited as among the State's highest budget priorities, and budget needs for education have played a central role in the justification for recent tax increases. A closer examination of actual State tax appropriations, however, reveals that education's share of the State budget today is well below its position prior to the income tax increase of 1989-1990. Table 1 illustrates that budget shares for both elementary/secondary and higher education have dropped substantially since that increase was enacted, today resting at levels below those prior to the tax increase.

Table 1
State of Illinois General Tax Appropriations
(Percent Share of the Total)

	Elementary/	Higher	DCFS, Mental Hlth.		All
Year	Secondary	Education	& Corrections	Public Aid	Other
1980	28.8 %	12.9 %	10.7 %	33.8 %	13.7 %
1989	24.9	12.0	12.3	31.5	19.3
1990	26.7	13.1	12.9	30.7	16.6
1991	25.8	12.9	13.8	31.5	16.0
1992	24.4	11.9	13.8	33,1	16.8
1993	24.7	11.8	14.7	33.1	15.7
1994	24.3	11.5	16.0	33.5	14.7
1995	23.6	11.2	15.9	35.4	13.9
1996	23.5	11.2	18.8	33.1	13.4
1997	24.3	11.4	18.9	31.1	14.3

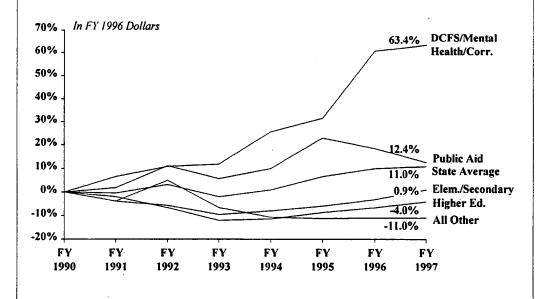
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While faring
better than most
State agencies,
higher education
tax appropriation
increases have
lagged those of
the major social
and human services
since FY 1990,
after accounting
for inflation.

During the same period budget shares for other human or social services have risen sharply. Just prior to the 1989-1990 tax increase, the State invested almost identical shares of its budget in higher education (13.1%) and the combined set of major human service agencies which includes children and family services, mental health, and corrections (12.9%). By FY 1997 that relationship had changed dramatically. The three human service agencies together have climbed to a share of 18.9%, growth of nearly 50%, while higher education has fallen to 11.4%, a decline of about 13%.

Changes in tax support among State agencies are further demonstrated by the trends shown in Figure 1, which illustrates tax funding shifts for State agencies since FY 1990 after appropriations are adjusted for inflation. Elementary/secondary and higher education support has exceeded that for most State agencies, which as a group, have seen the real value of their appropriations decline by more than 12%. Yet higher education and elementary/secondary education have also endured budgets which have been eroded by inflation with higher education declining by 4.0% against inflation since FY 1990 while elementary/secondary has finally regained some ground after six years of averaging less than 1% growth.

Figure 1
State Tax Appropriations Changes by Agency



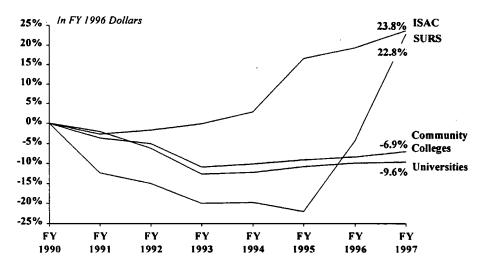
During this same time, budget advances for public aid have grown by over 12% in real dollar support, driven upward by significant growth in funds required for the Medicaid program. Fiscal needs of children and family services, mental health and corrections have seen budgets for those agencies soar by more than 60% even after accounting for inflation.

Within the higher education budget, appropriations for ISAC and SURS have captured most of the increased funding since FY 1990 after accounting for inflation.

Tax support has varied dramatically within the components of the higher education budget as well. Figure 2 displays changes in tax support among the four largest segments of the higher education budget, universities, community colleges, the Illinois Student Assistance Commission (ISAC), and the State Universities Retirement System (SURS), again adjusted for inflation. The sharp growth in ISAC support is clearly evident, driven upward by changes in the maximum award which students can receive, an ever-expanding cadre of students seeking financial assistance, and tuition and fee increases in public and private universities and community colleges. Mandated entitlement programs such as the Illinois Veteran's Scholarship Program have also contributed to the sharp rise in ISAC funding.

Figure 2

Cumulative Change in State Tax Appropriations
by Higher Education Sector



Yet as strong a trend as ISAC has shown, the most significant factor highlighted in Figure 2 is the dramatic growth experienced in SURS funding between FY 1995 and FY 1997. Responding to new legislation setting out a 50-year plan to bring SURS support in line with its obligations to employees who are or will retire from the State's public colleges and universities, SURS received almost one-third of all new tax funds made available to higher education this year.

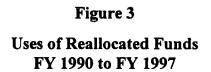
The growth rate in SURS support will continue to be significant for the next 15 years, after which it reaches a plateau, as the General Assembly and Governor follow the legislative mandate to correct past years of serious underfunding of state pension systems. While absolutely essential, this mandated growth in SURS support will further constrict the funding available for other segments of the higher education budget.

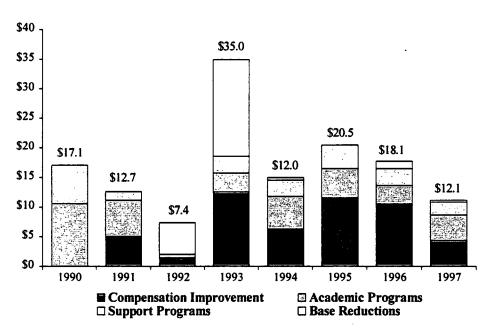
Budget Trends in Perspective: Reallocation

As has already been emphasized, the University responded to its decline in budget share primarily through a comprehensive review of academic and support programs and priorities, and a corresponding reallocation of existing funds. Since FY 1990 almost \$138 million in existing resources have been redirected to high priority academic programs or returned outright to the State via budget cuts.

Figure 3 illustrates the size of the reallocations accomplished annually since FY 1990 and identifies the principal uses of reallocations each year. Given the University's paramount need to address faculty and staff salary competitiveness, it is not surprising that compensation needs have claimed the largest single share of reallocated accomplishments. More than one-third of the total reallocation achieved since FY 1990 has been devoted to this requirement. Another 17% has been required for outright budget reductions, while the balance has been divided among academic and support programs (including covering unavoidable cost increases in areas such as Medicare payments to the federal government and statutory sick leave payments to employees leaving University service).

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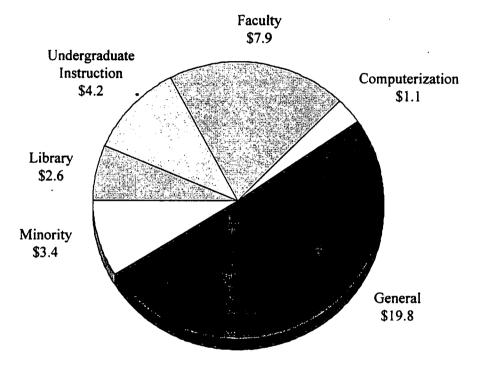




Resources have been redirected to augment salary increases, academic and support programs. Among academic program reallocations, those for general instruction have received more than half of the redirected funds. The campuses have sought to add new sections of courses facing significant enrollment pressures or created new initiatives such as the Discovery Program at Urbana-Champaign which brings senior faculty and new freshmen together in small class settings early in the students' programs. Faculty recruitment and retention efforts have captured another 6% of the reallocation pool, including special salary initiatives, laboratory remodeling and upgrades, equipment purchases, and so on. As reflected in Figure 4, library initiatives and minority student recruitment and retention efforts round out the major categories of program reallocations.

Figure 4

Reallocation for Academic Programs
FY 1990 to FY 1997

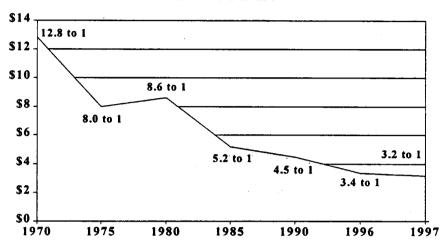


Budget
Trends in
Perspective:
Tuition

Since FY 1980 tuition revenue has become a much more visible component of the University's total appropriated funds budget as students and their families have been asked to share the burden of offsetting declining State support. For the decade of the 1990s, however, general tuition increases remains at approximately the level of economic inflation. During the same period the University has trimmed budgets internally by more than \$2.00 for every \$1.00 generated through additional tuition increases.

As illustrated in Figure 5, twenty-five years ago the University received just over \$12.00 in State tax support for each \$1.00 in tuition revenue it collected from students. Today, that figure has dropped to approximately \$3.00.

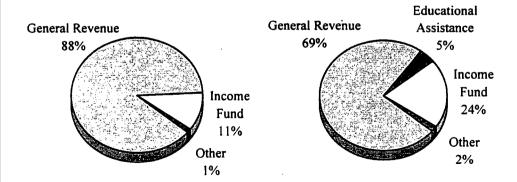
Figure 5
State Support Per Tuition Dollar
FY 1970 to FY 1997



It requires a 3.6% tuition increase to make up for the loss of 1% in State tax resources.

Despite this shift in support, the University of Illinois remains heavily dependent upon State tax resources. While general State taxes comprised 87.5% of the University's appropriated funds budget in FY 1980, the fraction has declined to 74% for the current year (General Revenue plus Education Assistance Funds). During the same period the budget share from tuition revenue has more than doubled from 11% to 24%, as shown in Figure 6. Nevertheless it still requires a 3.6% tuition increase to make up for the loss of 1% in State tax resources.

Figure 6
Sources of Appropriated Funds FY 1980 to FY 1997



Summary of the FY 1998 Budget Request

The University's FY 1998 operating budget request includes three broad categories. First is a modest "continuing components" section which includes salary and cost increases, funds to meet unavoidable cost increases related to mandatory payroll items, and additional resources to operate and maintain new facilities. A second section of the request identifies an ambitious set of academic program initiatives which would enhance instructional efforts, increase the availability and application of technology for students and faculty, improve faculty salary competitiveness, and recover recent losses in library support.

Achieving competitive salaries for faculty and staff remains the University's paramount budget objective. New resources devoted to salary issues comprise almost one-half of the entire FY 1998 budget request.

A final section concerns a new initiative to provide a sustainable source of support for facilities renovation needs. Achieving competitive salaries for faculty and staff remains the University's paramount budget objective.

Continuing internal reallocation efforts along with steady State support over the past three years have combined to yield discernible improvement in salary competitiveness for both faculty and staff. For FY 1998 a 4% increase is sought for employee salary increases, an amount which would match the projected rise in inflation and permit continued modest improvement in competitiveness. It is likely that additional reallocation would accompany this incremental advance. In addition, two academic program initiatives would add resources to address both faculty and staff competitiveness concerns. In total, new resources devoted to salary issues comprise almost one-half of the entire FY 1998 budget request.

Price increase requests are set at levels to meet projected inflationary rises for goods and services, and to meet estimated growth in mandatory payroll-related areas such as Medicare and Workers' Compensation. No attempt is made in these areas to address the impact of more than half a decade without attention to the erosion which inflation, even at low annual levels, exacts on the University's academic support base when its effects cumulate.

Finally, the "continuing components" include a relatively small increment to support operations and maintenance costs associated with newly constructed or significantly remodeled space. In total, if fully funded these budget advances for

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Retaining key
faculty is a major
program goal,
along with
increasing the
number of faculty
to respond to
enrollment needs.

continuing components represent a budget increase slightly above 4% - a very modest advance.

Academic program initiatives encompass seven themes, many of which center on bolstering the University's ability to preserve and extend the lifeblood of all major academic enterprises: its faculty. Additional faculty positions are sought to enable each campus to respond to enrollment pressures, adding new courses or new sections of existing courses. Extending the availability of computers and other instructional equipment and supporting new efforts to apply computing technology to all areas of instructional activity also receives significant attention, as does the need to begin to recover lost capacity in library materials in both print and electronic forms. And as emphasized by President Stukel in his Preface to this document, support is sought for additional endeavors which would expand the University's role in service to the people of Illinois.

Support for facilities renovation needs a stable, secure place in the Operating Budget.

The FY 1998 request also initiates a request to shift support for facilities renovation from the uneven and uncertain status in the capital budget to a more stable, secure place in the operating budget. A growing backlog of deferred maintenance projects combined with the need to address normal deterioration in building systems and the need for functional alteration of space as academic programs change and the pace of technological progress grows more rapid annually make it critical that a reliable source of funds is available. Several Illinois institutions have elevated this concern near the top of their priorities and the University of Illinois joins in the call to begin to address this need in the operating budget.

Finally, the operating budget includes an appendix describing developments affecting the National Center for Supercomputing Applications at Urbana-Champaign, one of this institution's landmark examples of world-class research providing strong economic development returns to the State of Illinois. The National Science Foundation is closing out a decade of supercomputer center support, replacing it with a new initiative called the Partnership for Advanced

Introduction

Continuing the combination of solid tax support, moderate tuition increases and steady self-help will sustain the budget progress achieved over the past three years.

Computational Infrastructure, for which NCSA should be strongly competitive for increased federal funding. To be fully competitive for this initiative, the

University will need the cooperation and increased financial participation of the State of Illinois, and the Governor has been encouraging about his willingness to recommend an additional fiscal commitment to NCSA if it is selected to participate in the new NSF venture.

The full FY 1998 operating budget request is outlined in Table 2 which follows.

Table 2 FY 1998 Operating Budget Request

I.	Continuing Components % of FY 1997 Base *			\$33,735.7 4.02%
	A. Salary Improvements - 4.0%		24,666.9	
	B. Other Payroll Costs		1,620.3	
	1. Medicare	300.0		
	2. Sick Leave	726.4		
	3. Workers' Compensation	593.9		
	C. Price Increases		. 6,453.2	
	1. General Price Increases - 3.0%	3,377.9		
	2. Utilities Price Increase - 4.0%	1,872.6		
	3. Library Price Increase - 10.0%	1,202.7		
	D. O & M New Areas		995.3	
	1. Chicago Projects	406.2		
•	2. Urbana Projects	589.1		
II.	Academic Program Initiatives **			\$18,445.0
	A. Strengthening the Academic Base	6,156.3		4-1,
	B. Investing in Instructional Technology	3,047.8		;
	C. Retaining Critical Faculty	4,800.0		
	D. Library Improvement	2,041.0		
	E. Multicultural Research and Diversity	1,000.0		
	F. Strengthening Links to the State	1,100.0		
	G. Staff Salary Augmentation	300.0		
m.	Facilities Renovation Support			\$6,430.0
	Total Request			\$58,610.7
	% of FY 1997 Base *			6.98%

All numbers are dollars in thousands.

FY 1997 Base: \$839,393.0

^{**} See Appendix 2 for discussion of a \$4 million funding request for the National Center for Supercomputing

Operating Budget Request for FY 1998

Continuing Components

Salary and Benefit Increases (\$24,666,900)

Overview

As a national leader, the University must remain competitive in its ability to attract and retain top-quality faculty, staff and students.

The overall quality of the University of Illinois, as measured by numerous academic assessments, places it among the nation's top institutions of higher education. As a national leader, the University faces a dual dilemma: to sustain its national standing it must remain competitive in its ability to attract and retain top-quality faculty, staff and students. Yet that same national prominence marks the University of Illinois as a prime target for other institutions seeking to enhance their own quality through recruitment of new faculty members. Even in constrained fiscal times there is an active market for recruiting top-flight faculty.

To avoid diminishing quality, the University of Illinois must retain talented faculty and staff; vying in a national marketplace, it must attract the best-qualified candidates to fill new or vacated positions; and at the same time, it must increase the productivity and morale of current employees. The University's compensation levels are the primary, though not exclusive, mechanism which affects the ability to attract and retain personnel at all levels. Cash salaries are the dominant, though again not the sole, component of compensation.

In FY 1997 the University received a salary increment of 3.0%, the third consecutive year in which the increment matched inflation projections. The strong State budget in concert with internal reallocation enabled the University to provide a competitive salary program for the third consecutive year. However, during the lean years between FY 1991 and FY 1994, the University's annual salary increment averaged less than 1%. At the same time, inflation grew by more than 3% while the University's primary competitors averaged 4% salary growth in each year. Consequently, the University's competitive position plummeted.

Last year internal reallocation combined with increased State funding enabled the University to improve its competitive position for the first time in four years.

Faculty salary concerns have become paramount for the Urbana-Champaign campus.

When inadequate incremental funding threatens the University's competitive position, generating additional support for faculty and staff salaries through internal reallocation of resources becomes a high priority. For several years the University has reallocated funds to support salary actions. Last year internal reallocation combined with increased State funding enabled the University to improve its competitive position for the first time in four years; and, this year it again complimented strong State funding allowing the University to make further improvements. Progress was made toward strengthening faculty salaries and elevating the competitive standing of each campus relative to its peers. The competitiveness of staff salaries also improved significantly vis-à-vis their State employee counterparts.

While comparative data are not yet available for the current year, actions taken by the University also hold promise for improving competitiveness. Funds derived through internal reallocation again augmented the 3% salary increment from the State. Modest but steady progress in faculty and staff salary competitiveness is anticipated.

As discussed in greater detail below, faculty salary standing is a concern throughout the University. Two campuses, Chicago and Springfield, have barely achieved competitive rankings at the medians of their peer groups. A median ranking is not sufficient for the quality achieved at the University of Illinois. Furthermore, the composition of the peer group for the Springfield campus reflects neither the nature nor the quality of that institution in the context of its standing within the University of Illinois.

The salary standing of the Urbana-Champaign campus has deteriorated alarmingly in prior years, to the point at which its competitiveness has become a critical concern. The improvements achieved since FY 1994 and expected in FY 1997 are positive and encouraging, but considerable ground must be made up simply to elevate UIUC to the mid-point of its peer group. Faculty salary concerns have become paramount for the Urbana-Champaign campus. Recovering competitiveness for UIUC and sustaining and improving it for UIC and UIS must be the University's top priority for the coming year.

To assess the University's competitive standing among its peers, numerous salary analyses are performed annually. Due to the varied nature of the University workforce, separate analyses are performed for academic employees and staff. Salaries for academic employees are assessed through comparisons with peer institutions, while staff salary comparisons are made with employee groups in the State and regional markets. The discussion which follows provides background information concerning the University's competitive position.

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Faculty Salaries

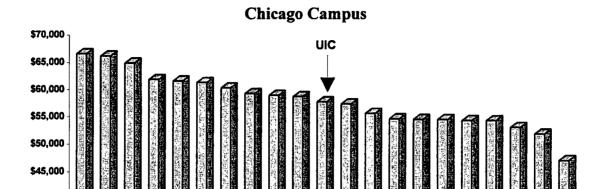
Salaries for faculty at UIUC rank near the bottom among its comparison group.

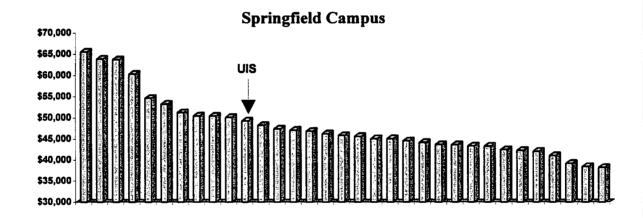
As explained in the introduction to this section, it is imperative that the University achieve salary competitiveness among its peers. To assess Illinois' competitive standing within the national market for faculty salaries, groups of peer institutions were established by the Illinois Board of Higher Education (IBHE) in 1985. Through a complex statistical process, 1,534 senior institutions were divided into 41 peer groups based upon similar characteristics, including enrollment levels, types and numbers of degrees conferred, funding levels, and detailed faculty characteristics. With the merger of Sangamon State University and the University of Illinois, the current peer group for the Springfield campus is no longer appropriate. However, this peer group will be used until a new peer group more suitable to Springfield's evolving academic mission is established.

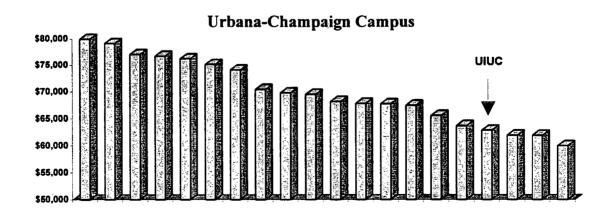
The competitive standing of each campus indicates how well faculty salaries have fared relative to their peers in the IBHE comparison group. FY 1996 found faculty salaries at UIC ranked near the middle of its peer group and at UIS moderately above the middle. Figure 7 illustrates UIC's and UIS's intermediate competitive position relative to their IBHE comparison groups.

Ranked with the nation's most competitive institutions, budget reductions and inadequate incremental funding in prior years brought severe faculty salary decay at UIUC. Strong budgets in FY 1995 and FY 1996 halted the decay and some progress towards restoring faculty salaries was made; similar improvement is expected this year. Still, faculty salaries at UIUC remain dangerously uncompetitive, and Figure 7 illustrates UIUC's weak competitive position.

Figure 7
FY 1996 Competitive Standing among Peers







The weighted median salary of each comparison group also serves as a benchmark to assess competitiveness within the national market. Figure 8 displays the weighted average faculty salaries at each campus as a percentage of the median salary of each peer group. Except for FY 1994, salaries for faculty at UIS have been at or above its IBHE peer group median. Again, however, the UIS peer group will need significant revision to reflect its new standing within the University of Illinois.

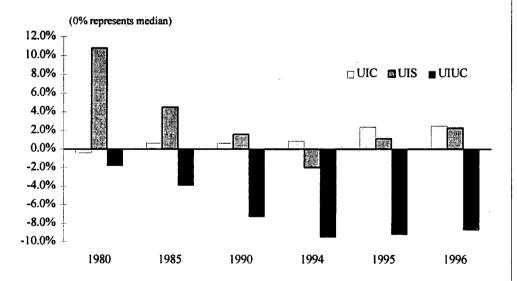
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Faculty salaries at both UIC and UIUC were slightly below their comparison group medians in FY 1980. In FY 1985 faculty salaries at UIC become more competitive compared to its IBHE peer group, rising slightly above the group median and remaining above the median in FY 1996. Up to FY 1994, faculty salaries at UIUC steadily deteriorated compared to its peer group, showing slight but steady improvements since FY 1994.

Figure 8

Distance from IBHE Peer Group Median
UIC, UIS and UIUC



Current projections indicate that the University will continue modest salary improvements in FY 1997. The budget passed by the General Assembly and approved by the Governor provides 3.0% in incremental funding for faculty and

The decline
of salary
competitiveness
for full professors
at UIUC and the
slight progress
made since
FY 1994 follows
the trends for
faculty salaries
as a whole for
the campus.

staff salary increases. In comparison, inflation increases are projected near 3.5% and the University's top competitors are expected to average over 4% for faculty salary increases. The University will again redirect existing funds to augment the State increment, aiming first to avoid any loss of the competitive gain achieved in FY 1995 and FY 1996, and then to continue its improvement.

Greatly concerned by the steady erosion of faculty salary competitiveness among its IBHE peer group, senior officials at the Urbana-Champaign campus last year completed further analytical work on the salary data summarized in the IBHE study for the fiscal years 1980 to 1994. They examined changes in salary standing of UIUC faculty by academic rank, focusing upon the marketplace for full professors (the senior strength of the faculty) and assistant professors (the "new blood" most likely to sustain an institution's academic quality in the future). The results of this more detailed examination of the IBHE peer group situation plus current year data are displayed in Table 3.

Table 3 illustrates the decline of salary competitiveness for full professors at UIUC and the slight progress made since FY 1994. In general it follows the trends for faculty salaries as a whole for the campus, moving from a somewhat intermediate ranking in FY 1980 to a near rock-bottom ranking in FY 1994. More alarmingly, the trends evident for assistant professors in Table 3 show an even more precipitous decline followed by a moderate advancement. UIUC assistant professors have dropped from the top tier rankings in FY 1980 to the lower tier in FY 1994. FY 1996 finds professors salaries up one ranking at 19 out of 21 institutions and assistant professors up four rankings at 15 out of 21.

Table 3

Ranked Salaries among the IBHE Comparison Group for Urbana-Champaign

		F	ull Pr	ofessors						
1980)	1990 1994					1996			
Columbia	\$ 38.2	Yale	\$ 77.5	Yale	s	92.8	Yale	s	100.5	
Yale	36.6	Penn	73.3	Chicago		89.4	NYU		96.8	
Johns Hopkins	35.9	Chicago	72.5	NYU		88.7	Penn		96.5	
CalifBerkeley	35.8	CalifBerkeley	72.4	Columbia		88.2	Chicago		96.5	
Penn	35.4	Columbia	71.6	Penn -		88. l	Columbia		93.0	
Chicago	35.2	NYU	71.2	Northwestern		86.0	Northwestern		92.0	
CalifSan Diego	34.5	Duke	70.6	Duke		85.4	Duke		91.7	
CalifUCLA	34.7	CalifUCLA	70.1	USC		80.2	CalifBerkeley		86.5	
Northwestern	34.4	USC •	69.3	Johns Hopkins		79.8	USC		85.2	
USC	33.9	Northwestern	69.2	WashSt. Louis		78.2	Michigan		85.0	
MichAnn Arbor	33.8	Johns Hopkins	68.5	MichAnn Arbor		77.7	Johns Hopkins		84.8	
NYU	33.6	CalifSan Diego	68.5	CalifBerkeley		76.4	WashSt. Louis		84.5	
UNC -Chapel Hill	33.3	MichAnn Arbor	67.3	Brown		75.2	CalifUCLA		84.5	
UIUC	32.7	Rochester	66,5	Rochester		74.7	CalifSan Diego		82.3	
WashSeattle	32.0	Texas -Austin	65.2	CalifUCLA		74.1	Brown		80.0	
Duke	31.8	Brown	64.5	Texas -Austin		73.2	Rochester		78.5	
Rochester	31.6	UNC -Chapel Hill	62.7	CalifSan Diego		72.3	Texas, Austin		76.1	
Brown	31.3	WashSt. Louis	62.5	UNC -Chapel Hill		70.1	UNC -Chapel Hill		75.9	
Texas -Austin	31.0	UIUC	61.8	WashSeattle		68.3	UIUC	3/4 07	75.2	
WashSt. Louis	30.7	WiscMadison	56.9	UIUCX		68.2	WiscMadison		70.4	
WiscMadison	30.6	WashSeattle	56.8	WiscMadison		66.6	WashSeattle		70.2	
1980)	1990		Professors 1994			1996			
Penn	\$ 20.5	Penn	\$ 44.0	Penn	•	53.2	Penn	s	55.6	
Calif Berkeley	20.0	NYU	42.0	Chicago	•	51.5	Chicago	J	55.4	
UNC -Chapel Hill	19.8	MichAnn Arbor	41.8	NYU		50.7	Northwestern		54.7	
Chicago	19.7	Northwestern	41.7	Northwestern		49.6	NYU		54.4	
Johns Hopkins	19.7	Chicago	41.4	USC		48.4	USC		51.2	
USC	19.5	USC	41.0	MichAnn Arbor		46.0	MichAnn Arbor		50.1	
UIUC	19.5	Rochester	40.6	Duke		45.9	Duke		50.1	
CalifUCLA	19.3	CalifBerkeley	39.9	Columbia		45.2	WashSt. Louis		49.4	
MichAnn Arbor	19.2	Duke	39.8	WashSt. Louis		45.1	Columbia		49.1	
CalifSan Diego	18.9	CalifUCLA	39.7	Yale		44.4	CalifBerkeley		48.9	
NYU	18.9	UIUC		WiscMadison		43.9	CalifUCLA		48.4	
WashSeattle	18.9	Columbia	38.4	Johns Hopkins		43.5	Rochester		47.8	
Northwestern	18.9	CalifSan Diego	38.4	Rochester		43.4	Yale		47.2	
WashSt. Louis	18.8	Johns Hopkins	37.7	CalifBerkeley		43.3	Johns Hopkins		47.2	
Columbia	18.7	Texas -Austin	37.4	Brown		43.3	UIUC	::::2	46.6	
WiscMadison	18.7	Brown	36.9	Texas - Austin		43.2	Brown		46.6	
Duke	18.2	Yale	36.8	CalifUCLA		42.1	WiscMadison		46.4	
Rochester	18.1	UNC -Chapel Hill	36.6	WashSeattle		42.1	CalifSan Diego		46.3	
Texas -Austin	17.9	Wash, -St. Louis	36.4	UIUC	× 1974		UNC -Chapel Hill		45.7	
Yale	17.2	WiscMadison	36.4	UNC -Chapel Hill		41.0	Texas -Austin		44.9	
				•						

35.9 . Calif. -San Diego

40.1

Wash. -Seattle

September 1996

Brown

16.9 Wash. -Seattle

44.6

Other results of this more detailed study include the following:

- In FY 1994, UIUC's average full professor salaries lagged the mean of the IBHE comparison group by 15.4%. The gap was estimated at 13% in FY 1996.
- ◆ The average salary for UIUC's assistant professors in FY 1996 was 5.3% behind the IBHE comparison group; an improvement of nearly 2% since FY 1994.
- ♦ The current gap, weighted over the two ranks, is 10.7%.
- ♦ In the period from FY 1985 to FY 1990, UIUC was able to provide annual raises to full professors that were 1% per year smaller than the average of the IBHE comparison group. From FY 1990 to FY 1994 the gap widened to 1.4% per year. From FY 1990 to FY 1996 the group has moved 3.9%.
- ◆ From FY 1980 to FY 1994, UIUC's full professors lost more than \$10,000 against the average of the IBHE comparison group. Almost half the loss came after FY 1990. The current loss is just under \$10,000.

Faculty Salaries by Discipline

Another mechanism by which to gauge faculty salary standing is to examine salaries by discipline from FY 1987 through FY 1996, years in which salary levels were affected dramatically by funding fluctuations. This review identifies areas of growing difficulties for both the Chicago and Urbana-Champaign campuses. Competition for top quality faculty has become particularly intense in high demand disciplines at both campuses. The University has experienced increased difficulty attracting and retaining key faculty in these high demand areas, as well as in areas of lesser demand.

The study compares faculty salaries by academic discipline for public institutions in the American Association of Universities Data Exchange (AAUDE) peer group. The AAUDE serves as a consistent reference group for which detailed salary data by discipline are available and by which changes in salary competitiveness over time can be gauged.

Virginia

Competition for top quality faculty has become particularly intense in high-demand disciplines at both campuses.

Institutions included in the AAUDE study are:

Arizona Kansas Oregon
Colorado Maryland Penn State
Florida Michigan Purdue
Illinois-UIC Michigan State Washington
Illinois-UIUC Missouri Wisconsin

Nebraska

Iowa North Carolina

Iowa State Ohio State

Indiana

Table 4 on the following page summarizes average salary data by discipline reported for FY 1987 (prior to the "no salary increase" policy of FY 1988), FY 1989 (the year immediately after), and FY 1996. Also summarized is the University's comparative ranking relative to other AAUDE institutions for each year of the study. For each discipline category, only those institutions reporting data in all three years of the study are included. Table 4 displays data for 14 disciplines at the Chicago campus and comparable data for 19 disciplines at the Urbana-Champaign campus.

As clearly shown by the data, budgetary constraints have had a detrimental impact on the competitiveness of University of Illinois salaries for virtually all disciplines. Although strong State funding provided in FY 1990 and the past two years enabled a degree of recovery in most disciplines, many still remain at a competitive disadvantage.

Table 4
Faculty Salary Study by Discipline FY 1987 to FY 1996

University of Illinois at Chicago and AAUDE Institutions

Weighted to UIC Distribution of Faculty

	Number	FY 19	987	FY 19	989	FY 19	96	Change
	of	UIC		UIC		UIC		In
	Schools	Salary	Rank	Salary	Rank	Salary	Rank	Rank
Architecture	18	\$34,233	15	\$38,135	16	\$54,323	10	5
Business	21	45,451	10	51,362	14	76,653	13	-3
Education	22	33,773	9	37,602	10	52,489	4	5
Engineering	19	47,921	2	51,635	7	68,296	4	-2
Foreign Language	22	33,250	10	36,239	12	49,660	8	2
Letters	22	34,622	10	38,295	13	50,448	8	2
Life Sciences	22	. 42,794	3	47,944	4	64,554	1	2
Mathematics	22	42,184	12	46,840	17	62,040	20	-8
Philosophy	22	41,405	4	42,607	5	52,436	7	-3
Physical Sciences	22	42,846	6	46,071	13	59,630	16	-10
Psychology	22	41,351	8	45,962	11	53,658	9	-1
Social Sciences	22	37,882	13	41,535	16	56,083	16	-3
Social Work	15	36,274	8	37,289	11	49,763	13	-5
Visual & Perf. Arts	22	33,340	7	35,326	11	47,712	8	-1

University of Illinois at Urbana-Champaign and AAUDE Institutions

Weighted to UIUC Distribution of Faculty

	Number	FY 19	87	FY 19	989	FY 19	996	Change
	of	UIUC		UIÚC		UIUC		In
	Schools	Salary	Rank	Salary	Rank	Salary	Rank	Rank
Agriculture	14	\$40,698	6	\$44,356	7	\$61,579	9	-3
Architecture	18	38,858	8	41,661	12	49,872	12	-4
Business	21	52,341	3	55,543	14	84,660	3	0
Communications	21	36,213	6	40,189	5	54,149	4	2
Computer & Info.	19	50,285	6	53,986	10	74,468	3	3
Education	22	41,424	5	43,767	7	55,911	8	-3
Engineering	19	53,995	2	56,316	5	74,877	3	-1
Foreign Language	22	38,917	6	41,137	7	54,012	8	-2
Home Economics	14	32,947	5	35,881	9	53,261	5	0
Law	17	69,147	2	71,327	4	92,192	11	-9
Letters	22	35,365	7	38,298	14	51,976	12	-5
Life Sciences	22	43,427	9	46,177	1.3	59,802	8	1
Mathematics	22	46,480	11	49,127	17	64,014	14	-3
Philosophy	22	33,758	11	35,970	15	50,319	17	-6
Physical Sciences	22	51,512	1	54,429	4	72,817	1	0
Psychology	22	44,929	3	51,132	2	65,807	5	-2
Social Sciences	22	41,945	8	44,330	16	59,331	10	-2
Social Work	15	38,342	6	39,883	9	47,953	11	-5
Visual & Perf. Arts	22	36,360	7	38,945	12	45,229	15	-8

At UIC, hardest hit areas include Mathematics and the Physical Sciences. At UIC, five disciplines (Architecture, Education, Foreign Languages, Letters, and the Life Sciences) improved their FY 1987 ranking. However, salary rankings lag FY 1987 levels for most disciplines. Hardest hit areas include Mathematics and the Physical Sciences. Whereas UIC held three "top five" rankings in FY 1987, neither Engineering nor Philosophy have recaptured their "top five" ranking.

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At UIUC, hardest hit areas include Visual and Performing Arts, Law, and Philosophy.

At UIUC, three disciplines (Communications, Computer and Information Sciences, and the Life Sciences) improved their FY 1987 ranking. However, 13 of the 19 disciplines lag their FY 1987 levels of competitiveness. Hardest hit areas include Visual and Performing Arts, Law, and Philosophy. Whereas UIUC held seven "top five" rankings in FY 1987, neither Education nor Law have recaptured their "top five" ranking.

It is clear past declines in State funding have had a negative impact on the University's ability to remain competitive for high quality faculty and staff, although this impact has been greater in some disciplines than in others. Most disciplines, however, continue to suffer from a loss of competitiveness. It is critically important for the University to shorten the road to recovery in these disciplines and to improve overall salary competitiveness.

Faculty Benefits

Several components of the University's fringe benefits package remain behind its competitors.

Total compensation represents the combination of average cash salary and employer contributions to fringe benefits. The University's lack of competitiveness in providing essential elements of the fringe benefits package weakens its overall competitive standing in total compensation. Although some benefit improvements have been made in the past, several components of the University's fringe benefits package remain behind its competitors. In particular, the University lags its competitors in the percent of salary insured under the long term disability plan and in employer contributions to retirement. Under review in FY 1996, negotiations are currently underway to offer an optional supplemental disability insurance program which would provide coverage for illness-related disability in the first two years of employment, where there now is no coverage, and increased coverage during and after the State Universities Retirement System (SURS) coverage. However, the

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The University
remains
vulnerable to
an erosion of
competitiveness.

enhancement will place an increased cost-sharing burden on employees.

Although employer contributions to retirement remain a concern, legislation authorizing employers within SURS to offer optional retirement programs was approved and signed by the Governor during the 1995 session.

Budgetary constraints in prior years have produced salary programs which have barely kept pace with inflation and which are below the University's top competitor. Although FY 1996 brought positive and encouraging improvements, the University remains vulnerable to an erosion of competitiveness. Incremental funds totaling \$24.7 million are requested in FY 1998 for faculty and staff salary increases to cover increases averaging 4% to match inflation projections and to continue to overcome the deterioration of competitiveness.

Staff Salaries

The goal of the University of Illinois salary program for Civil Service employees is to be competitive with State of Illinois counterparts and local markets. Each year, the University conducts internal studies comparing salaries of University staff with those of State agencies as well as other employee groups in State and regional markets.

University and State pay ranges continue to converge.

State Comparisons

In FY 1996, after several years of concerted effort, the University achieved parity in pay ranges with State counterparts for most salary classes. Actions related to parity have included:

- systematic assessment of deficiencies
- adjustments to salaries of employees paid below State rates
- extensive changes in pay plan structure
- establishment of a 37.5 hour week for employees in selected classes

University and State pay ranges continue to converge - University minimums have increased to State levels and State maximums have increased to University levels. The table below illustrates pay ranges for selected University classes and their State counterparts.

Table 5
Salary Comparisons among State Comparison Groups for Selected University of Illinois Employment Classes

	University of Illinois FY 1996		State of Illinois July 1995		% Over / Under State Class	
	Minimum		Minimum		Minimum	Maximum
Chicago Campus						
Secretary Transcribing	\$21,624	\$29,595	\$19,920	\$26,640	7.9 %	10.0 %
Staff Nurse II	34,798	66,248	33,324	43,668	4.2	34.1
Accountant	24,406	40,224	24,744	34,008	-1.4	15.5
Library Clerk I	15,567	20,483	16,320	21,096	-4.8	-2.3
Urbana Campus						
Secretary III	\$18,809	\$27,842	\$19,188	\$25,536	-2.0 %	8.3 %
Storekeeper II	27,248	28,808	21,432	28,725	21.3	0.3
Accountant I	24,409	40,231	24,744	34,008	-1.4	15.5
Kitchen Laborer	16,931	23,067	17,328	22,476	-2.3	-2.6

For FY 1997, the University received funds sufficient to provide a general pay increase program of 3.0% for all employee groups, with additional internal reallocation to address special merit, market or equity concerns. In comparison, the State of Illinois contract provides for a 3.0% general pay increase and step increases to eligible employees. In FY 1997, the University will continue to monitor State comparability as a new State employees contract is negotiated for FY 1998, particularly for any outlying classes and for the new UIS campus.

Market Comparisons

The University uses data from recognized regional and statewide sources as a point of comparison for employees in the Open Range pay plan. Changes in market salaries are monitored annually using survey data from sources such as Pay Data Service and American Compensation Association. In FY 1996, the University program (2.0% minimum to 5.0% maximum) for staff was generally competitive with market range increases (2.4% to 4.1%). A similar outcome is expected for FY 1997.

Purchasing power comparisons are made using data from the Bureau of Labor Statistics, including sources such as the Employment Cost Index. The

In FY 1996, the
University program
for staff was
generally
competitive
with market
range increases.

Employment Cost Index for FY 1996 (2.9% for the Midwest and 2.6% for Local and State Government Workers) compares favorably with increases in University salaries and salary ranges for the same period (2.0%-5.0%).

Staff Salary Summary

For FY 1998, the University seeks funds for a salary program of 4% to remain aligned with competitive markets, focusing particularly on areas of lingering deficiency when compared to State agencies. The University also requests funding to keep employee pay increases in line with those being granted in the general employment market, thus preserving the purchasing power of University employees.

Staff Benefits

Benefits for staff employees are monitored for comparability with the private sector, top quality institutions and local employers. In the past several years, State of Illinois benefits enhancements, such as improved dental coverage, have produced a benefits level that is generally comparable with other employers. Disability insurance coverage remains weak but, as noted above, is under review.

State Universities Retirement System

Increases for SURS are now mandated by law. The health of the State Universities Retirement System (SURS), as well as the University's relative competitiveness among peer institutions with respect to retirement benefits, has been a matter of prime concern for several years for both individual employees and for leaders within higher education institutions and the SURS system. Any discussion of fringe benefits improvements for higher education in Illinois must include a strong call for adequate funding of the SURS program to ensure that existing benefits will remain secure. Action taken in FY 1995 by the General Assembly and the Governor to implement a long-term funding plan to strengthen pension funding for all State employees is a most welcome improvement. Increases for SURS are now mandated by law. FY 1997 is the second of a fifteen year span of accelerating increases necessary to compensate for past funding deficiencies. For this year, SURS receives an increment of \$35.6 million or very nearly one-third of all new monies for higher education. Appendix 1 contains a more complete discussion of the SURS funding situation.

Continuing Components

Salary and Benefit Increases

For this year,
SURS receives
an increment of
\$35.6 million or
very nearly onethird of all new
monies for
higher education.

It should be understood, however, that while achieving adequate funding for SURS remains a key concern for FY 1998 and for future years, funding improvements for SURS will not, in and of themselves, improve either the benefits available to University employees or the University's competitive position among peer institutions. It is urgent that the University move forward on both fronts. The adequacy of SURS fiscal support must be assured. So, too, must improvements in the University's competitive position in total compensation be achieved.

Price Increases (\$6,453,200)

Overview

The University requests funding each year to keep pace with expected price increases in the commodities and services required for operation. Insufficient funding for these price increases requires the University either to reallocate already limited internal resources or to reduce the scope of academic support, either of which inhibits efforts to enhance quality academic programs and services. In formulating its annual request for price increase funding, the University identifies four separate price increase components, tailoring each to the unique characteristics of the commodities or services under consideration:

♦ General Price Increase

Although the State has for some time recognized the need for general price increase support, appropriations for this purpose have been inconsistent over the last decade. Inflation forecasts drive the request for a general price increase. Although inflation has abated in recent years, general price increase funding, when provided at all, has continued to lag inflation by a wide margin, putting increased pressure on the University's ability to purchase needed goods and services.

♦ Utilities Price Increase

Until FY 1996, the inflationary run up of prices had slowed for most utilities components. Last year brought a reversal of that trend to the point at which reallocation was required for the current year. Strong national demand for natural gas and a corresponding dissolution of the gas "bubble" surplus have contributed to identify this fuel as the component with the greatest rate of increase in the University's utilities budget. As available supplies decrease and costs rise, the market is responding with further drilling and production efforts.

Library Price Increase

Price increases for library acquisitions have been particularly severe in recent years, far outpacing general inflation. In particular, the steep increases in the prices of U.S. periodicals and college books have

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caused a precipitous drop in the Libraries' purchasing power. The State has recognized the need for a differential library price increase with special funding in 6 of the last 10 fiscal years. Despite these efforts, the Libraries of the University of Illinois are struggling to maintain the current quality of their collections.

♦ Other Payroll Costs

The University has faced increasing requirements for specialized payroll-related expenditures without receiving commensurate funding to cover them. Payouts for federally mandated Medicare contributions have placed additional stress on the University's budget in recent years. State mandated compensation to departing employees with accumulated sick leave has also been a steadily increasing drain on University resources. Despite significant cost reduction efforts, Workers' Compensation requirements continue to escalate. Increases in funding are necessary to provide for these unavoidable expenditures.

In the sections that follow, each of these price increase needs is discussed in greater detail, including the analytical methods used to determine the amount of each request.

General Price Increase (\$3,377,900)

The University's requirements for general price increase funding are determined through a comparison of past funding levels with inflation and several quantified economic indicators. In addition to using historical comparisons which show cumulative gains and losses to inflation, economic forecasts are used to project the impact of inflation for the coming budget year.

The diversity of University activities suggests that no single market indicator can adequately predict the effect of price increases on the University as a whole. For the purpose of the general price increase request, three inflationary measures are presented to assess the impact of price increases on University activities. All of these indicators are of the "market basket" variety, combining differentially weighted cost components into a single index. Holding the type and quantity of

a commodity in the market basket constant over time provides an indicator of changes in the resources required to maintain a constant level of consumption over the period.

- ♦ Gross National Product (GNP) Implicit Price Deflator

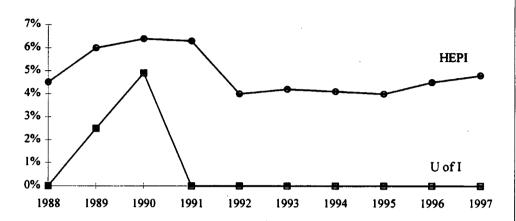
 Defines that portion of the overall GNP growth which is attributable to factors other than real growth in the production of goods and services in the economy.
- Consumer Price Index (CPI) (Less Energy)
 Measures the change in actual prices paid by urban households for
 items such as food, housing, and transportation. Energy costs are
 excluded since a separate utilities cost increase request is defined in
 the following section.
- Higher Education Price Index (HEPI)
 Measures changes in the level of general expenditures made by
 colleges and universities from current funds for items supporting
 instructional programs and departmental research activities.
 Sponsored research and auxiliary enterprise expenditures are
 excluded from the HEPI.

A comparison of University funding levels to these measures shows a strong positive relationship among these inflation indices, and considerable differences between the price increases estimated by these indicators and University appropriations over the last decade. Specifically, the University has received no general price increase funding in eight of the past ten years. Since FY 1988, the University has received only two general price increases and in no year has the general price increase exceeded the Higher Education Price Index, as shown in Figure 9 below.

In ten years,
the University has
received only
two general price
increases and in
no year has the
price increase
exceeded the
Higher Education
Price Index.

Figure 9

Annual Inflation Increases
versus General Price Increase Appropriations



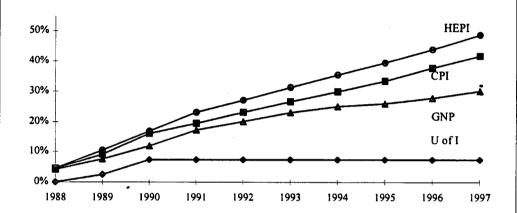
There is a wide disparity between actual general price increase appropriations to the University and inflation levels as estimated by the GNP, CPI, and HEPI indicators for FY 1988 through FY 1997.

Over the past seven years, the University has received no general price increase increment. The disparity between State appropriation levels and the University's price increase needs has widened dramatically during this period. Budget recisions in FY 1988, FY 1992, and FY 1993, combined with zero general price increase support since FY 1990, have seriously eroded the academic support base of goods and services which underpin the University's instructional and research activities. While internal reallocation has been used to cover unavoidable increases in the most pressing of these goods and services, the University's academic support base has been seriously eroded and now has reached a gap of \$21.5 million, as measured against the Higher Education Price Index.

A review of the widening gap between inflation and University appropriations is displayed in Figure 10 below. This graph illustrates the wide disparity between actual general price increase appropriations to the University and inflation levels as estimated by the GNP, CPI, and HEPI indicators for FY 1988 through FY 1997. The University estimates a FY 1998 increase of 3.1% (CPI and GNP deflator). For FY 1998 the general price increase segment of the budget request seeks to obtain funding sufficient to prevent further losses to inflation, and to support a very modest recovery of past losses. Based on these projections a general price increase of 3.0% or \$3,377,900 is requested.

Figure 10

Cumulative Inflation Increases
versus General Price Increase Appropriations



Utilities
Price
Increase
(\$1,872,600)

FY 1996 saw
unusual and
unexpected price
rises for many
energy
components.
These are likely
to continue for
this year and
next.

Utilities funding requirements are formulated from expected costs for the individual components which comprise the total utilities budget of the University of Illinois. For FY 1998 these projected commodities and utilities rate increases yield a composite price increase of approximately 4.0%, a \$1,872,600 increment above the FY 1997 direct utilities base for all the campuses of the University of Illinois system.

The above paragraph, or one similar to it, typically introduces the University's annual budget request narrative for a utilities price increment—a request that has been met only rarely in recent years. However, this year, the introduction's characteristic nature masks the fact that the University's utilities budget faces atypical conditions and significant pricing pressures. These, together with recent substantial new areas growth, drive a strong need for approval of a utilities increment for FY 1998.

Actual utilities expenditures for FY 1996 were, to put it inelegantly, a lot. The IBHE's forthcoming review of the University's RAMP 98 submission will define this statement much more precisely. The utilities budget request narrative of one year ago stated, "The University received a 3.0% rate increase for utilities in FY 1996, the first such increase since FY 1990. That will be sufficient to

The University
has been forced
to reallocate
\$868,500 to meet
projected energy
needs for the
current year.

Through
aggressive
management of
existing resources
the University has
been able to
offset the lack of
past energy price
increase support.

meet expected cost increases during the coming year." A review of utilities expenditures will demonstrate that the expected 3% price increase was seriously deficient in meeting actual cost experiences in several commodities and utilities types.

FY 1996 price increases were substantially affected by market based fluctuations in the heating fuels sector. Tariff changes by Commonwealth Edison, which increased the cost of purchased electricity in Chicago, and by inter- and intrastate gas transportation companies (pipelines) also contributed to the increased expense to heat and power the University's campuses during this past winter. Substantial price increases and consumption in these components (heating/cooling and electrical supply), which compromise almost 90% percent of the utilities budget, seriously eroded the ability to contain expenditures.

These pressures show no sign of easing in the current year nor for FY 1998. Many of these demands are universal to the utilities budgets of all state university campuses, and some are unique to the University of Illinois. While no utilities price increment was recommended or received for FY 1997, utility expenditures will increase nonetheless. Despite continuing energy conservation savings and other management efforts, the University will be forced to reallocate \$868,850 internally to meet expected FY 1997 utilities costs. These circumstances make it imperative that the 4% utilities price increase request be recommended by the IBHE and appropriated in FY 1998.

No new funds for utilities price support were appropriated in eight of the last ten years. The two years where support was forthcoming, FY 1990 and FY 1996, provided, in effect, an average annual percentage rate increase of 1% over the last eight years. Fortunately, a number of aggressive management actions have stretched the relatively stagnant direct utilities base so that funds were available to meet growing energy requirements without forcing a reallocation from resources needed for academic programs. These management initiatives include maintaining dual/triple fuel switching capabilities at University power plants, competitively bidding in the national marketplace for supplies of natural gas and coal, and utilizing a variety of short and long term contracts for boiler fuel

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Despite continued aggressive management efforts, energy prices are projected to exceed available resources for FY 1998.

supply and transportation. Intense negotiations and intervention in rate cases are also employed to protect the University's interests when confronted by changes put forward by monopolized utilities, most recently Peoples Gas, Light and Coal in Chicago, and Northern Illinois Water in Urbana-Champaign.

On a physical asset level, continuous review of the University's physical plants is undertaken to most efficiently and economically utilize available resources. Results of these reviews range from the construction of the Cogeneration Facility at Chicago and the 19 mile lateral pipeline at Urbana-Champaign, to numerous repairs of steam traps on the Urbana-Champaign campus to improve Abbott Power Plant's efficiency. Energy conservation efforts at both campuses, strongly supported by DOE Grant Cycles and matching state funding, contributed over the last decade to reducing the impact of higher utilities costs.

Current projections foresee continued rises beyond inflation for oil and gas based energy prices. Some respected sources affirming this outlook forecast the following: Kiplinger Washington Letter, 5%; Banque Paribas projects a possible record breaking NYMEX natural gas price cost of \$4/MMBtu with, at one point this past spring, the NYMEX calendar futures strip showing a 25 cent premium over calendar 1998 gas. The Energy Information Administration is projecting an average wellhead price of natural gas for 1996 to be 29% above 1995's. Pressures contributing to this bearish consumer outlook include low storage levels, decreased hydroelectric and nuclear power contribution, decreased expectations of deliverability of Canadian natural gas, and the expected continued inability of the national gas transportation industry to meet all deliverability during peak periods of record breaking cold, as was the case as recently as February 1996.

To some extent, fuel purchase contracts and management options already in place can protect the University from the extremes of these projections. For example, at one point during the period of record breaking cold this past winter, spot price, metropolitan Chicago, delivered natural gas prices reached a high of \$46/MMBtu. The monthly average was \$7.50/MMBtu. In contrast, for the University, the monthly price was \$2.66/MMBtu. Additionally, the ability to

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The addition of numerous energy-intensive new facilities has increased the pressure to secure a utilities increment for FY 1998.

burn coal at Urbana-Champaign and use more reasonably priced #6 fuel oil at Chicago mitigated the price extremes that were experienced by some organizations. This fuel switching ability will continue to protect the University from price extremes in the short term, and can help moderate significant price rises in a single fuel source over the longer term. They cannot, however, overcome the entire impact of cost escalation experienced nationally, and it is expected that for FY 1998 the following price increases will be experienced in the respective boiler fuels/products: natural gas, 6%; #6 fuel oil, 4%; coal, 3%; and steam, 5%.

FY 1998 price increases for purchased electricity are projected to be 3%. The recent history of electricity price increases no longer reflects double digit ratebase increases from the monopolized utilities (Commonwealth Edison, Illinois Power) which were common in the 1980s. Rather, the cost increases are related to inflationary increases in the costs of the energy used by the generating companies, not because of capital expansion or capital loss write-offs to be paid by the ratepayer. This percentage increase reflects the allowable, direct pass through of energy costs experienced by the utility companies to the end-use consumer. This "fuel cost adjustment" which consumers pay to the electricity utilities is presently mitigated by coal costs (as that energy source provides a significant portion of electric generation by those companies.)

The last major component of the University of Illinois' utilities budget is sewer and water. It is expected that in FY 1998, 4% increases will be experienced in each of these types for all the campuses. It is also expected that once again Northern Illinois Water will request a rate increase from the ICC in the range of 8 to 10%, but it is also anticipated that the University's argument that increases should reflect the cost of service will once again prevail in granting a rate increase that is less than the utility's filed request.

In the introduction to this section, it was noted that there are unique pressures experienced by the University of Illinois which have not affected other State universities. As the State's flagship university with an articulated research mission, considerable new areas growth has occurred at the University of

A 4% utilities
price increase is
essential.

Illinois. The IBHE has fully funded the utilities requirements of new State financed facilities that are then incorporated into the utilities base. For example, in the last budget year the IBHE met the final utilities requirements of Chemical and Life Sciences at Urbana-Champaign and Molecular Biology at Chicago. Over the recent past, energy intensive facilities have dominated the University's construction of new facilities, including: the Beckman Institute, Microelectronics Laboratory, Edward R. Madigan Laboratory, Digital Computer Laboratory, Computer and Systems Research Laboratory, and the Engineering Research Facility.

These facilities are vital to the University's research and economic development roles, and all demand high levels of operation and maintenance support. As the portion of University facilities with high utilities support requirements grows within the base, the more damaging it becomes to receive no incremental support to address unavoidable cost increases. In essence, a utilities base that has heretofore supported all expenses by adept management will in the future be more deeply threatened without adequate price increase attention.

Unlike maintenance needs, which can unfortunately be deferred in the short term, operations costs associated with heating, cooling, powering, and otherwise servicing the utilities needs of university facilities must be met on demand and cannot be put in abeyance.

Even with exceptional management of the University's utilities budget, direct energy costs are projected to exceed the budget for the current year, requiring reallocation to cover day to day operating costs. All available evidence indicates that cost factors beyond the University's control will continue to increase for FY 1998, emphasizing the importance of securing a price increment in the coming year's budget.

Library Price Increase (\$1,202,700)

The University of Illinois Libraries house vast collections of information in a wide variety of formats for use by students, scholars and researchers on a local, national and international scale.

Rates of inflation for library materials have been steep for more than a decade and have far surpassed normal inflation for general goods and services.

The University of Illinois Libraries contain a vast heritage of words and images available to students and scholars in support of teaching and learning on the campuses, throughout the State of Illinois, and worldwide. The Libraries on the three campuses must respond to a diverse clientele ranging from new undergraduates to research and clinical faculty. Their mission is to make an ever increasing amount of information available in a variety of formats. In addition, the Libraries preserve unique and special collections with historic significance. They also are the primary resource for both on-site and remote users of the State's interlibrary loan system.

The Chicago (UIC) Library, which serves the largest university in the Chicago area, holds approximately 1.9 million volumes including 16,000 serials. UIC's Library houses materials ranging from the history and development of the city of Chicago, to the Corporate Archives of the Chicago Board of Trade. The Library of the Health Sciences, one of the largest such units in the nation, is the regional library for 2,325 medical libraries in 10 states.

The Springfield (UIS) Library supports students with a multimedia collection numbering more than 528,000 volumes with 104,000 government publications. The Illinois Regional Archives Depository collects county and municipal records from 14 central Illinois counties; these records are a valuable resource for research in local history. The UIS Library inaugurated an oral history collection in 1971 consisting of eyewitness historical memoirs by more than 1,200 persons.

The Urbana-Champaign (UIUC) Library with more than 15 million items, including 8.5 million volumes and 91,000 serial titles, is the third largest academic library in the country, behind only those at Harvard and Yale. This Library supports an institution which in FY 1995 received \$135.2 million in federal grants and contracts for research and development. While the Library is strong in all areas of academic study, of particular note among the Library's special collections are its volumes by and about Milton, Shakespeare, Proust, Carl Sandburg, Lincoln, H.G. Wells, and rare first editions and memorabilia of Mark Twain.

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Inadequate
resources have
forced the
cancellation of
large numbers of
serials,
diminishing the
library as a
scholarly
resource.

Significant resources like these require constant attention and care. The cost of purchasing materials for the Libraries continues to rise dramatically every year. There are several explanations for these increases, including escalating production costs, the increasing cost of paper, unfavorable exchange rates for foreign currency and the unusually high inflation on many foreign scientific and technical journals. Table 6 shows that between FY 1988 and FY 1995 the Higher Education Price Index (HEPI) for books and periodicals has averaged approximately 7.5% annually. The table also shows the inconsistent State funding over the last decade when funding was given in five of the ten years. This unstable funding has forced the Libraries to take measures to live within a pattern of deficient funding.

The high cost of serials combined with inadequate support has forced the Libraries to move away from a desirable split between monographs and serials to a current allocation of 68.7% at UIC and 58.4% at UIUC for serials. Even with the differential spending on serials since FY 1987, the libraries have found it necessary to cancel 1,084 serial titles at UIC and 8,471 at UIUC valued at \$330,044 and \$1.5 million, respectively. The number of periodical subscriptions at UIS has declined from 2,945 to 2,500 since FY 1984. The UIUC Library has undertaken journal cancellation projects attempting not only to balance the journal budget in the face of extraordinary inflation, but also to preserve some materials funds for monograph acquisitions.

Although the importance of monographs varies by discipline, books in general tend to be heavily used by students across all curricula. New monographs are essential to keep pace with the demands of instruction.

Table 6
Appropriations versus Library Material Cost Increases

Fiscal	U of I	State	HEPI Index for
Year	Budget Request	Appropriation	Books and Periodicals
1988	12.0%	0.0%	6.1%
1989	20.0%	10.0%	9.4%
1990	25.0%	11.0%	9.0%
1991	12.0%	0.0%	7.9%
1992	20.0%	5.0%	8.0%
1993	20.0%	0.0%	6.3%
1994	10.0%	10.0%	6.5%
1995	5.0%	0.0%	5.9%
1996	3.0%	6.0%	NA
1997	20.0%	0.0%	NA

UI Library
expenditures have
slipped badly
when compared
to those at peer
institutions.

Publications in an electronic format permit information to be shared rapidly, but often are as costly as printed materials.

The Libraries are seriously compromised by library materials budgets that are not comparable to such budgets at peer institutions. In FY 1988, the UIC and UIUC Library expenditures for materials ranked 64th and 12th, respectively, among the Association for Research Libraries (ARL) and 12th and 3rd among the thirteen Committee on Institutional Cooperation (CIC) Libraries. By FY 1995, UIC dropped to 68th among ARL libraries while retaining its 12th place ranking among CIC Libraries; UIUC fell to 18th among ARL Libraries and 6th among CIC Libraries. The Springfield campus is evolving in academic scope and is in the process of defining its peer group.

It is clear that scholarly publishing is in a period of transition. At present, many quality electronic journals cost just as much as their print equivalents. New methods of electronic document delivery can be used to help offset the cost of expensive low-use journals, but the costs of an individual article can be quite high. Electronic resources are not the "magic bullet" to stop the erosion of the libraries' materials budget.

The Libraries' special value of their collections and the unique strengths of their holdings to scholars, now and in the future require continuing and stable financial support to reposition their buying power patterns, to enhance access to collections in other libraries, and to exploit successfully the potential of

Other Payroll Costs (\$1,620,300) increase of 10% in FY 1998 to offset expected continued inflation and to begin to recover a small portion of the ground lost over the past decade.

electronic information. To accomplish these goals the Libraries require an

In recent years, the University of Illinois has faced increasing expenditure requirements related to payroll. While some of the extreme stress on Federal Medicare has been relieved through two years of major reallocation, pressure still remains on Sick Leave payouts, Workers' Compensation, and to a lesser degree, Social Security contributions. Currently, the University is required by federal law to match new employees' contributions to Medicare and for certain employees, to Social Security.

Medicare and Social Security Contributions

Effective April 1, 1986, the federal government mandated participation in the Medicare system by all newly hired State and local government employees not covered under the Social Security system. These employees and their employers are responsible for equal portions of the FICA Medicare Tax of 1.45% of gross pay. Additional legislation, effective July 1, 1991, requires employees not covered by the State University Retirement System to participate in the Social Security system.

New federal legislation removed the cap on the FICA Medicare Tax. In prior years, the prior tax of 1.45% was capped at \$135,000 of gross pay. The new legislation removes the cap and allows the 1.45% tax on the entire gross payment. This action, with an effective date of January 1, 1994, increased Medicare expenditures for the second half of FY 1994 and subsequent years.

Since FY 1987, expenditures have grown at a rapid rate with substantial increases in FY 1992, FY 1995 and FY 1996 as a result of the new Social Security requirements, and as newly-hired staff replace those exempt from Medicare requirements. Although appropriations for these costs also have increased, they have been insufficient in the last several years to meet full needs. For FY 1996, the University was forced to reallocate approximately \$1.3 million

Medicare cost increases present mandatory and unavoidable budget requirements.

simply to match projected expenditures. Table 7 details annual appropriations and expenditures along with each year's percentage growth rate.

Table 7

Appropriations and Expenditures for Medicare and Social Security Costs

(Dollars in Thousands)

Fiscal <u>Year</u>	Appropriations	Expenditures	% Change in Expenditures
1987	\$ 620.0	\$ 407.9	0.0%
1991	1,718.0	2,261.7	454.5
1994	3,492.0	4,277.3	89 .1
1995	4,417.3	4,850.0	13.4
1996	5,967.3	5,982.0	23.3
1997	5,967.3	6,086.6 (est.)	1.8

The FY 1997 appropriation is \$5,967,300 for the combined Social Security and Medicare requirements. In FY 1998 expenditures are expected to rise to \$6,267,300. An increment of \$300,000 is requested to bring the FY 1998 appropriation to this level. Because it is a federal mandate, this is truly an unavoidable increase for the University.

Sick Leave Payout

Effective January 1, 1984, full-time University employees began to accumulate compensable sick leave. New State legislation required that, upon termination, an employee be paid for one-half of the unused sick leave days accumulated since that date. However, the State provided no incremental funds to cover the cost of this program until FY 1990, and then at a level which was approximately one-quarter of the total payout requirement. As a result, each campus has experienced an increasing demand on internal resources to fund these payments, as well as an increased liability for future payments.

Under the final allocation for FY 1997, incremental funding available to the public university sector of higher education provides for no increase to meet these costs. As reflected in Table 8, that funding will cover approximately 18%

There is a statutory mandate to compensate employees for unused sick leave when they leave the University.

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of anticipated FY 1997 expenditures. Despite a 1% drop in Sick Leave Payouts in FY 1996, the University is expecting an increase in payouts for FY 1997. For FY 1998 an increment of \$726,400 is sought as the first installment in a five-year effort to match recurring resources to required expenditures.

Table 8

Appropriations and Expenditures for Sick Leave Payout
(Dollars in Thousands)

Fiscal Year	Appropriations	Expenditures
1987	\$ 0.0	\$1,331.6
1991	760.0	2,834.4
1994	751.6	3,734.2
1995	751.6	4,204.2
1996	784.6*	4,147.4
1997	784.6*	N/A

^{*} Includes \$33.0 additional from transfer of Springfield campus.

Workers' Compensation

J. W. W.

The University of Illinois, unlike other universities or State agencies whose claims are handled through the Illinois Department of Central Management Services, receives a direct appropriation for payments of Workers' Compensation claims to University employees. Table 9 details the State appropriation to the University compared to actual expenditure claims. From FY 1986 to FY 1989, claims held relatively constant and it was not necessary to secure incremental appropriations for cost increases in those years. But several times in the last seven years the University has been forced to reallocate funds to cover increased claims. Strenuous efforts to control costs have helped reduce the impact of cost increases, but the University continues to face growing exposure in this area.

For the last several years, the University has utilized the assistance of an actuarial firm to establish an appropriate level of funding for Workers'

Compensation. The firm's methods for estimating projected claims and resulting outlays have proven to be very accurate. Actual claims for FY 1996 were \$4,258,600 while the State appropriation was \$2,986,300 creating a deficit of September 1996

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Despite ongoing
cost control
measures,
Workers'
Compensation
costs have risen
faster than
available resources
to pay them.

\$1,272,300. For FY 1997, expected claims are projected to reach approximately \$4,496,100 while State funding increases to \$3,365,000, which would produce a shortfall of \$1,131,100. Actuaries have projected payments for FY 1998 to be \$4,552,700. To meet that level of payout over the next two years an increment of \$593,000 is required, and that is the amount the University seeks in the FY 1998 budget request.

Table 9
Appropriations and Expenditures for Workers' Compensation
(Dollars in Thousands)

Fiscal Year	Appropriations	Expenditures	% Change in Expenditures
1987	\$1,593.1	\$1,640.3	0.0%
1991	2,685.0	2,665.0	65.5
1994	2,986.3	3,001.1	12.6
1995	2,986.3	3,291.0	9.7
1996	2,986.3	4,258.6	29.4
1997	3,365.0	4,496.1 (est.)	. 5.6

Operation and Maintenance of New Areas (\$995,300)

Campus level:

UIC \$406,200 UIUC \$589,100 When new or remodeled facilities are brought into use, it is important to secure adequate operation and maintenance funds so that new space does not begin its useful life with a built-in deficiency. Given the continuing need to provide adequate facilities to support academic programs at the three campuses, operation and maintenance costs for new space have been and will remain an important budget component. In FY 1998, funding requirements to support new areas total \$995,300.

The FY 1998 request includes four projects for which major remodeling activities have resulted in significant increases in operation and maintenance (O&M) support. Some past requests for additional O&M funding related to major remodeling efforts have been approved (e.g., remodeling of the Auditorium at Urbana-Champaign) while others have not.

The utilities price increase segment of the FY 1998 request describes significantly increased energy costs experienced in FY 1996 and projected for FY 1997 and FY 1998, to the point at which internal reallocation was required in the current year to meet day-to-day energy demands. Not providing incremental resources for the major remodeling projects outlined in Table 10 will simply exacerbate the demands on the University's utilities budget and will force internal reallocation to meet unavoidable cost increases.

Nine projects, comprising approximately 244,000 gross square feet (GSF) of new or significantly remodeled space, require either full or partial funding of the annual costs of operation and maintenance. Each project is described in the following narrative and is listed in the cost summary shown in Table 10 on the following page.

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Table 10
Operation and Maintenance Requirements to Support New Areas

Date of Occupancy	Months	FY 1998 Amount
47 4/96	12	\$72,300
18 3/96	12	333,900
		\$406,200
25 12/97	10	\$160,300
44 9/97	10	72,500
00 8/97	11	34,000
71 3/97	12	29,800
92 1/97	12	45,000
91 7/97	12	37,500
25 3/97	12	210,000
		\$589,100

Chicago Projects

Campus Storage Facility - Additional

For FY 1997, the IBHE approved the request to fund a full year's support of the state acquired space in the building. These funds maintain 92,900 GSF of storage space for University needs. For FY 1998, a request is put forward to support a second portion of space which was previously occupied by tenants. The 49,315 GSF will be used for storage by Central Receiving and Shipping, Mail Service, and Publications. Use of this space by these offices commenced in April 1996, therefore, a full year's support for this additional state-occupied space is requested for FY 1998, a total cost of \$72,300.

Student Services Building - Tower

The east wing, or tower, of the Student Services Building houses many offices related to student needs: Dean of Student Affairs, Vice Chancellor for Student Affairs, Counseling Center, Career Services, Office of the Ombudsman, Conference Center, and testing services. The west wing of the building received final funding in FY 1994. For FY 1997, a request for support of this space was

Urbana-Champaign Projects

made and rejected. However, a review of the actual expenses incurred by this 64,430 GSF space reflects a moderated need. A full year's support of operations and maintenance requirements is requested for FY 1998, a cost of \$333,900.

Office of Admissions and Records

Funded for two months of support in FY 1997, the FY 1998 operation and maintenance request is to fund the final ten months at a cost of \$160,300. This facility, to be located south and east of the Levis Faculty Center, will consolidate the five separate facilities of the Office of Admissions and Records.

Biomedical Magnetic Resonance Laboratory

Providing 13,500 GSF of laboratory space for magnetic resonance imaging research, this facility is scheduled for completion in Séptember 1997. The technology of biomedical magnetic resonance imaging was invented by Distinguished Professor Paul Lauterbur. As Director of the lab, his research is now carried out in leased space owned by Covenant Medical Center. The lease expires in June 1998 and will not be renewed. A new facility will be constructed on land previously held by the College of Agricultural, Consumer and Environmental Sciences south of the Large Animal Clinic of the Veterinary Medicine Complex. Distance from the core of the campus is required because of the power and sensitivity of the large magnets used in the research. The FY 1998 support request is to fund the first ten months at a cost of \$72,500.

Illinois-Lincoln Gateway

Located at the southern corner of the intersection of Illinois and Lincoln Avenues, the Illinois-Lincoln Gateway will focus the entrance of students, parents, and guests as they come to the east side of campus for the orientation activities that are often scheduled in the Levis Faculty Center, Illinois Residence Hall, the forthcoming Office of Admissions and Records, and Krannert Performing Arts Center. A small annual cost for utilities is required, but the primary expense involves landscaping elements that will distinguish and enhance the entrance to services beyond. Scheduled to be completed in August 1997, 11 months of operation and maintenance support is requested for FY 1998, a total cost of \$34,000.

Major remodeling projects often carry significant O&M funding needs. Major renovation to or upgrades in heating and cooling systems are often energy intensive.

Animal Science Laboratory Fourth Floor Remodeling

This project will yield 11,000 gross square feet of remodeled research space for the Department of Animal Sciences. Scheduled for completion in March 1997, a full year of operation and maintenance support is requested for FY1998, a total cost of \$29,800. The laboratory space will be updated from the existing level of research technology which dates back to the 1950s.

Newmark Laboratory Fourth Floor Remodeling

This project will yield 15,400 GSF of completely remodeled research laboratory space for Civil Engineering. Funded by the National Science Foundation and the College of Engineering, the renovation will completely update the space with new, efficient fume hoods, stills, benches, storage space and appropriate electric and ventilation levels. Scheduled for completion in January 1997, twelve months of support is requested for FY 1998. Complete operation and maintenance support for a year totals \$45,000.

Noble Hall Remodeling

This Capital Development Board funded remodeling project will completely reconfigure Noble Hall. The 19,600 GSF structure will be remodeled to yield primarily instructional laboratory space for the College of Architecture, and the Departments of Urban and Regional Planning, Landscape Architecture, and Art and Design. In addition to providing dry laboratories and instructional space, the facility will also receive a new elevator and ADA compliant restrooms. The building will also be outfitted with air conditioning. Scheduled for completion in July 1997, the FY 1998 operation and maintenance support request is for a full year's funding, a total cost of \$37,500.

Roger Adams Laboratory Remodeling

Phase II of this project is comprised of one classroom/lecture room and two instructional laboratories for the School of Chemical Science. Providing wet laboratories that will include stills, benches, and fume hoods, the project is scheduled for completion in March 1997. The FY 1998 operation and maintenance support request is for a full year's funding, a total cost of \$210,000.

Academic Program Initiatives

Strengthening the Academic Base (\$6,156,300)

Overview

While the improvement of instruction has long been of critical importance to the University, during the past five fiscal years it has been the centerpiece of the program budget request. The University continues to focus both new and reallocated resources on improving teaching and learning at all levels.

Though specific needs vary from year to year, a series of subthemes has provided a consistent focus on the following areas:

- ♦ Implementing the Core Curriculum
- ◆ Improved Learning Environment for the First-Year Student
- ♦ Access to Instruction: Class Size, Availability and Support
- Learning and Research Opportunities for Upper-level, Graduate and Professional Students
- ◆ Program Development in Colleges

This year's request again reflects these subthemes, in a variety that emphasizes the breadth and depth of the University's instructional mission.

Implementing the Core Curriculum

A primary goal of the UIC College of Liberal Arts and Sciences is to deliver high quality foundation components of an undergraduate education to all UIC undergraduates. The College will ensure delivery of these core elements of the curriculum by increasing the number of sections offered in entry level courses, and by reducing the number of students in introductory sections of foreign language and Course Distribution Credit (CDC) courses. During the past two years the College has used new and reallocated funds to improve access to English Composition and freshman mathematics courses. The College would now like to complete the strengthening of core undergraduate courses with additional teaching assistants in Chemistry, Psychology, and Spanish.

By Fall 1997, the UIUC campus will have implemented more than two-thirds of the General Education Program mandated by the UIUC Senate in 1989. Implementation of all of the General Education requirements to date has created

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Improved
Learning
Environment
for the
First-Year
Student

a need for more lecture and discussion sections of existing courses, as well as new courses, particularly for cultural studies. Staffing for the additional sections requires both teaching assistants (where most of the funding has gone) and new faculty. Additional funds are sought in FY 1998 to support two of the General Education requirements that remain to be implemented: a second Quantitative Reasoning course and three semesters of college-level foreign language.

In FY 1996, UIC offered a Freshman Seminar open to participation from all campus colleges. The College of Liberal Arts and Sciences now plans to offer 120 LAS Freshman Seminar sections in an attempt to create a closer tie between the freshman student, the curriculum, and the College. One section of the freshman seminar will be equivalent to one third of a standard course and will be staffed by an undergraduate student assistant, with faculty oversight coordinated by a half-time Assistant Dean. Staffing and expense funds are required to implement the program.

UIUC has improved the quality of the learning environment for first year undergraduates through the First Year Discovery Program. Initiated in 1994, Discovery provides small, faculty-taught, highly interactive course sections for freshmen. Because of its popularity with students and faculty alike, the program has been expanded each year. In FY 1997 4,000 spaces will be provided in the program. Funds for further expansion are requested for FY 1998.

Access to
Instruction:
Class Size,
Availability,
and Support

The UIC School of Kinesiology offers two courses - Human Physiological Anatomy I and II - which are required for programs in Physical Therapy, Occupational Therapy, Human Nutrition and Dietetics, Nursing, Pharmacy and students in the School of Biomedical and Health Information Sciences. In FY 1994, these courses were offered to 500 students. Due to budget cutbacks during the last fiscal year the school was able to offer the courses to only 320 students, creating a waiting list of 270 students. New programs funds are needed for additional teaching assistants, which would allow the number of students served to be increased to the original 500 students.

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The UIUC campus seeks to lower section sizes in large lecture courses, particularly for required courses in majors. The campus has been providing funding on a non-recurring basis to the College of Commerce and Business Administration for teaching assistant help with large lecture courses in Economics and Accountancy. For FY 1998, additional faculty are needed in the College to teach additional lecture sections for these courses. With new support, the size of the lecture sections can be reduced and more students accommodated.

In recent years, UIS enrollment has increased even as the faculty base was eroded by statewide budget reductions, resulting in larger classes and too few sections of required courses. This year, campus planning statements have consistently given high priority to strengthening educational quality by restoring the faculty base in understaffed areas. Funds will also be directed toward staffing in areas targeted for growth through the developmental planning process.

Each year, some UIC students are advised to take one or more Academic Support Program, LAS Probation Seminars, or Supplemental Instruction courses. These courses typically provide supplemental instruction in writing; learning across the disciplines; English as a Second Language and other learning, thinking, and communication strategies. Data indicate that students who take these courses have an increased probability of success at UIC. However, the currently offered sections of these courses do not begin to address the total need. The College requests funding for additional teaching assistant positions to expand this important support.

The UIC Art History Department teaches courses to approximately 2,000 students each academic year, 34% of whom were enrolled in colleges other than Architecture and the Arts. Although enrollment numbers fluctuate, there is continued demand for Art History courses that the department is not always able to satisfy. With each new class of undergraduates required to take at least one course to meet the cultural diversity requirement, the campus expects to see increased even greater enrollment pressures in the future and is requesting funds for teaching assistantships to address the need.

The UIC bioengineering program is strengthening its focus on engineering applications in medicine. Plans include improving the teaching laboratories, additional teaching assistants and a modern resource center where students can observe clinical procedures and biomedical innovations. The College has committed significant resources toward this effort and seeks supplementary funding for teaching assistants and resource center expenses.

At UIUC, many faculty, including those teaching interactive Discovery sections, have asked for guidance in leading small group discussion and promoting more active learning. In order to recognize and promote the importance of teaching, the campus established the Teaching Advancement Board in FY 1996, as a focus for instructional development and enhancement of teaching. For FY 1998, the campus seeks funds, to be administered by the Teaching Advancement Board, for programs in faculty/teaching assistant development and recognition of teaching excellence.

Learning and
Research
Opportunities
for
Upper-Level,
Graduate,
and
Professional
Students

The UIC College of Nursing has increased requirements for student clinical experiences at a time when the number of clinical sites is shrinking. Clinical sites, subject to health care reform efficiencies, are increasingly reluctant to accept any but the most experienced students for clinical placements. Also, competing institutions have begun to pay clinical preceptors for taking students into the training site. The College has a two-part approach to this problem. First, the clinical skills lab will be further developed to maximize the readiness of students to make efficient and correct application of skills in the clinical setting. This goal will be accomplished through clinical simulations and laboratory practice prior to the student's direct contact with patients, using computer simulations, videos and expanded use of standardized patients trained to report histories, exhibit symptoms, and undergo physical examinations by students.

Second, the College of Nursing seeks funding for part-time clinical faculty to replace donations of time from agencies. However, rather than paying

preceptors as competitors have done, the College plans to hire faculty caliber practitioners as half-time clinical faculty, thus pursuing long term relationships in which UIC student are an asset to the agency, assuring students of regular placement sites and improving the quality of clinical teaching. To accomplish this two part program, the College is seeking funds for part-time faculty and recurring expense and equipment needs in connection with the clinical skills lab.

An important goal for the College of Medicine at UIC is to ensure that all students graduating from the program are well-versed in the use of computers in the support and practice of medicine. As use of medical information databases become commonplace in the management of patients, it becomes essential that medical students develop information handling skills early in their clinical education. A recent pilot project in Internal Medicine, in which students in clinical rotations were provided with notebook computers, revealed that many students were not adequately familiar with computer technology. The College is requesting funds for a computer instruction specialist and computers to help students become comfortable enough with new technologies to use them as a matter of course.

The UIC College of Pharmacy seeks to enhance the Pharmaceutical Care Laboratory Program to foster the development of caring, informed, empathic caregivers in a multicultural society. To achieve this vision, the College seeks recurring personnel and expenses funds for changes in instruction to integrate the basic pharmaceutical and applied sciences; a redesigned learning laboratory environment; and effective use of instructional technology. Pharmaceutical principles will be combined with practice-based instruction in communication skills appropriate to patient counseling in a multicultural society. A social science component will be integrated into the educational experience to enable students to develop an understanding of ethno-cultural differences in the context of wellness, illness and medication use. Students will also become familiar with the utility of computers for patient data retrieval, prescription processing, drug utilization review, patient counseling information, and drug information data base searches, even as they use computers for laboratory research, simulated

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patient records, patient care simulations, on-line reference materials, and network communications.

UIUC plans to continue its initiative to develop capstone courses and guidance in undergraduate research for students in their majors. As in previous years, this effort increases both the quantity and quality of faculty-student contact at the undergraduate level.

Program Development in Colleges

Current planning at UIS reiterates the campus' aspiration to enhance its public affairs activities through initiation of a doctoral program in public affairs. A proposal for this program has been pending with the Board of Higher Education since 1989. The doctorate is intended to be an advanced degree for practitioners in the public and non-profit sectors who are interested in further development of their knowledge, critical skills, and analytical abilities within their field. The curriculum will emphasize interrelationships among public policy, political processes, and public administration. This degree program will draw upon, and enhance, the array of current masters degree programs in public affairs and the Institute for Public Affairs. Resources needed include a new program director, five additional faculty, funding for six research fellows and enhancements to computing equipment and library resources.

Since 1992, UIS has placed a high priority on the development of a full four year program. The recently prepared UIS Lower Division Program Proposal reiterates the position that approval of lower-division programming is central to the future development of the campus. The proposed UIS lower division is designed as a small, selective program serving traditional-aged college students with strong academic backgrounds. The program will have a distinctive curriculum emphasizing the integration of knowledge across disciplinary boundaries, development of skills across the curriculum, collaborative learning, and enhancement of students' leadership potential. Initiation of the lower division will also enhance the activities and services available to UIS students. The proposed program will begin with a class of 75 students admitted for Fall, 1998.

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The program will be funded by a combination of new State support, internal reallocation, and incremental tuition resources generated from additional enrollment. Lower division instruction will initially be carried out through reassignment of interested current faculty. These faculty will be given release time to begin curriculum development prior to reassignment and new faculty will be added as soon as is practical. For FY 1998, new program funds will be used to employ staff whose presence is needed most quickly, such as recruitment, admissions and residential life staff. Immediate support is also needed for curriculum development (faculty release time, consultants and travel) and for library expenses which relate to the lower division (faculty computing equipment).

The UIC College of Business Administration is seeking reaccreditation from the American Assembly of Collegiate Schools of Business in 1998. Since the Fall of 1995, the College has been working on a draft of a self-evaluation report to assess the state of the College and demonstrate its excellence in faculty composition and development. Within that standard, the size and composition of the faculty, in relation to the student body and to each degree program, must be evaluated. Preliminary data reveal that the program must address faculty deficiencies in Management Information Systems, Finance, Entrepreneurship, and International Business. These deficiencies could be addressed with the addition of five tenured system faculty lines.

The Civil and Materials Engineering department at UIC is establishing a thrust in environmental engineering, in anticipation of regional economic development related to both technology enhancement and environmental constraints. Environmental programs focused on water resources are being developed at both the undergraduate and graduate levels. This fall, a new environmental option is being introduced at the graduate level, in collaboration with the School of Public Health. To support these new programs, an environmental resource center must be established, and the water resource laboratory expanded. To support this effort, the College of Engineering has designated one new senior faculty position and the department has reallocated two open faculty lines. The campus requests

funding for an additional faculty line and expense funds for the water resource laboratory and the resource center.

The UIC Jane Addams College of Social Work plans to strengthen the undergraduate Bachelor of Social Work program. Graduates of the program work with, and on behalf of, the poor and other at-risk urban populations in public and not-for-profit organizations in diverse fields including child welfare, public aid, mental health, criminal justice, aging and health youth centers. Recent changes in accreditation standards adopted in 1992 call for significant improvements in the undergraduate curriculum, including new required courses, the assignment of a core group of tenured and tenure-track faculty to the program, and the designation of more administrative and clerical support. These changes, though required by the new accreditation standards, are consistent with the College's new mission statement, so the College has reallocated existing resources to provide administrative and clerical support and some faculty lines. New program funds are sought for additional tenure-track faculty appointments to maintain the program's accreditation.

The UIC College of Medicine is committed to recruit and nurture medical students of the highest promise, regardless of traditional academic predictors. However, there are a number of elements within the education process that must be in place, forming a continuous stream that will ensure optimum outcomes. They are as follows: identification of young undergraduate students of high promise; a baccalaureate/MD curriculum which provides guaranteed admission to the UIC College of Medicine; the opportunity for the university to carefully nurture the intellectual development of students toward their true potential; high quality postgraduate residencies with emphasis on the generalist specialties and care of the medically underserved - both urban and rural; graduate programs in medical education with emphasis on faculty development; highest quality, college-sponsored, continuing professional education with emphasis on individualized self-assessment; and ongoing recruitment from among the graduates to serve on the clinical faculty as preceptors, role models and mentors for those who follow. The College has a number of current and proposed

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programs to address the full continuum outlined above and requests new funding for program planning.

Over the past several years, the College of Medicine at Peoria has developed a training program in clinical pharmacology funded by a grant from the Food and Drug Administration (FDA). Funds were committed from the private sector, but will no longer be forthcoming. It is a top priority of the College of Medicine at Peoria to maintain the matching funds necessary to support this FDA program.

One of the goals of the College of Medicine at Urbana-Champaign is to provide improved facilities in which a new Clinical Education Program can be established. When the clinical program was initiated in 1978, no additional facilities were provided, leaving the program in leased space within the hospitals. This space has become increasingly inadequate as the clinical program has grown. The Carle Foundation Hospital, a primary affiliate, is planning the construction of a new building in approximately one year. The new facility can be modified to include a clinical education center, if the College has the means to lease adequate space within the building. Funds for this endeavor would achieve three major objectives: 1. provide new opportunities for the integration of clinical and basic science in the education of medical students by moving the entire education program for the second year to the hospital setting: 2. provide the facility required for a new and expanded program for educating students in the use of electronic technology and telecommunications in the practice of medicine; and 3. provide adequate space for faculty and infrastructure support. The College will provide a significant portion of the lease funds required, but is requesting supplemental lease funds.

Investing in Instructional Technology (\$3,047,800)

Overview

Four years ago, a single paragraph on microcomputers for computer labs was the extent of the University's request for Instructional Technology Support. In sharp contrast for FY 1998, Instructional Technology is a major component, and includes computers, modems, network equipment, classroom upgrades and support personnel. This dramatic change represents the University's response to the rapidly evolving nature of technology and the consequent need for technical infrastructure in the classroom and on campuses. An outline of the factors contributing to these developments is given below.

- ♦ The demand for equipment continues to rise as the number of faculty, students and staff using computers rises. The cost of keeping older systems is going up, in terms of lost support and connectivity, while the price of newer systems goes down. The current life cycle of a desktop computer is between 2 and 4 years, depending on its use.
- Connectivity among campus systems is gaining in value as a way to share information, leading to increased demands on networking infrastructures. Campus-wide and Local Area Networks require frequent upgrades and consistent, high quality technical support.
- Innovations in communications technology make it likely that within a decade there will be a broad-band digital network capable of transmitted voice, video and data widely available throughout society. The University must keep pace, enhancing networking capabilities to provide students with an environment similar to the one in which they will be employed.
- Campus systems are "normalizing" computer use. Online student registration, electronic library resources, online course management, electronic mail and computerized information stations improve efficiency but do have the result that computers are no longer optional. Units that previously lacked funding to computerize fully are now required to upgrade.

- More faculty are making use of technological aids to instruction, necessitating a continuous process of classroom and laboratory modernization.
- Faculty are beginning to use technology to deliver instruction electronically. With conferencing systems, computer courseware and the Internet, faculty can provide a learning environment that is not tied to a particular time or place, freeing the student to learn at his or her own pace. Feedback from courses taught through the UIUC Sloan Center for Asynchronous Learning Environments indicates that students appreciate both the convenience and the quality of electronic interactions with faculty and fellow classmates. This development, perhaps the most far-reaching on this list, requires a new level of technical infrastructure support, including support staff to assist faculty and students in use of the technology and electronic curriculum development.
- ♦ In the past year, commercial and educational use of the Internet has exploded, making it a starting point for the proposed National Information Infrastructure, and leading many faculty and units to use the World Wide Web for instruction and services. As with electronic courseware, a new level of technical support is required to make good use of the Internet as a teaching and learning tool.

Even at the current steep rate of change, many educators believe that technology is still being "pasted onto" traditional processes rather than fully integrated into higher education. They point out that although universities are accumulating equipment and the skills to use it, the fundamentals of classroom instruction and interaction remain unchanged in many instances. A next level of use is widely predicted, in which the learning environment is transformed. The terms frequently used for this transformation include: learner centered, collaborative, unbound by time and place, information rich, and affordable.

Whether these predictions are accurate or optimistic, it is clear is that a new set of complexities and choices in instruction will emerge from technology-related

changes. As a leader in education, the University must make the best possible investments in technology, given today's constraints. At this stage, there's no question that technology must be integrated into teaching and learning. To that end, the University is committed to building an infrastructure to support networked campuses, with computers available to all faculty and students, running affordable, well-designed applications and supported by skilled technical staff.

In its FY 1998 request, the University has identified a number of projects required to enhance its instructional technology infrastructure. These are described below.

Classrooms and Laboratories

During the past several years, the UIC College of Liberal Arts and Sciences has made progress toward the establishment of modern laboratory and computer based environments for basic science, humanities, and social science courses. These advances have been made possible through substantial funding by the campus, from College reallocation, and from grants. Now that these facilities are in place, it is important to update the software and hardware and to replace damaged, outdated, and potentially unsafe equipment in the science laboratories. To this end, an allocation of recurring funds earmarked for the maintenance and upgrading of laboratories is requested.

Currently, the UIS campus has three instructional computer laboratories in service and two under construction. As the use of technology expands beyond traditional computer application courses to include multiple disciplines, the availability of general purpose and specialized instructional laboratory facilities becomes strained and cannot adequately meet scheduling demands, especially during peak periods. The campus requests include a multimedia instructional facility for the Art and Communication programs, a GIS laboratory to serve the needs of the Environmental Studies program, a study skills center to be shared by the Center for Teaching and Learning and the Liberal Studies program, and a counseling and therapy training center with digitized video recording capability for the Human Development Counseling program. Additionally, funds would be provided for ongoing support of these new facilities.

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Technical Support Staff

At UIUC, more classrooms must be networked to the campus backbone so instructional material can be delivered directly to the classroom. In addition, computer classrooms and instructional laboratory sites need to be enhanced to permit the continued expansion of computer usage in instructional activities.

The School of Art and Design in the UIC College of Architecture and the Arts was one of the first institutions in the nation to use advanced electronic image-making and processing tools for visualization in art and science. Methods first developed at UIC have been duplicated at numerous institutions across the nation. Yet despite obvious strengths in faculty, curricula and affordability, the School is falling behind competitor institutions in the basic instructional equipment upon which technology-driven programs now depend. New funding is needed to maintain and upgrade laboratories and to provide computer support staff for technical and instructional support.

The UIC College of Art and Architecture also requests support staff funding for the proposed Laboratory for the Interactive Study of Images. This lab would provide students with computer assisted learning in much the same way that the language laboratory serves all students learning languages. The lab will be a major resource for departments such as History of Architecture and Art, which teaches introductory courses meeting the requirement for humanities credit to approximately 2,000 students each year.

The UIC College of Business Administration recently completed a review of information technology needs. High on the list of eight recommendations was technical support for faculty and student use of technology. Currently 8 part-time graduate assistants provide technical support, in contrast to the 4.3 to 10.7 full-time FTE supporting competitor colleges at other institutions. The minimum level of support needed is a Director with three full time staff.

Given the widespread implementation of technology in elementary and secondary classroom instruction, the UIC College of Education has converted one of its large classrooms to a multi-purpose facility with access to technological equipment and other instructional materials. This lab is used for statistics courses, mathematics and science methods coursework and for other coursework by individual students and faculty. The lab is also scheduled for Great Cities Institute projects with public school teacher development and for other university wide collaborative projects. To keep up with technological development and to support multiple demands on the computer facilities in the College, additional technical staff, including academic staff and graduate assistants, are needed for support and education of users.

The UIC College of Engineering is committed to improving and expanding support for off-campus academic programs and short courses, particularly in connection with its economic development outreach under the Great Cities initiative. One such outreach effort involves offering advanced courses, off campus, to engineers in Illinois industries. Another outreach program involves making junior level engineering courses available to UIC enrolled students at the College of DuPage. Teleconferencing rooms having two-way video and two-way audio permit good teacher-student interaction are required to properly address current and future needs. The College seeks program funding to cover ongoing line charges and provide technical support personnel.

Network Infrastructure

The UIS campus has an urgent need to improve the speed and reliability of the campus local area network backbone. The entire campus community is currently served by a single network limited to 10 megabits/second.

Performance degradation is occurring as increasingly powerful personal computers are attached to the campus network. This project would add high-speed switching equipment in each building, a high-speed backbone switch in the central computer facility and network test/monitoring equipment. These upgrades would increase the speed of the network backbone tenfold and markedly improve performance.

At UIUC, a number of departments and colleges need to upgrade the local area networks through which they gain access to the campus backbone.

Equipment

Upgrading equipment is a priority at the UIUC campus. New desktop computers are needed to replace outdated systems for faculty and teaching assistants so that they have the necessary equipment to develop courseware for computers and to communicate with students via electronic mail. In addition, the current modem pool must be upgraded to accommodate greater student access from computers off campus. Finally, the campus seeks funding for increased access to worldwide information via the Internet.

Retaining Critical Faculty (\$4,800,000)

Overview

The most
severe salary
competitiveness
problems occur
at UIUC.
This initiative
targets resources
to help retain
those faculty
whose loss poses
the greatest
immediate risk.

The lack of competitiveness in faculty salaries on the Urbana-Champaign campus has been well publicized, and it presents a serious threat to the quality of the University. This is a large-scale problem which will require, and will yield to, concentrated attention over time. For the past three years (since FY 1995), it has been addressed largely through P+Q+P, and it will continue to be a focus of P+Q+P in the years ahead. However, there is a part of the problem that poses immediate risk to the University, and the request being made in this section is for a one-time recurring increment to address it without further delay.

The special concern is over productive mid-career faculty members, mainly those who were promoted to associate professorships between FY 1988 and FY 1995. Many have already moved beyond the associate professorship to achieve a second promotion to full professor. They are proven talent, having already passed through the demanding probation of an assistant professorship, and they are now in the prime of their careers, when they are establishing their presence on the national and international stage. They are also establishing the future of the University of Illinois at Urbana-Champaign, because they will furnish the ideas, the leadership, and the standing for this campus in the next twenty years. From them will come the imagination needed to assure continued strong private and Federal support of research at Urbana-Champaign. From them will also come the core of expertise that the campus will be able to offer the people of Illinois in the different world just around the corner.

Because they are proven, because they are talented, in fact, often because they developed at Illinois, they also present very favorable targets for other universities. The campus is immediately vulnerable because they are more seriously undercompensated than any other large segment of the faculty. Indeed, serious losses of members in this group have occurred in the College of Engineering, the College of Liberal Arts and Sciences, and other colleges over the past two years.

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This problem arose because of the time when they came to maturity as faculty members. In a normal career, the decade after promotion from an assistant professorship sees the greatest percentage increase in salary, precisely because these are the years when a young scholar's strengths become fully manifested. Over the difficult financial period of the late 80s and early 90s, the salary pool at Urbana-Champaign was much too small to provide adequate progress for them; and they lost ground seriously with respect to their counterparts elsewhere. From the comprehensive salary data for people in this group, we find that they are as far behind as 30% in individual cases. For the group, the deficit in compensation is apparently very near 20%. It is not a surprising conclusion, given that UIUC full professors as a whole group trail the national market by about 10.5%. The urgency of addressing this particular segment is underscored, not only by the mobility of mid-career faculty relative to others, but also by their very history, which does not leave them with confidence that they can trust the well-being of themselves and their families to the University of Illinois.

Approximately 400 faculty members, roughly 25% of the whole, are in the group of concern here. With an average salary deficit of \$12,000, the cost of repair comes to \$4.8M. Full support for this request will allow the campus to bring this group to the point where the extraordinary vulnerability is removed and future needs can be addressed through P•Q•P.

Library Improvement (\$2,041,000)

Overview

As traditional print resources become available in electronic formats, University Libraries are committed to developing the technological capacity to provide services and access to materials in the new environment. This commitment is a natural outgrowth of the progressive library system development in the State of Illinois that links virtually all of its publicly supported libraries in ways that make their resources available to any citizen.

In addition to sustaining a commitment to electronic resource sharing, the Library Improvement initiatives complement the University's development of an online learning environment. As with instructional technology, the success of technologically-based libraries depends on improvements in infrastructure, personnel and materials, implemented concurrently and updated appropriately. These improvements do not replace the need for continued support to the predominantly print-based format of educational and scholarly information, but do add a significant financial burden without releasing comparable resources. This request outlines program funds for initiatives in the following categories:

- Electronic Resources An essential building block of the new environment is the availability of journals, reference materials, government documents archival records and other primary sources in electronic formats such as data bases and CD ROMs. Also essential are the keys to these primary works including electronic indexing, abstracting and current awareness tools.
- ◆ Infrastructure for Electronic Resources Access to electronic resources is provided by a physical infrastructure of workstations, servers, network equipment and special purpose equipment, such as bar code readers.
- Instructional Support As the information environment changes,
 additional instruction is needed to help patrons make good use of it.

Electronic Resources

Development of Text-Based Electronic Resources

Both UIC and UIUC Libraries are making electronic resources available on a broader scale. In the near future, many scholarly and research journals will be available in electronic form in the near future and available from vendors. In some cases, the University will be the creator of a primary resource for online sharing. Most reference tools are already available online and can be negotiated at consortium discounts. New projects related to text-based resources are:

- UIC and UIUC plan to acquire access to vendor-produced resources in key research and teaching areas of the University which are currently not covered electronically. At UIUC, these include online access to Lexis-Nexis, Dissertation Abstracts and Science Citation Index.
- UIC plans to purchase serial backfiles on microfilm and equipment to digitize the microfilm. This process will make any item in the backfiles deliverable electronically.
- UIC is working with the City of Chicago to digitize records relating to criminal justice and public health. The campus seeks a server to host both these records and other rare/fragile materials.
- UIUC requests funds for backup delivery of individually requested journal articles that appear in journals to which the campus does not subscribe and which are not readily available from other libraries. This service, though print-based, supports use of electronic tools for targeted information needs.

Development of Non Text Electronic Resources

The UIUC Library plans to improve access to non-textual electronic resources. Access to these resources is highly complex and requires intensive mediated-instruction for individuals to successfully utilize these important emerging technologies. In particular, the Library also intends to enhance access to digital cartographic resources. However, dealing with these vast amounts of spatial information requires the use of an electronic infrastructure known as GIS (Geographical Information Systems) to display, interpret and manipulate the data, providing greater flexibility than possible with paper formats. In electronic

format it is possible not only to present materials as they were in their original paper format but also to layer and manipulate the data. Library patrons will be able to produce maps which reflect individualized research and will no longer be dependent upon what may or may not exist on paper maps. The program will have a positive impact on undergraduates who otherwise would have virtually no access to these resources.

Another aspect of UIUC's GIS initiative will be to improve access to the historical resources of one of the nation's largest academic map collections. These unique holdings, which include rare and historic Illinois maps, need to be converted to digital format to make them more accessible to scholars and students. The digitized maps will provide an important teaching resource for historians and social scientists.

Infrastructure for Electronic Resources

Planned Updates of Workstations and Centers

Currently, the UIC Library has close to 450 public and staff workstations, most of which become obsolete within three years. Funding is sought to upgrade 80 staff and public workstations, thus contributing substantially to the Library's goal of upgrading one-third of its workstations each year.

Infrastructure upgrades are also needed for the UIC Library's Information Technology Arcades, Electronic Learning Lab and Electronic Text Center. Up-to-date equipment and software are particularly important for these three project because they are state-of-the-art demonstration and work sites for students and faculty. The Information Technology Arcades in the UIC Main Library and the Library of the Health Sciences offer an opportunity for the creation of electronic information in conjunction with faculty initiatives. The Electronic Learning Lab is the laboratory for student instruction in use of online resources, and the Electronic-Text Center is the focal point for electronic text access by students and faculty.

Maintenance for General Library Systems

In the summer of 1997 the UIUC Library will implement the largest and most pervasive systems upgrade since the original introduction of online catalog in 1978. Work stations will be available by the fall of 1997 and more than 4 million items in the collection will be bar coded for automated circulation. The improved functionality of the system and the openness of its design will allow access not only to the online catalog but also to the campus network and external information resources from the Internet. This will, undoubtedly, stimulate an increase to the more than 50 million logons to the online catalog and the bibliographic databases experienced in FY 1996.

The infrastructure needed to maintain the integrated library management system that the State has acquired from Digital Research Associates, and to continue to upgrade and replace the initial hardware, will be substantial. Additional personnel support will also be required to operate the new system. The \$1.3 million initial cost of the hardware (staff and public workstations, servers, bar coders and bar code readers, etc.) has been financed partially by grants from HECA and the State Library. The campus will have to finance the balance over the next several years. New programs funds will be used for continued support of the hardware and for additional personnel support to operate the new system.

Instructional Support

Electronic Services Librarians

To enhance the many electronic services that exist in the Library, and to respond effectively as technology changes, it is crucial to have trained, creative and innovative electronic services librarians. UIC seeks new program funds for four electronic services librarians.

Electronic Delivery of Instruction

The complexities of new electronic information resources environment will require the development of a more substantial instructional program than the UIUC Library has maintained in the past. An information Mall has been proposed that will provide high level computing equipment, labs for group instruction and a working location for the Advanced Information Technologies Group (AITG) on the upper level of the Undergraduate Library. The Mall will

be directly responsive to a wide array of information needs, including self-instructional packages for basic and advanced skill development, and will position the Library to respond to rapidly changing formats in instruction and research.

The major equipment costs of the Information Mall are integrated into the overall equipment upgrade program. However, certain items intended primarily for instruction will have to be added to the Mall, including high-level workstations and servers for handling digital image files. The primary incremental costs for the Information Mall will be additional personnel to handle the increased workload of students, faculty and staff who will need to be introduced to the new system on a continuing basis.

Multicultural Research and Diversity Initiatives (\$1,000,000)

Overview

Multiculturalism and diversity have become increasingly controversial issues, even as the population of the nation has grown more multicultural and diverse. It is more important than ever that the University of Illinois participate in this national discourse through its research, teaching and service missions. The UIC campus, with its urban setting and history of scholarship in urban issues, is well suited to make new contributions in the area. This request proposes development of an expanded research base in multicultural issues and a series of diversity initiatives to support minority student participation and achievement.

Multicultural Research Institute

The Institute for Multicultural Research and Urban Policy will be a multidisciplinary, multi-ethnic, comprehensive research institute that focuses on urban populations and urban policy issues. The Institute will use the expertise of current UIC faculty in the humanities and in the social, behavioral and health sciences to attract external funding for research on racial and ethnic communities, particularly those found in urban environments.

The objectives of the Institute are to:

- provide a framework and structure for generating external resources for conducting research on urban communities and their populations;
- provide a centralized unit that will encourage and coordinate research on urban communities and their populations;
- produce knowledge about urban communities and populations;
- work cooperatively with Chicago's community-based institutions and organizations to encourage the application of research knowledge to the solution of community problems;
- help faculty and students of color at UIC gain expertise in grantsmanship and in conducting research projects; and
- increase retention and recruitment of faculty and students of color at
 UIC by providing an attractive opportunity for scholarly productivity.

Several developments during the last decade suggest that the establishment of such an Institute is timely. An increasing proportion of calls for research proposals from governmental agencies and private foundations are specifically targeted to minority populations. The need for basic, applied, and policy research on African-Americans, Latinos, Native Americans, Asians, and other ethnic groups in the United States and in urban areas such as Chicago is well substantiated.

The Institute can combine research with service to the people of Illinois.

- Surveys of Chicago and other Illinois residents suggest that many of their concerns align with research interests of potential Institute faculty;
- ♦ The Campus Priorities Committee has identified several high priority issues also of special concern to the African-American and Latino communities which will contribute to the research focus of the institute;
- Topics to be researched by potential faculty have a strong chance of being funded externally;
- Establishment of a multicultural research institute would provide a competitive advantage to UIC and the state that would be difficult to match elsewhere.

At the present, no multicultural research center exists within the University. UIC has an opportunity to become a leader in this important and potentially expanding area of research, as well as a valuable resource for Illinois policy makers and service providers. Program funds would provide administrative staffing and ongoing supply, expense, computer and publication costs.

Support Minority Participation and Achievement

UIC has made significant strides in increasing the diversity of the campus community. This year, the campus emphasizes the development of programs with a proven track record in enhancing minority student achievement through research opportunities and outreach programs.

Research Opportunities

- ♦ The Summer Research Opportunities Program (SROP) introduces talented American minority sophomores and juniors to research and the rewards of graduate study early in their undergraduate experience. Promising students are paired with faculty mentors working in the students' area of interest over an eight week summer session. At UIC, SROP has a ten-year record of success—a high proportion of SROP students complete undergraduate programs and a significant number go on to post secondary degree programs. For FY 1998, the campus proposes that the program be increased to accommodate 40 students, targeting half of these placements in the sciences, with five of these from Urbana-Champaign and five from SROP Alliance institutions.
- ♦ The Abraham Lincoln Graduate Fellowships are designed to expand the breadth of background of the UIC graduate student body by supporting individuals from groups traditionally underrepresented in graduate education, specifically, African-American, Native American, and Puerto Rican students. The campus proposes to increase the total number of fellowships by five, to a total of 15 students.
- ♦ In the College of Architecture and the Arts faculty, project REACH (REalizing Artistic CHoices) is a multi-faceted program designed to implement new art initiatives by students, artists and institutions in diverse urban settings. REACH provides recruitment and support of first-generation undergraduate students from Chicago's culturally diverse inner-city public high schools and provides post-graduate fellowships so students may develop partnerships with surrounding community agencies. The College seeks funding for additional faculty direction of the program and tuition support for students.

Outreach Programs

- ♦ The Minority Engineering Recruitment and Retention Program (MERRP) has proven to be quite successful in improving the academic performance of minority students through tutoring, mentoring, and support group activities. Degree completion for participants is three times that of non participant minority engineering undergraduates. The College of Engineering plans to extend the program to additional students and to provide a pre-freshman, summer residence, living/learning experience.
- The College of Associated Health Professions proposes to recruit additional minority applicants to its occupational and physical therapy departments. Research shows a lack of ethnic and racial diversity within these two fast-growing professions nationwide, primarily due to lack of applicants. The College seeks program funds to supplement departmental support for an aggressive minority recruitment plan. Specifically, a minority recruitment coordinator, clerical staff, outreach teachers, and tutorial support are needed for the program.
- The College of Medicine at Urbana-Champaign seeks to increase the participation of minority physician faculty in its clinical education program. Approximately 20-25% of the students in the first medical school year in Urbana-Champaign and 12% of Medical Scholars students are minorities. Through its Minority Student Mentor program, the College seeks to retain underrepresented minority students. One aspect of that program is encouraging practicing minority physicians to serve as faculty role models. Urbana-Champaign, in part because of its geographic setting, has few minority physicians in the community and it is difficult to attract them to the faculty. Program funding could make a major change in this deficiency by providing a part-time salaried base for minority physicians practicing in the community.

Strengthening Links to the State of Illinois (\$1,100,000)

Overview

The University of Illinois has a long tradition of service to the people of Illinois through partnerships with schools, businesses, government agencies and community groups. Recently, the University has strengthened these services through two coordinating programs: the Great Cities Program and the new Partnership Illinois Program. The UIC campus directs its teaching, research and service to community needs through the Great Cities program. Developed in 1993, Great Cities is now a vigorous program with more than 200 initiatives in education, health services, economic development and the arts. This year's Great Cities request focuses on outreach programs for K-12 education.

In FY 1997, UIUC will initiate the Partnership Illinois program to bring faculty expertise across the University to bear on the technological, economic, social and cultural challenges facing Illinois. Partnership Illinois goals are to raise awareness of current UIUC services and to respond to current and developing state needs in an efficient and coordinated manner. Last year, as an outcome of a campus-wide planning process, a Partnership Council was established to assess existing services and outreach programs. Program funds for FY 1997 will cover costs to administer the effort and sponsor a competitive grants program for projects in the 13 sector areas outlined by the Partnership Council. For FY 1998, the Partnership Illinois request focuses on expanding existing services and operational costs for successful sector projects.

UIC Focus on Educational Linkages

Leadership in the educational area of the Great Cities program has come from the UIC College of Education. Over the past several years, the College has directed considerable resources into programs that link the College to elementary and secondary schools, particularly Chicago Public Schools. The College has sponsored outreach programs such as Local School Council training, Small Schools Workshop, the Center for Literacy and the Chicago Annenburg Challenge. These linkages have resulted in scores of valuable partnership outcomes. The most significant of these was the finding that last year for the first time, UIC was the largest source among all colleges and universities of new teachers entering the Chicago Pubic School System.

These highly successful outreach programs are funded by the University on a non-recurring basis and by external support from foundations and corporations. External funding efforts have been successful but have also incurred indirect costs and generated requirements for matching program funds from the institution. The campus is seeking financial support for the infrastructure and administration of College of Education outreach programs. These funds will foster the establishment of longer term relationships and increase the College's ability to obtain external support for outreach.

UIUC Focus on Services and Grants

In FY 1998, Partnership Illinois proposes initiatives to catalyze new relationships with various public and private constituencies, thereby extending campus resources in new directions.

Expand Services of Existing Programs

Among the extensive list of public service projects now offered by UIUC faculty are exemplary projects with special funding needs. Two examples are given below.

- ◆ The Institute for Competitive Manufacturing is a multi-faceted program in which student teams work with Illinois industries to advance the leading edge of engineering design and manufacturing research and to facilitate technology transfer to small- and medium-sized companies. The Institute offers five types of activities: industrial problem-solving projects, industrial research projects, continuing education programs, information services, and mobile laboratory support service. Since 1988, student teams have completed more than 340 projects for approximately 100 different small- and medium-sized industrial organizations in the State of Illinois. Funding is needed to expand the Institute's outreach program.
- ♦ The East St. Louis Action Research Program is a collaboration of several UIUC departments and East St. Louis neighborhood groups on highly tangible and visible projects that address the immediate and long-term needs of some of the city's poorest communities. Cooperatively managed and developed, the program has been an

important part of the growing neighborhood revitalization movement in East St. Louis since 1990. The program is funded in part by grants and would greatly benefit from a more stable funding base.

The campus plans to expand the services of projects such as these with new program funding.

Provide Grants for New Services

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The UIUC campus also seeks funding to turn successful sector projects into operating programs. Grant would range from \$50,000 to \$150,000 for activities growing out of the work of the sectors groups. Each sector group is interdisciplinary in order to better respond to the needs of both the public and private sectors. Current planning is for the Sector Committees to review proposals and make a recommendations to the Partnership Illinois Council. The Council will advise the Chancellor on the initial assignment of awards and on whether, after a period of testing, some awards should be made permanent.

Faculty Strength for the C-FAR Initiative

Of the funding requested for Partnership Illinois, a total of \$250,000 would be provided to the College of ACES and Veterinary Medicine for additional faculty FTE to participate in the Illinois Council on Food and Agricultural Research (C-FAR) initiative. This initiative has received a strong base of grant support from the State of Illinois in the past two fiscal years. In general, this grant covers research expenses, but not the recurring cost of new faculty appointees in technical areas now lacking, but of high importance to C-FAR research goals, which are coupled to the intermediate-term needs of food and agricultural industries. A total of six FTE placed strategically among the departments of ACES and Veterinary Medicine would allow the most pressing shortcomings, relating to specific issues, such as pork production and conservation practices, to be addressed.

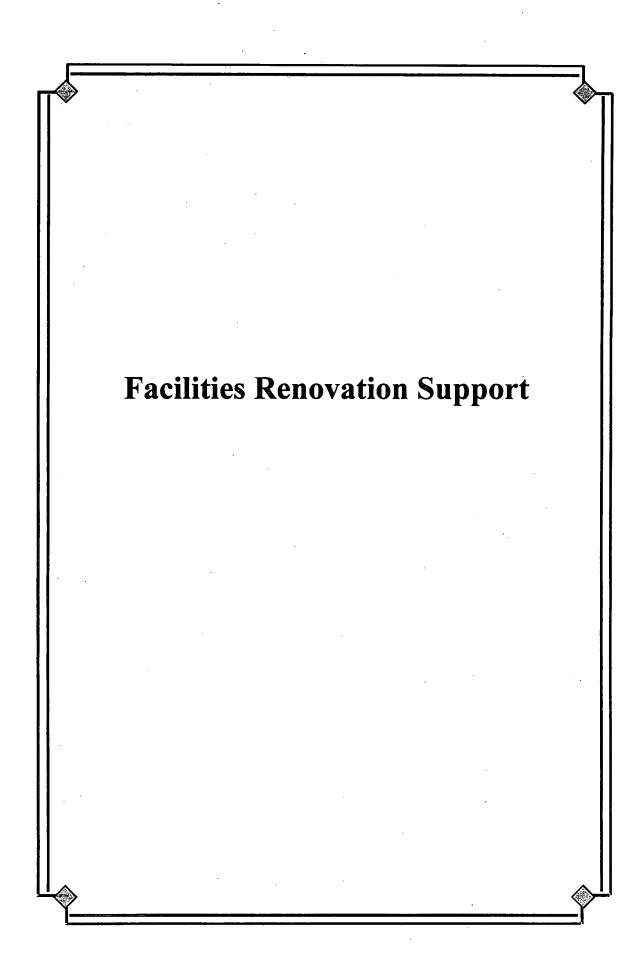
Staff Salary Augmentation (\$300,000)

Overview

This request seeks funds to address market deficiencies in academic professional and civil service staff positions at the UIS campus. The pay plan for academic professional employees has not been adjusted since FY 1990. Recently, the campus initiated a preliminary review of national data. Market indicators suggest that some UIS key positions lag their IBHE competitors and are lower than comparable positions at the other campuses.

Civil Service pay ranges for UIS employees are also under review. Three years ago as Sangamon State University, UIS was scheduled to receive funding for range adjustments, over a three-year period, to bring the campus into alignment with comparable CMS and other public institution salary ranges. Due to lack of funding, ranges were only adjusted for the first year.

UIS was able to make some relatively low-cost adjustments in pay ranges for non-negotiated classes in FY 1996 and FY 1997. However, given the campus' preliminary data, further adjustments are expected, particularly as the campus develops within the University of Illinois system. The requested funds would be used to address deficiencies based on continued analyses consistent with University of Illinois standards.



Facilities Renovation Support (\$6,430,000)

Overview

Stated most simply, physical facilities are a critically important component of the academic support structure necessary to conduct instructional, research and service activities in any institution of higher education. Academic facilities constructed and operated with State funds for the University of Illinois have a replacement cost of \$3.5 billion. Most of these facilities were built to "institutional standards" in construction materials and techniques, meaning that with proper maintenance and regular renovation of components which have exceeded their useful lives, the facility can have a nearly infinite life. A variety of University of Illinois programs are today housed satisfactorily in buildings more than 100 years old.

Three factors contribute to the need for annual attention to the configuration and quality of the physical facilities supporting any academic program:

• Replacement Needs

Normal use inevitably causes wear and tear on building systems and components to the point at which their useful lives are exceeded and they must be replaced. This process is frequently described as depreciation and is universally recognized. If proper annual maintenance is not available for building systems, their useful lives are shortened. If replacement of worn-out building systems is not completed on a timely basis, significant backlogs of deferred maintenance needs arise, eventually resulting in larger and more costly major remodeling requirements.

• Realignment Needs

The needs of academic programs vary over time. As enrollments shift among fields of study, space needs change with them. As the state of the art within fields of study changes, so, too, do the facilities needed to support new activities. In some cases the entire functional use of space must shift to accommodate changes within or among academic programs.

If replacement of worn-out building systems is not completed on a timely basis, significant backlogs of deferred maintenance needs arise.

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Renewal Needs

Technological advances can render both facilities and equipment obsolete, sometimes at rates far exceeding their physically useful lives. The application of computing to every discipline within a university and the dizzying pace at which computing power, speed and applications continue to evolve is the most obvious example of such a change.

Without an annually sustainable source of funds to support facilities renovation, the State's investment in college and university facilities is at risk.

Several types of funding are required to meet the range of facilities operating, maintenance, renovation and replacement needs which universities confront annually. In Illinois, day-to-day operations and maintenance costs are funded through the annual operating budgets of colleges and universities. Major remodeling and new construction funds come from capital budget appropriations with annual sales of bonds which customarily carry 25-year debt retirement obligations. At this time, funds to address minor remodeling needs most often associated with the factors outlined above also come from capital budget sources. Currently, there is no annually sustainable or "recurring" source of funds to support the need for facilities renovation.

Why is a recurring source of support for facility renovation required? There are at least three important reasons:

- Public colleges and universities in Illinois have accumulated backlogs
 of deferred maintenance projects reaching ten of millions and in some
 cases hundreds of millions of dollars per campus. The State's
 investment in college and university facilities is at risk.
- 2. Once fully implemented, an operating-budget-based facilities renovation program would permit institutions to plan, schedule, and complete minor remodeling projects more rapidly, more efficiently and less expensively than the present capital-budget-based program permits. Funding such projects from annual operating budgets would enable the State to devote its bond funded activities to major remodeling and new construction needs.

3. The capital budget offers an uncertain and uneven level of support for renovation projects, which must compete with other capital needs for major remodeling and new construction. The entire capital budget process has recently been delayed for two fiscal years, significantly increasing the deferred maintenance backlog.

Space Realignment, Renewal and Replacement (SR³)

The University
has devised a
formula-based
approach
to determine the
annual investment
necessary to
keep facilities
in adequate

condition.

Approximately twenty years ago the University of Illinois defined the need for an operating-budget-based source of funds to address annual space renovation requirements. Using historical reviews of the useful lives of all building components, the University developed a formula-based approach to provide an estimate of the annual expenditures which an institution would need for regular replacement of components which had exceeded their useful lives (such as roofs, heating, ventilating and cooling systems and so forth) and which could also address the annual need for reconfiguration of space to address new functional requirements brought on by changes in academic programs. This approach was termed Space Realignment, Renewal and Replacement or SR³.

The SR³ formula is based on the assumption that certain building components (foundation, superstructure and exterior skin) have an infinite life, while other components need replacement on a predictable life cycle of normal use. Providing an annual allocation of one-half of one percent of the replacement cost of the facility is sufficient to address these needs. In addition, however, for academic facilities some provision must be made to address the need for functional changes in space and other programmatically driven space reconfiguration requirements. Adding these needs to the building component replacement requirements raises the annual amount necessary to meet SR³ requirements to two-thirds of one percent of the building's replacement cost.

The SR³ approach thus requires that an institution keep an accurate inventory of the space it has and that it compute the replacement costs of all of its facilities by type of space. Fortunately in Illinois, the Capital Development Board and Board of Higher Education have worked together to provide institutions with construction cost estimates for the various types of space which colleges and

universities require and with inflation estimates needed to escalate those costs for future construction timetables.

Summing the SR³ requirements for all the facilities on a campus establishes the amount which an institution should spend each year to make certain that its academic facilities are functionally appropriate for the programs it offers. For the three campuses of the University of Illinois for Fiscal Year 1998, the SR³ requirement is \$25.6 million.

For two decades
the University
has demonstrated
the effectiveness
of SR³ in keeping
its auxiliary
facilities
in good working

condition.

SR³ Proven Effective

In 1979 the University of Illinois undertook a major restructuring of the debt for its auxiliary facilities and created an entity known as the Auxiliary Facilities System. An integral part of the debt restructuring was the initiation of an annual space renewal and replacement component in the operating budgets of all auxiliary facilities. Since auxiliary facilities do not face the same need for functional reconfiguration of space to meet changing academic program needs that academic facilities must address, the annual Auxiliary Facilities System space renewal and replacement requirement equals one-half of one percent of the facilities' replacement costs. This requirement represents a first dollar operating budget commitment for all University of Illinois auxiliary facilities. It has been in place for nearly twenty years, and it provides the best documentation possible for the effectiveness of the SR³ philosophy and approach to effective facilities maintenance. As a group, University of Illinois auxiliary facilities today are significantly better maintained than are the University's academic buildings.

The Illinois Board of Higher Education (IBHE) has endorsed many of the principles embodied in the Space Realignment, Renewal and Replacement approach. For more than a decade IBHE has recommended and the General Assembly and Governor have supported a capital-budget-based Repair and Renovation (R&R) program which uses the SR³ formula approach to allocate funds among institutions for minor remodeling projects defined with considerable flexibility by the institutions. Unfortunately the capital R&R initiative has been funded at approximately one-third of the annual need which

FY 1998
Operating
Budget
Request for
Facilities
Renovation

the SR³ formula prescribes for each institution. More troubling, the capital budget has been subjected to difficulties within the General Assembly and no capital bond authorization increases have been enacted for two successive years. A backlog of critically important R&R projects is growing to near crisis proportions, emphasizing dramatically the need for regular, recurring attention to facilities renewal, realignment and replacement requirements.

The need for an operating-budget-based program which can address a variety of facilities needs facing the University of Illinois has grown to the point that its priority matches the need for new or expanded academic program funds. For FY 1998 the University of Illinois proposes to begin a four-year effort to secure the incremental funds necessary to fund fully the SR³ formula. For FY 1998 the University seeks \$6,430,000 for the first of this four-year initiative.

Funds provided under this program would be used to meet facilities needs arising in three distinct areas:

- to accelerate the attack on a burgeoning backlog of deferred maintenance projects centered on building system components well beyond their useful lives.
- to address functional changes in space configuration caused by program changes or by changes in the state-of-the-art in instruction and research. Upgrading class laboratories would be a significant element in this category.
- 3. to address continually changing infrastructure needs to accommodate changes in technology.

The University strongly believes that the SR³ formula approach is the most effective mechanism to implement an operating-budget-based facilities renovation program.

The SR³ approach offers numerous advantages, which include the following:

- ◆ SR³ is simply defined and easily understood. Its components (amount of space maintained with State funds; space inventory by type; replacement costs) can be easily computed by all colleges and universities and are elements with which institutions, the Board of Higher Education, and legislative and executive agency staff are very comfortable and have dealt for a number of years.
- ◆ SR³ is easy to implement. All of its components are already in place at all public colleges and universities participating in the capital budget R&R program.
- SR³ is equitable to all institution regardless of size or complexity.
- ◆ SR³ effectiveness and impact is demonstrable, since it has been in place for the last 20 years in the University of Illinois Auxiliary Facilities System.
- ♦ SR³ is less costly than the current capital-budget system, since it improves efficiencies in project planning, scheduling and completion, and it requires no debt service.
- SR³ is easily audited through a review of individual projects planned and completed.

A transition period would be necessary for full implementation of an operating-budget-based initiative funded at the full SR³ level. It would take most institutions, including the University of Illinois, a period of several years to adapt to annual spending on facilities improvement projects on the order of magnitude provided by the SR³ approach. Some reappropriation mechanism would be necessary to ensure that funds made available for facilities improvements in the early years of the program could be fully expended on projects which might require several months of planning and up to one year after that to complete.

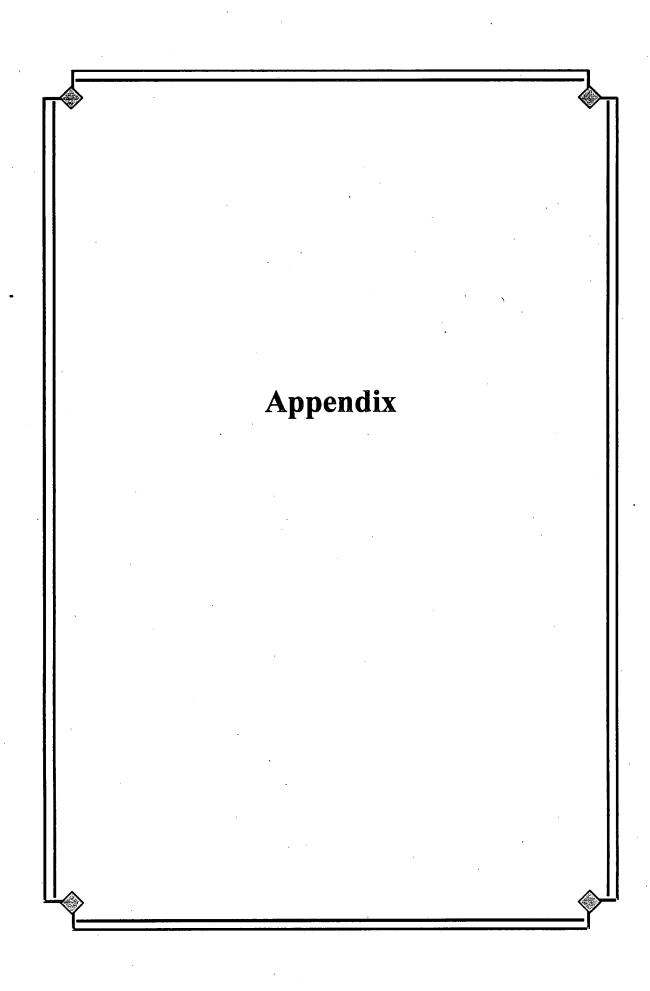
SR³ is simple, straightforward, equitable, comprehensive and cost effective.

Operating Budget

Facilities Renovation Support

Once the program was fully operational, it could be expected that a portion of each year's appropriation would be devoted to planning and design for future projects, for which construction could start as soon as the new fiscal year began.

Finally, it could be expected that initially an operating-budget-based facilities improvement program would complement the existing capital-budget-based R&R program while the existing backlog of deferred maintenance projects were reduced. Once an SR³ program were implemented in the annual operating budget at an appropriate level of support, it could be expected that it would replace the capital R&R program. The capital budget could then be devoted to major remodeling projects and new construction initiatives.



Appendix 1 Retirement

The level of funding of the State Universities Retirement System (SURS) has been a source of significant concern during the past several years. Although legislation passed in 1967 requires that annual appropriations for the System cover the projected costs of future benefits plus interest on the System's existing unfunded liability (i.e., future pension costs for employees still working), this statutory level of funding has never been reached and, in effect, part of the State's obligation to cover the retirement costs of current employees has been shifted to future years.

There was some movement towards an improved level of retirement funding from FY 1979 through FY 1981. In each of those years the State's contribution was at or above the "gross payout" level of funding—covering all of that year's benefits and administrative expenses. The System was then able to add all employee contributions, as well as interest and dividend income, to existing assets to help offset the costs of future benefits earned by current employees.

This improved funding, unfortunately, was short-lived. As the State's economy worsened, so did SURS support. From FY 1982 through FY 1994 funding dropped significantly below the "gross payout" level. While these reductions were seen as necessary to prevent deeper cuts in operating funds, the State has in effect been borrowing against the future.

In FY 1995, again there was movement towards an improved level of retirement funding. Enactment of Public Act 88-593 provides that the State's five pension systems achieve a level of 90% of full actuarial funding in 50 years and includes a continuing appropriation provision. This legislation should strengthen the financial condition of the Retirement System and should help preserve funding stability for pension systems despite fiscal constraint in the rest of the State budget. For this year, SURS received an increment of \$35.6 million or very nearly one-third of all new monies for higher education. The FY 1998 increment is estimated at \$41 million, over one-third of all new monies for higher education.

However, a new valuation methodology will make the Retirement System appear to be more sound and could reduce the future annual increments necessary to fund SURS. Under new Governmental Accounting Standards Board (GASB) guidelines, SURS assets as of June 30, 1997 will be valued at market rather than book. Currently, SURS assets and those of similar pension systems are valued at book. The change to market value reporting will be reflected in the funding recommendations for FY 1999.

Appendix 2

National Center for Supercomputing Applications

The National Center for Supercomputing Applications (NCSA) has evolved into a scientific research center built around a national service facility. NCSA is a unit of the University of Illinois at Urbana-Champaign (UIUC) and receives major funding from the University, the State of Illinois, the National Science Foundation, corporate partners and other federal agencies. This appendix provides a brief outline of NCSA's contributions to its constituencies in science, engineering, education, and industry. It also describes the need for an enhanced partnership between NCSA and the State of Illinois, as NCSA competes for refunding from the National Science Foundation (NSF).

When NCSA opened its doors in 1986, researchers using the supercomputers were from the traditional disciplines of physics, chemistry, materials and astrophysics. But researchers in other disciplines quickly realized they could also transform their fields by using supercomputing. Today's growth areas include commercial and financial databases and networked World Wide Web multimedia asset management. NCSA works closely with vendors and UIUC's faculty to bring scientists and researchers access to advanced methods in high performance scaleable computing.

NCSA's contribution to the World Wide Web market and digital commerce is immeasurable. The introduction of the network browser NCSA Mosaic in 1992 provided the basis of the technology that is generating the "gold rush" on the Internet. The two most visible companies are Spyglass and Netscape Communications, which use intellectual property developed at NCSA to gain a competitive advantage in the marketplace. In addition, more than 40 companies, including Microsoft, have licensed NCSA Mosaic technology and use it in more than 80 products. NCSA is now creating a powerful desktop-based collaborative software environment that will help eliminate distance barriers for virtual teams.

NCSA's leadership in advanced computing was demonstrated by its recent selection as a partner in the Department of Defense's High-Performance Modernization Program. NCSA will receive \$14.6 million over the next five years as part of a \$1 billion project to provide state-of-the-art technology to DOD laboratories through the development of four resource centers for high-performance computing.

NCSA is dedicated to improving the competitive position of American industry by working with leading corporations as partners in a non-competitive Industrial Program. At NCSA companies learn about high performance computing technologies and apply them to breakthrough industrial applications. They are in the vanguard of computational problem solving, with a unique opportunity to exchange ideas with leading researchers from industry and academia. Seven Illinois-based companies were early

adopters of cutting-edge technology available at NCSA and six (Motorola, Caterpillar, FMC, Tribune Company, Sears, Allstate) are current partners.

As home to NCSA, the State of Illinois is a direct beneficiary of a variety of technology transfer and outreach projects by NCSA. Some of the major education-related projects are listed below.

- ♦ Educational Affiliates Program A pilot program to determine how existing and emerging technologies can be disseminated to K-12 schools through various affiliation models.
- ◆ Resources for Science Educators Program A program to foster the development of curricula, course modules, software, publications and strategies among visiting educators and to distribute these materials especially via the Internet.
- Networking Infrastructure for Education Project Since 1994, a joint project of NCSA, and the UIUC College of Education and the Department of Computer Science to design and deploy a variety of networking solutions for schools, provide professional development for educators and develop collaborations among school districts.
- ♦ EduLinK-12 Funded in part by grant support from the Illinois Board of Higher Education, project activities include helping teacher locate resources on the Internet, integrating networking and educational standards into the K-12 curriculum, and implementing a train-the-trainer model to provide networking classes to teachers, parents and community members throughout the state.
- Illinois Learning Mosaic A project funded by UIUC to help the State of Illinois develop an online resource through which educators can share information about Illinois education.

Community-based outreach projects with an Illinois connection are:

- ♦ Champaign County Network NCSA's collaboration with the local community on networking services has received national recognition as an innovative application of the National Information Infrastructure and as a model for other communities.
- Chicago Mosaic NCSA prototyped a community home page where the people of Chicago could go to find their way through a maze of city services. Users can search listings of all city service departments, view Chicago Police beats, find out about neighborhood meetings, send email to the Mayor or find visitor information complete with maps and events. The City of Chicago now maintains the site on its own.

Appendix NCSA

♦ The Internet in Literacy and Adult Education - Funded by the Illinois State Board of Education, this project is a collaboration between the Urbana Adult Education Center and NCSA in a train-the-trainer course on doing Web-based projects.

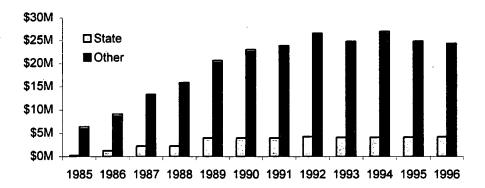
♦ Tech Corps Illinois - Part of an NCSA pilot project for a grass roots effort to accelerate the pace of technology integration into K-12 schools, Tech Corps volunteers, funded by the business community, bring computing and communications expertise to educators and administrators. Tech Corps is now a national program and a model for other states.

After 10 years, NSF is ending the Supercomputer Centers program and replacing it with a new program called Partnerships for Advanced Computational Infrastructure (PACI). Beginning in Federal FY 1998, NSF will fund one to three centers under the PACI program. NCSA's proposal will request a \$40 million budget from NSF on an annual basis for five years and will be in competition with the three existing supercomputing centers in California, New York and Pennsylvania, and possibly in other states.

Cost sharing is a major evaluation criterion outlined in the NSF program solicitation. As part of the preliminary program submission, Governor Edgar strongly endorsed the NCSA proposal for PACI and pledged to seek an increase in the State contribution up to \$8 million annually. The University will continue to work closely with the Governor and the IBHE to assure that NCSA's proposal includes strong support and participation from the State.

As Figure 11 shows, NCSA may be viewed as a major economic development effort by the State, since contributions to NCSA have return substantial revenue to the State. FY 1996 support for NCSA was \$4,231,878 but generated an additional \$26,234,977 in revenue to the State during FY 1996. Over the last 10 years, State funding has generated \$240,757,831 in total additional revenue. Clearly, NCSA's continued presence in Illinois has State-wide implications, both economic and technological.

Figure 11
NCSA Funding Sources



Capital Budget Request for FY 1998

Background and Context

Overview

Any discussion of the capital budget must begin with the understanding that an institution of the size, scope and complexity of the University of Illinois faces a recurring array of facilities-related needs annually. As buildings age through their normal life cycles it is crucial to address minor repair and renovation needs continually. With proper and regular annual maintenance, facilities and support systems have identifiable useful lives. Failure to meet annual requirements can lead to accelerated deterioration, more costly repairs in the future and the ultimate shortening of the useful life span of the facilities.

For the last decade the University has continually sought to secure adequate funds to maintain its facilities. Once again, emphasizing this need, the University has made the funding of repair and renovation its top capital budget priority. It is important to reemphasize the recurring nature of these facilities related budget requirements, which must be addressed on an annual basis. When that is not possible, a back-log of unfunded projects grows quickly, and becomes an accelerating cycle of deterioration in facilities which, if not addressed, leads inevitably to deterioration of academic programs and loss of key faculty and students. For FY 1998 the University seeks to augment capital budget renovation resources with an operating budget-based program.

Recent
Capital
Budget
History and
Background
for FY 1998

It is important to view the FY 1998 request in the context of recent capital appropriations and especially in the last two fiscal years. In FY 1996 and FY 1997 the Governor and General Assembly did not enact funding for any new capital improvement or repair and renovation projects. Meeting facility improvement needs on a regular basis is critical. To this end the two-year lack of support makes it very difficult for the University to adequately maintain facilities at full operating efficiencies. It is imperative that the stalemate in securing new capital project authorization levels be overcome for FY 1998.

At the close of the spring legislative session each of the last two years, four University of Illinois projects were included in the Governor's budget recommendations for higher education which were not acted upon or approved.

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Those projects include:

Repair and Renovation, all campuses	\$13.1	million
Boneyard Creek Improvements	\$6.0	million
Core Campus Renovation, Phase II	\$5.9	million
South Access Roadway (UIS)	\$0.45	million

The two-year
old stalemate
in new capital
authorization must
be broken for
FY 1998

Studies have shown that an institution the size of the University of Illinois should be spending approximately \$25 million per year on minor repair and renovation projects. A quick glance at recent appropriation and spending history reveals that this has not been the case. The recent budget stalemate has served to magnify this problem as much needed facility repair projects remain at a standstill. Continued lack of attention to this matter will lead to an increased cycle of decay in facilities and inevitably the deterioration of academic programs. To help secure a reliable and stable source of support for annual renovation needs, the University will also seek an operating budget-based increment for FY 1998.

Historic Capital Projects

Table 1 provides a history of actions on capital budget requests from FY 1992 through the FY 1997 appropriation, and Table 2 provides the status of on-going State-funded capital projects. Together, these tables provide further context to help establish the framework for identifying the University's top capital priorities for FY 1998.

Like all State institutions, the University has seen a sharp decline in appropriations for capital funds the last two years. With these facts in mind, the University had developed its FY 1998 request focusing upon renovation of existing facilities, beginning with two new construction initiatives, site improvement work, and improvement of the basic infrastructure for facilities support.

Table 1
History of Recent Capital Budget Actions
FY 1992 - FY 1997

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(Dollars in Thousands)

	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997
Campus Requests						<u> </u>
Chicago `	\$48,635.6	\$40,309.9	\$25,231.0	\$61,819.7	\$51,567.0	\$ 30,265.0
Springfield	4,036.4	2,390.1	4,115.9	2,728.5	3,827.6	4,983.1
Urbana-Champaign	46,597.4	77,895.6	32,698.0	56,255.3	42,837.0	46,071.0
Subtotal	\$99,269.4	\$120,595.6	\$62,044.9	\$120,803.5	\$98,231.6	\$81,319.1
IBHE Recommendations						
Chicago	\$28,116.8	\$22,989.9	\$15,594.0	\$23,783.7	\$17,500.0	\$ 19,100.0
Springfield	1,652.7	1,154.2	462.1	1,697.9	1,110.0	2,525.5
Urbana-Champaign	21,448.9	26,110.0	19,060.0	14,771.3	23,700.0	29,881.0
Subtotal	\$51,218.4	\$50,254.1	\$35,116.1	\$40,252.9	\$42,310.0	\$51,506.5
Regular Capital Appropriations	,					
Chicago	\$7,100.0	\$8,722.5	\$4,114.9	\$22,752.0		
Springfield	1,416.1	1,036.2	236.0	1,201.7		
Urbana-Champaign	4,824.4	11,079.0	7,807.1	7,750.0		
Subtotal	\$13,340.5	\$20,837.7	\$12,158.0	\$31,703.7		
Appropriations for Special Proj	ects					
Americans with Disabilties			\$19,168.9			
Planning Funds						\$ 3,000.0
Total Appropriation	\$13,340.5	\$20,837.7	\$31,326.9	\$31,703.7		\$3,000.0

Table 2
Status of State-Funded Capital Projects

(Dollars in Thousands)

Project Name	Fund Source	Fiscal Year	Project Budget	Est. Complete	Project Status
Chicago					
Renovate Lecture Center C	CDB-BI	1995	\$1,789.1	Oct-96	Const.
Remodel Studios & Offices Architecture/Art	CDB-BI	1995	770.0	Oct-96	Const.
Remodel Alumni Hall	CDB	1991	5,129.4	Aug-97	Doc
Remodel for Electronic Visualization Lab	CDB-BI	1993	212.0	N/A	Design
UIC Police and Transportation Facility	CDB	1995	9,487.0	May-97	Const.
South Campus Land Development	CDB	1994	6,571.1	Jul-96	Const.
Remodel Second Floor Medical Sciences for Nursing	CDB-BI	1991	275.0	Aug-96	Const.
Remodel Assoc. Health Prof. Bldg. for Kinesiology	CDB-BI	1993	128.1	Sep-96	Const.
Remodel Clinical Sciences Building Floors 4 - 14	CDB	1989	9,814.9	Jul-96	Const.
Remodel Pharmacy Faculty Office & Labs	CDB-BI	1994	1,549.4	Aug-96	Const.
Remodel COM Clinical Research Center @ Peoria	CDB-BI	1994	3,874.0	Jan-97	Const.
Repair at College of Medicine - Rockford	CDB	1995	320.2	Oct-96	Const.
Renovate North Tower Neuropsychiatric Institute	CDB	1993	5,500.0	Oct-96	Const.
Remove Asbestos Neuropsychiatric Institute	CDB	1995	29.0	Oct-96	Const.
ADA Compliance Modifications	CDB ADA	1994	10,119.2	Dec-96	Const.
Springfield					
Repair and Renovation Projects	CDB-BI	1995	\$275.0	Nov-96	Const.
Chiller Retrofit and Energy Conservation	CDB-BI	1995	965.7	Oct-96	Const.
Urbana-Champaign					
Animal Sciences Lab 4th Floor Remodeling	CDB	1995	\$672.0	Oct-96	Const.
Noyes Lab Remodeling	CDB-BI	1994	3,170.0	Sep-96	Const.
Rehabilitation Center Basement Remodeling	CDB	1994	700.0	Aug-97	Const.
Restroom Modification	CDB	1994	817.1	Oct-96	Const.
Roger Adams Laboratory Room 116 Remodeling	CDB	1995	325.0	Dec-96	Const.

CDB	Capital Development Budget
BI	Build Illinois
$\Delta D \Delta$	Americans with Disabilities Ac

Summary of FY 1998 Priorities

Overview

The University's FY 1998 Capital Budget Request consists of 15 projects at a total cost of \$99.5 million. Table 3 represents a combined priority listing of the proposed projects for this year.

The first priority is a \$10,000,000 Repair and Renovation request which is comprised of five projects at the Chicago campus, five at the Springfield campus, and twelve at the Urbana-Champaign campus. These projects, while not large enough to compete with major remodeling requests, represent a significant and very real funding need. Institutions with facilities the size, scope, complexity and age of the University of Illinois must place a high priority on renovation and renewal each year. The Repair and Renovation request is vital for the continued renewal of existing University facilities, provision of up-to-date support for academic programs, and protection of the State's investment in capital facilities. More detailed descriptions of these projects begin on page 25.

The second priority, the Urbana-Champaign ACES Information and Alumni Center, will allow the College to unify its agriculture and home economics collections with its information and computer services in a centralized location. The building will also allow for much-needed meeting and conference rooms. The \$9,500,000 in State support requested for this project will be met and exceeded by private funds as the University continues to build on its strong record of public and private partnership.

The third University priority provides \$4,500,000 for continued planning of a new College of Medicine (COM) Building. This building will provide 200,000 GSF of updated research and instructional facilities for the Basic Medical Sciences departments of the College of Medicine. A new building is critical to increasing research activity as well as enhancing faculty, staff, and student performance by providing state-of-the-art instructional and research laboratories. Based on recent experiences with the Clinical Sciences Building, renovation of existing facilities is more costly, less efficient, and far less timely than construction of a new building.

Table 3

FY 1998 Capital Budget Request Summary
by Priority and Campus

(Dollars in Thousands)

Priority	Project	Chicago	Springfield	<u>Urbana</u>	<u>Total</u>	Cumulative
1	Repair and Renovation	\$4,350.0	\$330.0	\$5,320.0	\$10,000.0	\$10,000.0
2	ACES Information and Alumni Center			9,500.0	9,500.0	19,500.0
3	College of Medicine	4,500.0			4,500.0	24,000.0
4	Mechanical Engineering Lab Remodeling			7,015.0	7,015.0	31,015.0
5	UIS Road Improvements		2,812.3		2,812.3	33,827.3
6	Campus Chiller			2,000.0	2,000.0	35,827.3
7	Clinical Sciences Remodeling	15,000.0			15,000.0	50,827.3
8	SURS Building Acquisition		4	1,677.0	1,677.0	52,504.3
9	Fire Station			3,900.0	3,900.0	56,404.3
10	School of Public Health	4,000.0			4,000.0	60,404.3
11	Freer Hall Remodeling	•		7,465.0	7,465.0	67,869.3
12	Campus Renewal and Remodeling		1,046.9		1,046.9	68,916.2
13	English Building Classroom Remodeling			6,085.0	6,085.0	75,001.2
14	Art and Architecture Building	23,500.0			23,500.0	98,501.2
15	Site Improvements		1,023.6		1,023.6	99,524.8
	Total	\$51,350.0	\$5,212.8	\$42,962.0	\$99,524.8	99,524.8

Priority four will provide \$7,015,000 to update the Mechanical Engineering Laboratory on the Urbana-Champaign campus to modern standards for teaching, research, and office. While the basic structure of the M.E.L. is acceptable, the interior space is of unacceptable quality and is inadequate to support the academic programs it houses.

The fifth University priority provides \$2,812,300 for roadway improvements at the Springfield campus. The request consists of three projects, each of which will remedy traffic engineering problems on the campus. \$634,877 will be used to match federal, state, and city funds for the 11th Street Extension, providing a major traffic corridor from the central urban area of Springfield. The bulk of the funds, \$1,710,643, will go toward completing the existing Ring Road, which currently only encompasses the north and east sides of the campus.

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The remaining \$466,780 will be used to complete the South Access Roadway improving safety and ingress/egress to the center of campus. Significant economies of scale can be realized by undertaking on all three projects at once.

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The sixth University priority seeks \$2,000,000 in planning funds for a Central Campus Air Conditioning Center at the Urbana-Champaign campus. This request will directly enhance the functional capabilities of the instructional and scientific research laboratories along the "science corridor" in the east-central portion of the campus. The regional chiller facility will provide replacement capacity for chillers in buildings which are approaching or have reached the end of their expected lives. Further delays in this project will result piecemeal solutions leading to negative impacts on the University's operating budget, and possibly hinder future research and instructional investments.

The seventh University priority is \$15,000,000 to complete remodeling of the Clinical Sciences Building at Chicago. This project represents the final phase of the Clinical Sciences Building Remodeling project list initially funded in 1982.

Several floors will be remodeled to provide improved heating, air conditioning and electrical power. Interior labs and offices will be renovated to meet the needs of the Departments of Medicine, Pediatrics, and Surgery, among others.

The eighth University priority would provide \$1,677,000 for the acquisition of a facility which once served the State University Retirement System. The University could consolidate administrative computing functions into a single location to improve working conditions and enhance operating efficiencies.

Priority number nine provides funds for the Urbana-Champaign campus to relocate and bring to code their fire station.

Priorities ten through fifteen reflect the need for additional investment in existing infrastructure and are outlined in Table 3 and Table 5.

Table 4

FY 1998 Capital Budget Request Summary
by Category and Campus

(Dollars in Thousands)

				Urbana-	
Priority	Category	Chicago	Springfield	Champaign	<u>Total</u>
1	Building, Additions, and/or Structure			\$13,400.0	\$13,400.0
2	Land Acquisition			1,677.0	1,677.0
3	Utilities				
4	Remodeling	42,850.0	1,376.9	25,885.0	70,111.9
5	Site Improvements		3,835.9		3,835.9
6	Planning	8,500.0		2,000.0	10,500.0
	Total	\$51,350.0	\$5,212.8	\$42,962.0	\$99,524.8

Table 5
FY 1998 Capital Budget Request
Future Funding Implications

(Dollars in Thousands)

			FY 1998	FY 1999	Cost for 2000
Priority	Project	Category	Request	Cost	and Beyond
1	Repair and Renovation	Remodeling	\$10,000.0		
2	ACES Information and Alumni Center	Building	9,500.0		
3	College of Medicine	Planning	4,500.0	70,000.0	
4	Mechanical Engineering Lab Remodeling	Remodeling	7,015.0		
5	UIS Road Improvements	Site	2,812.3		
6	Campus Chiller	Planning	2,000.0	25,000.0	
7	Clinical Sciences Remodeling	Remodeling	15,000.0		
8	SURS Building Acquisition	Land	1,677.0		
9	Fire Station	Building	3,900.0		
10	School of Public Health	Planning	4,000.0	26,000.0	
11	Freer Hall Remodeling	Remodeling	7,465.0		
12	Campus Renewal and Remodeling	Remodeling	1,046.9		
13	English Building Classroom Remodeling	Remodeling	6,085.0		5,320.0
14	Art and Architecture Building	Remodeling	23,500.0		
15	Site Improvements	Site	1,023.6		
	Total		\$99,524.8	\$121,000.0	\$5,320.0

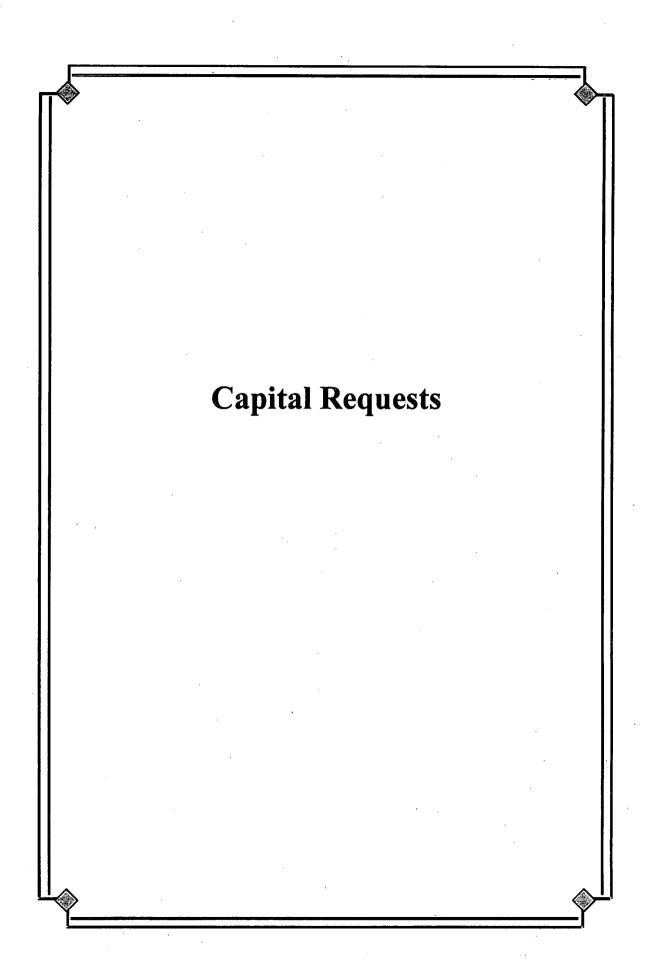
Table 6

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FY 1998 Capital Budget Request Cost Per Square Foot of New Building & Major Remodeling Projects by Campus

(Dollars in Thousands)

	Project Cost	Gross Square Feet	Net Assign. NASF/GSF	Efficiency NASF/GSF	\$/GSF	\$/NASF
Chicago						
New Building (Planning)						
COM	\$4,500.0					
School of Public Health	\$4,000.0					
Major Remodeling						
Clinical Sciences	\$15,000.0	108,315	64,859	60%	\$138.48	\$231.27
Art & Architecture	\$23,500.0	137,123	77,825	57%	\$171.38	\$301.96
Urbana-Champaign						
New Building						
ACES Information and Alumni Center	\$21,000.0	69,230	45,000	65%	\$303.34	\$466.67
Fire Station	\$3,900.0	18,610	12,096	65%	\$209.56	\$322.42
Major Remodeling						
Mechanical Engineering	\$7,015.0	67,677	41,312	61%	\$103.65	\$169.81
Freer Hall	\$7,465.0.	62,585	40,680	65%	\$119.28	\$183.51
English Building	\$6,085.0	28,800	17,280	60%	\$211.28	\$352.14



Priorities

Priority 1: Repair and Renovation

\$10,000,000 - All Campuses

Consistent with the need for annual attention to repair and renovation, this ranks as the University's top capital priority for FY 1998. A total of \$10.0 million is requested for the 22 projects outlined in the table below. Detailed descriptions of these projects are found in the Repair and Renovation Project Descriptions, following this Priorities section.

Table 7
Repair and Renovation Projects By Campus

Chicago Projects	Amount
RRC - East Remodeling Phase I	\$714,000
Alumni Hall North System Upgrade	864,400
Classroom Renovation Phase VI	800,000
Pharmacy Wet Lab Remodeling	971,600
Roof Replacement CSN	1,000,000
Total	\$4,350,000
Springfield Projects	
Building L Repair	\$197,410
Brookens Library Window Waterproofing	30,000
PAC Slanted Brick Surface Repair	28,000
Remodel Building E	42,000
Variable Frequency Drives for Air Handling Units	32,590
Total	\$330,000
Urbana-Champaign Projects	
Architecture Building, Remodel Room 120	\$240,000
Armory Flat Roof Replacement	230,000
Armory HVAC Improvements Phase II	554,900
Bevier Hall, Fourth Floor Laboratory Renovations	500,000
David Kinley Hall General Classroom Upgrade	637,900
Fire Alarm Upgrade Phase III	232,100
Library Fourth Floor Remodeling Phase II	800,000
Morrill Hall Roof Replacement	250,000
Metallurgy & Mining Building, Remodel 1st, 3rd, 4th Floors	575,000
Material Sciences and Laboratory Remodeling Phase II	525,000
Planning/Asbestos Abatement	595,100
Roger Adams Laboratory Exit Improvements	180,000
Total	\$5,320,000

Priority 2: ACES Information and Alumni Center

\$9,500,000 - Urbana-Champaign

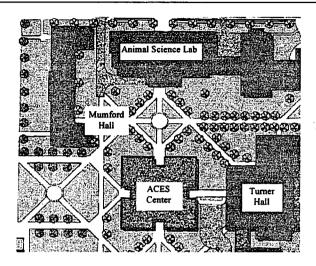
The current Agriculture and Home Economics Libraries in the College of Agricultural, Consumer, and Environmental Sciences (ACES) house a remarkable collection of books, periodicals, and other materials that serve as a center for scholarly research and study. The holdings cover all areas of agriculture and home economics, with special strengths in agricultural economics, biotechnology, foods and nutrition, forestry, textiles and apparel, international agriculture, animal sciences, horticulture, and soil sciences. The large number of grants awarded to the Agriculture Library faculty underscores the exceptional quality of the programs and the people managing them.

Estimated total project cost	\$21,000,000
Estimated bond-eligible funds required	
in FY 1998	\$9,500,000
Total non-state funding for which the	
project is eligible	•
Estimated non-state funding (gift)	\$10,500,000
FY 1997 appropriation	\$1,000,000
Gross Square Feet	69,230
Net Assignable Square Feet	45,000
Building efficiency	65%

Although the collections and the people managing the Agriculture Library are excellent, the present library - located for more than 65 years on the second floor of Mumford Hall - suffers from structural and spatial problems that permit no possibility for growth in information sciences. Currently, the 7,800 square foot library facility can house little more than one-third of the College's collection of 200,000 books and other materials. In addition to storage of library holdings, the Library affords seating for only 50 people, despite the fact that the students and faculty in the College total more than 3,200. There are no available areas for meetings and conferences. Also, the Library has no space for new computer facilities essential to a modern information center. These problems cannot be remedied through limited renovations or cosmetic changes.

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The proposed College of ACES Information and Alumni Center will be designed to meet the Illinois agriculture information needs well into the 21st century by meeting the demands of the information age. This project will provide flexibility for expansion



and will enable the College to unify its agriculture and home economics collections along with its information and computer services into a centralized location.

Included in the project is room for all the current holdings of the College plus growth space for library material in the stack areas. Patrons should always find a place to sit and study after the completion of this building. The new ACES Information and Alumni Center will also provide modern up-to-date computer facilities for the College as well as a large meeting room and several small conference rooms. The FY 1998 request for this project has been increased from earlier estimates due to several factors. Factors relating to this increase include: inflation adjustments, increased size of proposed facilities, to match program requirements, state of the art computer technology site development, and improved cost estimates based upon recent campus experiences with similar state of the art facilities.

Priority 3: College of Medicine

\$4,500,000 - Chicago

The University of Illinois College of Medicine (COM) is the country's largest medical school, educating some 1,500 students and approximately 1,600 residents and interns annually. One in every six doctors practicing in Illinois attended the University of Illinois. In addition, the College of Medicine generates more than 40% of the externally supported research activity for the UIC campus, by far the largest single college contributor to the UIC total. COM

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research awards have grown from \$25.5 million in FY 1990 to \$33.9 million in FY 1994, while the number of grant proposals submitted by COM faculty grew from 530 to 706 during the same period. At the same time faculty and staff from the College also serve as staff in the University Hospital, which itself generates nearly \$200 million in revenue each year while delivering patient care to thousands of Illinois citizens.

Unfortunately, this strong record of educational productivity, research expansion, and delivery of patient care is imperiled by a poor physical plant. In response, the UIC Health Sciences Center (HSC) has developed a strategic plan to overcome the effects of inadequate facilities and to enable the COM to maintain a leadership role in medical education, patient care and research. The foundation of this plan is to revitalize teaching facilities, recruit and retain top-quality faculty scholars, and deliver primary, secondary, tertiary, and quaternary care within an integrated system.

As part of the HSC strategic planning process, space and facility needs were assessed and prioritized. This process included a review of the adequacy of existing facilities and various construction and renovation scenarios for facilities improvement. Results of infrastructure analysis showed that current COM buildings are seriously deficient in several areas. The electrical, HVAC, and data transmission systems are all obsolete. Many other building systems including safety/code compliance, roofing, windows, masonry, plumbing, fume hoods, and elevators are in dire need of repair or replacement. In addition to the infrastructure upgrades, a significant amount of general remodeling and space reconfiguration would also be required. In the final analysis, it was clear that a new building would be the most cost effective and timely solution to providing adequate instructional and research space for College of Medicine faculty and students.

The new building will provide state-of-the-art facilities for the education of health professionals and labs for faculty in the basic sciences. Further, this initiative will improve UIC's ability to attract and retain top-quality faculty, particularly in basic sciences departments. Those faculty will strengthen every

dimension of the instructional, research and patient care activities of the College of Medicine.

The proposed COM Building will provide state-of-the-art laboratories, offices and teaching facilities for the Departments of Anatomy, Biochemistry, Microbiology, Pharmacology and Physiology. Preliminary planning suggest that approximately 130,000 assignable square feet of space will be required. Planning funds of \$4.5 million are sought for FY 1998.

The Health Sciences Center is already investing significant resources in new clinical facilities to enhance medical instruction and extend patient care services which University of Illinois physicians and students provide to thousands of Illinois citizens each year. Funded in part from operational efficiencies in the University Hospital and in part from patient care revenues, the University plans to construct a new ambulatory care facility which will accommodate nearly 400,000 patient visits each year. Additional parking facilities to accommodate patients, students and staff will also be constructed, again with no use of State funds. Construction of a new academic facility for the College of Medicine will complement these projects and will strengthen all components of the College of Medicine's teaching, research, and service to the people of the State of Illinois.

Priority 4: Mechanical Engineering Lab Remodeling

\$7,015,000 - Urbana-Champaign

The Mechanical Engineering Laboratory is a building of approximately 48,000 NASF. It was constructed in 1905, with several additions added through 1917. The building was originally built as a part of the University Physical Plant and served in that capacity until the early 1950's. Because of the original construction and use of the building, major remodeling is required to upgrade it to modern standards for teaching, research, and office space. The basic structure of the Mechanical Engineering Laboratory is acceptable, but much of the interior space needs upgrading.

A major remodeling project which renovated 36,000 of the 53,000 existing gross square feet was completed in 1992. In the remaining portion of the building, which is the subject of this remodeling project, a new second floor will be

created in existing high-bay space, adding 13,000 GSF to the building total. The new space to be created (on two floors) will be entirely dedicated to student activities. Large, theme-oriented teaching laboratories of 1000-2000 square feet will be developed for use with class projects and senior design team work. Smaller, workshop-size (150 square feet) labs will be used by design teams on a semester-long basis in which they will conduct their project work. Group offices for teaching assistants will be on the same floor as the labs, which will provide for good interaction with the students. In addition, approximately six research laboratories of 300-500 square feet size will be developed. As a corollary to this project, an addition to the west side of the building, using nearly \$2 million in privately raised funds, is planned. This addition, which borders on the east side of the Grainger Engineering Quadrangle, will form a new main entrance and foyer on the west side of the building and will contain four student galleries and a conference room, adding 11,000 GSF to the building. The four large (1500 square feet) galleries will be developed for a senior project design studio, a student society and leadership center, and an exhibition hall for student design projects. A large conference and meeting room will provide a formal setting for students to present their work to faculty and their industrial sponsors. When complete, the Mechanical Engineering Laboratory will total 77,000 GSF.

It is hoped that the state-funded project can proceed at the same time as the west addition, as there are significant economies of scale to be realized by doing so. A feasibility study by an outside architectural firm completed in 1994 suggests that access to the construction site would be greatly improved if both projects proceeded simultaneously.

As with previous remodeling projects in this building, the laboratory floor plan will be developed around a central utility corridor which will allow for convenient access for services to the labs and will increase their flexibility in the future as use of the space changes.

The renovation will include a complete roof replacement and a new central heating and air conditioning system. The existing saw-tooth roof truss structure can be reused, but the decking must be completely removed and replaced. Also,

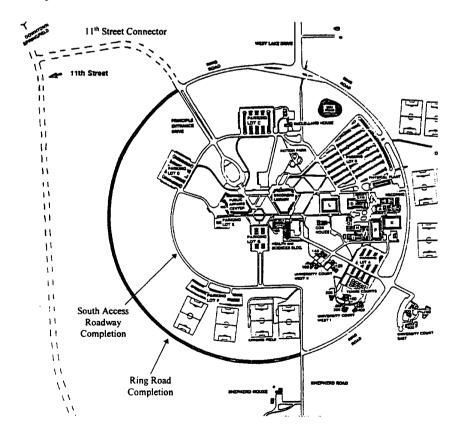
a new watershed and drain system must be designed to replace the old internal gutter system that has been abandoned. The existing skylights in the saw-tooth portion of the roof will be removed and replaced with smaller windows and energy efficient panels. A new chiller for comfort cooling will be integrated with the existing chiller to improve efficiency - this configuration will also provide redundancy in the event of equipment failure.

There is an equipment portion in this remodeling request of \$755,000.

Priority 5: UIS Road Improvement

\$2,812,300 - Springfield

The University requests funds for several roadway improvements which include construction of a roadway connection from the existing campus perimeter road to the 11th Street Extension, construction of the remaining portion of the ring road around the perimeter of campus, and completion of the south access roadway.



The map above illustrates the three parts of the project. The first part is shown on the map as "11th Street Connector" and proposes the construction of a roadway from the existing campus perimeter road to the 11th Street Extension. The long-awaited 11th Street Extension will provide a new corridor for vehicular access between the southeast sector of Springfield and the University and community college campuses. It is essential that the University connect its roadway system to this extension, to be completed by the City of Springfield in early 1998.

The second part is the completion of the Ring Road around the west and south sides of campus, shown on the map as "Ring Road Completion". The partially completed version that exists today is very heavily traveled and serves both University traffic and all through traffic going to Lincoln Land Community College, the Capital Area Vocational Center, and nearby residential areas. Completion of the Ring Road will relieve traffic congestions, establish a spatial sense of campus enclosure, and will be necessary as the University develops the south quadrant of campus.

The third part is shown on the map as the "South Access Roadway Completion". Improvements include additional paving, curbs and gutters, storm drainage, exterior lighting, landscaping, and campus entrance signage. Completing this road is necessary to improve safety as well as access to the central core of campus. Significant economies of scale can be realized by undertaking on all three projects simultaneously.

Priority 6: Campus Chiller Planning

Urbana-Champaign - \$2,000,000

In the fall of 1995, the University initiated a study and employed a consultant to provide a comprehensive Chilled Water Production and Distribution Long Range Plan for the University of Illinois at Urbana-Champaign (UIUC).

The study was motivated by recognition among University management that the chilled water production and distribution infrastructure serving a large portion of the 17 million gross square foot campus is in critical condition. Nearly 50% of the existing campus chilling capacity has been on line for 25 or more years, and

it is at the end of its useful service life. Costs to operate and maintain the aging equipment are spiraling upward, and it has become increasingly difficult to assure satisfactory levels of system reliability or building environmental control. In concert with the University mission of providing an environment conducive to teaching and research, building air conditioning is becoming a standard requirement. Cooling load on campus is expected to increase from 30,000 tons to 50,000 tons within the next 10 to 15 years as building renovation projects provide air conditioning to existing unconditioned spaces and new fully air conditioned campus facilities are brought on line. A long term utility development plan was needed to provide solutions to the crisis of collapsing production equipment, inefficient energy conversion, and accelerating load growth.

The impending demise of a majority of the chilled water infrastructure at UIUC provides an opportunity to implement a new design philosophy for chilled water production and distribution. While individual building and building renewal projects must often focus system design on minimizing initial cost, a comprehensive utility development plan provides the potential to optimize economic life cycle costs for the whole campus.

The consultant's report estimates that the 20 year life cycle cost for providing chilled water at the campus on a piece-meal basis when adding or remodeling buildings is approximately 18% higher than the life cycle cost of a central chilled water system that can accommodate growth as it occurs.

The report identified the need to construct a central chilled water facility near the corner of Illinois and Goodwin that would ultimately accommodate approximately 30,000 tons of chilled water capacity. This facility would generate chilled water using a combination of steam and electricity in a method that minimizes production costs. Installing this facility with the appropriate distribution system revisions yields an estimated net present value of \$162.5 million using a 20 year life cycle cost methodology (that is, an average annual cost of just over \$8.1 million per year). This is approximately \$30 million less

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than the cost forecast of the current process the campus would otherwise employ during the same 20 year period.

While this project requires the implementation of several components to be successful, the central constituent is the chiller plant that is the prime mover for an organized transition to a distributed chilled water system. As Phase I, it is expected that the project cost for this facility with an initial capacity of 10,000 tons will be \$18.5 million. Phase II, which will begin approximately two years after the completion of Phase I, is estimated to cost \$6.5 million. To begin the process of this project development, \$2.0 million is required in FY 1998 to begin the facility planning of Phase I.

Priority 7: Clinical Sciences Remodeling

\$15,000,000 - Chicago

The Clinical Sciences Building, a 14 story 240,000 GSF structure was constructed in the mid 1950s. The building was designed as the University of Illinois Hospital and remained as such until 1981. As the Hospital units relocated to their new facility, CSB was made available for scientific research, medical education and clinical facilities.

Converting this facility from its intended use/design to a more current and functional University facility has been an ongoing effort. In a previously approved capital project, the first phase of remodeling took place: the utility core was replaced, mechanical rooms were constructed, washrooms were remodeled and converted for ADA compliance and lateral distribution of HVAC and electrical was completed in floors four, five, six, eight, eleven and fourteen.

This project (Phase 2) will complete the remodeling and necessary distribution of HVAC and electrical to the remaining floors. In essence, this facility would finally be converted from its original design into a functional academic and research facility. Although it has taken several years to get to this point, completing this project is essential in order to fully utilize the building.

Priority 8: SURS Building Acquisition

\$1,677,000 - Urbana-Champaign

The availability of the facility which formerly housed the State University Retirement System (SURS) presents an opportunity to address persistent space problems at the Urbana-Champaign campus. Consolidating Administrative Information Systems and Services (AISS) operations in a single location will improve working conditions, enhance operating efficiency, and release some central campus space for reassignment to other units. The University administration has reached an agreement with SURS for the sale of their property to the University for the sum of \$1,677,000.

Priority 9: Fire Station

\$3,900,000 - Urbana-Champaign

Estimated total project cost	\$3,900,000
Estimated bond-eligible funds required	
in FY 1998	\$3,900,000
Gross Square Feet	18,610
Net Assignable Square Feet	12,096
Building efficiency	65%

During the planning of the Public Safety Building and the Engineering Quadrangle a few years ago, it became apparent that the location of the current Fire Station was not the best site to serve the campus, both from a functional fire response standpoint and from the standpoint that this structure provides a bottleneck to the flow of the Boneyard Creek. As the design of increasing the flow and capacity of the Boneyard Creek progresses, it will be imperative to relocate this function to a new site. A new building on a new site will provide the opportunity for the Fire Department to completely house personnel and vehicles in one location.

Priority 10: School of Public Health

\$4,000,000 - Chicago

The University of Illinois School of Public Health is the only accredited public health school in Illinois and five surrounding states. The School provides leadership in public health research, policy, and practice. It is a major resource for health policy and planning for the state of Illinois and places a strong

emphasis on the public health concerns of the region's urban communities, while providing a high quality education for more than 500 students.

The School of Public Health is currently housed in two buildings located on UIC's west campus. Neither building was designed for the type or amount of use it currently receives. The School has experienced explosive growth over the last decade, placing strain on the current facilities. In the last ten years the School's research funding has grown by a factor of five, the number of faculty and staff has grown by a factor of three, and the number of students has increased 150%.

As a result, the school's classroom/office building (a 21,000 GSF facility which originally served as St. Mary's Convent) is severely overcrowded, with inadequate space for faculty offices, conference space, study areas, and classrooms. The School shares a second facility with the State Department of Public Health to gain access to laboratory facilities. The extreme lack of office space requires that some of the labs be used as offices instead of more productive research space.

A new building will facilitate the integration of the School's research centers as well as its teaching and administrative functions. The new facility will also enable the School to expand efforts to work with the Departments of Health of Chicago, Cook County, and Illinois. By providing state of the art classrooms, laboratories, computer facilities, reference centers, faculty offices, and research space the School can continue its leadership role in public health throughout the State and the nation.

For FY 1998 the University seeks \$4 million to plan the new building and acquire the site for the new School of Public Health facility.

Priority 11: Freer Hall Remodeling

\$7,465,000 - Urbana-Champaign

The College of Applied Life Studies (ALS) is currently accommodated in Huff Hall, Freer Hall, and the Armory. Although decentralization is a problem, Huff Hall in particular presents the College with conflicts involving incompatible

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activities - administrative and academic activities - in uncomfortably close proximity to the gymnasium. By creating an infill floor in Freer Hall and converting the first floor from office space to classrooms and computer laboratories, it will be possible to consolidate ALS into this facility and allow the College to vacate all permanently assigned space in both Huff Hall and the Armory.

Conceptually, the remodeling of Freer Hall will involve removing the main dividing wall within the third floor gymnasium and construction of a fourth floor. To effectively isolate dissimilar activities, the first floor will be modified to accommodate high-traffic public spaces such as classrooms and general-use computer laboratories. New first floor spaces will include six classrooms, one large computer laboratory, and several high-ceiling research laboratory spaces. The office space now on the first floor of Freer Hall and in Huff Hall will be moved to the upper floors in Freer Hall along with support spaces, conference rooms, computer laboratories, and graduate assistant office space. There is an equipment portion in this remodeling request of \$805,000.

Priority 12: Campus Renewal and Remodeling

\$1,046,900 - Springfield

This project consists of several repair, remodeling, and renewal projects that will improve lighting efficiency and quality throughout the campus buildings, repair the major roadway through campus, and renew selected areas in the central core of campus.

There are six parts to this project. The first part will retrofit existing lighting with new high efficiency lighting in library stack areas, the conference center, the majority of campus classrooms, and selected office areas. The second part includes resurfacing the oldest section of the Ring Road, which is deteriorating and in need of an asphalt overlay. The third part of the project proposes to replace the 20-year-old, worn-out carpet throughout Brookens Library's stack areas and classrooms. The fourth part of the project includes floor covering and ceiling improvements to the conference center, carpet replacement in the auditorium, and floor covering throughout the concourse and cafeteria area. The fifth part of the project will remodel the PAC student video studio in

Priority 13: English Building Classroom Remodeling

addition to remodeling selected classrooms into computer labs in the PAC and Brookens. The sixth part of the project includes remodeling in the PAC of administrative office space.

\$6,085,000 - Urbana-Campaign

In 1975, an architect was hired and a master plan was developed to convert the English Building to its new and permanent use. In total, 61,940 NASF (118,140 GSF) will undergo remodeling. The entire program involves: the addition of a new heating and air conditioning system for the building; construction of a new fire-rated stair and enclosure of two existing stairs; installation of an elevator (completed in Phase III); addition of restrooms, new plumbing, and new structural flooring in the west half of the building; as well as typical partitioning, lighting, and ceiling improvements associated with office and classroom remodeling. To date, only the first three phases of the remodeling have been completed in the English Building. The unremodeled portion of this building is in deplorable condition because of the extended delays in funding this important project.

The fourth phase of the work, which is currently proposed, involves the renovation of the north section of the building on all floors (21,000 GSF) as well as the east side of the third floor (7,000 GSF). The remodeling will involve the complete gutting and the construction of new floors in 10,000 GSF of the area to be remodeled. A total of 28,800 GSF of space will be converted into seven classrooms and modern office space as a result of this project. There is an equipment portion in this remodeling request of \$655,000.

Priority 14: Art and Architecture Building

\$23,500,000 - Chicago

The Architecture and Art Building completed in 1968 is a multi-story brick structure occupied by the College of Architecture and the Arts School of Architecture and School of Art and Design. Designed to be completed in three phases, the existing building is 82,000 GSF and represents phase one construction; phase two and three would have added an additional 123,000 GSF. The program for phase two and three included faculty offices, seminar and classrooms, a resource center and gallery and additional instructional laboratory

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space. The programs of the College have expanded significantly since construction of the building. There are now major graduate programs in Architecture, Art and Design and History of Architecture and Art.

The major elements of the proposed program include new and improved instructional space, administrative and faculty offices, slide library, resource library and art study collections. The program also includes modifications to improve vertical and horizontal circulation, electrical upgrade for telecommunication systems and distribution, and code compliance modifications. Completion of the Architecture and Art Building Addition and Remodeling will provide the space required to accommodate the College's programs and facilitate the relocation of dispersed faculty, students and administration from six locations to two locations.

Priority 15: Site Improvement

\$1,023,600 - Springfield

This project consists of several site improvements and repairs which will enhance pedestrian and vehicular traffic, improve the architectural image of the campus, repair underground water and gas lines, and provide an appropriate sense of completion to the campus.

There are four (4) parts to this project. The first part proposes the repair and resurfacing of selected drives and walkways. The second part consists of access and site improvements that will greatly enhance the central plaza area in the central core on campus. The third part is the replacement of deteriorated underground water and gas lines which serve the metal buildings on the east side of campus. The fourth part is the grading and landscaping of the south quadrant to provide a sense of completion to the campus and also to provide a barrier against the high winds which frequently come from the south and west.

Repair and Renovation Project Descriptions

Chicago Projects (\$4,350,000)

RRC - East Remodeling Phase I - \$714,000

This proposal seeks to remodel and renovate 10,000 square feet. of space in the NW wing of the Science and Engineering South building on the east campus of UIC. This wing has direct connections to all science departments in the college of Liberal Arts and Sciences and, by an elevated walkway over Taylor street, to the Science and Engineering Laboratory and new Engineering Research buildings. The goal is to create a multi-user, centralized instrumentation facility, Research Resources Center-E (RRC-E), which will house electron microscopes, nuclear magnetic resonance spectrometers, mass spectrometers, X-ray diffractometers and other analytical instruments to facilitate UIC research on the east side of the campus.

The proposal calls for the creation of various suites dedicated to particular techniques and support facilities, including an EM specimen prep lab, a wet chemistry sample prep lab with fume hood and sink, and computing spaces, preparation labs, computing stations, etc. A supplemental air handling system for the entire facility will provide appropriate ranges of temperature and humidity 24 hours a day, 12 months a year for each area. The plan includes completion of the new Mass Spectrometer Laboratory (MSL-E) which was created in this space in 1995, and in which approximately \$2M of instrumentation is already installed.

Alumni Hall North System Upgrade - \$864,400

Alumni Hall, formerly a garment manufacturing and wholesale warehouse, was purchased by the University with donated endowment funds and first occupied by the School of Art and Design in 1980. The building was constructed in two phases: a seven-level south wing (using a heavy timber structural system) completed in 1910; and a six-level north wing (using a concrete structural system) completed in 1920. Occupancy of the building includes offices, studios and laboratory space. Currently the north hall is without air conditioning.

The building has a 250-ton centrifugal water chiller, along with an associated chilled water pump, condenser water pump and cooling tower which services the south building. The chiller uses Refrigerant 11 which contains CFCs, banned by the federal government. The University recommends replacement of the chiller unit and associated equipment.

Classroom Renovation Phase VI - \$800,000

The University of Illinois at Chicago is in the process of renovating and remodeling its classrooms and lecture centers. Phase VI will provide for the renovation of Lecture Center F. The Lecture Center Complex opened in 1965 for operation. Located on the east campus, the Lecture Center is a group of 6 buildings under a common roof. UIC is upgrading and improving lecture space to provide for video- and electronic-based learning as well as to meet ADA compliance regulations. Renovating the lecture room interiors and installing the infrastructure required for educational technology is part of the campus strategy for improving the instructional mission.

Pharmacy Wet Lab Remodeling 4th Floor-\$971,600

The Pharmacy Building #924 was constructed in the 1950s. Since then there have been major changes in the programs within the College of Pharmacy. As a result of major curricular changes and a reduction in class size, there is no longer a need for the large laboratories designed in the early 1950's. A primary goal of the College of Pharmacy is to modernize the teaching labs into smaller laboratories for computer applications, faculty offices, and research laboratories. The fourth floor laboratory has not been remodeled since the Pharmacy Building was constructed. The lab was primarily used for teaching chemistry.

The proposed remodeling will complete approximately 20 wet lab research stations for students in the professional doctorate program, will help assure competitive recruitment for faculty and students and will strengthen the research programs in forensic science. Funds to complete Phase I of this project are included in the FY 97 capital budget priorities.

Roof Replacement CSN - \$1,000,000

The Clinical Sciences North Building #911 was completed in 1925. The six story building has approximately 193,500 gross square feet of floor area. The building is used as office, laboratory, and clinic space. The roof and associated masonry systems have failed, causing water damage to external and internal structures and building contents. These conditions have rendered areas of the building nearly uninhabitable.

Springfield Projects (\$330,000)

Building L Repair - \$197,410

This project includes the repair of the 22,600-gross-square-foot metal roof on Building L. This roof is 23-years-old; it is experiencing extensive leakage problems and has reached the end of its effective life. A new rubberized roofing retrofit consisting of a metal channel, recovery board, and adhered rubber roof membrane will be installed directly over the existing metal roof. This repair will stop water leaks and potential damage to the building's interior and equipment.

Funding is also needed to renovate the classroom and corridor spaces in Building L, which houses the School of Business and Management, the WUIS radio station, and eight (8) University classrooms. The building is 23-years-old and is the most heavily utilized of all the metal buildings on campus. The carpet in the classrooms is worn out and needs to be replaced. In addition, the walls and ceiling tiles in the classrooms and corridors are discolored and aging; the walls need to be repainted and the ceiling tiles replaced. These improvements, together with the high efficiency lighting retrofit of the Building L classrooms programmed in Project No. 98-3, will help renew the classrooms and corridors of the building.

Brookens Library Window Waterproofing - \$30,000

Funding is needed to replace waterproof sealant materials within the window frames of Brookens Library to eliminate water leaks. Due to the deterioration of the existing sealing gasketing materials, the windows are increasingly becoming a source for water leakage into the building. This project will repair and replace the sealant materials along the windows to eliminate those leaks.

PAC Slanted Brick Surface Repair - \$28,000

This project also includes repairing the slanted brick veneer surface on the south side of the Public Affairs Center which has cracked and shifted. The slanted brick veneer surface lays over a roofing membrane at approximately 20 degrees from horizontal and is "sliding" down toward the sidewalk. The weight of the brick is causing the brick veneer surface to separate midway along a mortar joint and move downward a few inches per year. The brick surface must be dismantled and removed and a new surface installed.

Remodel Building E - \$42,000

Funding is needed to remodel and rehabilitate space that will be vacated in Building E due to program moves throughout campus. This project consists of remodeling space in Building E that will be required for Student Service operations. Remodeling this area is important for relocation of Student Service support offices into space that will accommodate their needs.

Variable Frequency Drives for Air Handling Units - \$32,590

This project includes the installation of energy-efficient variable frequency drives on four air handling units and four return and exhaust fans in the Health and Sciences Building. The installation of these drives will allow the University to reduce its energy use in the Health and Sciences Building without compromising air quality. In addition, the variable frequency drives have an estimated payback of 2.2 years.

Urbana-Champaign Projects (\$5,320,000)

Architecture Building, Remodel Room 120 - - \$240,000

This 143-seat lecture room is regularly used by the College of Fine and Applied Arts for lectures and slide presentations. This room, constructed in 1927, has seen few improvements, most importantly air conditioning, which is a serious deficiency during warm periods when windows and shades must be pulled to use slides during lectures. The improvements will address the most serious deficiencies by providing an HVAC system, a dual lighting system, a projection room, audio visual system, and new interior finishes including new auditorium seating. A modern teaching station will be created at the front of the room.

Armory Flat Roof Replacement - - \$230,000

The north and south classroom/office sections of the Armory were constructed over 65 years ago with flat roofs. These roofs have not had any major repair work since 1960 and are now completely deteriorated. Numerous leaks are causing permanent interior damage to ceilings and walls and very often interfere with classroom use.

This project will remove the existing damaged roof and replace it with a built-up bituminous roofing system which will withstand problems created by ice falling during thaw periods from the upper roofs.

Armory HVAC Improvements, Phase II - \$554,900

This project will improve the ventilation and cooling of interior classrooms and offices on the west end of the Armory. The existing system is so noisy that in many cases the room fans must be shut off during class sessions in order for the students to be able to hear the instructor. Improvements will include removing room fan units, enlarging ducts to chases in each room, and installing large supply fans on the mezzanine to provide adequate air movement to these interior rooms. In addition, temperature controls throughout the entire building will be upgraded.

Bevier Hall, Fourth Floor Laboratory Renovations - \$500,000

Most of the instructional and research laboratories on the fourth floor of Bevier Hall remain unchanged from the time of original occupancy in 1956. Both the instructional and research programs have changed significantly over the years to more precision-oriented experimentation requiring more sophisticated laboratory space. The current laboratories no longer meet program needs due to outdated physical arrangements of space. Also, overloaded electrical circuits and failed plumbing systems have increasingly become common occurrences in these nearly forty-year-old laboratories.

This remodeling will upgrade the electrical and plumbing systems, reorganize some of the spaces, and in general, modernize the laboratories. The current instructional and research programs are closely intertwined with both

undergraduate and graduate students working with specialized equipment in research laboratories as well as in two instructional laboratories. One very large laboratory will be divided into a wet chemistry laboratory and a food processing laboratory—two activities that are now not safely compatible in the same room. Several small, obsolete, special purpose laboratories will be combined with adjacent areas to develop more useable spaces to accommodate the changing instructional and research needs located on this floor of Bevier Hall.

David Kinley Hall General Classroom Upgrade - \$637,900

David Kinley Hall is one of the two main instructional locations for the College of Commerce. The building has twenty-four classrooms with only the large lecture room air conditioned. Currently, there is a source of chilled water available which will allow the University to air condition an additional ten classrooms at a nominal cost. These classrooms are located on the first, second, and third floors of the building. In addition to air conditioning, the rooms would receive new lighting, new floor tile, acoustical ceilings, light control of windows, and painting. The Campus will provide new movable tablet arm chairs and audio visual equipment. This improvement will provide a much better learning environment in these ten classrooms.

Fire Alarm Upgrade, Phase III - \$232,100

Numerous campus buildings are equipped with substandard fire alarm/evacuation systems or no fire alarm systems at all. The Urbana campus has developed a program which addresses this serious deficiency in a systematic manner by upgrading the alarm system in a few buildings each year.

The plan is to upgrade the alarm system in buildings with a relatively high occupancy level or buildings that will have remodeling or renovation activities in them. This program will install the new Pyrotronics main sensing panel, replace existing detectors, and add additional detectors where applicable. The building to be upgraded with this request is Bevier Hall, allowing the campus to upgrade the alarm system in this building in conjunction with another remodeling project.

Library Fourth Floor Remodeling, Phase II - \$800,000

With the exception of an addition to the northwest corner of the Main Library in 1964, the user and staff spaces of this building have changed very little since the Library was dedicated in 1929. The Library remodeling effort, of which this is Phase I, is improving the logical arrangement of the spaces occupied by various departmental libraries and upgrading them to modern standards. These spaces are located primarily on the second and fourth floors of the Main Library.

Currently, the fourth floor houses four departmental libraries. Each unit is a discrete space, providing services independently of the other units. The arrangement of the spaces along a very long corridor means the fourth floor poses potential personal safety problems. This remodeling will move these units to the second floor and shift technical processing activities and administration from the second to the fourth floor. The shift will move departmental libraries into closer proximity with each other and the Main Library Reference Room. This arrangement will greatly enhance the ease of access to the resources in these libraries for the users. It will be particularly beneficial to those individuals whose research draws upon the resources of more than one departmental library.

Remodeling will also enhance the quality of space for the libraries. In particular, computer wiring, electrical wiring, and lighting will be upgraded to respond to the demands of new technologies. In the last decade the development of electronic information resources has revolutionized the academic library. For universities to be effective in their teaching and research missions, it is critical that access to information through electronic medium be readily available. The reconfiguration of space and improved technological capabilities of the space will allow the Main Library to deliver information more effectively to the students and faculty of the University via both traditional and electronic formats.

Morrill Hall Roof Replacement - \$250,000

Portions of Morrill Hall's roof rely on an outdated built-up roofing system which is completely water-saturated and in imminent risk of failure. This request will remove the existing roofing materials and insulation down to the vapor barrier over the roof deck structure and replace it with a new system.

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Metallurgy & Mining Building,

Remodel 1st, 3rd, 4th Fourth Floors - \$575,000

This project entails the renovation and minor remodeling of three areas within the Metallurgy and Mining Building (MMB). Originally constructed in 1908 for the Department of Physics, the building is now shared by the Department of Materials Science and Engineering (MATSE) and part of the campus Office of Admissions and Records (OAR). Many significant scientific discoveries have occurred in this building, and the potential for new achievement is possible with proper renovation. OAR is scheduled to be relocated to different quarters in 1995; the space on the third and fourth floors of MMB currently occupied by OAR will be remodeled by this project to serve as instructional and research laboratories and offices for the polymer and electronic materials faculty of MATSE. Obsolete laboratories and equipment housed in Room 112 will also be renovated and replaced to upgrade the heat-treating instructional laboratories located in this space.

This proposed remodeling will greatly benefit MATSE. Given the present physical limitations of the building, MATSE is unable to support the instruction and research that is a part of the materials science and engineering discipline within the currently assigned space. Included in this project is space that will be utilized for a senior design course. Current projects are squeezed into existing instructional laboratories or in corners of research laboratories. Much of the space in MMB has not been remodeled for more than 30 years and MATSE is unable to expose students to the modern technology and equipment that they will encounter in industry upon graduation.

Additional space will be converted to offices and research laboratories. Most importantly, this remodeling will enable students and faculty of the polymer and electronic materials divisions to have fully functioning laboratory space. A majority of the research being undertaken by the faculty has a significant chemistry component and the faculty are currently forced to go out of the building or share the limited resources of MMB.

Material Sciences and Laboratory Remodeling, Phase II - \$525,000

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The second phase of the remodeling project will completely renovate the old Ceramic Department Kiln House where various ceramic materials were fired. This is an example of a program changing so drastically that a facility in use just ten years ago has been totally changed. The College of Engineering has completely refurbished the Ceramics Kiln House and added a floor. The first phase installed the structural steel and second floor slab while renovating the ground floor providing an instructional area for metals and polymers. The second floor is shelled space with 3,400 GSF and 2,400 NASF which will need basically all construction categories to be converted into finished space. The space will be renovated into office space and instructional laboratories for electronic and ceramic materials. These will be dry laboratories with extensive electrical requirements and some fume hoods to give the students a safe working environment. An elevator was provided in the first phase, eliminating that as a need for the second phase in order to meet ADA requirements.

Planning/Asbestos Abatement - \$595,100

This project will provide the funds necessary to remove asbestos in order to implement nine of the FY 1998 repair and renovation requests. The cost will average approximately \$25,000 per project. In addition to asbestos abatement, there are three deferred maintenance projects and four programmatic requests that require planning in FY 1998 in order for them to be accomplished in the summer of 1999 as FY 1999 requests.

Roger Adams Laboratory Exit Improvements - \$180,000

This project will solve one of the campus' most critical exiting problems. Roger Adams Laboratory is a building built in the late 1940s with an anticipated addition to be located directly south of the first addition; therefore, an exterior metal fire escape was constructed as a temporary measure during construction. Some forty-five years later the temporary fire escape is still in use, and there are no plans to ever build an addition to Roger Adams Laboratory at that location. This project will construct an enclosed stairwell on the south side of Roger Adams Lab is first addition, providing a code-complying means of egress and replacing the existing stairs which are very dangerous to use during winter.