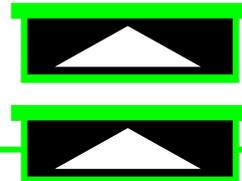


FY 2011 BUDGET REQUEST

**FOR
OPERATING
AND
CAPITAL FUNDS**

**PREPARED FOR THE
BOARD OF TRUSTEES
NOVEMBER 12, 2009**

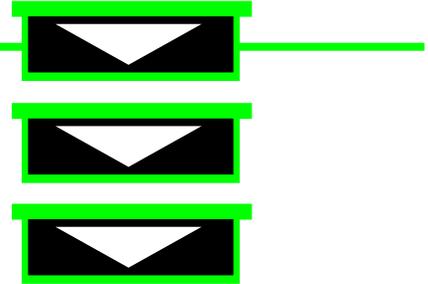


UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

FY 2011

BUDGET REQUEST

**FOR
OPERATING
AND
CAPITAL FUNDS**



**PREPARED FOR THE
BOARD OF TRUSTEES
NOVEMBER 12, 2009**

UNIVERSITY OF ILLINOIS

Urbana-Champaign • Chicago • Springfield

Office of the President
364 Henry Administration Building
506 South Wright Street
Urbana, IL 61801-3689

B. Joseph White

President

November 12, 2009

Dear Colleagues and Friends of the University of Illinois:

In the last year the state, national and global economies have been engaged in the largest economic downturn since the Second World War, with businesses and enterprises struggling to survive and advance. Even sound, well-managed and established institutions, such as the University of Illinois, have faced serious financial obstacles in what some have termed the Great Recession. It is necessary to put our FY 2011 state budget request into the context of the larger economy, how we arrived at our current situation and how we are approaching the institution's future funding needs.

The University successfully navigated a treacherous fiscal 2009 by managing conservatively, spending cautiously and making sure to get resources to the academic front lines. We received an \$18.6 million mid-year rescission in state appropriations as well as delayed payments from the State. But our operating budget could have been much worse in the current environment.

Despite the financial challenges ahead, we were cautiously optimistic when we began the 2010 fiscal year on July 1. The fiscal 2010 state allocation passed by the Legislature and signed by the governor allocates \$743.4 million general revenue funds for our three campuses in Urbana-Champaign, Chicago and Springfield. That's a level budget from FY 2009, not enough to fuel our highest aspirations, but it reflects a high state priority on higher education when compared to the dramatic cutbacks experienced by some of our public research university peers, such as the University of California system, which has experienced deep budget and enrollment cuts, layoffs, salary reductions and mandatory furlough days.

A footnote to the fiscal 2010 budget is that in maintaining a flat state appropriation, the general revenue appropriation includes \$45.5 million in one-time stimulus funds through the American Recovery and Reinvestment Act of 2009, generally known as the federal stimulus plan. While we are grateful for those funds, the economy of the state and nation are still weak, and it is incumbent on us to manage conservatively in FY 2010 and seek funding to replace the stimulus funding in FY 2011.

The good news in the 2010 budget is that for the first time in a number of years, the state passed a significant capital bill that, when funded, will allow us to address the long-overdue renovation of Lincoln Hall, build a new electrical and computer engineering building and an integrated biological research laboratory on the Urbana campus; modernize the UIC College of Dentistry facility on the Chicago campus, renovate, design and build an addition to the College of Medicine at Rockford to house the National Center for Rural Health Professions; construct a UIC College of Medicine at Peoria cancer research center; and build a public safety building on the Springfield campus. The capital bill also provides for \$32.2 million in repair and renovation funds to address deferred maintenance on our three campuses. Funds from the Department of Commerce and Economic Opportunity allow us to complete the petascale computing facility on the Urbana campus.

In the pages that follow, we describe in detail the initiatives that are most important to the University of Illinois as we look ahead to FY 2011. In the operating budget, our greatest needs are to:

- Strengthen academic quality with a \$78.4 million state operating budget increase by funding faculty salary increases at the 3 percent level plus a 1.5 percent merit, retention and recruitment supplement.
- Address facility operations needs with an increase in state funding of \$13.8 million to maintain new and existing facilities and utilities infrastructure on our three campuses.
- Meet inflationary and other cost increases with a \$4.5 million increase for payroll cost increases and information resource investment for the U of I Libraries.

In addition, \$15.5 million is requested separately for *Healthy Returns—The Illinois Bill of Health* and \$10 million is separately requested for medical professional liability insurance.

In the capital budget request we have identified our 10 highest priorities for state funding from numerous projects across the three university campuses. Our top priority is repair and renovation (\$60.0 million), followed in priority order by: Advanced Chemical Technology Building (Supplemental) (\$43.0 million); Pharmacy Renovation & Addition (\$73.2 million); Main/Undergrad Library Redevelopment (\$85.0 million); Hospital Modernization Phase I (\$30.0 million); Natural History Building (\$62.0 million); Disability Research, Resources & Education Services Building (\$50.0 million); Science and Engineering Laboratory Renovation Phase I (\$35.0 million); Burrill Hall Remodeling (\$27.0 million); and Stevenson Hall Classroom Building Modernization (\$19.0 million).

This is a list that focuses on the academic needs and priorities of the University of Illinois. The additional capital projects related to the hospital renovation and expansion at UIC, as well as the statewide health care initiative *Healthy Returns—The Illinois Bill of Health* are also being requested from the State of Illinois.

The FY 2011 budget requests reflects real needs, many of which have been a continuing concern during my administration as we pursue high aspirations developed in the University's strategic planning process, including:

- Develop UIUC into the nation's preeminent public research university.
- Develop UIC into the nation's premier urban public research university.
- Position the U of I Medical Center and health sciences colleges for the next quarter century.
- Develop UIS into one of the nation's top five small, public liberal arts universities.

Fulfilling this year's University of Illinois budget request will be a solid investment by the state in human and intellectual capital. In years to come, this investment will pay compounded dividends in creating whole new industries, new jobs in the global economy and a more educated, civic-minded citizenry.

Thank you for the opportunity to present our budget needs for FY 2011. If you have questions, please do not hesitate to contact me or my staff.

Sincerely,



B. Joseph White

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Capital Budget Request for FY 2011

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**Capital
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Capital Budget Request for FY 2011

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INTRODUCTION



INTRODUCTION

Overview



When you say “the University of Illinois,” it conjures up in the mind of some beholders a traditional campus with red-brick buildings arranged symmetrically around tree-lined quads. Others envision an urban university with Walter Netsch Brutalist architecture in its East campus and the largest medical school in the nation and accompanying health-oriented colleges a mile or so west. Others think of an intimate, relatively new campus that seems to have been called up from out of the Illinois prairie for a special purpose.

Indeed, the Urbana-Champaign, Chicago and Springfield campuses all perform their traditional teaching and learning missions well. Each campus has distinctive research strengths: Urbana with its science, agriculture, high-tech, engineering and interdisciplinary projects; Chicago with its medical, health professions and urban research projects; and Springfield in the state’s capital with its public policy, political and media strengths.



*The University of
Illinois: World-class
University, statewide
impact.*

The traditional higher education functions thrive at the U of I with its 73,000 students and 18,500 graduates in 600 degree programs annually. More than 7,000 students annually earn U of I advanced degrees—master’s degrees, MBAs, law degrees, health discipline degrees, veterinary medicine degrees and doctorates from the three campuses.

All that traditional campus-based activity, notwithstanding, the University of Illinois is making a difference every day in every one of Illinois’ counties. Start with Cooperative Extension, based at the Urbana campus’ College of Agriculture, Consumer and Environmental Sciences (“ACES” to the campus denizens.) Extension has more than 800 employees, based both on the Urbana campus and at 77 offices and a presence in all 102 Illinois counties. Extension still provides its traditional agricultural expertise and gardening advice in its 21st century incarnations: food safety and security; sustainable, profitable food production and marketing; environmental stewardship; and youth, family and community well-being.

Extension organizers put out a shelf of paper and electronic newsletters: from *Ag Quarterly* to a bioenergy blog and metablog with the latest news about bioenergy from the *New York Times*, *Wall Street Journal* and *Forbes.com* to *Diabetes Lifelines* to *Small Farms Newsletter*. Extension is high on nutritional food with entries on feeding young children, thrifty living, wellness, low-carb diets, recipes and exercise. Extension also runs seven regional agriculturally oriented research stations across the state. When you add up all of Extensions contacts, it runs to more than 3 million per year.

In 2008, the UIC College of Medicine facilities provided 440,000 outpatient visits especially important to low-income patients in Chicago, Peoria, Rockford and Urbana. The Rockford campus also provides service in Rockton, Belvidere and Mt. Morris. The UIC College of Medicine has a branch in Peoria, Urbana and Rockford. All educate physicians and are deeply embedded in the communities' overall health-care effort. Rockford boasts a national center on rural medicine, dedicated to the study, understanding and dissemination of information on the special health and wellness needs of rural citizens. The College of Medicine at Peoria is part of a public-private partnership gearing up to build a new cancer research center. The College of Medicine at Urbana offers advanced research M.D./Ph.D. programs.



*The University of
Illinois is making a
difference every day
in every one of
Illinois' counties.*

In 2008, the University's research efforts brought \$800 million into the state along with 363 technology disclosures, 54 patents and 43 licenses and options to commercialize new technologies, some of which that will become the products, industries and job-generating companies of the future. In the last five years, 57 start-up companies commercializing University-generated technologies got up and running. The business incubation facilities at the Urbana-Champaign and Chicago campuses house more than 50 start-up and established companies, including John Deere, Caterpillar, Archer Daniels Midland and State Farm; as well as high-tech heavyweights, such as Yahoo! and Qualcomm.

Appropriately for a university located in a very political state capital, the University of Illinois at Springfield brings a communication, living-laboratory approach to the policy, politics and politicians that dominate the city. Many of UIS' faculty and staff have long ties to state government and media, and function as policy experts and media contacts for media statewide and beyond. More than 6,400 UIS graduates

live in Springfield. There's also the Institute of Illinois Government and Public Affairs with policy and political experts on all three U of I campuses.

Back on the Urbana campus, the Police Training Institute, which was established by the General Assembly in 1955, is one of the nation's largest and longest-serving law enforcement training efforts. The academy provides basic and advanced law enforcement training for Illinois police, sheriffs and correctional officers. The institute also functions as a central source of law-enforcement information and best practices from other states. In 2008, the institute provided training to more than 1,700 Illinois law-enforcement officers.

The Illinois Fire Institute, also on the Urbana campus, offers on-campus and online instruction and certifications for the state's 42,000 fire fighters in 1,200 departments. Courses, offering college credits, range from fire-fighting basics to rescue techniques to investigation-prevention to homeland security and weapons of mass destruction response. In 2008, the Illinois Fire Institute provided training to more than 57,000 firefighters. The specialized training the state's law-enforcement and fire fighters receive translates into lives saved and property damage minimized.



*The University of
Illinois is a treasure
for our State and its
people.*

The U of I employs more than 25,000 and provides an annual direct and indirect economic impact of \$13 billion and creates 150,000 jobs yearly. The University spends \$4.3 billion on payroll, supplies and services. And for every dollar the state of Illinois spends, an additional \$17 is infused into the state's economy.

The University of Illinois is proud of its campuses, but they're just the beginning. We're also proud of the difference the University of Illinois makes in the prosperity and quality of the lives of thousands of Illinoisans all over the state every day. Many of these stakeholders care deeply about the state of the University and its future. Stewardship requires that the University's leaders—from trustees to administration, from Foundation to college advisory boards, from active alumni to entrepreneurial faculty, from tuition payers to taxpayers—share an unshakable commitment to the value and the values of public higher education, and particularly to the University of Illinois.



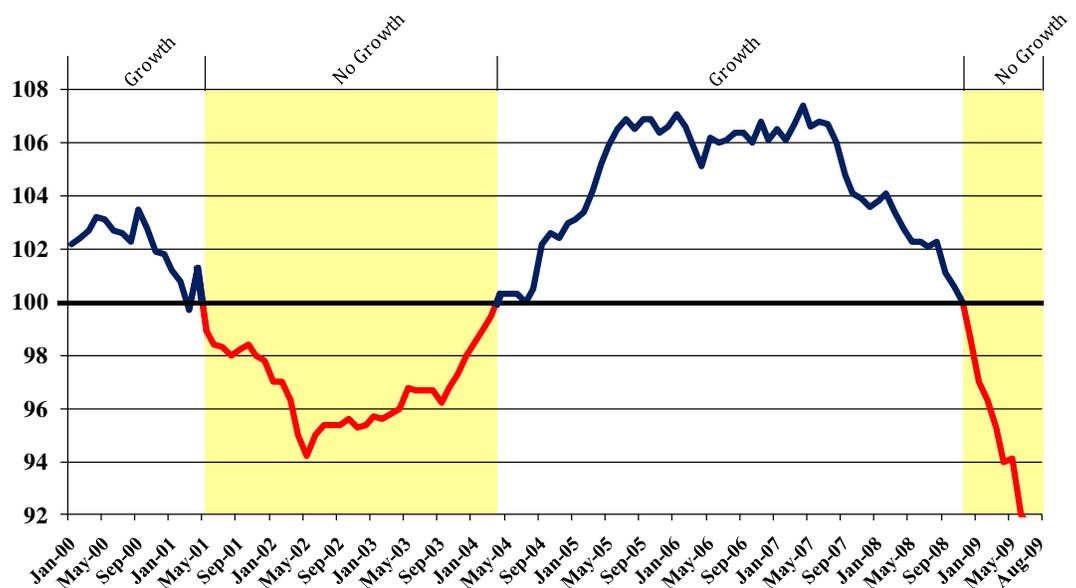
The University of Illinois is dynamic treasure because of the transforming power of education in people's lives.

The University of Illinois is a treasure for our State and its people. But it is a dynamic treasure, not a museum treasure. It is dynamic because of the transforming power of education in people's lives. Today, in the face of new technologies and the forces of globalization, a quality education has never been more important in enabling people to achieve their dreams. We see the growing divide between people with good education—people who have bright prospects for their lives—and people who lack a good education and, as a result, face tough times which are likely only to get worse. The University of Illinois is a dynamic treasure because knowledge—the original, cutting edge knowledge that comes from research—is the true capital of the new economy. Land and natural resources still matter in a state's endowment. But educated people and knowledge that create industries to put those people to work matter more. The University of Illinois is a research powerhouse.

ECONOMIC ENVIRONMENT

The context in which the University of Illinois is requesting funding is important. This decade has been a challenging one for the State. The nation, and Illinois, had a significant economic downturn in the early part of this decade. As measured by the University's Institute of Government and Public Affairs "Flash Index" in Figure 1, the Illinois economy had an extended period of contraction (as shown by the shaded area) from May 2001 to May 2004.

Figure 1
U of I Flash Index

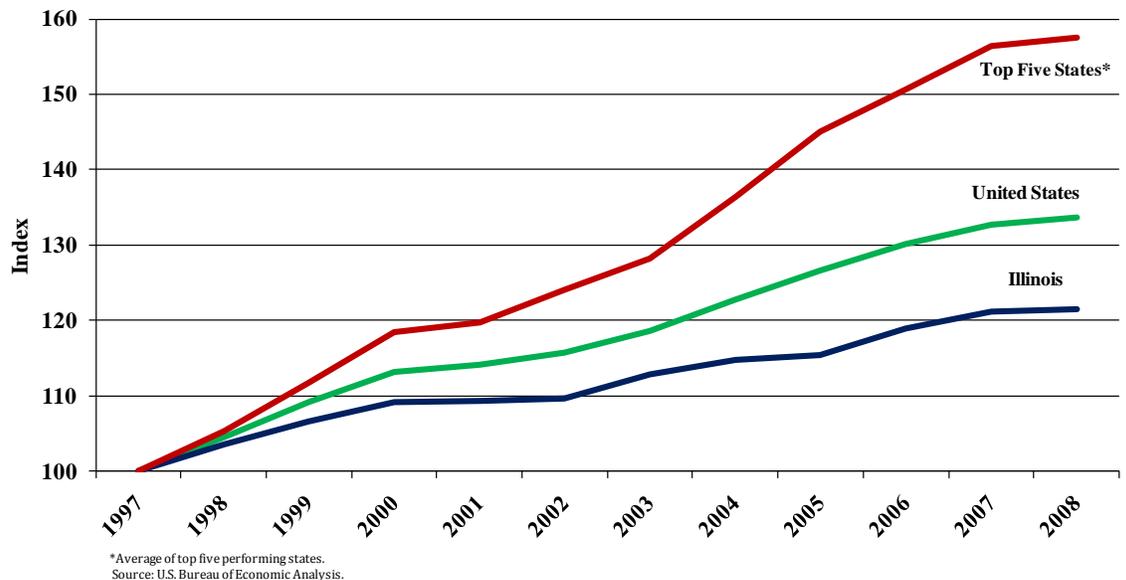


Source: IGPA, U of I.

This was followed by more than four years (from May 2004 to September 2008) when the Illinois economy expanded significantly, as did tax revenues. However, in the past year the nation and State has fallen into what has been termed the “Great Recession,” the deepest and most prolonged economic downturn since the Second World War.

However, even when growing, Illinois economic growth has been below national averages. State employment has lagged national averages; manufacturing employment is more than 25% below 1998 levels with overall employment still below the 2000 peak. Trends for the last decade show that Illinois has significantly underperformed national growth as measured by Gross Domestic Product as shown in Figure 2 and was even further behind the top five states. While it is possible that this trend may reverse, there is little evidence of this happening.

Figure 2
Change in Real Gross Domestic Product by State
1997 – 2008



In addition to economic growth weaker than national trends, the State has another major problem specific to Illinois. The State’s five public pension systems are also underfunded due to under funding from the State for several decades and because of the historic drop in financial markets over the last year and one-half. Unfunded liabilities were over \$54.4 billion at the end of FY 2008 and the asset to liability

funding ratio will be under 50% (estimated) at the end of FY 2009. State payments to the retirement systems are scheduled to increase from \$4.0 billion in FY 2010 to over \$5.8 billion by FY 2013. The State faces many legal mandates and entitlements that require increased funding now and in the future and has also determined that health care and elementary/secondary education are the State's highest priorities. In sum, there are more high priorities for State funding than available resources. The result has been limited available funds for direct appropriations to public universities.

The University of Illinois has faced a harsher financial environment in this decade than at any time in the last half century. The State appropriation to the University of Illinois from general revenue funds is \$743.4 million for day-to-day operations (including in FY 2010, \$45.5 million of federal stimulus funds.) Along with student tuition, these funds pay most of faculty and staff salaries and wages; heat, cool and light our buildings; put books in the libraries; and equip classrooms and instructional labs. It is the foundation for our central mission of teaching, research, public service and economic development. The University Administration and faculty have worked closely with the Board of Trustees to address key issues of resource management, administrative reorganization, tuition and financial aid policies.

During FY 2002, the economic environment and outlook for State revenues changed dramatically. From FY 2002 to FY 2005, the direct general tax appropriation from the State declined by more than 16%, representing a loss of \$130 million. Consecutive years of mid-year rescissions totaled more than \$75 million. In FY 2009, spending authority was reduced mid-year by \$18.6 million. In addition to these direct reductions, the University was faced with more than \$100 million in unavoidable expenses such as Medicare payments, utility costs, legal liability costs, operations and maintenance for new buildings, salary increases and contract agreements. The total reductions, redirections and unavoidable expenses facing the University have been almost \$240 million over the last seven years. After small increases in State appropriations for FY 2007, FY 2008 and FY 2009, the university again faced a mid-year rescission in FY 2009 of \$18.6 million. Even with the addition of tuition increases, these reductions placed extreme stress on the University. The impact is felt now and will be for years to come.

We are proud of the extraordinary accomplishments of the students and faculty of the University of Illinois, but we must be realistic about the future. The cumulative effect of cost increases and State budget difficulties during the last dozen years has significantly eroded the resource base of the University of Illinois. Given those realities, the University has worked hard to reduce its budget. Principles were articulated to guide budget reduction steps. The funds from these reductions were used to protect core missions of the University.

However, cost reductions alone cannot cover the entire burden of reduced State support. Over the next few years, the University will continue to be in jeopardy of losing faculty, administrative, professional and support staff positions. Many, but not all, personnel reductions can be addressed through attrition and closing vacant positions. The effects of these reductions are serious and long-lasting. Our ability to compete and sustain quality is severely strained. Cuts of the magnitude levied in past years will affect the ability of Illinois' higher education system to fulfill its mission and meet the expectations of policy makers and the general public about the quality, scope and scale of programs for which they have come to expect for Illinois. Stated simply, the University of Illinois is doing everything possible to protect the quality of its instructional programs.


*Direct State
Appropriations for
FY 2010 were held at
the same level as
FY 2009.*

At the very time in which the number of Illinois high school graduates is rising and the economic value of a college degree grows, continued budget reductions of these magnitudes threaten the University's capacity to teach students, erode the quality of the education provided, limit research productivity and constrain the frequency and depth with which the public is served. Understandably, attention has been focused on the immediate and unavoidable problems that the budget reductions present. However, it is even more critical for University leaders, legislative leaders and the executive branch to also assess the long-term impact of these cuts. Illinois' ability to compete effectively in an information-age economy depends on a healthy, vital and robust system of higher education. Budget cuts of the magnitude implemented from FY 2002 to FY 2005 and the current financial challenges of the State, jeopardize each of those qualities.

Illinois has long confronted an array of social and human service funding needs so large that the State could not fully meet even the most pressing University budget

requirements. Whether in children and family services, human services, corrections, health care and family services 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 from all sides.

We are challenged more seriously today than at any time during the last half century. By working together and making the right decisions we can ensure that Illinois higher education and the University of Illinois remain respected national leaders for the quality of programs they provide and for the diversity of students served. By increasing State support at a steady level, the University of Illinois can focus on preserving the already high quality of our core missions of teaching, research, public service and economic development.

A NEW BUDGET FRAMEWORK


Redirection of existing resources to meet high priority funding needs is an integral and ongoing part of the University's annual budget process.

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 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 a renewed emphasis on the importance of adopting long-term budget planning strategies that include redirection of existing resources as an integral component augmenting tax and tuition support.

The University has recognized the importance of addressing budget requirements via multiple sources, and it is clear that the single most important sources of budget strength remain State tax dollars and tuition. Direct State support now represents less than one-fourth of the University's total operating budget and, in combination with tuition revenue, represents virtually the entire funding for instructional programs. The University of Illinois cannot sustain, let alone enhance its quality without a firm foundation of annual State support.

FY 2010 BUDGET OUTCOMES


*Achieving salary
 competitiveness for
 all employees
 remains a top
 priority for redirected
 funds.*

The legislative budget process for FY 2010 concluded with cuts to nearly every agency of the State. For Fiscal Year 2010, State support for the operating budget remains at FY 2009 levels. However, \$45.5 million of the operating budget is funded by one time funds from the American Recovery and Reinvestment Act of 2009 (ARRA) known as federal stimulus funds. Even with the Governor's reductions and ARRA funding, State appropriations exceed expected State revenues. Continued actions on the State budget during the year are expected. Additional tuition revenues were derived from general increases for all students and the continued phase in of special-purpose increases from which all income was specifically dedicated to improvement of instructional programs largely at the graduate professional level.

In 2003, the University of Illinois Act was amended (110 ILCS 305/25) to include a four year tuition guarantee for new students beginning with the fall 2004 cohort. The purpose of the undergraduate guaranteed tuition plan is to provide a high degree of certainty about tuition costs for students and families. The plan applies to all undergraduate students enrolled in a baccalaureate degree program on one of the three campuses of the University of Illinois and the other nine public universities in the state. The plan treats every student as part of a cohort defined by the date of entry to the University. Each freshman-class cohort is guaranteed an unchanged tuition schedule for four years.

FY 2010 ended the absence of new State funded capital projects for the University of Illinois with the passage of a \$31 billion State capital budget. The capital bill included projects at all three campuses as well as repair and renovation funding for existing facilities.

In FY 2010, a total of \$18.4 million was redirected through internal reallocations. The reallocations accomplished are outstanding examples of program advances that are possible when incremental tax and tuition revenues are coupled with significant internal reallocation. Continued internal reallocations will allow the University to address the most pressing needs.

The following tables and figures illustrate the changes in funding that higher education 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; 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 higher 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 the budget share for higher education has dropped substantially since that increase was enacted, resting today at a level below that prior to the tax increase. For FY 2010, elementary/secondary education continued to be above their 1980 share of 28.8%. For FY 2009, higher education’s share of the total budget is projected to increase slightly to 9.0%, up from 8.3% a year earlier. The State Pension fund portion of SURS funding for FY 2006 and FY 2007 was significantly reduced over prior estimates of funding need due to PA 98-4. In FY 2008 the legislature increased funding to all five pension systems to get them back on track with a goal to a 90% funding ratio. For FY 2010, full funding of the actuarial value for all of the State Pension Systems will be financed by issuing pension obligation bonds.

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

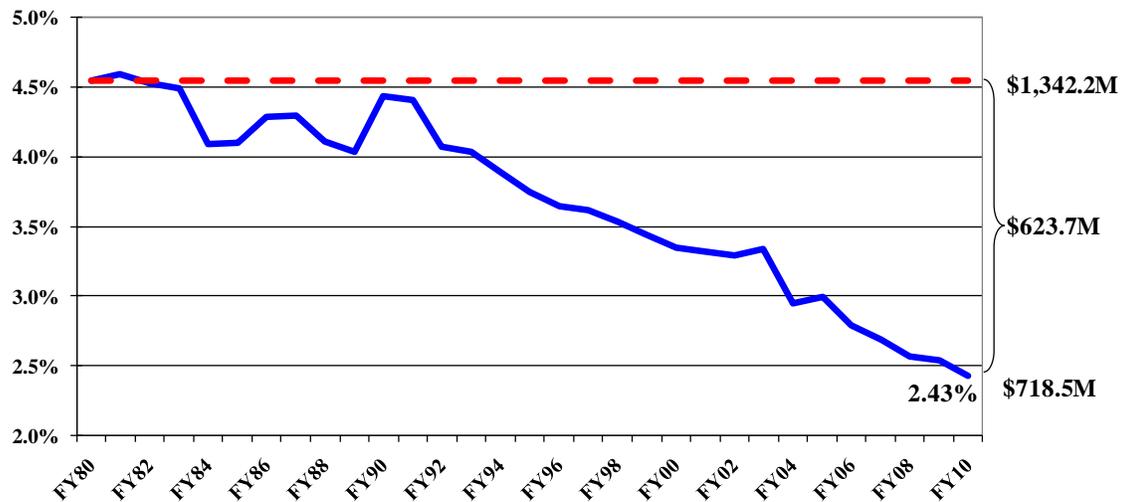
Year	Elementary/ Secondary	Higher Education	DCFS, Human Services, & Corrections	DHFS	All Other
1980	28.8%	12.9%	10.7%	33.8%	13.7%
1990	26.7%	13.1%	12.9%	30.7%	16.6%
1995	23.6%	11.3%	15.9%	35.4%	13.8%
2000	26.3%	11.0%	25.9%	23.1%	13.7%
2001	26.1%	11.1%	25.8%	23.5%	13.6%
2002	26.4%	11.1%	25.8%	22.5%	14.3%
2003	27.0%	10.9%	26.1%	23.3%	12.8%
2004	28.4%	9.9%	24.4%	29.1%	8.2%
2005	30.0%	9.6%	24.8%	26.3%	9.3%
2006	27.9%	8.9%	23.5%	30.7%	9.0%
2007	28.9%	8.8%	22.5%	30.5%	9.3%
2008	30.1%	7.9%	22.8%	29.9%	9.3%
2009	31.1%	8.3%	22.6%	28.9%	9.1%
2010	31.8%	9.0%	22.1%	28.2%	8.9%

Note: Beginning in FY04 the State's Group Health Insurance program moved from CMS (all other) to DHFS (fka Public Aid).
FY 2010 includes pension systems fully funded with pension obligation bonds.

During the same period, budget shares for other human and social services have risen sharply. Just before 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, human services and corrections (12.9%). By FY 2010, that relationship had changed dramatically. The three human service agencies together have climbed to a share of 22.1%, growth of 71.3%, while higher education has fallen to 9.0%, a decline of about 31.1%.

As a result of higher education’s declining share of general tax appropriations, Figure 3 illustrates that the budget share for the University of Illinois has dropped substantially as well. Prior to the income tax increase of 1989-1990, the University of Illinois share of total State tax appropriations was 4.4%. For FY 2010, the University of Illinois share had declined substantially, down to approximately 2.4%, a 45.3% decline.

Figure 3
University of Illinois
Share of State Tax Appropriations

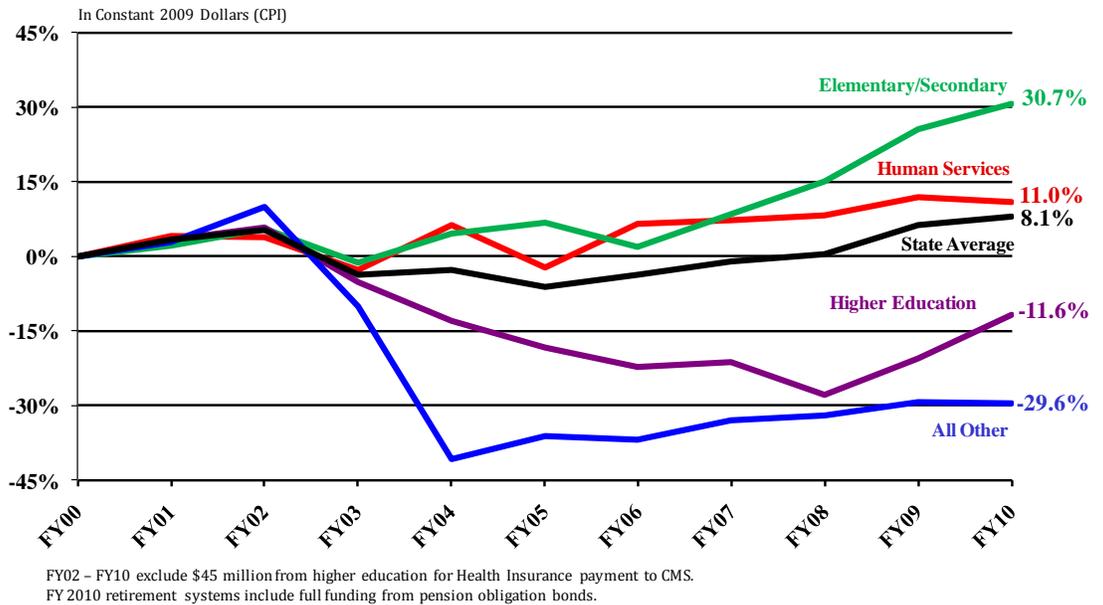


FY02-FY10 exclude \$45 million in payments to CMS from Universities for Health Insurance.

Changes in tax support among State agencies are further demonstrated by the trends shown in Figure 4, which illustrate tax funding shifts for State agencies since FY 2000 after appropriations are adjusted for inflation. The significant boost in recent years to elementary/secondary education has brought its budget experience well over the statewide average. Fiscal needs of agencies that support children and

family services, mental health and corrections have been a high State priority and their budgets have increased well above the statewide average even after accounting for inflation. Unfortunately, higher education has seen gains from the late 1990s and early part of this decade completely eroded.

Figure 4
State Tax Appropriations Changes by Agency



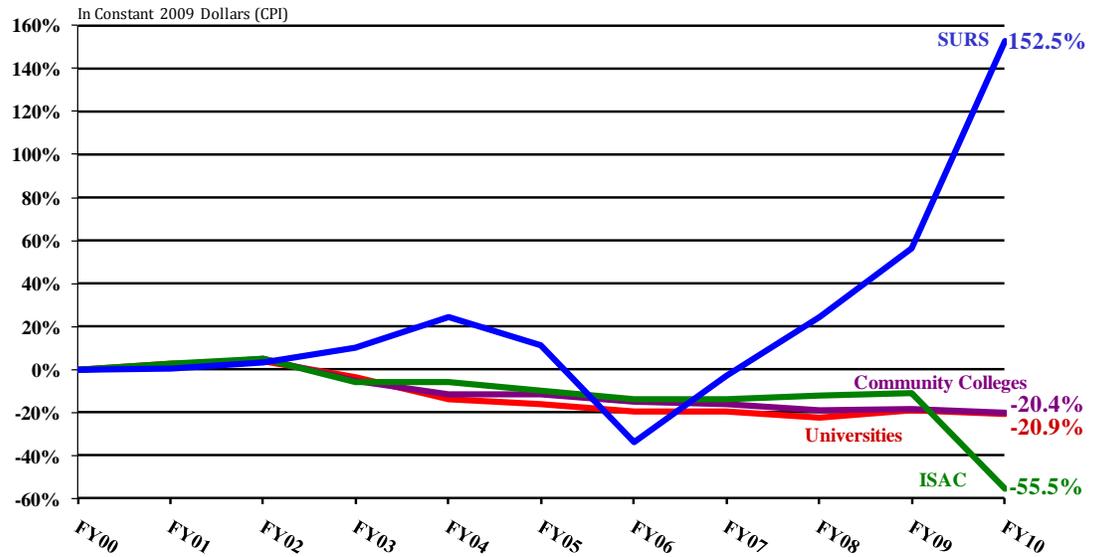
Higher education tax appropriation increases have lagged those of the major social and human services since FY 2000, after accounting for inflation.

Tax support has varied dramatically within the components of the higher education budget as well. Figure 5 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 most significant factor highlighted in Figure 5 is the dramatic growth experienced in SURS funding between FY 2002 and FY 2010. Responding to legislation setting out a multi-year plan to bring SURS support in line with its obligations to employees who are retired or will retire from the State’s public colleges and universities, SURS received a significant but absolutely essential budget boost to preserve the strength of the retirement program serving higher education. The 1995 “catch-up” law combined with the bond sale created a very large pension funding obligation that, along with rising Medicaid and other program costs has posed a severe challenge to the State for the past few years.

Figure 5
Cumulative Change in State Tax Appropriations
by Higher Education Sector

▼
Within the higher education budget, appropriations for SURS have captured a significant share of the funding since FY 2000 after accounting for inflation.



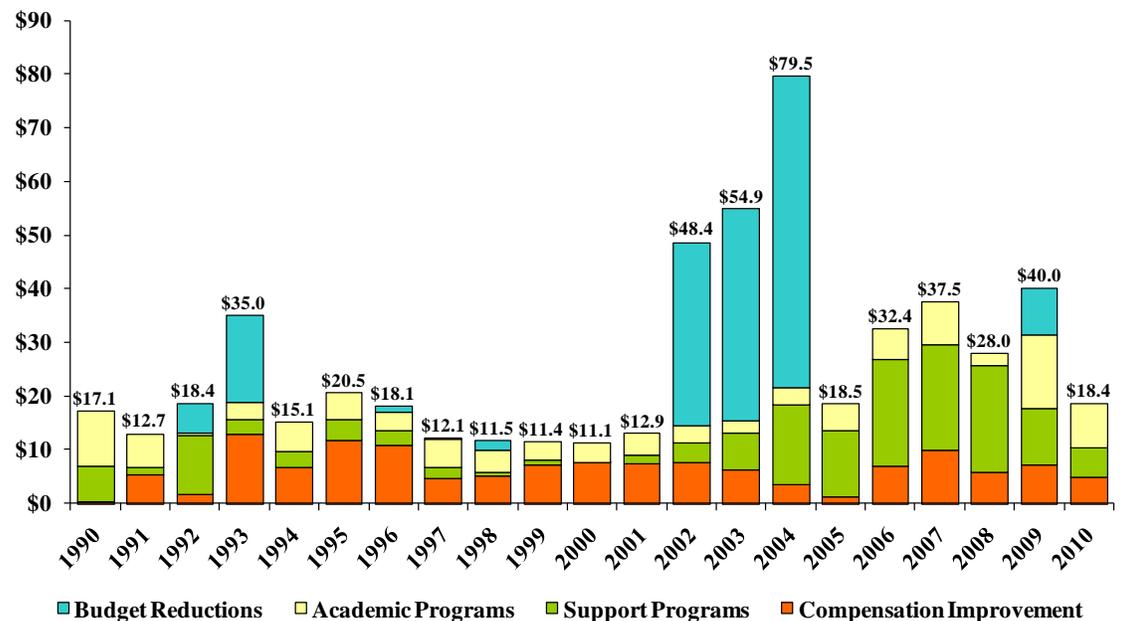
FY02 – FY10 exclude \$45 million from higher education for Health Insurance payment to CMS.
 SURS: FY05-FY10 includes State Pension Fund, FY10 SURS includes full funding from pension obligation bonds.

The Governor and General Assembly responded by approving PA 98-4, which reduced the State’s required pension contributions to all systems by about \$1.2 billion in FY 2006 and \$1.1 billion in FY 2007 and recalculated the pension catch-up amounts required in FY 2008, FY 2009 and FY 2010. SURS contributions were reduced to about \$167 million (from \$365 million) in FY 2006 and \$252 million (from \$432 million) in FY 2007. However, in FY 2008 the State’s contribution to SURS increased to \$340 million and in FY 2009 increased to \$457 million. Facing an increase in pension funding of \$1.2 billion (\$250 million increase for SURS), the Governor signed bills authorizing the sale of pension obligation bonds to fully fund the systems for FY 2010. SURS funds do not fall under the governance of the Board of Trustees or administration of the University of Illinois. Even with improved investment earnings in the late 1990s, changes in accounting practices mandated by federal agencies, refinements in assumptions affecting long-term forecasts for pension liabilities and the creation of optional retirement plans, the growth rate in SURS support will continue to be significant for many years. The General Assembly and Governor continue to review retirement systems and benefits.

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, priorities and a corresponding reallocation of existing funds. Since FY 1990, more than \$377.1 million in existing resources have been redirected to high priority programs and \$165.4 million was returned outright to the State via budget cuts. Figure 6 illustrates the size of the reallocations accomplished annually since FY 1990 and identifies the principal uses of reallocations each year.

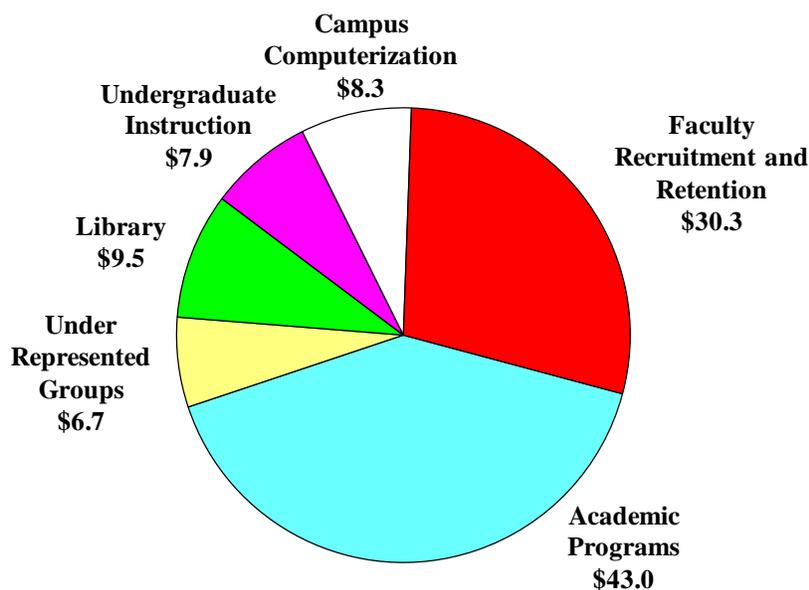
Figure 6
Uses of Reallocated Funds
FY 1990 to FY 2010
(Dollars in Millions)



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 allocations. More than 27.1% of the total reallocation achieved since FY 1990 has been devoted to this requirement. Another 30.5% 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).

Among academic program reallocations, those for general instruction have received more than 40.7% of the redirected funds. The campuses have sought to add new sections of courses facing significant enrollment pressures and created new initiatives such as the Discovery Program at Urbana-Champaign that brings senior faculty and new freshmen together in small class settings early in the students' academic careers. Faculty recruitment, retention and compression efforts have captured another 28.6% of the reallocation pool, including special salary initiatives, laboratory remodeling and upgrades, equipment purchases and other improvements. As reflected in Figure 7, library initiatives, recruitment of under represented groups and campus computerization efforts round out the major categories of program reallocations.

Figure 7
Reallocation for Academic Programs
FY 1990 to FY 2010
(Dollars in Millions)



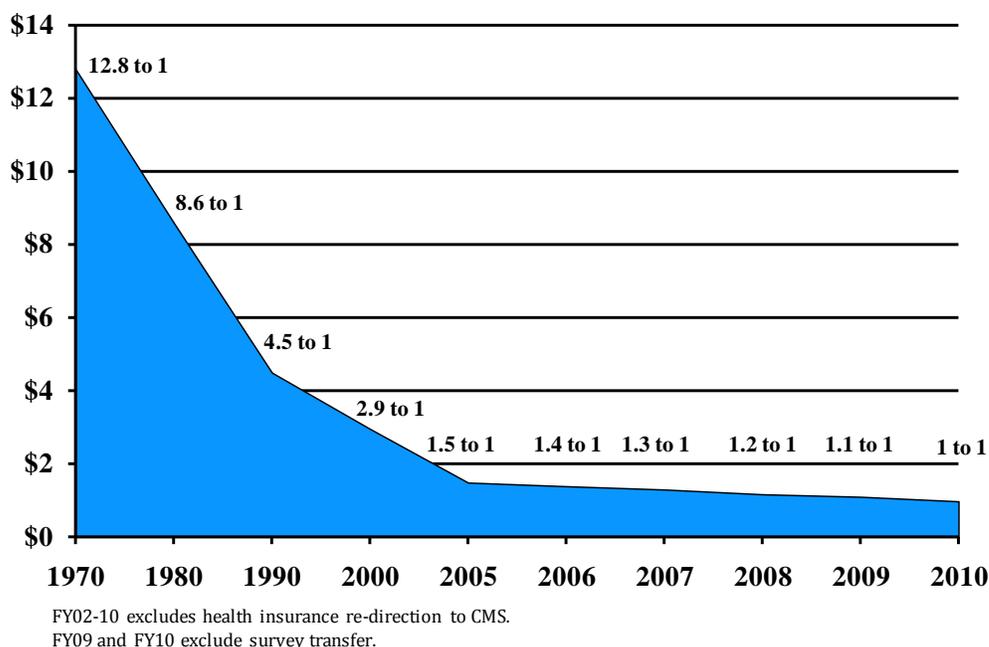
BUDGET TRENDS IN PERSPECTIVE: TUITION

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 increasingly share the burden of offsetting declining State support. For the decade of the 1990s, however, general tuition increases remained at approximately

the level of the consumer price index. During the same period the University has continued to reallocate internally for high priority programs.

As illustrated in Figure 8, forty years ago the University received more than \$12 in direct State tax support for each \$1 in tuition revenue it collected from students. Today, that figure has dropped to \$1 to \$1.

Figure 8
Direct State Support Per Tuition Dollar
FY 1970 to FY 2010



SUMMARY OF THE FY 2011 BUDGET REQUEST

The University’s FY 2011 operating budget request includes three broad categories. Strengthen Academic Quality includes salary increases; support for recruitment, retention and compression of faculty and staff; and University strategic planning initiatives. A second section, Address Facility Operations Needs includes additional resources to operate and maintain new facilities; requests funds to expand operating budget support for facilities maintenance support; and requests funds to establish operating budget support for utilities infrastructure repair and renovation. A final section of the request, Meet Inflationary and Other Cost Increases includes requests

to meet unavoidable cost increases related to mandatory payroll items and cost increases.

Strengthen Academic Quality



No initiative is more critical than developing and maintaining a competitive compensation program for faculty and staff. Thus, competitive compensation for faculty and staff is the University's paramount budget requirement and leads off the Strengthen Academic Quality section. Preliminary analysis suggests that with no new general revenue funds in FY 2010 and no funding for a general salary increase, the University is again vulnerable to further erosion of competitiveness. To counter this problem, the University will divert funds from other purposes to recruit and retain critical faculty and staff; to do otherwise, would damage the University's ability to compete for top faculty and staff. For FY 2011, our compensation improvement request includes support for direct salaries. A 3% increase is sought for employee salary increases, an amount which, when combined with the request for recruitment, retention & compression of critical faculty and staff should prevent further erosion in competitiveness. The University of Illinois must continue to address the issue of faculty compensation and capacity at all three U of I campuses, recovering as well as adding capacity in the areas of highest enrollment demand and those of greatest economic development promise. It is essential that additional reallocation accompany these incremental advances, since serious competitive gaps remain for faculty and other employee groups.

Many of the academic program initiatives center on bolstering the University's ability to preserve and extend the lifeblood of all major academic enterprises: its faculty.

University Strategic initiatives seek to extend the tradition of academic excellence through differentiated contributions to the University's overarching mission and vision so that each University campus and support organization is the best among its peers and competitors and is recognized as such. Targeting resources to these and other high priority strategic initiatives is a necessary, but not sufficient condition for excellence.

Address Facility Operations Needs



Address Facility Operations Needs includes three components. The first component requests resources to support operations and maintenance costs associated with newly constructed or significantly remodeled space. The second component continues the precedent set in FY 2000 to augment support for facilities maintenance from its uneven and uncertain status in the capital budget with a more stable, secure component in the operating budget. A growing backlog of deferred maintenance

projects combined with the need to address normal deterioration in building systems, including campus infrastructure in utilities and energy conservation as well as the need for functional alteration of space as academic programs change and the pace of technological progress make it critical that a reliable source of funds is available. Students must have the best facilities possible in which to learn and our scientists and researchers must have the best support possible for their inquiries. Several Illinois institutions have elevated this concern near the top of their priorities and the University of Illinois joins in the call to continue to address this need in the operating budget. The third component sees to establish operating budget support for utility infrastructure repair and renovation.

Meet Inflationary and Other Cost Increases



Meet Inflationary and Other Cost Increases address unavoidable costs associated with payroll and inflationary costs. Other payroll costs and 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 over 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.



New resources must be found to help blunt the impact of nearly a decade of erosion in the academic support base due to inflation.

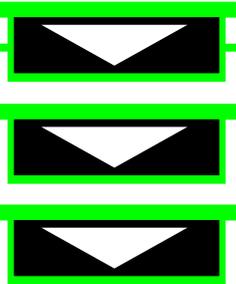
Additionally, two separate informational items are included at the end of the FY 2010 operating budget request. The first is a discussion on *Healthy Returns—The Illinois Bill of Health* and the challenges the University of Illinois faces to provide a continuous volume of highly trained providers. The second is a discussion on the urgent problem of medical malpractice costs and the challenges it presents to the University of Illinois. Finally, the operating budget request includes two addenda; the first describes the State Universities Retirement System (SURS). The second discusses Financial Aid.

The full FY 2011 operating budget request is outlined in Table 2, which follows.

Table 2
FY 2011 Operating Budget Request
(Dollars in Thousands)

I. Strengthen Academic Quality		\$78,368.7
<i>% of FY 2010 Base</i>		<i>5.2%</i>
A. Competitive Compensation		\$48,368.7
1. Salary Improvements - 3.0%	\$32,245.8	
2. Recruitment, Retention & Compression	16,122.9	
B. University Strategic Initiatives		30,000.0
II. Address Facility Operations Needs		\$13,819.4
A. O & M New Areas		\$ 3,819.4
B. Facility Maintenance Support		5,000.0
C. Utility Maintenance Support		5,000.0
III. Meet Inflationary and Other Cost Increases		\$ 4,559.4
A. Payroll Cost Increases		\$ 2,200.0
1. Medicare	\$ 1,200.0	
2. Workers' Compensation	500.0	
3. Legal Liability/Insurance	500.0	
B. Cost Increases		2,359.4
1. Library Price Increases - 10%	2,359.4	
Total Request		\$96,747.5
<i>% of FY 2010 Base</i>		<i>6.4%</i>
IV. Healthy Returns—The Illinois Bill Of Health		\$15,500.0
V. Medical Professional Liability Insurance		\$10,000.0
<i>FY 2010 Base:</i>	\$1,502,756.1	

OPERATING BUDGET
REQUEST FOR FY 2011



**STRENGTHEN ACADEMIC
QUALITY**



SALARY IMPROVEMENTS

(\$32,245,800)

Overview



The overall quality of the University of Illinois, as measured by numerous academic indicators, places it among the nation's top higher education institutions. As a national leader, the University faces a dual dilemma: to sustain its national standing it must attract and retain top-quality faculty, staff and students; yet that same national prominence marks the University as a prime target for other institutions seeking to enhance their own quality through recruitment of top faculty. Since 1990, the Urbana campus in particular has lost numerous faculty to competitors. The University must remain active in the market for top-quality faculty or risk falling behind. Enormous growth of the college-age population in many states, combined with rising enrollments, exacerbates the competition for superior faculty.



Loss of State support for salary increases since FY 2002 poses perhaps the greatest challenge to the University's overall quality since the late 1980s.

In the last few years, many states across the nation have experienced budget pressures brought on by slow revenue growth and rising costs, presenting policymakers with difficult decisions. Despite this constrained budgetary environment, most states have approved modest salary increases for faculty and staff each year since FY 2002. In contrast, the State of Illinois provided no salary increases between FY 2003 and FY 2006, modest funding in recent years, and no funding in FY 2010. Over the last several years, the University has been forced to fully fund or supplement its own salary program internally through tuition allocation and reallocation of other funds. The University is unable to fund its own salary program in FY 2010. State funding cuts have forced the University to leave many faculty vacancies unfilled, mitigating progress in that area. Much damage has been done to the University's ability to compete; experience with past lean budget years suggests it will be difficult to repair.

And yet the challenge remains the same. To avoid diminishing quality, the University of Illinois must retain talented faculty and staff; vying in a national marketplace, it must attract and retain 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 that affects its ability to attract and retain personnel at all levels.

The last 21 years have seen an erosion of the University's faculty salary standing, with periodic years of no or low increases undoing efforts to build competitiveness. The 0% salary increase year of FY 1988 was followed by two years of raises averaging about 8% per year, but from FY 1991 to 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 around 4% salary growth in each year. Consequently, the University's faculty salary standing plummeted and earlier progress toward building a competitive advantage crumbled. From FY 1995 to FY 1998, the deterioration of competitiveness was halted and restoration begun, but the magnitude of the erosion was such that past levels of competitiveness remained out of reach. After FY 1998, the national market for quality faculty and staff accelerated, and the University attempted to keep pace. In addition to a 3% salary increment for all University faculty and staff in FY 1999, the Urbana-Champaign campus received additional State money for its "retaining critical faculty" initiative, which also utilized reallocated funds. The following year, the Illinois Board of Higher Education inaugurated its "3 + 1 + 1" program, calling for all Illinois public universities to receive 3% salary increments, plus an additional 1% to recruit and retain critical faculty and staff, to be matched by 1% in local funds. The program enabled faculty salaries at the University to grow by around 5% per year in FY 2000 and FY 2001, but little if any ground was gained, as peer institutions averaged annual growth of 5% to 6%. In FY 2002, the 1% additional state increment was raised to 2% with the same 1% local match, in effect creating a "3 + 2 + 1" program. Sustained effort finally bore fruit, and all three University of Illinois campuses advanced on their peers. Throughout this latter period, the competitiveness of staff salaries with their state employee counterparts was maintained.



Eight years of progress in faculty salary competitiveness were undone in FY 2003. Internal reallocation to fund modest programs in recent years has exhausted the University's ability to reallocate further in future years.

Then came FY 2003. Most peer institutions gave raises of at least 2% to 5%. The University of Illinois and other public institutions in Illinois had no general salary increase program. Eight years of salary advances were undone in one. Exacerbating this setback, the State provided no salary appropriations in Fiscal Years 2004, 2005 and 2006, thus forcing the University to fund modest salary programs by diverting funds from other purposes. FY 2007 and FY 2008 were encouraging because the state provided a 2.2% increment in FY 2007 and 2.5% in FY 2008 to support a salary program and the university was able to augment the salary program through

reallocation. But no funds were provided in FY 2010 and the University's ability to further reallocate resources has been exhausted.

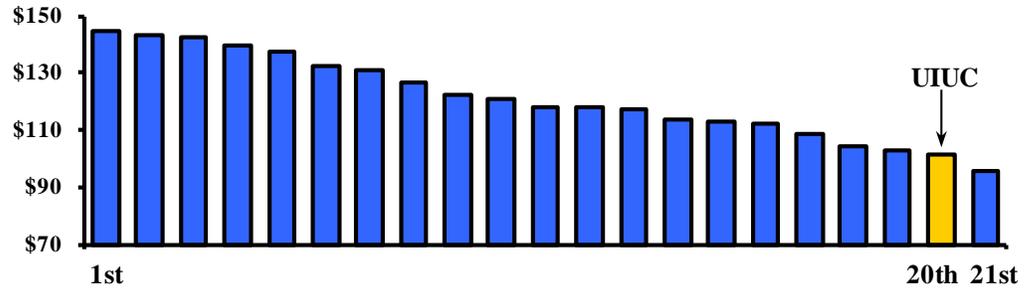
In such an environment, the need to monitor the University's competitive standing may be more crucial than ever. Numerous salary analyses are performed annually for that purpose. Due to the varied nature of the University workforce, separate analyses are performed for academic employees and staff. Salaries for academic employees, including faculty, are compared to those at peer institutions, while staff salary comparisons are made with appropriate employee groups in the State and regional markets. The discussion that follows provides background information concerning the University's competitive position.

FACULTY SALARIES

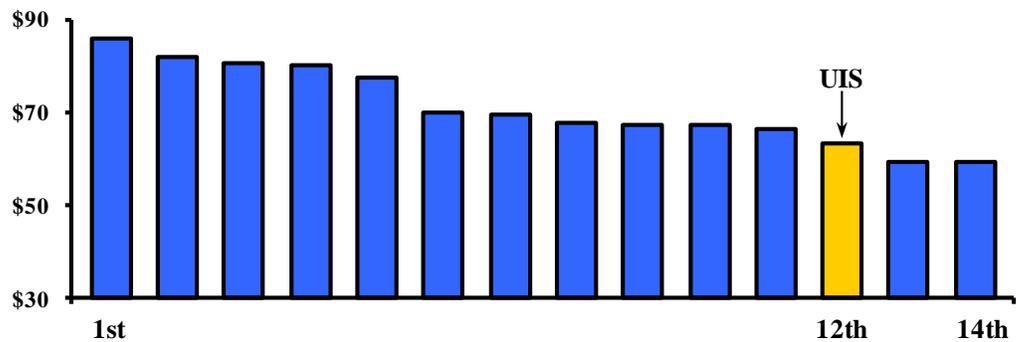
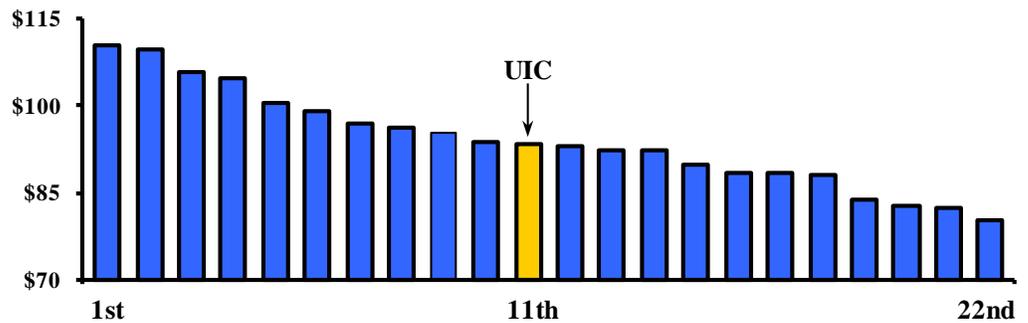
To assess Illinois' position in the national market for faculty salaries, the Illinois Board of Higher Education (IBHE) established groups of peer institutions in 1985. Through a complex statistical process, 1,534 senior institutions were divided into 41 peer groups based on similarity of characteristics, including enrollment levels, type and numbers of degrees conferred, funding levels and detailed faculty characteristics. An updated peer group was developed in FY 2002 for the University of Illinois at Springfield to better reflect the campus' evolving academic mission, as well as its quality and standing within the University of Illinois. The updated peer group for UIS was approved by the IBHE in 2004.

The competitive standing of each campus indicates how well its faculty salaries have fared relative to its peers. Figure 9 shows that UIUC ranked 20th in its group in FY 2009, a loss of one place from FY 2008, slipping into second to last place among its comparison group. Although the UIUC campus is among the nation's most academically competitive institutions, salaries for faculty at UIUC have long ranked near the bottom of its comparison group. UIC ranked 11th in its group in FY 2009, one place up from FY 2008. UIS ranked 12th, representing a loss of one place from FY 2008 and placing UIS in third to last place among its comparison group.

Figure 9
FY 2009 Competitive Standing among IBHE Peers
UIUC, UIC and UIS
(Dollars in Thousands)



▼
FY 2009 found faculty salaries at UIUC and UIS near the bottom while UIC ranked near the middle of their peer groups.



Gains for the three campuses will be unlikely in FY 2010 due to lack of funding for faculty salary increases. Some of our public peer institutions have indicated they plan to provide minimal faculty pay increases, which (all other things being equal) would keep all three campuses in similar rankings. Thus, the University has forfeited all or most of the competitive gains made from FY 1995 to FY 2002, even while inflation continues to erode the base pay of University faculty and staff.

FACULTY SALARIES BY DISCIPLINE



If Illinois’ constrained budget climate persists, the University will experience increased difficulty attracting and retaining faculty in high demand disciplines.

Another way to gauge faculty salary standing is to examine salaries by discipline from FY 1987 through FY 2009, years in which funding fluctuations dramatically influenced salary levels. This review identifies areas of continued difficulty for UIUC and UIC. Competition for top quality faculty is intense in high-demand disciplines, especially those in which private enterprises can offer lucrative alternatives to academic service. Such competition has contributed to an unexpected rise in starting salaries, causing salary compression. The University has experienced great difficulty in attracting and retaining key faculty in high demand areas, as well as in areas of lesser demand. If Illinois’ constrained budget climate persists, such difficulties could reach critical levels, weakening the overall quality of the University.

The study compares faculty salaries by academic discipline for public institutions in the Association of American Universities Data Exchange (AAUDE) peer group. Institutions included in the following study are:

Univ. of Arizona	Univ. of Minnesota
Univ. of Colorado - Boulder	Univ. of Missouri
Univ. of Florida	Univ. of Nebraska
Univ. of Il - Chicago	Univ. of North Carolina - Chapel Hill
Univ. of Il - Urbana-Champaign	Ohio State University
Indiana University	Univ. of Oregon
Univ. of Iowa	Penn State University
Iowa State University	Purdue University
Univ. of Kansas	Univ. of Texas - Austin
Univ. of Maryland - College Park	Univ. of Virginia
Univ. of Michigan	Univ. of Washington
Michigan State University	Univ. of Wisconsin – Madison



Table 3 displays data for 18 disciplines at the Urbana-Champaign campus and 13 disciplines at the Chicago campus.

Table 3 summarizes average salary and rank by discipline reported for FY 1987 (prior to the “no salary increase” policy of FY 1988), FY 2002 and FY 2009. For each discipline, only those institutions reporting data in all three years of the study are included.

Table 3
Faculty Salary Study by Discipline FY 1987 to FY 2009

University of Illinois at Urbana-Champaign and AAUDE Institutions
Weighted to UIUC Distribution of Faculty

Academic Discipline	No. of Univ.	FY 1987		FY 2002		FY 2009			
		UIUC		UIUC		UIUC		Rank Ch. Since	
		Salary	Rank	Salary	Rank	Salary	Rank	1987	2002
Agriculture	15	\$ 40,698	6	\$ 78,254	6	\$ 95,162	11	-5	-5
Architecture	17	38,858	8	65,221	8	76,340	12	-4	-4
Business	22	52,341	3	113,231	8	150,767	11	-8	-3
Communications	21	36,213	6	73,598	4	95,464	7	-1	-3
Computer & Info.	19	50,285	7	99,268	2	117,897	5	2	-3
Education	22	41,424	5	70,959	3	93,224	5	0	-2
Engineering	19	53,995	2	96,741	2	114,901	3	-1	-1
Foreign Languages	22	38,917	6	62,999	6	76,897	6	0	0
Home Economics	14	32,947	6	72,290	3	86,840	9	-3	-6
Law	17	69,147	3	122,205	7	175,410	6	-3	1
Letters	22	35,365	7	68,358	6	83,246	5	2	1
Mathematics	22	46,480	11	73,215	14	90,143	16	-5	-2
Philosophy	22	33,758	12	66,889	13	81,840	17	-5	-4
Physical Sciences	22	51,512	1	89,036	2	112,335	5	-4	-3
Psychology	22	44,929	3	85,943	5	98,356	12	-9	-7
Social Sciences	22	41,945	9	76,270	9	98,812	12	-3	-3
Social Work	15	38,342	7	55,660	9	71,562	13	-6	-4
Arts	22	36,360	7	59,701	8	72,947	12	-5	-4

University of Illinois at Chicago and AAUDE Institutions
Weighted to UIC Distribution of Faculty

Academic Discipline	No. of Univ.	FY 1987		FY 2002		FY 2009			
		UIC		UIC		UIC		Rank Ch. Since	
		Salary	Rank	Salary	Rank	Salary	Rank	1987	2002
Architecture	17	\$ 34,233	14	\$ 63,743	9	\$ 75,706	12	2	-3
Business	22	45,451	11	102,327	16	119,605	21	-10	-5
Education	22	33,773	10	69,540	6	85,644	9	1	-3
Engineering	19	47,921	2	92,588	3	106,764	13	-11	-10
Foreign Languages	22	33,250	11	65,614	5	72,183	14	-3	-9
Letters	22	34,622	11	67,637	6	82,560	12	-1	-6
Mathematics	22	42,184	12	77,123	15	93,130	12	0	3
Philosophy	22	41,405	4	68,602	4	85,009	9	-5	-5
Physical Sciences	22	42,846	6	74,571	16	88,811	20	-14	-4
Psychology	22	41,351	9	74,479	7	92,610	16	-7	-9
Social Sciences	22	37,882	14	71,711	13	87,505	19	-5	-6
Social Work	15	36,274	9	59,171	11	78,079	11	-2	0
Arts	22	33,340	7	64,144	4	71,645	5	2	-1

Source: American Association of Universities Data Exchange (AAUDE)

The data show that by FY 2002 both U of I campuses had recovered a good portion of ground lost from the 0% salary program year of 1988 through the early 1990s. In FY 2002, UIUC had kept or regained its FY 1987 rank in 10 of 18 examined disciplines, and UIC had kept or regained it in 8 of 13. In FY 2009, UIUC lost ground in 14 of its 18 comparison disciplines, while UIC lost ground in 9 of its 13 comparison disciplines since 1987.

As a result, at UIUC, 2 disciplines (Computer and Information Science and Letters) improved their FY 1987 ranking, while 14 others declined. The decliners were: Agriculture, Architecture, Business, Communications, Engineering, Home Economics, Law, Mathematics, Philosophy, Physical Sciences, Psychology, Social Sciences, Social Work and Arts. UIUC retained its FY 1987 ranking in Education and Foreign Languages.

At UIC, only 4 disciplines (Architecture, Education, Mathematics and Arts) have held or improved their FY 1987 ranking, while salary rankings lag FY 1987 levels in the remaining 9 disciplines: Business, Engineering, Foreign Languages, Letters, Philosophy, Physical Sciences, Psychology, Social Sciences and Social Work.

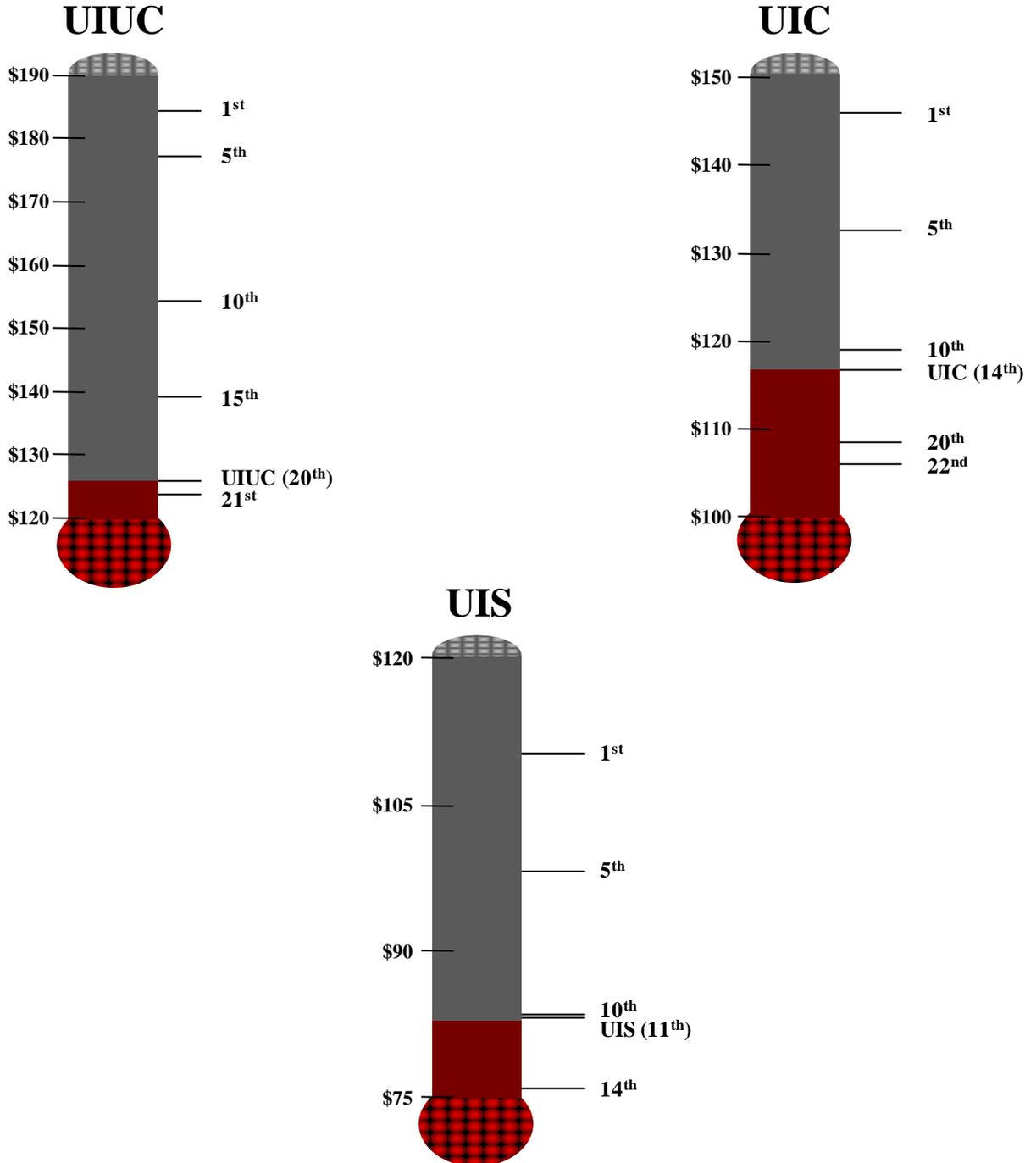
It is clear that past declines in State funding have hurt the University's ability to remain competitive for high quality faculty and staff, although the impact has been greater in some disciplines than in others. Despite progress in some fields, many disciplines continue to suffer from a loss of competitiveness. The magnitude of loss in FY 2003 was similar to FY 1988: the University lost ground in most disciplines, and a very large amount of ground in some. Insufficient progress has been made since then. It is critically important that the University resume the road to recovery in FY 2011 and beyond.

TOTAL COMPENSATION

Total compensation represents the combination of average cash salary and employer contributions to fringe benefits. Figure 10 shows FY 2009 average total compensation for faculty in the ranks of Professor, Associate Professor and Assistant Professor at the three University of Illinois campuses and their peers.

UIUC ranks second lowest at 20th out of 21, while UIC ranks in the middle at 14th out of 22 and UIS ranks fourth lowest at 11th out of 14.

Figure 10
FY 2009 Faculty Average Total Compensation
U of I Campuses and IBHE Peer Groups
(Dollars in Thousands)



The University's relatively low employer contributions for fringe benefits operate as a drag on total compensation, reinforcing salary deficits where they exist and working in opposition to salary gains. Consequently, the total compensation package must be considered a vital part of an overall strategy to strengthen the University's competitive position.

Budgetary constraints in prior years hurt the University in the faculty salary market. State funding and internal reallocation in more recent years produced salary programs that kept pace with inflation, but were below the University's top competitors in many cases. By FY 2002 Urbana-Champaign showed some gains while stuck near the bottom of its peer group, as the Chicago and Springfield campuses achieved real progress. Absence of funding for salary increases in recent years has left the University again vulnerable to erosion of competitiveness and exhausted its ability to reallocate funds in the future. Incremental funds totaling \$32.2 million are requested for FY 2011 for faculty and staff salary increases to halt the slide and avoid further loss of employee purchasing power. In addition, compensation must be made for years of ups and downs in the University's salary arch. The University's recruitment, retention & compression request asks for \$16.1 million in additional funding in order to recover upward momentum in a highly competitive marketplace.

STAFF SALARIES

The goal of the University of Illinois salary program for Civil Service employees is to be competitive within the local markets of our three main campuses. Each year, the University compares salaries of University staff with those of State agencies for specific positions.

The University strives to maintain parity in pay ranges with State counterparts for highly competitive classifications. Continuing actions related to parity include:

- Annual comparison with select State of Illinois classifications; and
- Appropriate changes in pay plan ranges.

Table 4 illustrates pay ranges for selected University classes and their State counterparts.

Table 4
Salary Comparisons among State Comparison Groups
For Selected University of Illinois Employment Classes

	University of Illinois FY 2009		State of Illinois January 1, 2009		% Over/Under State Class	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
<u>Urbana-Champaign Campus</u>						
Office Support Associate (fka Secretary III)	\$26,838	\$39,482	\$30,936	\$43,428	-15.3%	-10.0%
Storekeeper II	\$36,114	\$38,240	\$33,888	\$52,104	6.2%	-36.3%
Accountant I	\$31,278	\$57,935	\$38,244	\$57,060	-22.3%	1.5%
Automotive Technician	\$43,797	\$43,797	\$55,392	\$58,164	-26.5%	-32.8%
<u>Chicago Campus</u>						
Office Support Specialist (fka Secretary IV)	\$27,437	\$41,477	\$31,872	\$45,132	-16.2%	-8.8%
Staff Nurse II	\$53,976	\$98,787	\$52,500	\$72,444	2.7%	26.7%
Accountant I	\$31,239	\$56,784	\$38,244	\$57,060	-22.4%	-0.5%
Library Clerk (fka Library Clerk II)	\$22,328	\$33,774	\$27,168	\$36,924	-21.7%	-9.3%
<u>Springfield Campus</u>						
Office Support Specialist (fka Secretary IV)	\$23,517	\$42,413	\$31,872	\$45,132	-35.5%	-6.4%
Chief Clerk	\$22,640	\$39,644	\$31,872	\$45,132	-40.8%	-13.8%
Account Technician III	\$32,175	\$58,266	\$35,436	\$51,636	-10.1%	11.4%
Building Service Worker (fka Building Service Worker I)	\$20,163	\$37,323	\$32,856	\$49,104	-63.0%	-31.6%

For FY 2009, the University received no funds for a general pay increase for all employee groups. Therefore, internal reallocations were required to help fund contracts previously negotiated with bargaining units and to address special merit, market or equity concerns. Most State of Illinois agencies confronted a similar situation.

Purchasing power comparisons are made using data from the Bureau of Labor Statistics, including sources such as the Employment Cost Index. Compensation costs (not seasonally adjusted) for civilian workers were up 2.6% for the year ending December 2008. In comparison, compensation costs for State and local government workers increased 3.0% percent for the year ending in December 2008.

STATE UNIVERSITIES RETIREMENT SYSTEM

The health of the State Universities Retirement System (SURS), as well as the University's competitiveness among peer institutions with respect to retirement benefits, has been a matter of prime concern for many years for both individual employees and for leaders within higher education institutions and the SURS system. Any discussion of compensation policy for higher education in Illinois

should include a strong call for continued adequate funding of the SURS program to ensure that existing benefits will remain secure. Action taken in 1995 by the General Assembly and the Governor to implement a long-term plan to strengthen pension funding for all State employees was a welcome improvement. For FY 2004, the Governor and the General Assembly approved a plan using bond proceeds to pay pension funding obligations to SURS and the other State-funded systems, which improved the systems' funding ratios but dramatically increased the State's debt and bond repayment costs. In May 2005, the Governor and the General Assembly passed a law reducing SURS contributions to about 46% of those called for in the 1995 law in FY 2006, and to about 58% in FY 2007. The 2005 law also requires the employer to fund the portion of pension increases that result from earnings increases over 6% in any year that is used to calculate a retiree's final average salary. The Addendum contains a more complete discussion of the SURS funding situation and some possible consequences to the University of the new 6% rule, which was softened under PA 94-1057 signed by the governor in July 2006.

For continuing employees, the 2005 law changed the interest calculation for SURS money-purchase annuities and eliminated such annuities entirely for new members hired after July 1, 2005. The law also set a new "pay-as-you-go" requirement for pension enhancements and required any enhancement to expire within 5 years unless specifically renewed. Moreover, it created an Advisory Commission on Pension Benefits to consider changing age and service requirements, automatic cost-of-living increases (COLAs) and employee payroll contributions, among other things. Future recommended benefit changes, if enacted, would most likely apply largely to new SURS members because the Illinois Constitution prohibits State funded pension benefits for continuing members from being "diminished or impaired." If so, such cuts might save the State money, but at the cost of possibly further undermining the University's ability to attract new faculty and staff. It should be understood, however, that while achieving and maintaining adequate SURS funding remains a key concern for FY 2011 and beyond, funding improvements will not, in and of themselves, improve either the benefits available to University employees or the University's competitive position among peer institutions in total compensation. The adequacy of SURS' fiscal support must be assured. So, too, must improvements in the University's competitive position in total compensation be achieved.

RECRUITMENT, RETENTION & COMPRESSION

(\$16,122,900)

Overview



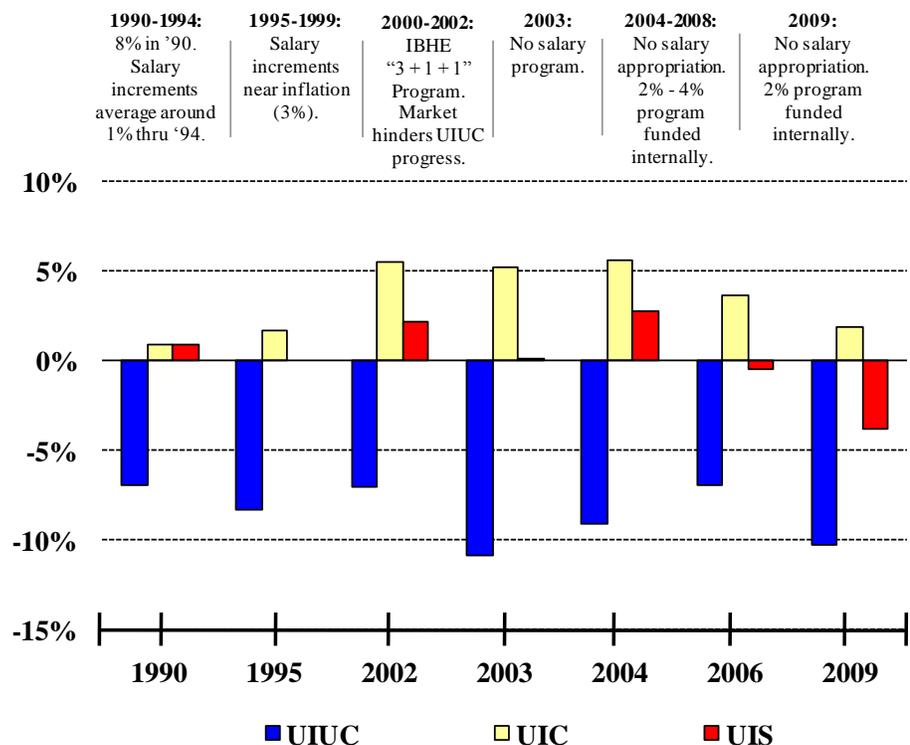
The quality of a university's instruction, research, public service and economic development activities depends in large part on the quality of its faculty. Facilities, library resources, staff quality and other factors are vital too, but it is the mentor in the classroom, the laboratory investigator, the policy center director, the technological innovator, who bring life to an institution. A university's reputation turns on the interactions of its faculty with students and the larger community. Knowing this, institutions compete vigorously for the highest quality faculty members. Institutions also seek to fairly compensate those faculty on hand, to ensure that enthusiasm does not wane and that faculty are justly rewarded for their many and varied contributions.

University faculty are highly educated, talented people with many options in the labor market. Compensation levels must remain at least on par with that market to attract and retain brilliant teachers and scientists. Moreover, loyalty to an institution can be bred only by consistency of commitment, which encompasses many things, but most certainly includes steady salary progression. The University of Illinois has had to pay market price to hire new faculty and has had to respond to outside offers in order to retain critical senior faculty, but the salaries of faculty in the middle ranks have been severely compressed and have lost competitive position. If pay is below market and/or does not progress sufficiently, faculty may be more apt than otherwise to exercise their right to find other, more rewarding career opportunities. Given those facts, an uneven history of salary increases can damage an institution, both in terms of competitiveness and morale.

Over the last two decades, faculty salary increases at the University of Illinois have ranged from zero (three times) to 8%, with most years between 2% and 5%. The University was highly competitive in the faculty salary market until the late 1980s. Beginning with the first 0% increase year, FY 1988, the University lost significant ground through FY 1994, made slow but steady progress from FY 1995 through FY 2002, fell again in the second 0% increase year of FY 2003, then recovered somewhat in FY 2004 and FY 2005. FY 2010 represents the third 0% faculty salary increase policy year. Figure 11 shows the average salary of full-time instructional

faculty in the ranks of Assistant Professor and above at each University of Illinois campus as a percent of its peer group median since 1990. UIUC, mired far below its peer group median, achieved slight progress in the years between 2003 and 2006, but is well below its peer group median in 2009. Salaries for UIC have generally exceeded the median, while those at UIS have hovered around the median until dropping below in 2009.

Figure 11
Distance from IBHE Peer Group Median
UIUC, UIC and UIS



This up-and-down salary trend is also reflected in the peer group rankings, shown in Table 5. Between FY 1987 and FY 1994, UIUC fell to rock bottom in its peer group, while UIC lost just one rank and UIS gained one. Sustained effort through FY 2002 lifted UIUC to 18th, UIC to 8th and UIS to 6th in their respective peer groups. Since then however, UIUC has dropped back down to 20th out of 21 institutions, UIC has dropped back down to 11th out of 22 institutions and UIS to 12th out of 14 institutions as of FY 2009.

Table 5
Full-Time Instructional Faculty Average Salaries FY 1987 to FY 2009, All Ranks
IBHE Peer Groups
(Dollars in Thousands)

University of Illinois at Urbana-Champaign

FY 1987		FY 1994		FY 2002		FY 2009	
Urbana-Champaign Campus							
UC-Berkeley	\$56.2	Chicago	\$75.9	Pennsylvania	\$107.5	Columbia	\$144.5
UCLA	53.2	Pennsylvania	74.4	Yale	105.2	Chicago	143.3
UC-San Diego	52.6	Yale	73.1	Chicago	104.0	Yale	142.5
Columbia	50.3	NYU	71.3	Columbia	102.0	Pennsylvania	139.5
Chicago	50.0	Columbia	71.2	NYU	100.8	NYU	137.6
Pennsylvania	49.8	Northwestern	71.2	Northwestern	100.6	Duke	132.7
Yale	49.5	Duke	69.9	UC-Berkeley	99.9	Northwestern	130.7
Johns Hopkins	49.3	UC-Berkeley	66.4	Duke	97.3	Wash. U. (St. L.)	126.4
NYU	48.0	Johns Hopkins	65.4	UCLA	96.9	UC-Berkeley	122.1
Michigan	47.6	USC	64.9	UC-San Diego	91.6	UCLA	120.9
Duke	47.6	Michigan	64.3	Wash. U. (St. L.)	91.2	Johns Hopkins*	118.2
Northwestern	46.8	Brown	63.3	USC	89.2	Brown	118.0
Brown	45.3	UCLA	62.5	Michigan	87.3	USC	117.3
UIUC	45.1	Wash. U. (St. L.)	62.3	Johns Hopkins	87.3	North Carolina	113.6
USC	45.0	Rochester	61.7	North Carolina	85.9	Michigan	112.8
North Carolina	44.0	UC-San Diego	61.1	Brown	85.7	UC-San Diego	112.1
Wisconsin	44.0	Texas	59.8	Rochester	84.1	Texas	108.3
Rochester	43.6	North Carolina	59.0	UIUC	82.3	Rochester	104.4
Wash. U. (St. L.)	42.8	Wisconsin	58.3	Texas	82.0	U. Wash. (Sea.)	103.0
Texas	40.5	U. Wash. (Sea.)	57.5	Wisconsin	81.3	UIUC	101.6
U. Wash. (Sea.)	40.4	UIUC	57.3	U. Wash. (Sea.)	76.8	Wisconsin	95.8

University of Illinois at Chicago

FY 1987		FY 1994		FY 2002		FY 2009	
Chicago Campus							
UC-Santa Barbara	\$51.9	Massachusetts	\$62.2	UC-Santa Barbara	\$88.4	Maryland	\$110.2
UC-Irvine	50.0	Temple	61.5	Maryland	88.1	UC-Santa Barbara	109.6
UC-Davis	48.3	UC-Santa Barbara	59.5	UC-Davis	85.7	UC-Irvine	105.9
UC-Riverside	47.0	Hawaii	59.2	UC-Irvine	84.5	UC-Davis	104.9
Massachusetts	45.4	UC-Irvine	58.7	UC-Riverside	82.8	Delaware	100.4
Va. Tech.	42.8	Maryland	58.1	Delaware	78.9	UC-Riverside	99.0
Maryland	42.3	Delaware	57.9	Massachusetts	78.8	Hawaii	97.0
Florida	42.3	UC-Davis	57.4	UIC	76.7	Massachusetts	96.2
Arizona	42.0	Wayne St.	56.7	Temple	76.2	Michigan St.	95.3
Arizona St.	40.5	Michigan St.	56.1	Va. Tech.	76.0	Va. Tech.	93.6
Wayne St.	40.3	Arizona	54.4	Michigan St.	74.8	UIC	93.3
Michigan St.	39.8	Va. Tech.	53.5	Wayne St.	73.6	Utah	93.1
UIC	39.7	UC-Riverside	53.1	Arizona St.	73.1	Arizona	92.5
Georgia	39.4	UIC	52.6	Arizona	72.9	Arizona St.	92.3
Temple	39.2	Arizona St.	50.9	Georgia	71.6	Temple	89.7
Hawaii	38.7	Utah	50.4	Florida	71.2	Georgia	88.6
Delaware	38.3	Florida	50.4	Utah	69.6	Wayne St.	88.3
Va. Common.	37.3	Va. Common.	50.2	Va. Common.	69.1	Florida	88.0
Vermont	37.2	Georgia	49.9	Hawaii	68.5	Florida St.	83.8
Utah	37.1	Oregon	49.0	Florida St.	66.9	Va. Common.	82.6
Florida St.	37.0	Florida St.	47.8	Vermont	61.1	Vermont	82.4
Oregon	34.5	Vermont	n.a.	Oregon	60.5	Oregon	80.2

Table 5 (continued)
Full-Time Instructional Faculty Average Salaries FY 1987 to FY 2009, All Ranks
IBHE Peer Groups
(Dollars in Thousands)

University of Illinois at Springfield

FY 1987		FY 1994		FY 2002		FY 2009	
Springfield Campus							
SUNY-Brockport	\$39.2	Shippensburg (Pa.)	\$57.5	Union	\$71.3	Union	\$85.7
Trinity	38.9	Trinity	55.1	Trinity	69.7	Trinity	81.8
Clark	38.3	Clark	52.2	Clark	68.4	Clark	80.3
Union	36.9	Union	52.0	Shippensburg (Pa.)	68.1	Iona	79.9
Iona	36.0	SUNY-Brockport	50.0	Iona	59.4	Shippensburg (Pa.)	77.2
Shippensburg (Pa.)	35.5	No. Michigan	49.4	UIS	58.1	SUNY-Brockport	69.9
No. Michigan	34.7	Iona	47.0	SUNY-Brockport	57.8	Marist	69.4
Wisc.-Green Bay	33.6	UIS	43.7	No. Michigan	57.2	So. Dakota	67.6
UIS	33.5	Lake Superior St.	43.3	So. Dakota	54.2	Charleston	67.3
Charleston	31.9	Wisc.-Green Bay	43.2	Auburn-Mont.	52.8	No. Michigan	67.1
So. Dakota	31.3	Auburn-Mont.	42.5	Charleston	52.8	Auburn-Mont.	66.2
Auburn-Mont.	31.3	Marist	42.3	Marist	52.8	UIS	63.4
Lake Superior St.	30.9	Charleston	38.8	Georgia St.	52.1	Georgia St.	59.6
Marist	29.6	Georgia St.	38.2	Lake Superior St.	51.5	Wisc.-Green Bay	59.4
Georgia St.	n.a.	So. Dakota	n.a.	Wisc.-Green Bay	51.3	Lake Superior St.	n.a.

Source: 2008 AAUP Full-time Instructional Faculty Salary Survey.

All faculty includes faculty with ranks Assistant Professor and above.

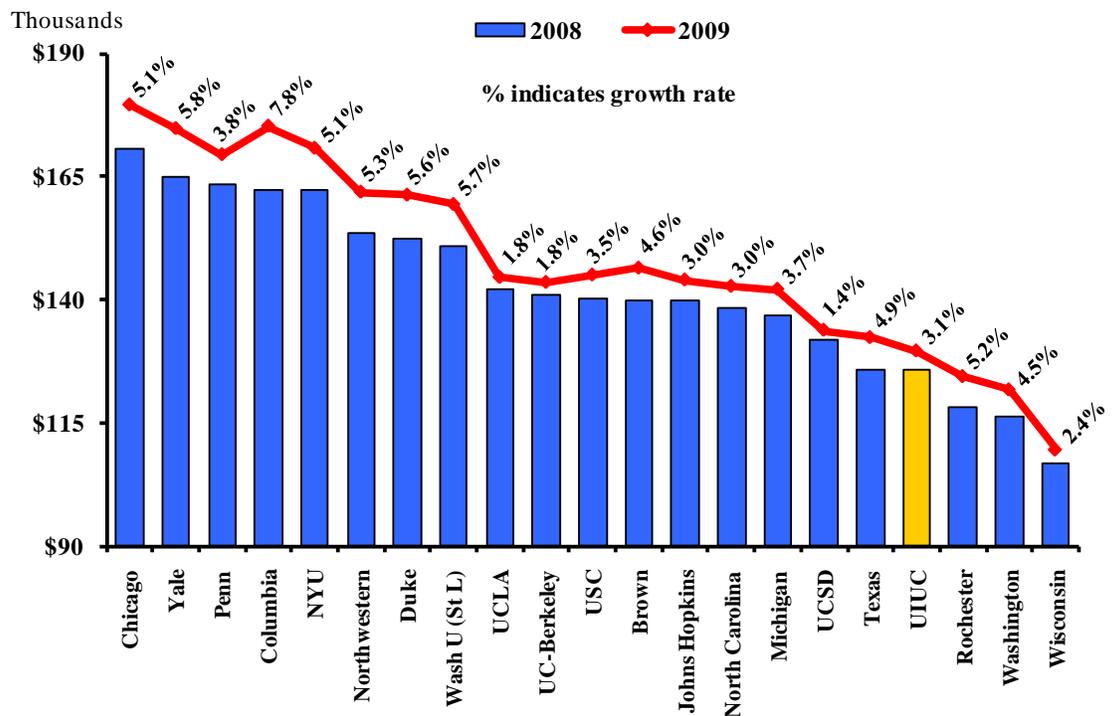
* FY 2009 data not available. Estimated based on a 3.0% average increase.

Figure 12 compares FY 2008 and FY 2009 average salaries for full Professors at UIUC and its IBHE peers. When reading the figure, please note that “percent growth” in faculty salaries reflects not only institutional salary programs, but also promotion and tenure decisions, retirements, new hires and the like. Between FY 2008 and FY 2009, UIUC had a growth rate of 3.1%, seventh lowest out of the 21 institutions in its peer group. The overall average growth rate was 4.2%, with public institutions averaging 3.0% and private institutions averaging 5.0%.

A closer look at the last 26 years puts FY 2009 in context and reveals two major trends in the faculty salary market that do not bode well for the University of Illinois, nor for public higher education institutions across the country. First, funding for public university faculty salaries is closely tied to state revenue booms and busts. Illinois may go deeper into economic recession than many other states and may be slower to recover. This appears to have been especially true in the early 1990s, and somewhat true since 2002. Second, salary progression among private institutions does not slow nearly as much during economic downturns as it does for

public institutions. Even with aggressive internal funding of faculty raises, it appears unlikely that public institutions can keep up if these trends continue.

Figure 12
FY 2008 and FY 2009 Professors' Average Salaries
UIUC and IBHE Peers



Private institutions began to outpace publics in the faculty salary market in the late 1980s. Figure 13 shows the faculty salary deficit between UIUC and UIC and the average faculty salary at private Research I institutions in constant dollars from FY 1982 to FY 2009. UIUC was reasonably competitive in 1982, trailing by only \$2,900 and UIC was marginally competitive, trailing by \$8,500. By FY 2009, the salary gap had exploded to \$26,500 at UIUC and \$34,700 at UIC.

Figure 13
Salary Gap between UIUC, UIC and Private Research I Institutions
Full-time Instructional Faculty Average Salaries
(Dollars in Thousands)

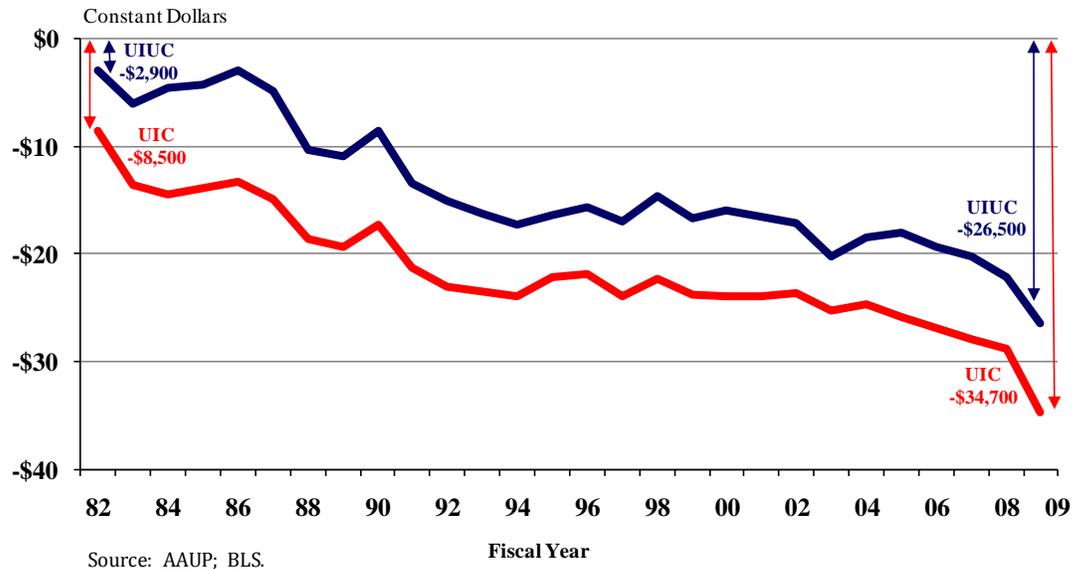
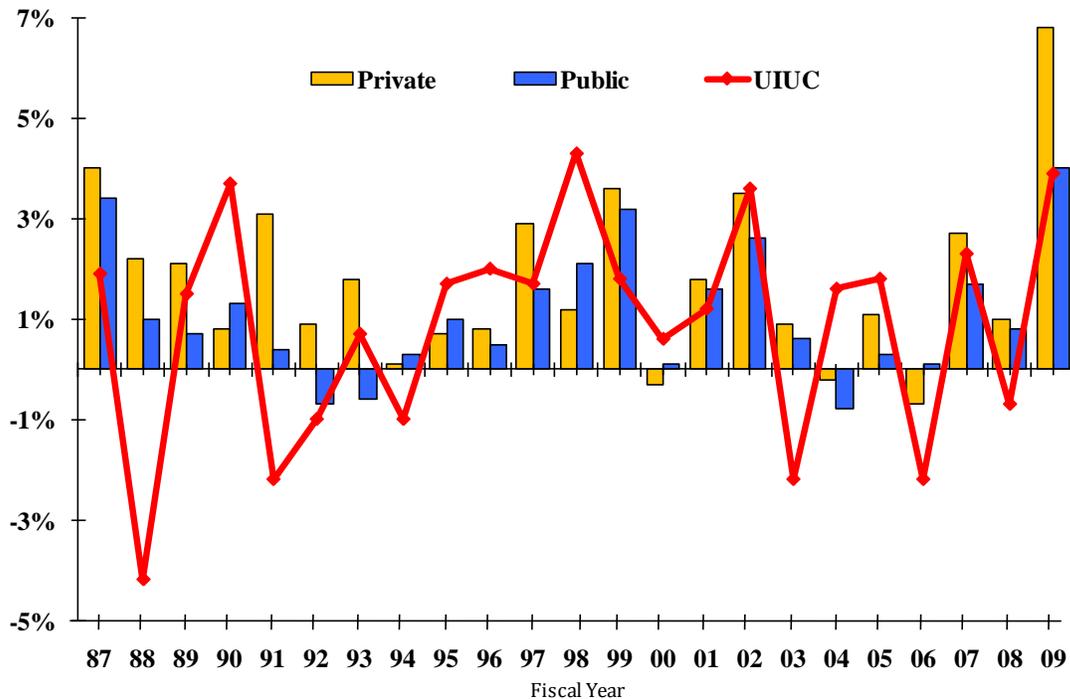


Figure 14 shows annual percent change in instructional faculty (Assistant Professor and above) salaries at UIUC and its IBHE peers since FY 1986, highlighting the years in which UIUC fell behind. Since 1986, the campus has had seven years of negative real growth in constant FY 2009 dollars: 1988, 1991, 1992, 1994, 2003, 2006 and 2008. Public institutions as a group have had three such years: 1992, 1993 and 2004. Private institutions have also had 3 such years: 2000, 2004 and 2006. Cycles of State support for higher education have not played to the University of Illinois' favor, and in fact have given peer institutions, especially private ones, a widening advantage.

Figure 14
Annual Change in Faculty Average Salaries
UIUC and IBHE Peers



Note: Figure in constant (2009) dollars using CPI-U.

The University of Illinois’ status as an elite public institution can be maintained only while it remains a desirable workplace for top-flight faculty. A multi-year strategic, statewide commitment is required to restore competitiveness lost since the late 1980s. To that end, \$16.1 million in additional incremental funds are requested for recruitment, retention and compression programs for critical faculty and staff. These additional monies are necessary in order to avert erosion in faculty quality and morale.

UNIVERSITY STRATEGIC INITIATIVES

(\$30,000,000)

Overview



The Public Agenda Task Force embraced five principles to guide its deliberations on a master plan for higher education:

- Higher education is a public good and, therefore, a public responsibility.
- Priorities, policies and budgets should align with state goals.
- The unique missions of institutions and of higher education sectors—public, private, two-year and four-year—should be supported while also aligning with state goals.
- Adequate and equitable funding, deployed effectively and efficiently, is essential for the entire preschool-to-graduate school—or, P-20—spectrum.
- A comprehensive P-20 student information system is vital.

The Illinois Public Agenda for College and Career Success is the pathway to one Illinois, where all residents have affordable access to high-quality educational opportunities that prepare them for the jobs of the present and the future. To achieve this vision the Public Agenda will advance four goals.

- Increase educational attainment to match best-performing states.
- Ensure college affordability for students, families and taxpayers.
- Increase the number of high-quality post-secondary credentials to meet the demands of the economy and an increasingly global society.
- Better integrate Illinois' educational, research and innovation assets to meet economic needs of the state and its regions.

The University of Illinois' overall planning framework is shaped by its underlying intent: to combine academic excellence with an unprecedented commitment to innovation, quality and service so that each University campus and support organization is the best among its peers and competitors and is recognized as such. The three University of Illinois campuses at Urbana-Champaign, Chicago and Springfield serve Illinois, the nation and the world through a shared commitment to the University's mission of excellence in teaching, research, public service and economic development. At the same time, each campus makes specific and differentiated contributions to the University's overarching mission and vision. The

campuses are strengthened by intercampus cooperation and University-wide support services while carrying out their academic functions through delegated authority from the President and Board of Trustees

In addition, each University campus seeks to engage more actively in its local community, while also preparing students for lives of impact and leadership in an increasingly diverse, “flat” world, and fostering international partnerships in teaching, research, service and economic development that strengthen and enhance the University’s global presence. The distinctive strategies of each University campus also provide opportunities for innovative cross-campus synergies across the University’s four core missions. The four Public Agenda goals are supported by the following campus initiatives to strengthen academic quality at the University of Illinois.

GOAL 1: INCREASE EDUCATIONAL ATTAINMENT

Initiative for Advancing Science, Technology, Engineering and Mathematics (I-STEM) Teaching and Learning (Urbana)

Recent years have seen a significant decline in the number and diversity of educators pursuing careers in STEM fields, both of which directly impact the preparation of future leaders in science and technology. Enhancing STEM education will require a collaborative effort on the part of science experts, education specialists and innovators in curricular design. New models of preparation and new forms of engagement and professional development also will be necessary. The University of Illinois at Urbana-Champaign is ideally positioned to lead efforts to reform STEM education through an Initiative for Advancing STEM Teaching and Learning. The Initiative will leverage UIUC’s strengths in the life sciences and engineering and the College of Education will provide leadership for Illinois and the nation in developing and disseminating innovative, research-based approaches to STEM teaching and learning. The project’s goals are to:

- Increase the number of well-qualified leaders in STEM fields by graduating a group of 30 additional teachers each year;
- Create a resource of learning materials and resources that are made available to teachers and school districts throughout Illinois and nationwide; and
- Provide innovative, inquiry-based professional development to more than 200 school districts in Illinois each year.

Illinois Honors Model (Urbana)

It is imperative that academic colleges work collaboratively to provide an improved honors experience that includes a freshman seminar and senior culminating experience for all James Scholars. The James Scholar program has a long tradition at the University of Illinois at Urbana-Champaign. In most colleges, the program serves high achieving students by engaging them in individual learning agreements (e.g., scholarship or research activities) that supplement regular course assignments as negotiated individually between students and their professors. However, this program does not provide the consistent quality necessary to attract and serve honors-caliber students. Through the Illinois Honors Program, two stable, small course experiences to add quality and consistency to honors offerings: a freshmen honors seminar, and a senior/culminating honors experience will be added across colleges. In order to create and offer these rich learning experiences, resources will be needed for faculty and instructors to teach the freshmen seminar and to design and implement the capstone experience. The overall aim is to provide a consistent and high-quality Illinois Honors Program that effectively recruits the most talented students and provides them with critical learning opportunities.

Academic and Career Counseling (Chicago)

UIC believes that the best method for improving academic success is through strong academic advising. While UIC has previously provided academic counseling, a more proactive approach is proposed. Beginning in their freshman year, students would be assigned to an advisor and encouraged to meet regularly with their advisor to receive guidance about managing degree requirements, balancing course loads, how and when to add or drop courses, etc. This guidance would continue throughout the student's academic career. This initiative is meant to address the critical transitions, such as the move between freshman to sophomore year, which in turn will mean significantly improved retention and graduation rates. However, it is also intended to address issues that students confront throughout their academic career and prevent those issues from intruding to the point that students drop out or stop out. Studies show that continuous enrollment is the best predictor of a student's likelihood to graduate. Additionally, about 1,500 entering freshmen each fall are undecided about their academic major and most are also without a defined career goal. Among those students who have selected an academic major most of these students will change their major choice at least two times during their undergraduate career, on par with the national average. Academic advising can provide appropriate guidance to determine what area of study might best match a student's interests and

skills as well as minimize set backs if a student wishes to defer their selection of a major or when students determine that they wish to change their major.

Expanding career advising and counseling provides resources that assist students in determining their majors and possible careers. Career counselors will be available to meet with students during their first and second years to identify potential career opportunities within their area of study, as well as identify potential internship opportunities, receive resume' writing assistance and practice interviewing skills. This support in goal setting is instrumental in student retention and graduation. Navigating the transition between academic and employment careers can be difficult, but appropriate guidance in regarding job opportunities, resume writing and interview skills will make the transition easier.

**Expanding
Summer College
Programs
(Chicago)**



UIC is proud to enroll students from diverse educational experiences. While we believe that all students will be capable of thriving in the academic environment of UIC, we recognize that there may be some deficits in their knowledge of college basics, such as math, writing or language. The Summer College remedial, enrichment, and bridge programs provide the opportunity for students to eliminate those deficits and begin their first term with a full-credit course load and the confidence that they are on an equal playing field with their fellow classmates. Expansion of these programs will facilitate larger numbers of students to take advantage of these opportunities to prepare for their first term.

**Expanding
First Year
Programming
for Undergraduate
Students
(Chicago)**



First year programs are designed specifically to help the first-year student make the transition from either high school or in the case of many transfer students, from junior or community college to the research university and establish a connection between the student and their cohort, UIC and its urban environment. UIC intends to revamp the existing first year programs to create a comprehensive experience for all incoming students. With participation in the first year program student engagement is increased, thereby increasing the likelihood of retaining students through graduation. By establishing a common course in which all students participate, but meeting in smaller groups, students are provided with important information about student success, and a common experience that connects them with the greater UIC community, establishes a sense of identity within their cohort and increased comfort within their urban setting.

Teacher Education Programs – Mathematics and Science (Springfield)

The Illinois State Board of Education (ISBE) continues to note teacher shortages in Illinois. The areas of mathematics and the sciences are among the top areas where districts report shortages. The ISBE Educator Supply and Demand in Illinois 2007 Annual Report identified Illinois school districts with unmet need in mathematics (288 districts) and in chemistry (235 districts). The data also reveals that the disciplines of mathematics and science rank fourth and fifth respectively with the largest number of educators needed through 2011 in mathematics (2,846) and science (2,517).

UIS has worked to address shortages in the number of mathematics teachers through its highly successful online program. At UIS, capacity for teacher education is currently at its maximum. Faculty resources are completely deployed in both offering the required core curriculum and conducting student teacher supervision. Funding of this request will allow UIS to hire three additional full-time faculty members, one with a specialization in mathematics education and two with a specialization in science education.

This program will allow UIS to serve an additional 75 students in the Teacher Education program. The student population would grow by 30 to 35 in each of fiscal year 2010 and 2011. Beginning with 2012, UIS expects to graduate an additional 37 students per year to help meet the Illinois teacher shortage.

Teacher Education Programs – School Counseling (Springfield)

The ISBE Educator Supply and Demand in Illinois 2007 Annual Report identified guidance counselors as a category of highest need. The non-instructional category of Guidance Counselor ranked in the top five of greatest need with 616 needed school counselors. The UIS Human Development Counseling masters program currently enrolls six to ten graduate students in the area of school counseling. Additional funding would allow the program to expand to 12 to 20 school counseling students and result in doubling the number of graduates to between six and ten per academic year.

Academic Excellence – Faculty Development (Springfield)

Excellence in teaching will be achieved through valuing and supporting innovation in teaching and promoting faculty contributions to the national dialogue on teaching and learning with the ultimate goal of preparing students to be leaders and thinkers in the world. Funding will be used to create a faculty development unit to support

the growth of faculty as teachers, to coordinate the assessment of learning outcomes and to provide resources for teaching forums and dialogues. In addition, UIS is committed to providing additional support for faculty research and scholarship. Funding will be used to support strategic planning initiatives aimed at developing faculty as teacher-scholars such as expanding support for the Center for Online Learning, Research and Service; providing operational funds for and synchronous connectivity to the Emiquon Field Station; and increasing funding available to support undergraduate student participation in research.

**Student Success
Center
(Springfield)**

UIS' second strategic goal is providing an atmosphere that is vibrant and engaging with comprehensive and integrated initiatives that contribute to the intellectual, cultural, social and personal enrichment of all participants. One step in achieving this goal is to create a transitional partnership program that prepares students to be college ready and in good academic standing as the transition from high school to college or from community colleges to four-year institutions occurs. The program will offer assistance with the college admissions process, financial planning, placement testing and academic readiness. A second step will be to develop a nationally certified program of excellence in the area of first-year support services. This Success Center will be modeled on student-centered practices that are comprehensive, holistic and retention-focused. Designed to enhance the educational experience and personal development of first-time, first-year students and transfers, this center will provide summer bridge programs, first-year seminar courses, integrated community-learning initiatives and transitional support to guide students in their social adjustment from high school to college or from first semester to second. The Career Services office will be enhanced to help assure successful placement of students in the work world upon graduation. Finally, the campus will increase efforts to assure geographic diversity of our student body.

GOAL 2: ENSURE COLLEGE AFFORDABILITY

**Transfer
Experience and
Advising Mentor
(TEAM) Project
(Urbana)**

The University of Illinois at Urbana-Champaign has an impressive record of recruiting high-ability students, most of whom attend the University immediately after finishing high school. There are, however, a growing number of diverse, highly talented individuals who attend community college before attending a four-year institution. Many of these students opt to transfer to regional four-year

institutions without giving the University of Illinois serious consideration. It is further troubling to note that among students who transfer to four-year institutions, many are unable to fulfill the requirements necessary for a four-year degree. We must address these critical issues of access and attainment in our efforts to fulfill our obligation to the people of Illinois. We must find ways to channel the energy that many of these transfer students have for learning, and assist them in overcoming unanticipated academic challenges and unwelcome bureaucratic barriers. The TEAM Project has three fundamental goals:

- Increase the number of students who transfer to Illinois from 10 target community college districts within the state, selected based on density of prospective students, high enrollment of students of color, and, in many cases, limited history of graduates matriculating to Illinois
- Increase the academic success of students who transfer from the 10 targeted districts
- Reduce academic and bureaucratic barriers for community college students who transfer to Illinois, to enhance both access and degree attainment. To successfully develop and implement the TEAM Project, significant investment in personnel and programmatic resources will be required.

**Expand Student
Financial Aid
Program
(Chicago)**



Perhaps one of the easiest simplest means of improving college affordability for students and families is to increase the UIC student financial aid program. UIC plans a three pronged approach to tackling the expansion of financial aid.

The first path of expansion would be to increase the need-based grant support for undergraduate students. Increasing the base funding for financial aid grants allows the financial aid program to keep pace with the increases in the cost of attendance: tuition, fees, room & board and books. With the base increased, the Office of Student Financial Aid is able to continue to provide packages to all students with financial need, neither trimming the packages due to limited funding nor reducing the total number of students that are eligible for assistance.

The second expansion path is to provide additional support for those students who receive MAP grants from the State, but do not qualify for Federal Pell grant funding. Typically those students will come from families with household incomes between \$45,000 and \$75,000. This will ensure enrollment of students from all points of the

income spectrum, which is part of the diversity we strive for in the student body. This assistance boost can make all the difference in determining whether a student will choose to continue to enroll in the university or drop out until they have more funds available to dedicate to their education due to the financial commitments of their families.

The third path is to expand participation in the President's Award Program by targeting prospective students in the Colleges of Engineering and Business Administration with ACT scores above 30. It is our hope that by providing this additional financial incentive, more students with outstanding potential will choose to attend UIC rather than another institution, or deferring higher education enrollment.

**Develop
Additional
Blended (online/on
ground) Degree
Programs
(Springfield)**

UIS has begun developing degree completion programs utilizing a blended format which combines traditional class sessions with online delivery utilizing funds provided by the Alfred P. Sloan Foundation grant Blended Learning: Reconnecting with the Capital Region. Blended delivery is a natural progression given the campus' experience with online course and degree delivery. Blended provides the student with the best of both worlds. The blended programs result in a 50% overall reduction in the cumulative commuting mileage, time and expenses (such as child care) that students enrolled in the program would incur over the semesters of completing the program on campus. Blended offerings will allow UIS to reconnect with the commuting student population in the central Illinois area. UIS is currently launching a blended BS degree program in Management Information Systems and will shortly begin offering blended versions of the campus degrees in Management and Criminal Justice. UIS will continue to develop blended degree completion programs.

GOAL 3: HIGH-QUALITY POST-SECONDARY CREDENTIALS

**Illinois Advantage:
Center for
Retention and
Degree Attainment
(Urbana)**

Beginning in fall 2007, the Division of General Studies, housed within the Campus Center for Advising and Academic Services, has ensured access to quality advising and academic support for undergraduates who have not declared a major, as well as those in transition between areas of study. The next step is to create programming

within the Campus Center for Advising that promotes retention and ensures opportunities for degree attainment. To this end, the Illinois Advantage: Center for Retention and Degree Attainment will be developed. The program will coordinate efforts across campus designed to promote retention and graduation rates, such as the Merit program (one-hour additional courses that provide interactive learning opportunities in challenges gateway courses, such as calculus, biology, chemistry and physics). The program also will help to eliminate institutional barriers that currently prevent students from moving from undeclared status into particular academic degree programs. To create the Illinois Advantage program, senior leadership is needed, as are programmatic resources.

**High Demand
Program Area
Faculty Hires
(Chicago)**



Consistent with our dedication to increase the number of high-quality post-secondary credentials to meet the demands of the economy and an increasingly global society, UIC needs to add faculty in certain high demand program areas. In order to allow for additional graduate and undergraduate enrollment in the areas of nursing, physical therapy, math & science teacher training and training of urban education leaders, additional funding is required beyond what can be collected via tuition increases. Those fields already have sufficiently deep applicant pools that enrollment can be expanded quickly if our instructional capacity can be increased. In addition, these are areas where UIC already has excellent programs, and therefore represent the areas we can uniquely help prepare its workforce to meet the needs of both today and tomorrow's employers.

**Expand and
Develop Online
Programs
(Springfield)**



Online learning is central to the University of Illinois at Springfield. It is the natural extension of the use of 21st century technologies to provide access to high quality teaching and enhanced learning opportunities for students from Illinois. The Springfield campus has been serving Illinois students online since 1998. Our online learning program has gained national recognition through the highest awards for excellence in online teaching and learning from the prestigious Sloan Consortium, the leading association in this field with more than 1,500 college and university members. We received the 2007 Sloan-C Award for "Excellence in Institution-Wide Online Teaching and Learning" and the inaugural 2008 Ralph E. Gomory Award for Quality Online Learning. UIS offers a wide variety of online undergraduate and graduate degrees and certificates. Significantly, the Higher Learning Commission has granted UIS "blanket approval" to launch online versions

of any baccalaureate or master's degree offered at the campus. Only a relative few universities have been granted this permission. Consistent with this public agenda goal, UIS offers several online applied graduate degrees with the potential to increase economic development. Among these are the Master's Degrees in Computer Science, Management Information Systems and Public Health. The UIS Model assures that the same rigor and quality is maintained in our online programs as on campus. Given additional resources, a number of these academic programs are prepared to expand, and additional academic programs are prepared to launch online degree options. UIS will increase the size of current degree offerings and develop new online degree offerings to continue to address the needs of place and time bound students.

GOAL 4: INTEGRATE EDUCATIONAL, RESEARCH AND INNOVATION ASSETS

Interdisciplinary Studies Degrees (Urbana)

Significant effort has been devoted to the development of interdisciplinary programs at the graduate level, but few institutions in the nation have developed interdisciplinary education for undergraduate students. To provide rich educational opportunities for undergraduates in emerging fields such as health, informatics, and environment and sustainability, we will need flexible curricula that allow students to pursue interdisciplinary areas at the baccalaureate level. UIUC plans to design and pilot three to five such interdisciplinary programs over the next year.

Critical Need Professional Science Master's (PSM) Degree Options (Urbana)

The development of professional science master's degree programs is underway across campus, with significant enthusiasm from a range of disciplines, including engineering, life science, agriculture, and informatics. The initial effort has been supported by a small grant from the Sloan Foundation. We will require further investment in both personnel and course development and delivery resources to create a common core of courses, known as the PLUS element (coursework shared across all PSM field, including business, communication, and human resource courses) and to engage all of the fields interested in participating.

Illinois Informatics Initiative (I3) (Urbana)

The I3 will invent the information environments of the future and educate those who will build and use them. The I3 has developed a cross-campus minor in informatics that will serve undergraduates across campus, and will serve as a catalyst for

research activities in the broad arena of technology and society. As the undergraduate minor becomes established, plans are underway to develop undergraduate and doctoral degrees in informatics in the future.

**Integrated
Sciences for
Health Initiative
(Urbana)**

This initiative will integrate and apply our expertise in engineering and the physical, life, behavioral, and social sciences to improve human health. Two steering teams developed operational plans for this initiative, one focusing on translational health research, and the other on behavioral health and wellness. This initiative emphasizes some of the most pressing concerns of today's society, such as promoting vital aging, preventing disease and disability, and translating science to intervention and treatment practice in areas such as cancer and diabetes. As part of this initiative, we hope to expand the Division of Biomedical Sciences to enhance the research capacity among the network of biomedical researchers at Illinois.

**Sustainable
Energy and
Environment
Initiative
(Urbana)**

The Sustainable Energy and Environment Initiative will shape the economic future of our state and nation through research that integrates science, technology, economics, humanities and social science. This research will help develop alternative energy sources and promote practices that encourage prudent use of our most vital resources—energy, water and land. The goal is to ensure that our scholarship ultimately shapes national research and policy agendas. This initiative will strive to expand the work of the Energy Biosciences Institute, established in 2007.

**Arts and
Humanities
Initiative
(Urbana)**

This initiative will strengthen Illinois' place as an international leader in the arts and humanities. By supporting scholarship and instruction in the arts and the humanities, we will contribute to the learning and creativity that shape the personal, familial, local, national and global worlds we inhabit. As part of this initiative, we hope to expand the innovative, campus-wide efforts emerging in the area of digital media and offer courses that directly address the emerging digital media of the 21st Century.

**High Performance
Computing
(Urbana)**

To ensure that scientists and engineers can achieve sustained petaflop performance on Blue Waters from day one, intensive work is under way now to port, optimize, and scale a range of applications to effectively use the system's more than 200,000 processors. Scientists will create breakthroughs in nearly all fields of science using

Blue Waters. Substantial investments in Blue Waters will be necessary to enhance the scalability and performance of existing science and engineering applications and to develop new applications that take full advantage of the extraordinary capabilities that Blue Waters will provide.

The Center for Energy Systems (Chicago)

The Center for Energy Systems will draw on expertise already available within UIC and will also take advantage of our proximity to both Argonne National Laboratory and FermiLab. This center would encompass a spectrum of issues relating to the generation, distribution and conservation of energy in an urban setting. It would also partner with existing campus programs in areas of environmental policy and sustainability. By aggregating these programs and creating opportunities for faculty to cross disciplinary boundaries, existing programmatic strengths can be leveraged and strengthened.

Increase Enrollment in Health Informatics Programs (Chicago)

UIC's health informatics program was the first in the country to focus on the social and organizational issues affecting information technology in health care. We are in the perfect position to establish a curriculum which builds on best practices and innovates protected file sharing and distribution. UIC's School of Public Health offers the nations first 100% online Health Informatics program, while the Collage of Applied Health Sciences offers four different programs related to information technology and health records.

Increase research education and training efforts in patient safety (Chicago)

Patient safety continues to be as important as innovation in treatment method to patient care. Health care providers, both clinical and administrative, have a tremendous need to develop expertise in the fields of health care quality and patient safety. The health care environment requires a systems-oriented, inter-professional and patient-centered approach for optimal patient success. New skills and attitudes are required to meet the changing needs of patients in a medical environment that has become one of multilayered systems, informatics, assessment, outcomes and quality indicators. The Patient Safety Leadership master's degree and graduate certificates equip students with opportunities to become leaders in the advancement of patient safety and quality health care. UIC's dedication to increase research, education and training efforts to medical errors and accidents can reduce instances of medical liability, which will address the high costs of health care in this region and thereby improve the economic well-being of Illinois residents.

**Translation
Research
(Chicago)**

In 2007, UIC established a Center for Clinical and Translational Science to create new collaborations and support the movement of knowledge from the lab bench into the community. Insights from basic research need much development and further study to create beneficial clinical practices. UIC recently received \$20 million of grant funding from the Federal government, the largest single grant in UIC's history, to further this research. Additional State funding would further leverage the grant funds and potentially draw additional private donations and grants to continue the research.

This initiative enables UIC to enhance its collaborative research in the health sciences, from basic science to community engagement, bringing in virtually all the colleges at UIC as well as collaborations with the Urbana-Champaign campus and the medical campuses at Peoria and Rockford. The scope of the collaborations make the UIC center unique as a statewide translational science program.

The center provides a Web-based as well as a geographic single point-of-access for investigators, including a match-making service to identify potential new collaborations. To provide support for research, the center offers six "core" services: statistical design and analysis, clinical interface, biomedical informatics, regulatory support and advocacy, community engagement and research, and translational technologies and resources. The center includes educational programs for pre- and postdoctoral trainees and faculty researchers to train the next generation of translational researchers.

Some projects already funded by the center include developing a collaborative research program in asthma and allergic diseases, exploring a promising immunotherapy to treat severe infections in patients with compromised immune systems, and a multi-disciplinary approach to improving cancer care for rural residents.

**Center for
Business and
Regulation
(Springfield)**

The College of Business and Management at UIS has historically assisted the private and public sectors in understanding the complex interrelations between public policy and its implications for the private sector and public in general. Recently, the Ameren Corporation funded the Ameren Distinguished Professorship in Business and Government with a specific goal to expand the capabilities of the College to

better serve the public and private sectors. This can be achieved by providing educational and research services to the university and to the broader private and public sector communities in Illinois that further the understanding of the interaction between regulation and business and which foster the foundation for more effective and efficient regulation. A major focus of this work will be utility regulation. Regulation of business is one of the most important activities of all levels of government. It affects the price we pay for utility service and the information we receive from publicly traded utility companies which touches nearly every facet of our daily lives. For the College to expand its efforts a Center for Business and Regulation is needed. The Center can extend the outreach of the college by providing opportunities for decision makers and stakeholders to interact with researchers, the College, the Center and one another. Policy forums, written communications and other methods will be employed to perform outreach.

Geographic Information Systems Laboratory Expansion (Springfield)



The Geographic Information Systems Laboratory at the University of Illinois at Springfield was established in 2005. Currently, the center supports research and teaching for many academic units in the areas of GIS, remote sensing, 3-D visualization, and spatial statistical analysis and modeling. The lab also serves as a geo-spatial data depository for the central Illinois region. The state of the art lab also offers GIS workshops for professionals on and off campus. The major research of the lab includes geospatial data dissemination, land use, conservation, environmental analysis etc. UIS proposes to expand the lab to become a depository for state-wide GIS data.

Making a Difference in the World-Serving Illinois (Springfield)



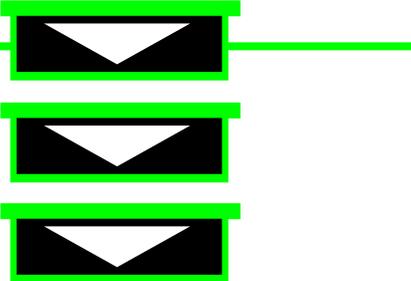
Whereas the goal of Enriching Individual Lives focuses on the way a UIS education will lead to the growth of the individual, UIS' third strategic goal, Making a Difference in the World, points to the way that UIS looks outward toward the betterment of the local community and the State of Illinois. With its location in the state capital, UIS has always had a special emphasis on public affairs, citizen engagement and effecting societal change. Our third goal echoes and updates those traditions. Making a Difference in the World is conceptualized as a series of activities related to reflection, dialogue and action on public policy and civic culture, resulting in engagement with the world outside of the university. A major contributor to UIS' efforts in this area is the Center for State Policy and Leadership which mobilizes the expertise of faculty, staff, students, and media units to conduct

public affairs programs, research and dissemination, professional development and training, civic engagement, technical assistance, public service activities and conferences and forums and a public lecture series. An example of those activities is our Annual Lincoln Legacy lecture series which we seek to further develop and broaden both our offerings and public participation.

Making a Difference in the World is also accomplished by involving our students in service learning activities. Service learning offers an opportunity to explore the connections of academic theory and the practical needs of the community while expanding overall knowledge of community-based problems. UIS will expand the opportunities in service learning to allow more students to have an immediate positive impact on the local community and gain a lifelong appreciation of the obligations of citizenry in the State of Illinois and the world.

ADDRESS FACILITY

OPERATIONS NEEDS



OPERATION AND MAINTENANCE NEW AREAS

(\$3,819,440)

Campus
Level:
UIUC
(\$3,521,285)
UIC
(\$298,155)

▶ The FY 2011 request for funding of the operation and maintenance of new and significantly remodeled areas supports ten facilities on two of the three University of Illinois campuses. The total space to be supported is approximately 286,424 gross square feet (gsf). These facilities represent significant additions to the Urbana-Champaign and Chicago campuses to help support the mission of the University of Illinois and serve to provide teaching, research and support space for the campuses.

The University received no new areas support funding from the State for FY 2005, FY 2006, FY 2007, FY 2008, FY 2009 and FY 2010. The University was forced to reallocate over \$18.5 million to fund these unavoidable costs of new areas.

Obviously, this practice is not one that the University can maintain without seriously infringing on the activities of its other programs. It is critical that the State support the real operation and maintenance costs of facilities that it approves for construction.

These facilities create a demand that includes above average utility and other operating costs in comparison to most other facilities throughout the state of Illinois or on other institutional campuses. Prior to FY 2005, when funding was provided by the state, the funding policy was detrimental for the University. The first policy, the State's practice of funding utilities at a campus average and other costs at a statewide average created a recurring operating deficit. This policy when coupled with the lack of funding for projects contributed in total to real deficiencies that must be absorbed by the University. The resulting deficiencies contributed to the recent over expenditure of the utilities base budget, requiring reallocation of funds from programs in order for the University to pay its utilities bills. Other operation and maintenance activities, as unfunded expenses, become classified as deferred maintenance. This postponement of expenditures for facility maintenance only permits problems to occur and grow larger through neglect as these facilities continue to age.

For FY 2011, the requirement to support the operation and maintenance of new facilities totals \$3,819,440. Ten projects, as shown in Table 6, require either partial or full funding of the annual costs for operation and maintenance.

Table 6
FY 2010 Operation and Maintenance
Requirements to Support New Areas

	GSF	Date of Occupancy	Months Requested	Utilities	Other	2011 Total	Annual Cost	Cost/GSF
Urbana-Champaign								
Integrated Bioprocessing Research Lab	23,855	Apr-11	3	\$ 24,315	\$ 39,980	\$ 64,295	\$ 257,180	\$ 10.78
Huff Hall North Addition	36,300	Feb-11	5	69,950	125,705	195,655	469,571	12.94
Newmark Student Center Addition	22,500	Nov-10	8	55,540	89,275	144,815	217,222	9.65
NCSA Petascale Computing Facility	92,795	May-10	10	2,083,335	429,950	2,513,285	3,015,942	32.50
Digital Computing Lab Bioengineering Lab	3,241	Sep-10	10	2,935	5,890	8,825	10,590	3.27
BSL3 Biocontainment Laboratory	700	Aug-10	11	4,465	8,015	12,480	13,614	19.45
Natural History Survey Building	22,000	May-10	12	98,785	180,650	279,435	279,435	12.70
Illinois Fire Service Institute	21,225	Jul-10	12	76,335	179,465	255,800	255,800	12.05
South Farms Energy Bioscience Storage Shed	5,808	Apr-09	12	25,380	21,315	46,695	46,695	8.04
Sub-total	228,424			\$ 2,441,040	\$ 1,080,245	\$ 3,521,285		
Chicago								
College of Medicine at Rockford	58,000	Feb-10	7	\$ 88,665	\$ 209,490	\$ 298,155	\$ 511,123	\$ 8.81
Grand Total	286,424			\$ 2,529,705	\$ 1,289,735	\$ 3,819,440		

URBANA-CHAMPAIGN PROJECTS

**Integrated
 Bioprocessing
 Research Lab**



Given trends in biotechnology and in the world economy, the crop bioprocessing initiative will position Illinois as a leader in systems research focused on crops all the way from the field to the consumer with the Bioprocessing Research Laboratory. This facility will enhance research on value-added products and will be an interdisciplinary program with several departments across campus involved. The Integrated Bioprocessing Research Laboratory will provide a flexible bio-refinery to conduct multi-disciplinary research on new and better processes to convert a broad variety of biobased feedstocks into higher value added products such as food, feed, energy, polymers, agrochemicals, fibers, plastics and industrial feed stocks. The 23,855 gsf facility will be designed to meet research and programmatic needs in the most efficient way and at a minimum, the project will earn enough rating system points to be certified as a LEED Silver Building. Scheduled for completion in April 2011, three months of support at \$64,295 is requested.

Huff Hall North Addition

▶ The College of Applied Health Sciences has experienced significant growth in its educational and research programs over the last seven years. The growth has placed considerable strain on the college's physical facilities. A recent architectural feasibility study recommends that a north addition to Huff hall located at the southeast corner of Gregory Drive and Fourth Street be completed as a first step in addressing this need. This project would provide approximately 36,300 gsf of new interdisciplinary research areas and associated support spaces, which will be the first of its kind for the college. The addition will provide instructional space for the Master of Public Health program; faculty offices and laboratories; and some space for the newly created Center on Health, Aging and Disability. This project is consistent with the original design of Huff Hall which anticipated that a north wing, similar to the south wing, would eventually be built to complete the building per the campus master plan. Set for completion in February 2011, five months of support is requested at \$195,655.

Newmark Student Center Addition

▶ The project consists of a 22,500 gsf three story addition to the Newmark Laboratory Building. The facility includes a lecture auditorium, pre-function hall, classrooms and computer rooms as well as offices for undergraduate, graduate and student societies. The addition will be on the northeast side of the Newmark Building which is currently being used as a storage area. A partial basement will be provided to link mechanical systems in the new addition with existing lower level mechanical room. Eight months of support at \$144,815 is requested.

NCSA Petascale Computing Facility

▶ This 92,795 gsf state-of-the-art building is a partnership with the National Science Foundation to revolutionize science and engineering research and education in the United States. The building will house the "Blue Waters" petascale computer which is 500 times more powerful than today's supercomputers. The computer will be used to study complex processes such as the interaction of the sun with the earth's magnetosphere and ionosphere while at the same time impart the next generation of students with the skills required to make use of high impact computing. The building will be comprised of offices, storage and loading docks, water-cooled data processing machine rooms and data processing machine room support. The building is sited at the corner of Oak and St. Mary's Roads to capitalize on the close proximity of the Oak Street Chiller and Abbott Power Plants providing reliable and

redundant power and cooling for the facility. Slated for completion in May 2010, ten months of operations and maintenance are requested at \$2,513,285.

**Digital Computing
Lab Bioengineering
Lab**

▶ Phase II of a multi phased project will add 3,241 gsf on the first floor of the Digital Computing Lab. The project will create four wet labs with bench space, fume hoods, bio-safety cabinets and chemical waste storage room. Scheduled for completion in September 2010, ten months of support at \$8,825 are requested.

**BSL3 Biocontainment
Laboratory**

▶ This proposed project will construct a 700 gsf certified BSL3 Lab Facility that provides wet-lab research space and limited small animal housing for experimental use. There is currently no BSL3 space on the UIUC campus and several faculty require access to such a facility. A phased design allows for expansion in the future. A high priority is being placed on research in emerging and zoonotic diseases by funding agencies. The presence of a BLS3 facility is likely to result in significant additional users and recuperative funding mechanism. \$12,480 for eleven months of support are requested.

**Natural History
Survey Building**

▶ The new Natural History Survey Building is part of a multi step process which started with the purchase and remodel of the I-Building in the Research Park. This third phase of that process will construct a new building that will provide offices, laboratories and collection space for the INHS Botany Program, the University's botany collection and small crop sciences collection. Future plans call for development of an addition to house the INHS zoological collections. Scheduled for completion in May 2010, this 22,000 gsf facility will require twelve months of support at \$279,435.

**Illinois Fire Service
Institute**

▶ This Illinois Fire Service Institute by State statute trains fire fighters and emergency responders from the State of Illinois. This project will enhance their ability to train fire and emergency personnel throughout the State of Illinois by adding a new 21,225 facility onto the existing facility at the south campus location. This addition will allow expansion of the library, house firefighter life safety and homeland security research labs, a National Incident Management System-compliant hands on emergency operations and unified command center training facility, a simultaneous translation classroom/conference facility, a Firefighter Memorial Hall, additional

classroom/seminar and computer lab space. Scheduled for completion in July 2010, twelve months of support of \$255,800

**South Farms Energy
Bioscience Storage
Shed**

▶ This 5,808 gsf facility will serve the Energy Biosciences Institute. Included in the structure will be equipment storage, shop maintenance space, field research sample processing including tissue drying oven space. Twelve months of support are requested totaling \$46,695.

CHICAGO PROJECT

**College of
Medicine at
Rockford**

▶ This new 58,000 gsf facility at the College of Medicine Parkview campus in Rockford is funded by joint contributions from the University, Federal and State Governments. The Rockford campus serves as home to the National Center for Rural Health Professions and is one of the few campuses in the United States that focuses training medical students to practice in rural areas. This new facility will allow the College to increase their medical class size and expand the programs in rural medicine and rural health care. The new facility will meet LEED Silver certification standards for environmental impact and efficiency including areas for research, animal labs, classrooms and administrative space. Targeted for completion in February 2010 seven months of operations and support are requested in the amount of \$298,155.

FACILITY MAINTENANCE SUPPORT

(\$5,000,000)

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 which in turn is critical in attracting top-quality faculty, staff and students. Academic facilities constructed and operated with State funds for the University of Illinois have a replacement cost of over \$5 billion. Most of these facilities were built to “institutional standards” in construction materials and techniques, meaning that with proper maintenance and regular replacement of components which have exceeded their useful lives, the facility can have a nearly infinite life. Toward this end, the University has attempted to create a consistent funding source to service its facilities infrastructure. Attempts starting in FY 1998 met with limited success but that trend came to an abrupt halt in FY 2003 as support was not possible due to the State’s dire fiscal situation. Steady and sustainable revenue streams are crucial to maintain the University’s physical assets. When this does not occur, maintenance items slip from the regular maintenance category into the deferred maintenance category; only those items needing the most immediate attention are funded. Through a detailed facility condition audit the University has determined a backlog of over \$600 million in deferred maintenance projects. It is crucial to continue to build on the base of \$10 million in central operating funds that constitute this fund in order to stem the tide from this ever increasing maintenance burden. A variety of University of Illinois programs are today housed satisfactorily in buildings more than 100 years old and that experience can continue if adequate facilities funds for maintenance and renovation are available. Even in severely constrained economic times, some attention must be given to long-term as well as immediate needs.

For FY 2011, the University seeks \$5 million in operating funds to augment the larger deferred maintenance program. This program relies on funds from the operating budget, capital appropriations, internal reallocations and a special debt issuance. If funded these finances could potentially be used for a second round of debt issuance targeting deferred maintenance. The plan seeks to not only stop the growth of deferred maintenance items but eventually begin the reduction in this significant backlog. These operating funds coupled with those in the capital budget

request will slow the growth in deferred maintenance needs by increasing expenditures to \$75 million by FY 2022 which is crucial to the continued attention to the attrition of deferred maintenance. It is critical to note however that funds from the state be they in the capital or operating budget have not been forthcoming the last several years. The initial plan included the state sources as part of the funding mechanism to reduce deferred maintenance. The continued lack of support from this source will jeopardize the University's ability to stem the tide on the deferred maintenance front.

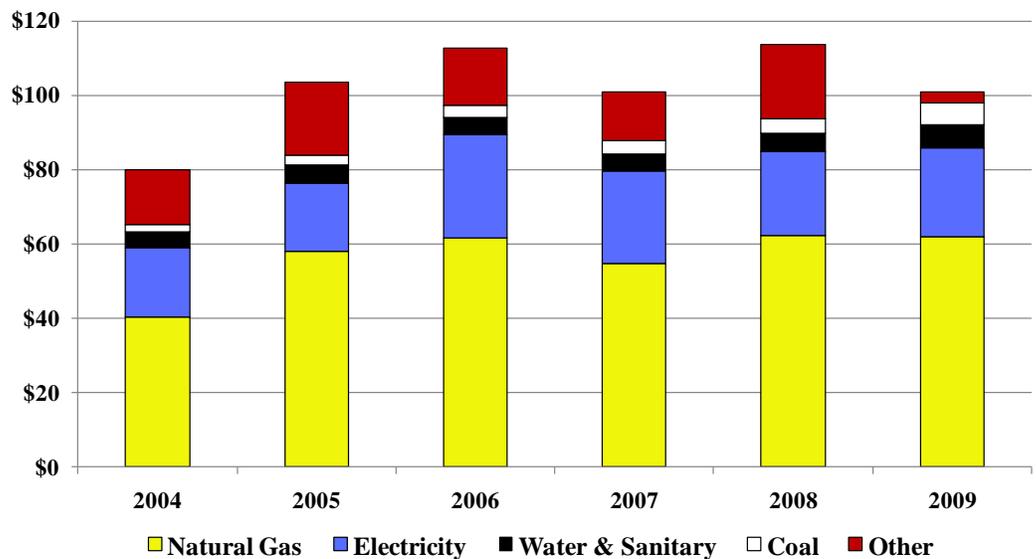
UTILITY MAINTENANCE SUPPORT

(\$5,000,000)

Overview

For well over two decades, the University has demonstrated creative and highly effective management of its utilities budget in many ways: through cost saving construction projects (Abbott coal conversion, lateral pipeline addition, Cogeneration Facility); contract administration (direct gas transportation, long term gas supply purchase, competitive utility commodities bidding); and rate/tariff intervention and negotiation (electricity, water, sewer). These steps have helped the University avoid costs that burdened institutions with less aggressive energy management. They have eased the impact of budget reductions during times of severe fiscal constraint at the State level and at times have provided a source for reallocation into high-priority areas such as addressing deferred maintenance or repair and renovation needs. But operating costs for utility services cannot be deferred and must be met on demand. Figure 15 shows selected utility expenditures from FY 2004 to FY 2009.

Figure 15
Expenditures of Selected Utility Components
FY 2004 to FY 2009
(Dollars in Millions)



Continued rising utility costs, increased usages and increased deficiencies attributable to unfunded new areas costs have placed the University with a large

deficit. In 2006 the Energy Task Force was commissioned to examine the physical energy infrastructure and recommend organizational change.

Background



Between 1993 and 2009, commodity prices for natural gas skyrocketed. The University was vulnerable to these price increases for three primary reasons. First, for two decades, the University focused on much needed production and distribution improvements in plant reliability and ultimately conservation projects. Second, the University has a well documented deferred maintenance problem, which contributes to significant inefficiencies in energy use. Estimates as high as 25% of the energy provided to buildings being wasted have been reported. Figure 16 shows utility expenditures as compared to gross square footage.

Figure 16
Utility Expenditures versus Gross Square Footage
FY 2003 to FY 2009

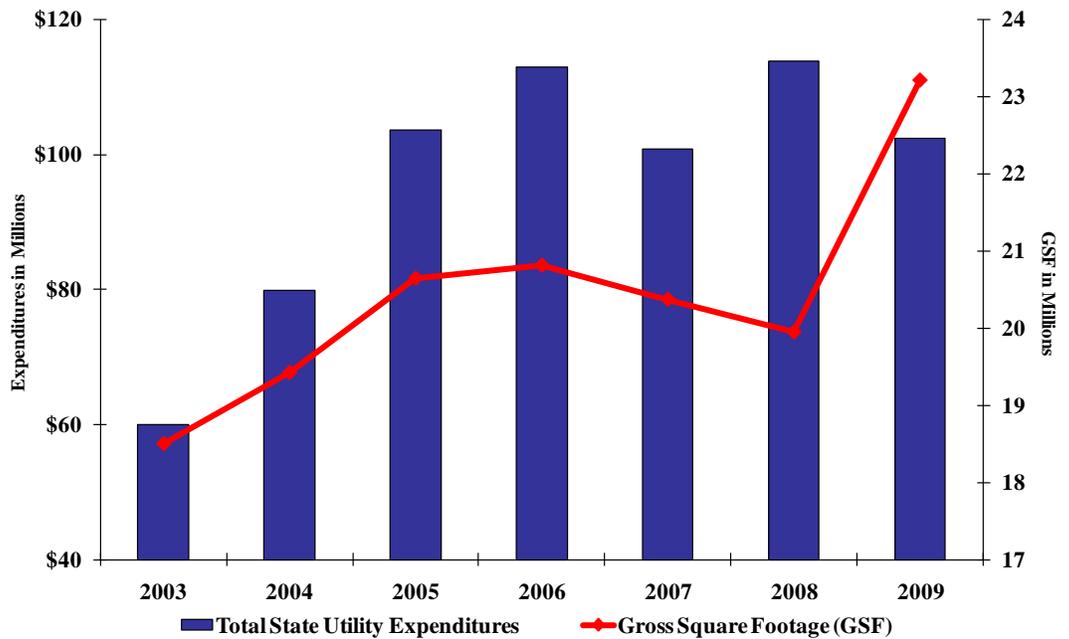
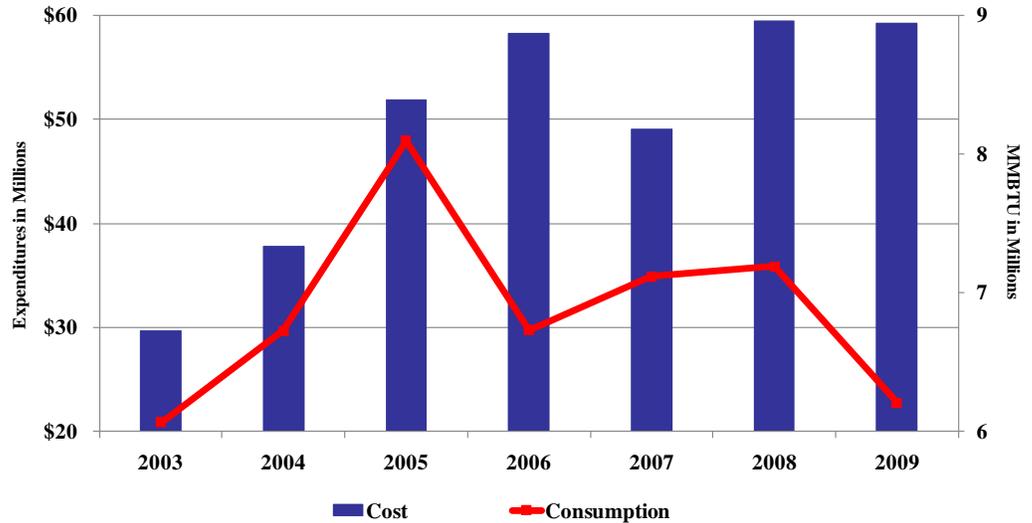


Figure 17 shows natural gas consumption from FY 2003 to FY 2009. The work of the energy task force fell into five basic areas: efficient energy use, reliability of supply, cost control, facility investment and organization. In 2009 SAIC reports for each campus evaluating the conditions of the physical assets were completed and addressed energy production options, reducing energy usage and required investment.

Figure 17
Natural Gas Consumption versus cost
FY 2003 to FY 2009



Energy Production Options

▶ In Chicago, installed plant capacity requires that the most expensive equipment, the gas-turbines, must be run during the periods of maximum steam demand. When these conditions exist there is little redundancy thereby placing campus steam supply at risk. In Urbana, not only do the boiler assets need significant repairs, but the steam distribution and condensate lines are old and also require repair and/or replacement. SAIC’s report recommended that the University retain ownership and control of the utility assets. SAIC reported that the magnitude of the investment required to ensure reliability at the three campuses over the next 15 years is estimated to be between \$305 million to \$413 million for energy production and \$78 million to \$106 million for distribution systems.

Three actions are required to improve and ensure utility reliability. First, utility rates must include significant amounts for annual repair and replacement (R&R) of generation and distribution assets. SAIC suggest that \$20 million to \$30 million per year be provided for this purpose. Second, establishment of reserve accounts inside each campus utility budget be made available for large capital R&R items or system emergencies. Third, capital allocation for energy generation/distribution projects should be handled separately from programmatic capital projects.

Reduce Energy Usage

▶ The energy goals of ASHRAE 90.1 – 1999/2004, the standard for heating, ventilating and air conditioning systems, have been met in buildings designed and

constructed in the last decade. Unfortunately, the asset base for the University system predates most energy control technologies. SAIC estimated that deteriorated systems have resulted in 15-20% heat loss in distribution and as much as 25% in the buildings. SAIC estimates that system wide there are conservation projects totaling \$115 million where energy savings exceed the costs. Immediate access to capital is necessary to accrue the estimated \$14 million annual savings resulting from investment in these projects.

**Requirement
Investment**

Provide specific funding to be set aside for planned and approved energy-related capital and deferred maintenance projects that can achieve an expected economic payback over a period not to exceed five years. This funding arrangement may also be used to support production facility needs dictated by safety, environmental compliance, regulatory or reliability requirements.

For FY 2011, the University seeks \$5 million in operating funds to augment energy infrastructure repair and renovation requirements.

**MEET INFLATIONARY AND
OTHER COST INCREASES**



PAYROLL COST INCREASES

(\$2,200,000)

Overview



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. While some of the extreme stress on Federal Medicare has been relieved through years of major reallocation, pressure remains on 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. Additionally, board legal liability claims continue to be worrisome. Increases in funding are essential to provide for these unavoidable expenditures.

MEDICARE AND SOCIAL SECURITY CONTRIBUTIONS – \$1,200,000

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.



Medicare cost increases present mandatory, unavoidable budget requirements.

In FY 1995, federal legislation removed the cap on the FICA Medicare Tax. In prior years, the tax of 1.45% was capped at \$135,000 of gross pay. The FY 1995 legislation removed the cap and allows the 1.45% tax on the entire gross payment. This action, with an effective date of January 1, 1994, significantly increased Medicare expenditures for the second half of FY 1994 and subsequent years.

Since FY 1987, expenditures have grown at a rapid rate as a result of the changes in Social Security requirements and the turnover of those employees exempt from Medicare requirements. Although appropriations for these costs also have increased, they have been insufficient in meeting actual needs. 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 Year	Appropriations	Expenditures	% Change in Expenditures
1996	5,967.3	5,982.0	-
1997	5,967.3	6,086.6	1.7%
1998	6,141.5	6,267.3	3.0%
1999	6,302.7	6,754.1	7.8%
2000	6,491.8	7,589.9	12.4%
2001	6,686.6	8,589.7	13.2%
2002	6,887.1	9,753.7	13.6%
2003	9,037.1	10,009.3	2.6%
2004	10,037.1	10,272.8	2.6%
2005	10,037.1	10,656.0	3.7%
2006	10,037.1	11,525.0	8.2%
2007	11,037.1	12,731.6	10.5%
2008	12,037.1	13,440.7	5.6%
2009	14,241.6	14,574.6	8.4%
2010	15,285.6	15,624.0 (est.)	7.2%

The FY 2009 appropriation is \$14,037,100 for the combined Medicare and Social Security requirements. In FY 2010, expenditures are expected to continue to rise, and through reallocation we have increased the FY 2010 budget by \$1,044,000. An increment of \$1,200,000 is requested for the FY 2011 appropriation. Because it is a federal mandate, this is truly an unavoidable increase for the University.

WORKERS' COMPENSATION – \$500,000

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 8 details the State appropriation to the University compared to actual expenditure claims. In the last 17 years, the University has been forced to reallocate funds to cover increased claims. Because the Workers' Compensation Reform Act of 2005 was conservatively estimated to increase annual expenditures by at least 10%, additional time and resources have been spent in efforts to control costs, but the University continues to face growing exposure in this area.

Table 8
Appropriations and Expenditures for Workers' Compensation
(Dollars in Thousands)

Fiscal Year	Appropriations	Expenditures	% Change in Expenditures
1993	2,193.5	2,193.5	-
1994	2,986.3	3,001.1	36.8%
1995	2,986.3	3,291.0	9.7%
1996	2,986.3	4,258.6	29.4%
1997	3,365.0	3,598.9	-15.5%
1998	3,365.0	3,727.0	3.6%
1999	3,466.0	3,686.8	-1.1%
2000	3,466.0	3,727.1	1.1%
2001	3,570.0	3,713.1	-0.4%
2002	3,570.0	3,689.3	-0.6%
2003	3,570.0	4,622.3	25.3%
2004	3,570.0	5,462.7	18.2%
2005	3,570.0	4,815.1	-11.9%
2006	3,570.0	5,612.9	16.6%
2007	3,570.0	5,333.9	-5.0%
2008	3,570.0	7,219.0	35.3%
2009	5,070.0	6,153.0	-14.8%
2010	5,570.0	7,033.0 (est)	14.3%

For the last several years, the University has utilized 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. The impact of the Workers' Compensation Reform Act of 2005 has contributed significantly to the increase in program costs. Cost containment efforts have been initiated, including worker safety training programs and aggressive return to work programs. Actuaries have calculated the FY 2010 Cost Per \$100 Payroll to be \$0.72. When multiplied by \$976.8 million of state payroll the expected cost to fund the program is \$7.03 million. When compared to the State appropriation of \$5.07 million, there is a shortfall of roughly \$1.96 million. The University has created extensive programs, charge backs and incentives to control and reduce costs in the last several years. Even with the success of these programs, additional resources are required. For FY 2011, \$500,000 for workers' compensation is requested.

LEGAL LIABILITY – \$500,000

Following national trends, all forms of legal liability claims costs at the University of Illinois have grown. Awards of the court are hitting new highs; claims are requiring more dollars to effect settlement. The Cook County venue is one of the most litigious in the country; awards and settlements are among the highest. These facts are given consideration by both the actuary and the insurer.

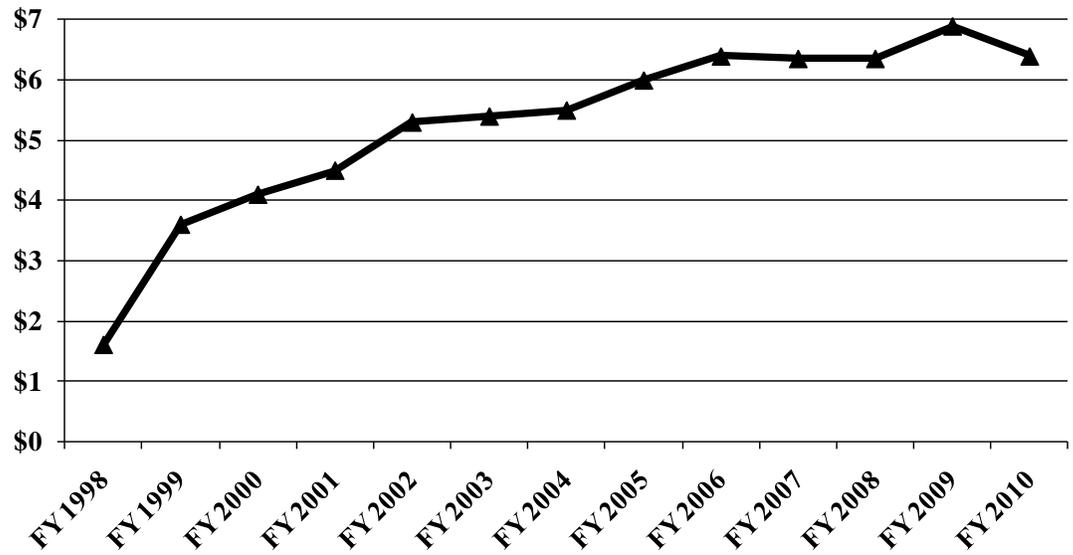
The University of Illinois maintains a comprehensive liability self-insurance program to cover the cost of claims made for bodily injury and personal injury. By far the largest exposure to the University is in the Board Legal Liability area, where claims are made for personal injury. Personal injury includes claims of discrimination, wrongful termination, civil rights violations, failure to educate, etc. The funding costs for the General and Board Legal liability programs has escalated from \$0.6 million to \$6.9 million during the period FY 1996 to FY 2009. This marked increase is due to:

- The increased cost of defense of cases in which resolution is problematic due to the personal nature of issues involved.
- Actuarial funding recommendations influenced by national trends, proliferation of class-action suits, frequency of punitive damage awards, the decisions of the Supreme Court and the Cook County location—a highly litigious venue.

Loss control for Board Legal liability is difficult; the type of claim is varied, the source of claims is scattered and the frequency is low, but costs can be high for a limited number of claims. Current loss control programs are general in nature, with peer-to-peer dispute resolution being the most recently initiated program. The University has approximately 29,000 FTE employees and 70,000 students. An average of 50 claims is filed each year, a frequency less than .01%.

For FY 2010, the University allocated \$6.4 million to the Legal Liability fund. Figure 18 is a graphical representation of the historical cost of the program.

Figure 18
Legal Liability
(Dollars in Millions)



During the past few years the cost of the program has experienced some flattening; however given the escalation in recent years, this could be an anomaly. Using the funding requirements of the past several years as an indicator, it is expected that funding needs will continue to experience increases due to inflation, although we hope we will continue to contain costs due to loss control and loss prevention. All funding requirements are based on annual actuarial review.

The University will continue to attempt to control the acceleration in costs arising from this area through training, awareness and by improved procedures. In response to the large exposure employment practices claims presents to the University, a committee was formed to evaluate this issue. The committee included experts in Legal Affairs, Risk Management, Actuarial Science and representatives from units with the highest exposure. The University has increased risk awareness and funded mediation training based on the report of the committee. However, as costs do continue to rise, the University is requesting \$500,000 for General and Board Legal Liability funding.

LIBRARY COST INCREASES

(\$2,359,400)

Overview

▶ Price increases for library acquisitions have been particularly severe in recent years, far outpacing general inflation. As more information resources become available in electronic formats, a significant additional financial burden is placed upon the libraries. In each of the last five fiscal years, when inflationary increases ranged from 8% to 12%, the Libraries received no earmarked State dollars to support increases in library material prices. Without additional funding, the Libraries of the University of Illinois are struggling to maintain the current quality of their collections and service levels appropriate to students and faculty. In the sections that follow, each of these price increase needs is discussed in detail.

Increasing Demands and Decreasing Resources

▶ The University of Illinois Libraries request a 10% increase in their materials budgets. This increase would provide for collections and information resources to support the scholarship, research and teaching of students, faculty and researchers at the University and throughout the State. The funding provided to a university's library for collections is a clear barometer of how well funding bodies and administrators understand the link between scholarship and access to scholarly resources. The prestige and the success of the University of Illinois are driven by the faculty's research accomplishments and students' ability to learn. These, in turn, are directly dependent on the ability of the Libraries to ensure access to collections of all types and to provide students with the tools they need to negotiate an increasingly complex information environment.

In recent campus surveys of graduate and undergraduate students at the University of Illinois at Urbana-Champaign (UIUC), Chicago (UIC), and Springfield (UIS), users repeatedly asked for greater access to scholarly resources, including both electronic resources and printed books. The value placed on our collections by these budding scholars clearly indicates their understanding of the vital link between the availability of these resources and their ability to fulfill their personal educational and research goals.

Over the past decade, annual inflation rates for library materials have ranged between 8% and 12%. For most of these years, the Libraries received no earmarked

funding for material price increases from the state and only modest increases from the University. When increases have been available at UIUC, they have typically been no higher than 3% to 4% of the overall materials' budget, resulting in a slow erosion of the Libraries' ability to meet the research needs of the University's increasingly diverse and complex research and teaching programs. For example, in FY 2006, the Library at UIUC cancelled some \$300,000 in journals; this follows on the previous year's cancellation of over \$500,000. While the pace has reduced, FY 2007 witnessed the cancellation of \$22,000 in additional serials. Over the past five years alone, UIUC cancelled approximately \$2 million in journals. While some of these cancellations are tied to the shift from print to electronic access, there is the loss of important research material and few print titles remain to cushion the blow. At UIC, the financial impact was partially off-set by internal reallocations to support collections at an average of 7% in FY 2005 and FY 2007. However, the UIC Library will be forced to cancel numerous subscriptions because its collections budget will be smaller in FY 2009 than in FY 2008, even before the effects of inflation are taken into account. In both FY 2006 and FY 2007, the Library at UIS cancelled nearly \$100,000 in journals and electronic resources. While this may seem like a small sum, it represents 10% of that library's total materials budget. To support work in disciplines that rely on publications from abroad, all three Libraries must also deal with the diminished value of the U.S. dollar against foreign currencies. In areas such as global resources and the humanities, a combined 20% to 25% inflation and devalued dollar impact is common. In FY 2008, UIUC lost nearly \$30,000 in buying power against the Euro. Nearly \$50,000 was lost against the British Pound.

Over the last several years, the Libraries actively began shifting collections expenditures from print-based resources to the electronic materials now routinely expected by faculty and students and essential to supporting the University's growing online degree programs. These materials include many essential full text journal articles, electronic books and reference guides, additional abstracting and indexing services and new collections of electronic primary resource material. The accessibility of electronic material is essential for distance education programs. The enhanced access makes these resources critically important in numerous disciplines as well as to the translational research programs viewed as key to the University of Illinois' future development. The three campus libraries have worked together to

negotiate favorable prices for many electronic resources and to avoid duplication while still supporting their diverse academic communities. Despite negotiated rates to keep caps as low as 5% for some packages, electronic journals cost 10% to 30% more than their print equivalents and face annual inflation rates ranging as high as 10% to 12% annually. When the University of Illinois Libraries cannot afford to license the material, they rely on access through an inter-library lending agency in which the cost of a single article averages \$40 to \$50.

The demand for electronic access to periodical titles places an additional burden on materials budgets in that the print and electronic versions often differ. In order to meet user demand for online access, the Libraries are making the difficult choice to cancel print versions. Yet, that does not alleviate our role as stewards of the collections built by the people of Illinois. In 2006, the three Libraries began developing a pilot project focused on building a last copy retention program for the Libraries. In this model, dual subscription titles (print + electronic) would be identified, one copy of the print would go into UIUC's storage facility and other backfiles would be withdrawn to more effectively use Library spaces while providing for the preservation of a single print copy of the titles. The Libraries have also taken a leadership role in joining digital preservation initiatives such as LOCKSS and Portico, both third-party repositories that hold publisher content should access to publisher-supplied digital content be compromised. These programs are just getting started and have their own associated costs, but are important initiatives that help secure access to scholarly material for future users.

The Local Impact UIUC



The UIUC Library is a major educational and cultural resource and a critical investment for the University and the State of Illinois. With a collection conservatively valued in 2001 at \$1.5 billion, the collections rank among the largest capital investments owned by the University. Yet, the impact of this investment is little realized. Based upon the results of a Return on Investment study conducted in 2008, a research team determined that for every \$1.00 invested in Library materials, UIUC received approximately \$13.82 in grant funding. This is a critical figure, especially as the State and the University seek a competitive edge in grant-heavy fields such as agriculture, post-genomics and biotechnology, engineering, the arts and social policy.

Unfortunately, inflation and declining investment in the collections impact even our most prominent academic programs. The Library at UIUC continues losing value compared to peer institutions as a competitive factor in attracting high quality faculty who rely on their institution's library to support their teaching, research, and grant activities. Support for Engineering at UIUC provides an important example of this dilemma: in previous years, the University of Michigan provided some \$300,000 more to its engineering libraries budget annually than is available for the UIUC engineering collection, despite the fact that UIUC's College of Engineering is nationally recognized as a leader in educating engineers for today and tomorrow. The result can be seen in UIUC Library's continued decline in rankings. With a materials budget ranking approximately 20th among our peers, the University Library's decline from third to fifth was inevitable. It is also understood that the historic strength of UIUC's collection will not be able to keep up against those institutions with ongoing stronger support, meaning that the institutions rankings will continue to slip. The campus' ability to support acquisitions in Africana is another example of the challenges UIUC face. With a total budget roughly equivalent to Indiana University's Library, UIUC supports a much broader array of disciplines—including very expensive disciplines such as Engineering and Agriculture. The result is that UIUC can only afford an allocation for acquisitions in Africana that equals about 60% of that supported by IU-Bloomington.

Strong and unique collections have long been a hallmark of the UIUC Library. With a collection of more than 23 million items, it is one of the world's great research libraries. Distinguished collections in areas as diverse as American history, chemistry, English literature, emblem books, engineering, mathematics, music and Slavic languages and literature attract and support the work of distinguished faculty and students as well as scholars from around the world. Special collections, including holdings on Carl Sandburg, James B. Reston, John Milton, William Shakespeare, Marcel Proust, H.G. Wells, Mark Twain, John Phillip Sousa and Shana Alexander further enhance the Library's unique importance to scholars. The Library at UIUC received seed money to begin a robust digitization program to make its valued collections even more accessible to the citizens of Illinois and scholars throughout the world. This program will require additional recurring resources to sustain it.

**The Local Impact
UIC**

▶ The Library at UIC serves the largest University in the Chicago area, as well as tens of thousands of students and faculty from other colleges and universities in the city and beyond. It holds the distinction of having a highly diverse student body and is active in its outreach to both its urban and rural constituents. The Library holds 7.8 million items, in all formats. The UIC Library of the Health Sciences, with its regional sites in Peoria, Rockford and Urbana is one of the largest medical libraries in the nation and is designated by the National Library of Medicine as the Regional Medical Library for the Greater Midwest Region, i.e., ten states from Kentucky to North Dakota. UIC's special collections include a wide range of research materials, with emphasis on the history of Chicago. These include the Jane Addams Memorial Collection; the 10,000-item Lawrence Gutter Collection of Chicagoana; the R. Hunter Middleton Chicago Design Archives; the corporate archives of the Chicago Board of Trade; records of the Century of Progress International Exposition (1933-34); the Midwest Women's Historical Collection; and the Chicago Urban League. Recent additions include the 500,000 images in the "Chicago in the Year 2000" (CITY2000) Collection, the James S. Parker photographic collection, and the papers of Ellen Nyland. The Library of the Health Sciences, Chicago, holds a range of materials in the history of medicine.

**The Local Impact
UIS**

▶ The Library at UIS supports students with a collection numbering 550,249 volumes, a large collection compared to public liberal arts colleges in our peer group. Over half of UIS students take at least one online course and the library has been aggressive in purchasing electronic resources to meet the needs of these distance education students. However, the universe of databases and electronic journals that would be valuable for UIS students keeps expanding as the buying power of the campus remains static. Due to the public policy focus of UIS and its location in the State capital, the UIS Library also serves as a resource for State government agencies. The UIS Library's special collections unit houses an oral history collection containing interview tapes and transcripts (recently digitized) from more than 1,200 persons whose memories touch on important themes in the social, economic and political history of the State. The UIS Archives is the location of an Illinois Regional Archives Depository, collecting county and municipal records from 14 central Illinois counties in support of research focusing on local history and genealogy.

**Benchmarking
The Impact**

▶ The cost of purchasing materials in traditional and electronic formats continues to rise annually at rates well above the Consumer Price Index. Major factors for continuing double-digit price increases include increasing output from the world’s scholars, increasing control of the market by commercial publishers and the demand for electronic materials to which perpetual access is not assured. These factors impact the purchasing power of all three campus libraries. Increasing prices, coupled with inconsistent collection funding over the past twenty years, seriously compromised the quality of the Libraries’ collections. Among the members of the Association of Research Libraries (ARL), the UIUC and UIC Libraries’ materials expenditures declined. The UIUC Library ranking dropped from 8th in FY 1985 to 30th in FY 2008. Similar trends have been noted at UIC. For example, in 2000, UIC ranked 58th and its 2008 ranking was 72nd.

Reviewing past expenditures for the Top 20 Research Libraries, the University of Illinois can make projections about how trends will impact the institution’s standing. Figure 19 clearly shows that if current levels of support continue, UIUC’s material expenditures will decline from \$1.9 million below the average in 1998 to a projected \$10.8 million below the average in 2013.

Figure 19
Projected Materials Expenditures
In Top 20 Research Libraries
(Dollars in Millions)

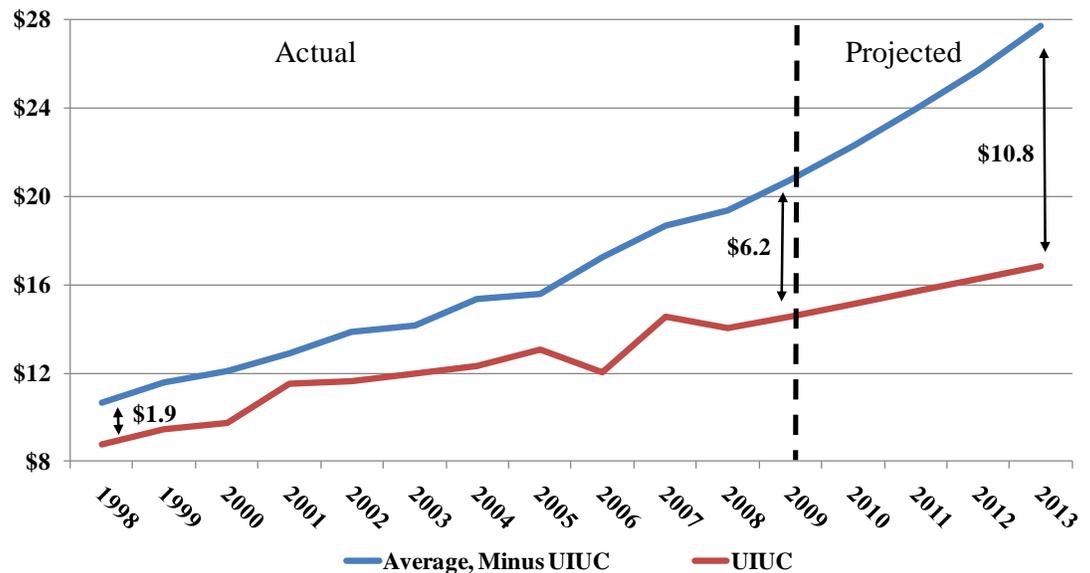


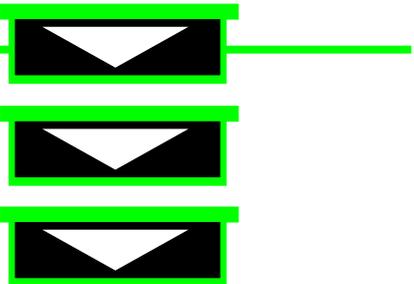
Table 9 shows the trend is similar within the CIC membership. In 1998, the UIUC Library materials expenditures ranked 6th among the thirteen member universities. By the end of 2013 projected expenditures, UIUC will rank 9th and will be passed within one to two years by Ohio State and Michigan State. The UIC Library ranked 12th among CIC institutions in 1998 and is projected to remain near the bottom in 2013 if FY 2009 cuts are not restored in future years.

**Table 9
Committee on Institutional Cooperation (CIC)
Expenditures for Total Library Materials**

Actual 1998			Projected 2013		
1	Michigan	\$ 14,258,911	1	Minnesota	\$ 25,413,545
2	Pennsylvania State	\$ 11,697,412	2	Chicago	\$ 25,246,134
3	Minnesota	\$ 9,333,452	3	Indiana	\$ 22,265,516
4	Ohio State	\$ 9,166,910	4	Michigan	\$ 21,970,824
5	Indiana	\$ 9,016,440	5	Pennsylvania State	\$ 20,860,245
6	Illinois, Urbana-Champaign	\$ 8,766,170	6	Iowa	\$ 17,854,397
7	Wisconsin	\$ 8,136,068	7	Northwestern	\$ 17,204,022
8	Chicago	\$ 7,918,951	8	Purdue	\$ 17,022,774
9	Iowa	\$ 7,686,253	9	Illinois, Urbana-Champaign	\$ 16,867,568
10	Northwestern	\$ 7,033,193	10	Ohio State	\$ 16,428,595
11	Michigan State	\$ 5,853,308	11	Michigan State	\$ 15,348,663
12	Illinois, Chicago	\$ 4,797,246	12	Illinois, Chicago	\$ 13,019,413
13	Purdue	\$ 4,635,650	13	Wisconsin	\$ 11,632,976
Average CIC		\$ 8,330,766	Average CIC		\$ 18,548,821
Average CIC minus UIUC and UIC		\$ 8,612,413	Average CIC minus UIUC and UIC		\$ 19,204,336

The special values of the Libraries’ collections lie in the unique strengths of their holdings for students, scholars and users throughout the State, the nation and the world. Now and in the future, continuing and stable financial support is critical to fulfilling the educational and scholarly needs of the campuses, to enhance access to collections in other libraries, to exploit the potential of electronic information and to fulfill their role as the Libraries of last resort for the citizens of Illinois. To meet these challenges successfully, the Libraries require an increase of 10% in FY 2011 to provide first-rate learning and research outcomes for the students and faculty of the University of Illinois. Such an increase would begin to address the unrelenting inflation in prices of information resources, and would recover a small portion of the ground lost over the past twenty years.

**HEALTHY RETURNS—THE
ILLINOIS BILL OF HEALTH**



HEALTHY RETURNS—THE ILLINOIS BILL OF HEALTH

(\$15,500,000)

Overview



UIC plays a vital role in the healthcare training of Illinois students. UIC is the home of the nation's largest college of medicine, one of only two colleges of dentistry in the state, one of only 24 publically funded Schools of Public Health in the United States, and also houses colleges of pharmacy, nursing, and applied health sciences. The UIC alumni from these programs represent 1 of 6 Illinois physicians, 44% of the state's dentists, and 1 in 3 pharmacists. This cadre of skilled health professionals provides Illinois residents with high quality healthcare, which is in greater demand as people's life expectancy and desire for a higher quality of life makes demand for healthcare consumption greater.

Between 2010 and 2020 the number of people age 65 or greater will double. Patients over the age of 65 average 6.4 visits to a physician annually, while patients under the age of 65 average 2.9 visits to a physician annually. The demand for healthcare services will continue to escalate as the population of Illinois ages.

With the closing of the Loyola and Northwestern University dental schools in 1993 and 2001, respectively, UIC's College of Dentistry is now one of only two dental colleges in Illinois. Over 40% of Illinois dentists are alumni of UIC, and as more and more alumni of closed dental schools at Loyola and Northwestern University retire, that percentage will only increase.

The high cost of training healthcare providers threatens the ability of UIC to continue to provide a continuous volume of highly trained providers. Should the state not provide adequate funding, Illinois might face similar healthcare shortages as those currently experienced by the State of Missouri, where over 90% of the counties experience dental shortages and/or are medically underserved.

Healthcare education costs are admittedly significantly higher than those required to teach undergraduates. In order to ensure proper training for specific procedures, student-to-faculty ratios must be kept very low. Healthcare training frequently requires hands-on-training, which necessitates that class sizes be very small, and be

conducted in appropriate venues. New technological discoveries and methods of diagnosis and treatment require that the health science colleges keep up-to-date on constantly evolving technology.

Students are already bearing their share of the higher instructional cost. The College of Medicine's tuition rate is the second highest in the Big Ten and one of the highest for public universities in the nation. The College of Dentistry's tuition rate is the third highest of public universities in the country, and is only surpassed by UCLA and UCSF. Continuing to increase student tuition and fees will create an even greater economic barrier to potential health science students, thus reducing the pool of students available to be trained.

UIC anticipates that it will require \$50 million (\$10 million per year in recurring operating funds) to allow continued optimum operation of the health science colleges. The \$10 million per year will be used to retain the best faculty in health science, provide equipment and technology upgrades in teaching facilities, keep tuition increases to an affordable 3% and prevent cuts in health science enrollments. To accommodate the Association of American Medical Colleges target of expanding enrollment by 20% (65 additional medical students per class), UIC will require an additional \$5.5 million.

The UIC hospital and the health science colleges are located in outmoded and deteriorating facilities. In addition to basic operating needs to continue to provide educational opportunities and medical and dental care to the community, completion of the master plan for the renovation and expansion for the Medical Center is imperative. The Medical Center is working to complete the facility master plan, which will require \$10 million in planning funds.

The master plan includes the modernization of the existing hospital infrastructure, the construction of a new critical care patient tower, a new Eye and Ear Institute and a replacement Pathology facility within the Medical Center campus which will cost over \$660 million.

Once the master plan is completed, capital investment will be crucial to the preservation of the UIC health science colleges. Completion of a new Medical

Tower within the Medical Center campus will cost over \$450 million. Without capital investment, deferred maintenance on existing facilities will inhibit optimum classroom utilization, render certain classrooms and labs inappropriate for new technological installations, and limit the size of health science cohorts, due to a lack of classroom and/or lab space.

**MEDICAL PROFESSIONAL
LIABILITY INSURANCE**



MEDICAL PROFESSIONAL LIABILITY INSURANCE **(\$10,000,000)**

Overview



Nationally the substantial increase in costs associated with medical liability continues. It is rare that a week goes by when an article about escalating malpractice costs is not in a local newspaper. Various reform proposals have included caps on damage awards but the issue of balancing a patient's right to sue because of medical error against the cost of litigations continues to be hotly debated. In November 2007, tort reform legislation was overturned—for the third time—although this is presently being appealed to the Illinois Supreme Court. A Cook County Circuit Court decision struck down caps on non-economic damages for medical liability claims as unconstitutional (the caps were \$500,000 per physician and \$1,000,000 per hospital). We are not optimistic that the appeal will be supported, which will continue to drive the costs of malpractice upward.

No single factor may be responsible for rising malpractice insurance costs. However, the reality is we are in the midst of a national crisis. It will come as no surprise that malpractice coverage has become so expensive that physicians are closing practices, retiring early, or moving to areas where insurance costs less. The AMA continues to make liability reform their top legislative priority.

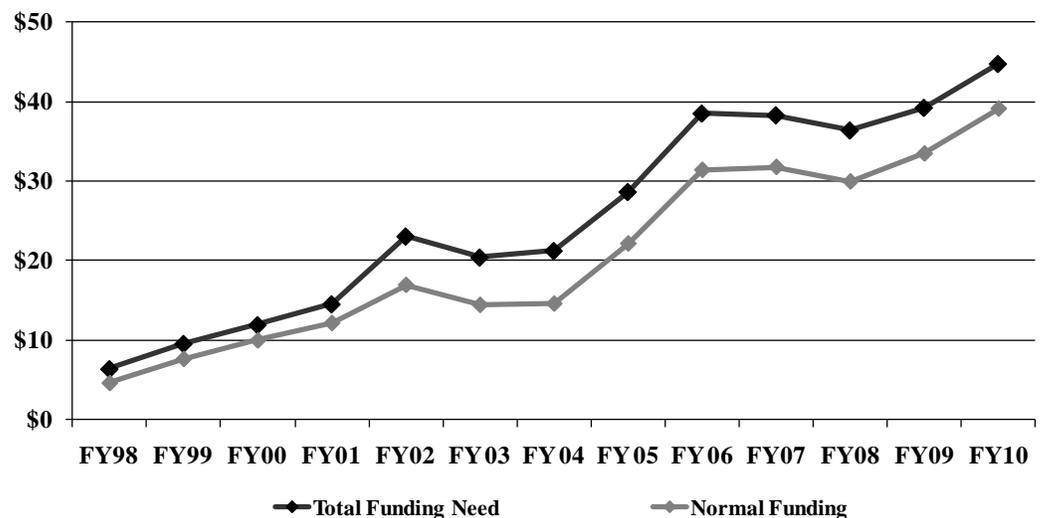
Following national trends, the University of Illinois claim experience has deteriorated over the past several years, primarily due to the size of the awards and verdicts, not because we have an increase in medical errors. Awards of the court are hitting new highs; claims are requiring more dollars to effect settlement. The Cook County venue is one of the most litigious in the country; awards and settlements are among the highest. These facts are given consideration by both the actuary and the insurer.

The total funding requirement for the Hospital/medical professional liability self-insurance program has increased 599% in just over a decade, increasing from \$6.4 million in FY 1998 to \$44.7 million in FY 2010, despite an increased focus on patient safety. We are not optimistic that the funding will go down in FY 2011. We expect inflation to drive the cost upward by 7% to 10%, bringing FY 2011s malpractice funding to record levels—over \$47 million.

MEDICAL PROFESSIONAL LIABILITY INSURANCE

Normal funding (the projected, future cost for claims incurred in the upcoming year) has steadily grown since FY 1998. Both the “total funding requirement” and the “normal funding requirement” are discounted to recognize the time value of money and the long time required to effect closure. Figure 20 shows medical malpractice funding needs.

Figure 20
Medical Malpractice
FY 1998 to FY 2010
(Dollars in Millions)



In FY 2009, there were roughly 19,911 hospital discharges and 448,520 outpatient clinic visits. During the same period in excess of \$39 million was paid by the University to settle 14 claims. The University’s actuary estimates the discounted outstanding liabilities for medical liability claims is roughly \$156 million.

The University of Illinois Medical Center (UIMC) is a prestigious academic medical center providing high-level medical care for difficult medical problems; additionally, the University provides a broad range of services for participants in the State’s entitlement programs. An outside audit has indicated that existing procedures and risk management programs in the hospital and clinics are appropriate and effective. Loss control programs are in place, but claims happen. If national trends play out at the University of Illinois Medical Center, the incidence of claims and the cost to adjudicate those claims will increase despite tort reform.

ADDENDA



ADDENDA I

RETIREMENT

Overview

▶ The level of funding of the State Universities Retirement System (SURS) has been a source of significant concern through the years. Although legislation passed in 1967 required 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 was never 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 modest movement toward 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.

Unfortunately this improved funding level was short lived. As the State's economy worsened, so did SURS financial 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 was in effect borrowing against the future.

In FY 1995, there was significant movement towards an improved level of retirement funding. Public Act 88-593 mandated 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 to enable the State to reach that goal. This legislation was intended to strengthen the financial condition of the Retirement Systems and help preserve funding stability for pension systems despite periodic fiscal constraints in the rest of the State budget.

A mandated change in valuation methodology and actuarial assumptions altered, to some degree, the annual increments necessary to fund SURS required by PA 88-593. Under new Governmental Accounting Standards Board (GASB) guidelines, SURS

assets as of June 30, 1997 were valued at market rather than book value. This change alone significantly increased the funding ratio of assets to liabilities, and the funding ratio was increased even further by a new set of actuarial assumptions adopted in December 1996 that recognized strong returns on SURS assets, which lowered projected future liabilities. The System's funding ratio peaked at over 88% in FY 2000.

Unfortunately, investment returns in 2001 and 2002 were negative, and only about 3% in FY 2003. As a result unfunded liabilities increased greatly for SURS, as they did for all of the State's retirement systems, which also experienced poor investment returns. At the end of FY 2004, the funding ratio for SURS was only about 66%.

Faced with an extremely constrained budget situation in FY 2004, the General Assembly and the Governor approved PA 93-2, authorizing the sale of \$10 billion in pension obligation bonds in order to meet the statutory pension funding obligations. The infusion of money combined with extremely strong investment performance increased the funding ratio of SURS from a low of 53.9% at the end of FY 2003 to 66% at the end of FY 2004. The law called for the State's pension contribution to be split between payments to the pensions systems and interest and principal payments on the bonds.

The 1995 "catch-up" law combined with the bond sale created a very large pension funding obligation that, along with rising Medicaid and other program costs, posed a severe challenge to the State's FY 2006 budget. The Governor and General Assembly responded by approving PA 98-4, which reduced the State's required pension contributions to all systems by about \$1.2 billion in FY 2006 and \$1.1 billion in FY 2007 and recalculated the pension catch-up amounts required in FY 2008, FY 2009 and FY 2010. SURS contributions were reduced to about \$167 million (from \$365 million) in FY 2006 and \$252 million (from \$432 million) in FY 2007. The FY 2008 SURS contribution was \$340 million, FY 2009 was \$450 million and the FY 2010 required contribution is \$708 million. The law also made the following major substantive changes to SURS:

- The State Comptroller (rather than the SURS Board) will now certify the SURS effective rate of interest for the money-purchase formula.

- The money-purchase formula is not available for new SURS members hired on or after July 1, 2005.
- Employers must pay the actuarial value of pension increases that result from earnings increases over 6% in any year used to calculate a retiree's final rate of earnings. This provision does not apply to raises paid under collective bargaining agreements in effect before July 1, 2005. This legislation was modified under PA 94-1057 and signed by the Governor in July 2006 to further clarify the basis used for calculations and to address exclusions such as overload work and certain promotions.
- The Governor created an Advisory Commission on Pension Benefits and their recommendations from October 2005 are as follows:
 1. The Commission recommends that the State adopt means by which to dedicate revenues in excess of a specific target percentage of growth towards the additional funding of the pension systems when those targets are met, and establish a minimum when those targets are not met.
 2. The Commission recommends that if the State sells certain assets, then 100% of the resulting revenues should be dedicated towards reducing liabilities, including the Pension Systems' unfunded liabilities, as a component part of a broader plan to reduce those unfunded liabilities.
 3. The Commission recommends that the General Assembly consider creating incentives for employees to continue working beyond the year when they achieve the maximum pension percentage as a means to reduce the State's pension costs.
 4. The Commission recommends that the General Assembly consider the issuance of Pension Obligation Bonds as quickly as practicable as a financing instrument to reduce the State's pension costs, as long as (1) there are favorable market conditions and (2) the issuance of such POBs is a component part of a broader plan to reduce the Pension Systems' unfunded liabilities.
 5. The Commission recommends that the General Assembly should explore new revenue sources dedicated to reducing the Pension Systems' debt, as a component part of a broader plan to reduce the Pension Systems' unfunded liabilities.
 6. The Commission affirms the significance of the benefit reforms achieved in the 2005 Spring legislative session, and also affirms that, at the present time, most SERS, TRS and SURS benefits and employee contributions are comparable to other public pension systems in the United States and recommends that the General Assembly should regularly review, as part of the agreed bill process as well as a part of their normal budgetary review process, the affordability of the Pension Systems' plan provisions regarding

benefits and make an affirmative determination thereon.

Though pension systems invest for the long run, all have been greatly impacted by the historic declines in asset prices over the past 18 months. The public pension systems of Illinois are no exception. Even with the added ramp up in state contributions the Asset/Liability ratio has hit new lows this year. Mid year the A/L ratio dipped below 40%, but has recovered some in recent months. The combination of long term underfunding and the historic drop in asset prices have created a long term concern of the stability of the Illinois pension systems.

Again faced with negative investment returns in FY 2009 which significantly further escalates funding requirements and continued ramp up in funding from PA88-593, the Governor and General Assembly responded by passing legislation that will fully fund the FY 2010 required pension contributions by issuing \$3.466 billion in 5-year Pension Obligation Bonds. Governor Quinn has also appointed a Pension Modernization Task Force which is examining all options related to pension funding and employee benefits. The work of this task force continues.

Under PA 88-593 there continues to be a ramp up in funding for the State's five retirement systems, going from \$3.9 billion in FY 2010 to over \$5.8 billion in FY 2013. For SURS, funding will increase from \$707.7 million in FY 2010 to \$1.13 billion in FY 2013. This significant increase in employer contributions will dramatically impact the availability of State revenues for other purposes.

While the University understands the very difficult budget situation facing Illinois, it also supports adequate annual funding for all State pension systems, including SURS. SURS should be viewed not only as an important part of the University's benefit package, but as a crucial component of the State's commitment to higher education.

ADDENDA II

ENSURING ACCESS—FINANCIAL AID

Overview



As a public institution, the University of Illinois makes a commitment to access for the people of Illinois whose taxes contribute substantially to the support of the University. To ensure full access for all qualified Illinois residents, regardless of their income level, the University assists students with a wide range of financial aid programs including grants and loans from federal, State and private sources; federal work study funds; and grants and loans from institutional resources. Financial aid is crucial for ensuring accessibility to students from families with limited means. A critical component of financial aid packages for Illinois residents is the Monetary Award Program (MAP) grants they receive from the Illinois Student Assistance Commission (ISAC). For many years the maximum MAP grant awarded to those students with greatest financial need was sufficient to cover the full tuition and mandatory fees at Illinois public universities. In FY 1996, tuition and mandatory fees at the Chicago and Urbana campuses of the University of Illinois first exceeded the maximum MAP award, and the University began supplementing MAP grants for these students to cover the difference.

The University and its students are more directly affected by changes in State and Federally sponsored financial aid programs than ever before. Maximum award levels for Pell and MAP are shown in Table 10. For several years the Pell and MAP program maximum awards have not kept pace with the increases in tuition and fees.

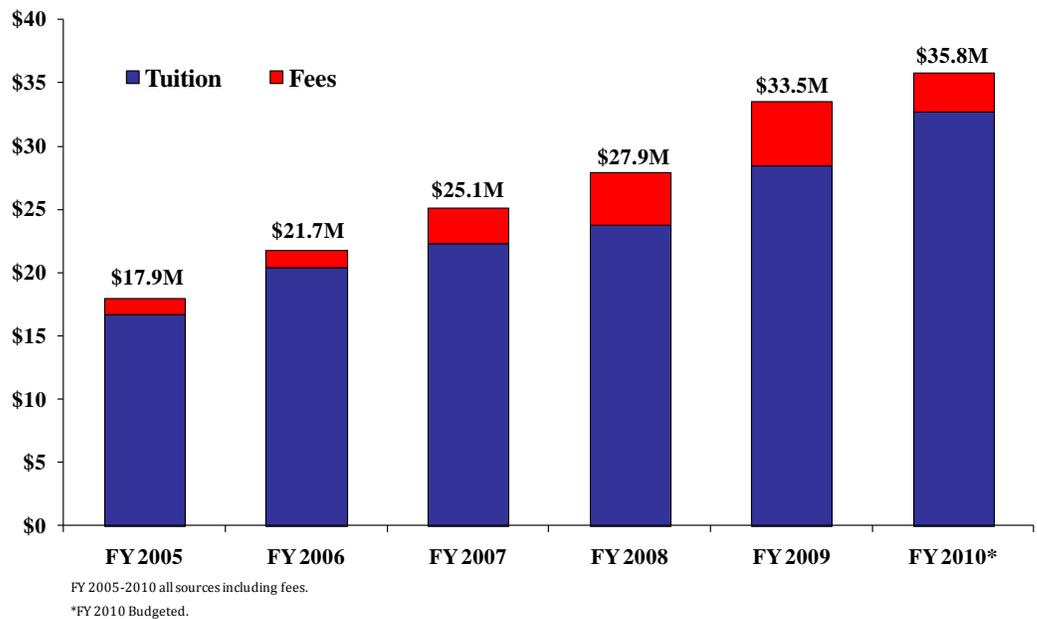
Table 10
Federal Pell Grants and Illinois Monetary Award Program
Maximum Award Levels

<u>Fiscal Year</u>	<u>Pell</u>	<u>MAP</u>	<u>Total</u>
2000	\$ 3,300	\$ 4,530	\$ 7,830
2001	3,750	4,740	8,490
2002	4,000	4,986	8,986
2003	4,000	4,720	8,720
2004	4,050	4,471	8,521
2005	4,050	4,471	8,521
2006	4,050	4,471	8,521
2007	4,050	4,968	9,018
2008	4,310	4,968	9,278
2009	4,731	4,968	9,699
2010	5,350	4,968 *	10,318

*Rate 100% Fall term, 0% Spring term.

To ensure access the University has set aside supplemental funding to help the neediest students. As shown in the Figure 21, the cost of the Supplemental Financial Aid program began to increase several years ago as budget cuts to both ISAC and the University precipitated reductions in MAP grants and increases in tuition.

Figure 21
University of Illinois
Supplemental Financial Aid Expenditures
FY 2005 to FY 2010
(Dollars in Millions)



In June 2002, the board directed the administration to review the institution’s tuition and financial aid policies that were adopted on October 12, 1995, and to make recommendations for changes, if warranted. The report, *Ensuring Quality and Affordability: Tuition and Financial Aid at the University of Illinois*, was submitted to the Board of Trustees in January 2003. The report, which was developed with the help of the chancellors and provosts, faculty representatives, and representatives of the Board of Trustees, includes a statement of the guiding principles for financial aid and recommendations for managing the University’s Supplemental Financial Aid program. The Board of Trustees approved a policy at the July 2004 meeting, and reviewed and modified the policy in November of 2007.

GUIDING PRINCIPLES FOR FINANCIAL AID

- The University maintains the goal of ensuring access for qualified students, regardless of financial circumstance. As determined by federal financial need, qualified students will be assisted with the cost of attendance through a financial aid package that includes various types of assistance
- Students who can afford to pay the full price of tuition and fees are expected to do so. Such students will still be eligible for merit scholarships.
- Students who cannot afford to pay the full price will be offered a combination of grants and loans from various sources appropriate to their financial circumstances.
- The University will control its costs through control of the length of study for which it will support students from institutional funds and of the proportion of loans to grants made from institutional funds.

MAP SUPPLEMENTAL FINANCIAL AID POLICY

- Need based institutional grant aid for Illinois resident undergraduates that are funded from institutional funds will be supported for up to 4 ½ years on a full time equivalent basis; institutional grant aid may be offered for one additional FTE semester for students in programs requiring more than 120 credits.
- As a group, undergraduates with financial need will be moved as far as is prudent away from University-funded grants to loans.
- The financial aid officers, in consultation with the campus academic leaders, will develop specific campus policies for awarding Supplemental Financial Aid grants to their undergraduate students. Grants to individual students will be adjusted, within the constraints of campus policy and available resources, as circumstances warrant to best serve these students and their families.
- To manage future increases in tuition and mandatory fees, the campus MAP Supplemental Financial Aid pools will be increased by percentages that are fixed multipliers of the percent increases in total undergraduate tuition income. Initially, the recommended multipliers are 1.67 at Chicago, 1.5 at Springfield and 1 at Urbana.
- This methodology will be reviewed at least every three years to ensure adequate and appropriate funding for Supplemental Financial Aid at each campus.

The financial aid guidelines and policy were developed with the advice and counsel of Trustees, the Administration and the Academic Affairs Management Team. The

University Policy Council reviewed the financial aid guidelines and policy before being enacted by the Board of Trustees. It is recognized that in future years the University will continue to need to set aside institutional funds for financial aid to ensure access. The actual amount needed in the budget year will continue to be analyzed based on a number of variables.

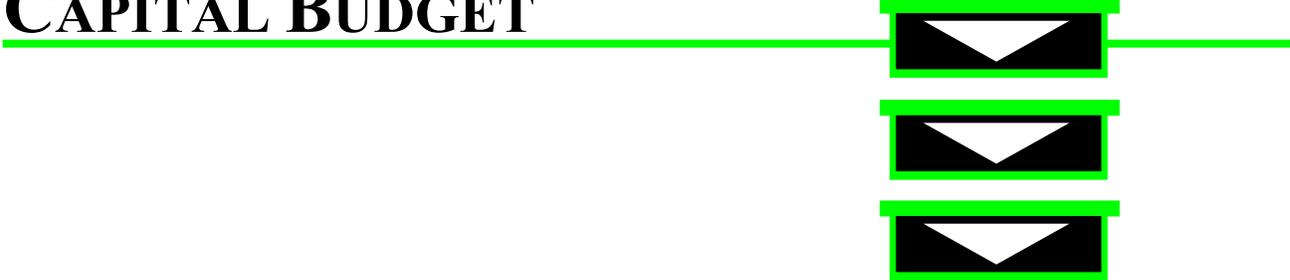
Additionally the University has been impacted by shortfalls in funding for the other programs funded through the Illinois Student Assistance Commission (ISAC). In FY 2010 appropriations for ISAC have been reduced by 50%. The ISAC Board has determined the highest priority for ISAC funding is the MAP program and has reduced or eliminated funding for several other programs such as the Illinois Veteran Grant (IVG) program. The program is a \$19.25 million scholarship program under ISAC. If there is insufficient funding in the program, under current State statute the college or university is prohibited from collecting the funds from the student. In recent years there has been a growing funding shortfall for the program. (In fact there are three related programs, Illinois National Guard Grants, POW/MIA Scholarships and the IVG, with the IVG being by far the largest and most underfunded). Expected claims for FY 2008 are estimated at \$37 million for the \$19.25 million, a shortfall of \$17.75 million. As recently as five years ago the program was fully funded, there were no waivers associated necessary by the institutions. In FY 2008 the University waived \$5.3 million for these programs, and it will likely grow dramatically in FY 2009.

More dramatically MAP funding would be eliminated in the spring semester of 2010. Approximately 13,000 students at the campuses of the University of Illinois receive MAP funding. They received over \$50 million in FY 2009. A reduction of this magnitude would have ramifications on access and affordability for undergraduates at the University of Illinois.

CAPITAL BUDGET REQUEST
FOR FY 2011



CAPITAL BUDGET



BACKGROUND AND CONTEXT

Overview

▶ To begin consideration of the University's capital budget request it is important to recall that an institution of the size, scope and complexity of the University of Illinois faces a recurring array of facilities related needs every year. The capital facilities make up the University's largest asset and provide the foundation to attract and retain top quality, faculty, staff and students. As buildings age through their normal life cycles, it is crucial to address minor repair and renovation needs as they occur. Failure to do so accelerates deterioration and leads to costly major remodeling requirements more quickly than would be necessary if prudent attention to annual repair and renovation were possible. Changing programmatic emphases in academic units also create the need for relatively small remodeling projects which can be addressed quickly to make existing space more useful for emerging academic priorities.

▼
Annual attention to a wide array of facilities needs is essential.

Toward that end the University is coming off of several fiscal years with a limited capital budget appropriation. As stated previously, consistent and steady funding patterns are supremely important to maintain the physical plant. The most recent budget approved by the Governor and General Assembly does however provide a capital appropriation to the University that includes funds for repair and renovation, for which the University is grateful and hopeful. However, the bonding authority for those capital appropriations has not been approved and the revenue stream supporting that bond issuance is at best tenuous with the distressed U.S. and Illinois economy. The past five years without repair and renovation funding has only exacerbated the deferred maintenance problem while making it more difficult to reduce it in the future. The state's contribution in reducing the level of deferred maintenance on the campuses is an integral part of the funding plan toward that end. Several years without that piece of the funding solution leaves the University in the proverbial two steps forward and one step back position.

Based on these factors, the University has once again placed the repair and renovation request at the top of the capital request list requesting \$60 million. Along with that request the University continues to fight the battle with the recently approved Academic Facilities Fund Assessment coupled with prior issues of

Certificates of Participation in order to jump start the reduction of deferred maintenance on each campus. However, the state portion of the funding tool is still critical and frankly without the state support, reduction in deferred maintenance will be severely curtailed.

Buildings and the infrastructure systems which support them have finite useful lives. Roofs deteriorate; heating, ventilating and cooling systems wear out; masonry decays; and so on. At a certain point major remodeling is required to extend the useful life of every University facility constructed and every annual capital budget request will contain a share of major remodeling projects, usually in the cost range of \$2 million to \$15 million. Major remodeling projects can also result from the need to enlarge the capacity of a building, change its functional use, upgrade or extend campus wide infrastructure systems. For example, as technological advances have accelerated over the past two decades and computers now permeate the conduct of almost every phase of instruction and research activity, the need to expand electrical and cooling capacity for individual buildings and for entire campuses has grown dramatically.

At times, buildings may outlive their usefulness for the purposes for which they were originally constructed, but with remodeling and renovation can be refitted for other, usually less complex uses. This is particularly true for research facilities more than 40 or 50 years old. The cost to upgrade building systems to current state-of-the-art standards for today's research and instructional programs is usually greater than new construction costs for the same type of space.

From time to time, the University will require construction of completely new facilities to replace outmoded buildings that have gone beyond their useful lives, to expand significantly the scope of an existing program or to begin new program initiatives. Land acquisition may also be required to address such needs. Due to the extraordinary length of time required to move from initial determination that a new facility is required, through planning, appropriation and construction phases to the point at which a new building is actually in use (often a minimum of six years), each annual capital request from the University typically has several new building requests at various priority rankings.

It is important to reemphasize the recurring nature of these crucial facilities-related budget requirements which must be addressed on an annual basis. When that is not possible, a backlog of unfunded projects grows quickly and accelerates the cycle of deterioration in facilities which, if not addressed, leads inevitably to deterioration of academic programs and loss of key faculty and students.

In this context where steady and measured funding increases for facility needs are vitally important as the last half decade of capital budgets have been disappointing. The FY 2010 capital appropriation does provide hopeful signs as several University projects along with repair and renovation funds are included; Lincoln Hall Remodeling, College of Medicine Rockford, Electrical and Computer Engineering Building, Integrated Bioprocessing and Research Lab, Dentistry Modernization along with funding for the NCSA Petascale.

Table 1
History of Recent Capital Budget Actions
FY 2005 to FY 2010 Governor’s Level
(Dollars in Thousands)

	<u>FY 2005*</u>	<u>FY 2006</u>	<u>FY 2007*</u>	<u>FY 2008*</u>	<u>FY 2009*</u>	<u>FY 2010</u>
Campus Requests						
Urbana-Champaign	\$180,215.4	\$176,077.4	\$236,550.8	\$162,550.8	\$176,450.8	\$216,930.4
Chicago	162,110.9	114,665.9	93,691.3	90,581.8	84,181.8	197,581.8
Springfield	4,468.7	4,468.7	4,812.4	8,812.4	3,187.4	39,687.4
TOTAL	<u>\$346,795.0</u>	<u>\$295,212.0</u>	<u>\$335,054.5</u>	<u>\$261,945.0</u>	<u>\$263,820.0</u>	<u>\$454,199.6</u>
IBHE Recommendations						
Urbana-Champaign	\$59,860.7	\$59,952.7	\$89,100.7	\$148,475.7	\$128,450.8	\$140,534.2
Chicago	22,114.4	23,054.5	25,254.5	41,193.2	42,581.8	48,117.7
Springfield	458.2	458.2	458.2	572.8	687.4	687.4
TOTAL	<u>\$82,433.3</u>	<u>\$83,465.4</u>	<u>\$114,813.4</u>	<u>\$190,241.7</u>	<u>\$171,720.0</u>	<u>\$189,339.3</u>
Regular Capital Appropriations						
Urbana-Champaign	\$9,225.4	\$15,215.4 **	\$6,225.4	\$120,235.4	\$122,225.4	\$140,534.2
Chicago	4,165.9	4,165.9 **	4,165.9	38,115.9	38,415.9	48,117.7
Springfield	343.7	343.7 **	343.7	343.7	343.7	5,031.1
TOTAL	<u>\$13,735.0</u>	<u>\$19,725.0</u>	<u>\$10,735.0</u>	<u>\$158,695.0</u>	<u>\$160,985.0</u>	<u>\$193,683.0</u>
Appropriations for Special Projects						
Opportunity Returns				\$60,490.0	\$62,490.0	\$61,975.0
Total Appropriation	<u>\$13,735.0</u>	<u>\$19,725.0</u>	<u>\$10,735.0</u>	<u>\$219,185.0</u>	<u>\$223,475.0</u>	<u>\$255,658.0</u>

* Funding recommended by Governor but not approved or passed by General Assembly.

**FY 2006, three planning projects at Urban-Champaign campus released totaling \$9.0M, no other projects released.

SUMMARY OF FY 2011 PRIORITIES

(\$484,200,000)

Overview

▶ The University's FY 2011 Capital Budget Request consists of 10 priorities at a total cost of \$484,200,000. Table 2 represents a combined priority listing of the proposed projects for this year.

Table 2
FY 2011 Combined Capital Budget Request
Summary by Priority
(Dollars in Thousands)

Priority	Project	Urbana	Chicago	Springfield	Total
1	Repair and Renovation	\$ 33,600	\$ 24,000	\$ 2,400	\$ 60,000
2	Advanced Chemical Technology (Supplemental)		43,000		43,000
3	Pharmacy Renovation & Addition		73,200		73,200
4	Main/Undergrad Library Redevelopment	50,000		35,000	85,000
5	Hospital Modernization Phase I		30,000		30,000
6	Natural History Building	62,000			62,000
7	Disability Research, Res. & Educ. Svc. Bldg.	50,000			50,000
8	Science and Engineering Lab Renovation Phase I		35,000		35,000
9	Burrill Hall Remodeling	27,000			27,000
10	Stevenson Hall Classroom Building Modernization		19,000		19,000
		\$ 222,600	\$ 224,200	\$ 37,400	\$ 484,200

It is important to note that while the priority list includes those projects most critical to the University each campus has a much larger list that the priority list is culled from each year. The combined priority list is not meant to show an exhaustive list of needs for each campus but merely a realization and sense of proportion for the State Capital Budget. If the entire University of Illinois list were submitted, not including special initiatives, a total request in the neighborhood of \$630 million would be the result. Table 3 reflects the entire capital budget request from the campuses of the University of Illinois.

Table 3
FY 2011 Capital Budget Request
Summary by Campus
(Dollars in Thousands)

<u>Campus Priority</u>	<u>University Priority</u>	<u>Urbana-Champaign</u>	
1	1	Repair & Renovation	\$ 14,390.0
2	4	Main/Undergrad Library Redevelopment	50,000.0
3	6	Natural History Building	62,000.0
4	7	Disability Research, Resources and Education Services Building	50,000.0
5	9	Burrill Hall Renovation	27,000.0
6		FAA Library	35,000.0
Total			\$ 238,390.0
Chicago			
1	1	Repair & Renovation	\$ 24,000.0
2	2	Advanced Chemical Technology (Supplemental)	43,000.0
3	3	College of Pharmacy Renovation & Addition	73,200.0
4	5	UIC Hospital Modernization Phase I	30,000.0
5	8	Science Engineering Lab Renovation Phase I	35,000.0
6	10	Stevenson Hall Classroom Building Modernization	19,000.0
7		Utility and Mechanical System Upgrades Energy Eff.	17,000.0
8		Façade Repair Program	60,000.0
9		Medical Sciences Building Modernization Phase I	21,600.0
10		CAHS Building	20,000.0
Total			\$ 342,800.0
Springfield			
1	1	Repair & Renovation	\$ 687.4
2		Public Safety Building	4,000.0
3	4	Brookens Library Renovation	35,000.0
4		Repair Campus Buildings	2,100.0
5		ADA/Life Project	1,000.0
6		Campus Infrastructure Improvements	3,150.0
Total			\$ 45,937.4

The first priority is a \$60,000,000 Repair and Renovation request, which is comprised of fourteen projects at the Urbana-Champaign campus, seven projects at the Chicago campus and six projects at the Springfield campus. These projects, while not large enough to compete with major remodeling requests, represent a significant and very real funding need. A high priority on renovation and renewal must be maintained by institutions with facilities the size, scope, complexity and age of the University of Illinois. 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 are provided in the sections following this overview.

The second priority seeks \$43,000,000 to protect against inflationary losses in the construction of the Advanced Chemical Technology Building at the Chicago campus. Initial appropriations were made in FY 2002 and FY 2003 but construction has been delayed due to the state's fiscal condition.

The third priority seeks \$73,200,000 primarily for an addition to the Pharmacy College at the Chicago campus.

The fourth priority seeks \$85,000,000 parsed \$50,000,000 at the Urbana campus and \$35,000,000 at the Springfield campus to upgrade the main library at those campuses.

The fifth priority seeks \$30,000,000 to begin modernization efforts for the University of Illinois Hospital and Medical Center.

The sixth priority requests \$62,000,000 to rehabilitate the historically significant Natural History Building at the Urbana campus.

The seventh priority seeks \$50,000,000 for a Disability Research, Resources and Education Services Building on the Urbana-Champaign campus helping them to remain at the forefront in serving students with disabilities.

The eighth priority seeks \$35,000,000 to remodel the Science and Engineering Lab on the Chicago campus.

The ninth priority seeks \$27,000,000 to remodel Burrill Hall on the Urbana-Champaign campus.

The tenth priority seeks \$19,000,000 for the Chicago campus to modernize Stevenson Hall one of the major classroom buildings on campus.

These projects are described in further detail in the pages that follow.

**Table 4
FY 2011 Combined Capital Budget Request
Summary by Category and Campus
(Dollars in Thousands)**

<u>Category</u>	<u>Urbana- Champaign</u>	<u>Chicago</u>	<u>Springfield</u>	<u>Total</u>
Building, Additions, and/or Structure	\$ 50,000	\$ 116,200		\$ 166,200
Land Acquisition				-
Utilities				-
Remodeling	172,600	108,000	37,400	318,000
Site Improvements				-
Planning				-
Total	\$ 222,600	\$ 224,200	\$ 37,400	\$ 484,200

**Table 5
FY 2011 Combined Capital Budget Request
Future Funding Implications
(Dollars in Thousands)**

<u>Priority</u>	<u>Project</u>	<u>Category</u>	<u>FY 2011 Request</u>	<u>FY 2012 Cost</u>	<u>Cost for 2013 and Beyond</u>
1	Repair and Renovation	Remodeling	\$60,000		
2	Advanced Chemical Technology (Supplemental)	Building	43,000		
3	Pharmacy Renovation & Addition	Building	73,200		
4	Main/Undergrad Library Redevelopment	Remodeling	85,000		
5	Hospital Modernization Phase I	Remodeling	30,000		\$50,000
6	Natural History Building	Building	62,000		
7	Disability Research, Res. & Educ. Srv. Bldg.	Building	50,000		
8	Science Engineering Lab Renovation Phase I	Remodeling	35,000		50,000
9	Burrill Hall Remodeling	Remodeling	27,000		
10	Stevenson Hall Classroom Building Modernization	Remodeling	19,000		

CAPITAL REQUESTS



PRIORITIES

(\$484,200,000)

Priority 1: ► Repair and Renovation \$60,000,000 – All Campuses

As in past years, the University's top priority is focused on annual repair and renovation as shown in Table 6.

Table 6
Repair and Renovation Projects by Campus

	Amount
Urbana-Champaign Projects	
Abbott Power Plant, Gas Turbine/HRSG Bypass Flue	\$ 1,500,000
Aeronautical Lab A, Structural Improvements	1,000,000
Altgeld, Interior Repairs	1,100,000
Art & Design, Chilled Water Conversion, HVAC & Exterior Envelop	5,000,000
Bioengineering Laboratory, Remodeling	1,200,000
Campus Pavement Reconstruction - 1st Street and Gregory Drive	700,000
Davenport Hall, Infrastructure and Window Replacement	5,000,000
Fourth Street Repairs and Safety Modifications	1,300,000
Morrill Hall, Infrastructure Phase II	3,000,000
National Soybean Research Center, HVAC Improvements and Repairs/Lab Remodeling Phase I	1,400,000
Noyes Laboratory, Masonry & Chimney Repairs	1,000,000
Talbot Lab, Infrastructure Repairs	5,000,000
Turner Hall, Exterior Envelop, Energy Reduction, and Laboratories Renovation	5,000,000
Veterinary Med Teaching Hospital, Metal Roof Replacement	1,400,000
Total	\$ 33,600,000
Chicago Projects	
	Amount
Masonry Restoration Window Replacement, Various Buildings	\$ 12,000,000
Science & Engineering Lab, HVAC Replacement	5,100,000
Molecular Biology Research, Smoke Damper Repair	270,000
Medical Sciences Building, Piping Upgrade	1,800,000
Campus Buildings, Coil Replacements	1,500,000
Campus Buildings, Life Safety Corrections	1,000,000
College of Medicine, Roofing and Downspout Repair	2,330,000
Total	\$ 24,000,000
Springfield Projects	
	Amount
Campus Buildings, Life Safety Corrections	\$ 200,000
Campus Buildings, Programmatic Remodels	490,000
Public Affairs Center, Carpet Replacement	150,000
Public Affairs Center, Stair Tower Code Compliance	100,000
Public Affairs Center, Sangamon Auditorium	1,250,000
Campus Sidewalk Repairs	210,000
Total	\$ 2,400,000

Attention to annual repair and renovation assures that those projects will not slip and fall into the deferred maintenance category. A total of \$60,000,000 is requested for 27 projects. Detailed descriptions of these projects are found in the Repair and Renovation project descriptions, following this Priorities section

Priority 2:**Advanced Chemical Technology (Supplemental) \$43,000,000 – Chicago**

The Advanced Chemical Technology Building (ACTB) building design was approved at the November 11, 2004 Board of Trustees meeting. The State of Illinois provided a total of \$64 million in state capital support for the ACTB, beginning with a \$6.4 million appropriation for planning in Fiscal Year 2002, and another \$57.6 million in construction funds in Fiscal Year 2003. In October of 2002, due to state budgetary constraints, a hold was placed on the bidding of all construction contracts. Because the cost of construction materials, labor and energy has escalated significantly during the time that this project has been on hold, we are seeking additional funds to permit a full build-out of the proposed facility.

The ACTB will be a 78,000 net assignable square foot (nasf) facility, housing faculty from chemistry, biology and physics. The facility will contain laboratory space for chemical scientists and other synergistic groups of researchers who will benefit from contiguous research space. It will provide space for labs, offices for Principal Investigators, shared conference and support facilities. The ACTB will be physically connected to and located immediately south of Science and Engineering South.

Priority 3:**Pharmacy Renovation and Addition \$73,200,000 – Chicago**

This request is for funds for the initial phase of work on a program for an overall renovation of the existing College of Pharmacy building and for the construction of a new pharmaceutical research addition. The requested renovation and addition are necessary to meet the goal of expanding College of Pharmacy's research base and the education of practitioners to serve the people of the State of Illinois.

Phase I work will consist of the construction of an addition that will allow for the relocation of laboratory and laboratory support functions to permit the renovation of existing laboratory functions, student service space and offices in the existing building without major disruption to on-going research and educational activities.

The proposed addition will allow the College to relocate fume hood intensive research laboratories into a facility with more appropriate air circulation and exhaust capabilities consistent with the types of cutting edge research projects being undertaken and envisioned. This will facilitate pursuit of research opportunities currently constrained by the physical limitations of the existing laboratory environments.

In subsequent phases of this project, the existing building will be renewed and modernized. Because the infrastructure of the existing building has degraded dramatically due to age, problematic HVAC, electrical, telecommunications, plumbing, computer wiring, roof systems and fire protection systems need to be serviced, upgraded or replaced. In addition, teaching labs, classrooms, research labs, student support space and administrative offices will be modernized.

Priority 4: ► Main/Undergraduate Library Redevelopment \$50,000,000 – Urbana

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 is improving the logical arrangement and upgrading to modern standards the quality of the space occupied by various departmental libraries located primarily on the second and fourth floors of the Main 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 by both traditional and electronic formats more effectively to the students and faculty of the University.

Main and Undergraduate Library Redevelopment \$35,000,000 – Springfield

The purpose of this project is to renovate the Brookens Library at the Springfield campus. This 200,000 square foot facility was constructed in 1975 as the first major permanent building on the Springfield campus. While the building has served the university well, it is now in need of renovation. The building's deficits include severe overcrowding and lack of growth space for the collection, technology and services; a confusing physical layout; an inefficient window system that creates uncomfortable cold and hot spaces; poor lighting system; severe acoustic problems; worn and outdated finishes and furnishings; and inaccessible spaces as defined by the Americans With Disabilities Act. The deferred maintenance in the building makes up a large portion of the campus' overall deferred maintenance as cited in the VFA study. Renovation will allow the university to address the facilities' deficits and reposition learning, teaching, and research services and the supporting technologies and collections.

Brookens Library currently is split into two separate sections, a library side and an academic office/classroom side, both on level 3 and level 4. Academic classrooms and offices are located on both levels, primarily in the north and west sides of the facility on both levels, with the library collections and reader study areas located in the south and east sides. The College of Education is housed on the third level, as are the majority of the classrooms located in building. This configuration has presented numerous problems including way finding, uneven temperature control and inefficient use of space. This project creates an opportunity to recreate the library into a superb learning centered and technology rich facility by moving all the academic program space in the facility to one level and by relocating the library's services and collections to areas that will provide the optimal use of space.

Other improvements include the ability to provide better temperature control to all spaces in the facility and improve way finding in the facility. Renovation of the HVAC and mechanical systems will allow the university to dramatically improve the energy efficiency of the facility in addition to providing optimal humidity and climate controls that are required in such areas as the university archives. Additionally, renovation of the facility will allow the library to provide optimal use of the space by relocating several library services and collections to renovated space that will better serve the students and campus community. This project also includes

providing an enhanced entrance to the facility that will increase Brookens Library's presence on the new UIS quadrangle. This \$35,000,000 renovation of the Brookens Library will rehabilitate the building into a state-of-the-art learning center, extend the life of the facility and profoundly improve the quality of scholarly communications across the university.

Priority 5:**Hospital Modernization Phase I \$30,000,000 – Chicago**

The University of Illinois Medical Center has developed a strategic plan for the modernization, expansion and renovation of the medical center facilities to meet current and anticipated healthcare needs. Phase I includes the restoration or replacement mechanical, electrical and plumbing systems along with the renovation and expansion of strategic growth areas including surgery and imaging services. The infrastructure modernization is intended to correct the immediate areas of risk for mechanical systems that may impact hospital operations and allow the hospital to continue to function for the next ten to twenty years. The duration of the Phase I work is anticipated to be three years.

Priority 6:**Natural History Building \$62,000,000 – Urbana**

The Natural History Building was originally designed by Nathan C. Ricker, the third officially licensed architect in the United States and the first in the State of Illinois, in 1891 in the American High Victorian Gothic Revival style. Additional sections of the building were completed over the following two decades. The building was officially listed on the National Register of Historic Places in November 1986 as part of the Nathan C. Ricker thematic district. In 1988 the faculty Campus Committee on Historic Sites gave the building a Historic Property Evaluation of 4.39 out of 5.00 making it the tenth most significant building on the U of I campus.

The Natural History Building has been in constant use since its construction in 1894 while subsequent renovation work has been minor, in phases and focused on specific research or instructional needs. All of the space is in need of extensive upgrade. This project will address the infrastructure needs of the facility such as plumbing, laboratory equipment, electrical systems, lighting and HVAC changes. New flooring and ceilings are required along with wall repairs. Improvements of ADA components, including the addition of an elevator are necessary. The library space, soon to be vacated, will require major structural work, including creation of floors.

Window replacement and other exterior repairs are necessary as well. There may be need for structural repairs, particularly in the oldest portion of the building.

Priority 7: ► **Disability Research, Resources and Education Services Building \$50,000,000 – Urbana**

The College of Applied Health Sciences is comprised of one service unit, the Division of Disability Resources and Educational Services (DRES) and three academic units, the departments of Kinesiology and Community Health; Recreation, Sport and Tourism; and Speech and Hearing Science. DRES has been a pioneer in post-secondary educational access for persons with disabilities for over half a century. As the nation's first program in post-secondary disability support services, DRES programs and services continue to reach far beyond legal mandates, making it one of the prominent programs of its kind.

DRES programs are housed in the basement and first floor of the Rehabilitation Education Center. The campus facilities condition audit shows just over \$2 million in deficiencies largely concentrated in the mechanical, electrical and plumbing systems. Unfortunately, while the original building plan has remained fixed the numbers of students requiring the services has grown exponentially. In addition to the significant maintenance needs, the building no longer meets current services needs in design and capacity as the facility was built to accommodate less than 200 students. Currently the facility serves approximately 1,000 students with current projections for an additional 100% increase in the next 10 years.

Space assigned in support of DRES activities is significantly deficient from what is needed. Estimated deficiencies for the service program are approximately 37,200 nasf, research and educational programs by 10,000 nasf and the competitive sport program is deficient by 41,600 nasf. Vertical expansion of the existing building is not possible and other options for additions to the current building could only provide a maximum of 10,000 nasf. A new 70,000 nasf facility will address DRES's basic service program needs, enhance specialized academic support services and provide research and educational space. The request for the Disability Research, Resources and Education Services Building totals \$50 million.

Priority 8: ► Science and Engineering Laboratory Renovation Phase I \$35,000,000 – Chicago

The purpose of this project is to initiate modernization of the original Science and Engineering Laboratory Building which is over 40 years old. The proposed work includes complete renewal of deteriorated and/or obsolete building infrastructure systems and programmatic remodeling required updating functionally obsolete classroom and laboratory facilities. The project will be implemented in a series of phases with each phase addressing a four-story section of the building. The following systems and building components will be replaced: air handling units, temperature controls, heat exchangers, rooftop lab exhaust fans, exterior windows, exterior doors, electrical risers and power panels, motor control centers and the electrical switchgear. In addition, the project would implement a programmatic modernization of the laboratories and classrooms, upgrade the telecom/data/wireless communications/audio-visual capacities, modernize the plumbing and toilet rooms and improve ADA entrances

Priority 9 ► Burrill Hall Remodel \$27,000,000 – Urbana

Burrill Hall has been used intensively for forty years, primarily for research, and has had minimal minor remodeling performed to upgrade the heavily used spaces. All of the space in Burrill Hall is in need of significant upgrading with regards to the building mechanical systems infrastructure to make the building suitable for biological instruction and research in the twenty-first century. This project will see wall reconfigurations, replacement of fixed laboratory equipment, plumbing, electrical, lighting, data and HVAC changes. In addition, all new finishes are envisioned for this building, including flooring, ceilings, and walls.

Priority 10: ► Stevenson Hall Classroom Building Modernization \$19,000,000 – Chicago

Stevenson Hall is used for general education and composition courses which are required of all beginning undergraduate students at UIC. It serves over 2,200 students per semester. The renovation of Stevenson Hall is part of a long-term plan for renovating East Campus general use classroom buildings to upgrade the instructional spaces. It will follow the renovation of Lincoln Hall, Douglas and Grant Halls. It is part of a long term plan that will also include the renovation of Taft Hall, Burnham and Addams Halls, the Behavioral Sciences Building, Science and Engineering South, and the six Lecture Centers. The renovation plan recognizes that the East Campus general use classrooms are deficient in multiple ways and that

their problems cannot be solved incrementally. The Stevenson Hall modernization will include renovation of building systems including heating ventilation and air conditioning, electrical and lighting, roofing, and plumbing.

REPAIR AND RENOVATION PROJECT

DESCRIPTIONS

Urbana- Champaign Projects (\$33,600,000)

Abbott Power Plant, Gas Turbine/HRSG Bypass Flue – (\$1,500,000)

This project involves the installation of a bypass flue on one of the gas turbines, so flue gases can be diverted around the Heat Recovery Steam Generator (HRSG) during startup. This bypass would facilitate the ability to start and load a gas turbine in approximately 20 minutes, providing approximately 12.5MW of power for the campus. Without a bypass, the flue gases from the gas turbine must flow through the HRSG. A cold HRSG requires a 4 hour warm up period so that the metal in the boiler can be safely raised to operating temperatures. During this 4 hour warm-up period, the gas turbine is run unloaded and is not generating electricity.

Aeronautical Lab A, Structural Improvements – (\$1,000,000)

As a result of a Structural Assessment Report completed in the summer of 2009, this project will make recommended exterior envelope improvements to the Aeronautical Laboratory A building thereby extending the useful life of the building. All windows will be replaced with either historically correct steel windows or aluminum windows depending on review by the Illinois Historic Preservation Agency. Narrow brick masonry piers between windows on the north and south walls will be demolished and reconstructed with provisions to add interior horizontal steel support structure to provide added lateral support to the large sized windows. All cracks in exterior brick masonry joints will be raked and tuck pointed. All damaged limestone window sills will be replaced. Existing steel lintels above window openings that have lost over 15% of original thickness due to corrosion will be removed and replaced. The remaining steel window lintels will be removed and refurbished. Incidental structural shoring and masonry work associated with lintel and pier restoration will be included.

Altgeld, Interior Repairs – (\$1,100,000)

This project would address deferred maintenance items in selected areas of Altgeld Hall. Items to be addressed include flooring, plumbing, HVAC, electrical distribution and painting. It is expected a later project will address historically significant areas of the building.

Art and Design, Chilled Water Conversion, HVAC & Exterior Envelope – (\$5,000,000)

This project will include conversion of mechanical systems to accommodate the extension of campus chilled water to the building. Outdated air handlers and associated components will be replaced. DDC controls will be installed. The existing chiller will be removed and chilled water delivered by the central campus loop will be distributed throughout the Art and Design building. This work is to be coordinated with the chilled water work at Krannert Art Museum. Energy reduction improvements will be made to the exterior envelope including, but not limited to, the installation of double-pane window units.

Bioengineering Laboratory, Remodeling – (\$1,200,000)

This project represents a next phase of remodeling to provide research space for the Bioengineering Department in the Digital Computer Laboratory (DCL) building.

Campus Pavement Reconstruction, 1st Street and Gregory Drive – (\$700,000)

This project will reconstruct pavement on the worst condition high volume streets and add bike lanes per current campus standards. This work will occur on Gregory Drive from Oak Street to First Street and First Street from Gregory Drive to Kirby Avenue.

Davenport Hall, Infrastructure and Window Replacement – (\$5,000,000)

This project will include installation of a new energy efficient HVAC system and DDC controls in Davenport Hall. Window air conditioning units will be removed. Wood windows with single pane glazing will be replaced with energy efficient aluminum or aluminum clad double-pane windows.

Fourth Street Repairs and Safety Modifications – (\$1,300,000)

Fourth Street corridor is one of two two-way streets that travel the length of the campus and is used by commuting staff, visitors, bus traffic and service vehicles. In addition, this street sees high volumes of pedestrian crossing and biking activity. Through cooperation with the cities of Champaign and Urbana and the Champaign-Urbana Mass Transit District, design standards were developed to better accommodate pedestrians, bicycle, transit and vehicle movements in this competing environment. This project will include resurfacing, incorporating on-street bike

lanes and narrowing crossing distances at all intersections with curb bump outs, all measures to improve safety in the area.

Morrill Hall, Infrastructure Phase II – (\$3,000,000)

Aged air handling units and associated components primarily serving the 4th, 5th and 6th floors of the west portion of the building and select components in the east portion of the building will be replaced. This project includes heat recovery and modifications to the air distribution system. Electrical switchgear, transformer, distribution panel boards, and antiquated wiring systems and other electrical components will be replaced. Fume hoods in poor condition will be replaced.

National Soybean Research Center, HVAC Improvements & Repairs

/Laboratory Remodeling Phase I – (\$1,400,000)

The focus of this project is modernization and energy efficiency elements for two areas of NSRC. Work includes remodeling of a class room, research laboratories, support areas and office spaces which support soybean research activities. All rooms in the remodeled space need to be connected to a central air handling unit since no HVAC is provided currently these areas. Project also would replace select windows with energy efficient units. Life safety components would be installed.

Noyes Laboratory, Masonry and Chimney Repairs – (\$1,000,000)

Significant deterioration of the masonry chimneys have posed a public safety threat at Noyes Laboratory. This project addresses rebuilding deteriorated chimneys and tuck pointing select areas of the exterior walls to provide a weather tight exterior envelope.

Talbot Lab, Infrastructure Repairs – (\$5,000,000)

Chilled water is to be distributed throughout Talbot Lab. This infrastructure project will prepare selected areas of Talbot Laboratory for campus chilled water usage. Air handlers, ductwork and other components are to be installed. Window air conditioners are to be removed. Single paned metal windows are to be replaced with energy efficient aluminum double-pane units. This project will also include installation of a sprinkler system to comply with life safety provisions.

Turner Hall, Exterior Envelope, Energy Reduction and Laboratory Renovation
– (\$5,000,000)

The single glazed wood windows and infill panels on the exterior of Turner Hall are severely deteriorated. This project will replace window systems with energy efficient integrated units. Cracked masonry and deteriorated mortar joints are to be repaired. Outdated air handling units and controls are to be replaced with more energy efficient equipment utilizing DDC controls. In addition, this project includes the remodeling of instructional laboratories, support areas, a research laboratory and office and student services space. The labs are located throughout the building and are part of an ongoing effort to keep the spaces modernized and up-to-date.

Veterinary Medicine, Teaching Hospital, Replace Metal Roofs – (\$1,400,000)

The metal batten seam roofs on the large and small animal clinics are aged, rusted and failing. The built-up roof exhibits signs of membrane slippage, blisters and flashing failures. These roofs are to be replaced.

Chicago
Projects
(\$24,000,000)

Masonry Restoration and Window Replacement – (\$12,000,000)

This project includes window replacement and repair of distressed and deteriorating masonry, tuck pointing, replacement of steel and masonry lintels, limestone panels and trim and various masonry anchorage devices. Buildings included in this project are the College of Medicine, Science and Engineering South, Neuropsychiatric Institute, School of Public Health and Psychiatric Institute, and the Science and Engineering Office Building.

Science and Engineering Laboratory Building, HVAC Replacement –
(\$5,100,000)

The aging HVAC equipment in this building is no longer capable of maintaining proper environmental conditions. The primary mechanical system serving the building is 45 years old and has been supplemented over the years with a variety of distributed supplemental units. The result is a very energy inefficient, high maintenance composite system. This project will begin a systematic program of equipment replacement, refurbishment and upgrades that will reduce maintenance and operating costs, improve energy efficiency and improve occupant comfort.

Molecular Biology Research Building, Smoke Damper Repairs – (\$270,000)

The existing smoke damper actuators in this building are in need of replacement. An upgrade of this system will allow for proper monitoring of damper position, resulting in more effective maintenance and fire protection. Maintenance costs for this building will be reduced and occupant safety will be improved.

Medical Sciences Building Piping Upgrade – (\$1,800,000)

The piping risers in the perimeter shafts and basement of this building are severely degraded, and failures are commonplace. The steam condensate piping is in extremely unstable condition. This project will include asbestos abatement, riser replacement and conversion of perimeter heating from steam to hot water heating. Annual repair costs and maintenance service calls to the building will be reduced as a result of these repairs.

Campus Buildings, Coil Replacement Phase I – (\$1,500,000)

Multiple buildings on the campus are served by aging HVAC equipment with coils that have reached the end of their useful lives. The condition of the existing coils decreases airflow and causes already aged HVAC equipment to work much harder. As a result, building air quality is reduced and the amount of energy consumed by the HVAC equipment is increased significantly. This program will systematically target the most critical coils, improve the performance of HVAC equipment, increase occupant comfort and reduce campus energy costs.

Campus Buildings, Life Safety Corrections – (\$1,000,000)

Multiple buildings on the campus require fire alarm and sprinkler renovations to address life-safety concerns. A prioritized list of projects has been developed to address these concerns. This project is part of a continuing effort to eliminate these life-safety concerns and will work to address the most critical of the project needs on the east and west sides of campus.

College of Medicine Buildings, Roofing and Downspout Repair Phase I – (\$2,330,000)

Many old buildings in the College of Medicine complex suffer from aging and deteriorating roof-systems. Most of the downspouts in this complex have deteriorated to such a poor condition that they cause systemic flooding of rooms

within the buildings. This project is the first phase of a program to correct this problem. Replacement of these roof downspouts will ensure the integrity of the roof-system of these buildings and will prevent future building flooding.

Springfield Projects (\$2,400,000)

Campus Buildings, Life Safety Corrections – (\$200,000)

The University is currently in the process of completing a life safety code assessment at each campus. The audit will be a survey of non residential space at each campus. The facility assessment for life safety code compliance at UIS' non-residential facilities include the Public Affairs Center, Brookens Library, Health & Sciences Building and the five major metal buildings located on the east side of campus.

With the assessment results, UIS will be able to evaluate condition and code based deficiency requirements for each building. This project will use results of the assessment to formulate a project list based on the survey to focus deficiencies in the areas of fire alarm systems, fire suppression systems, hazardous areas and means of egress. Funding will be required to address the most critical life safety projects from this new facilities assessment.

Campus Buildings, Programmatic Remodels – (\$490,000)

Occupancy of the new University Hall has freed up space for possible programmatic relocations in Brookens Library, Health & Sciences Building and in the following metal buildings: Student Affairs, Communication/Psychology/Visual Arts and College of Business and Management. This project will allow the campus to initiate some of the smaller programmatic relocations that the campus urgently needs. With the major renovation projects included in the regular capital request, funding is needed which will allow the campus to address some of the smaller, yet critical scoped projects requiring minor renovations. These smaller projects are targeted to create greater efficiencies by and between supporting campus units.

Public Affairs Center, Carpet Replacement – (\$150,000)

This project consists of replacing worn and unsafe carpet in the Public Affairs Center. The greatest area of carpet replacement is in the classrooms and offices on Brookens level 3, which houses the College of Education and Human Services

programs. The carpet is over 25 years old. Most of these areas on level 3 will likely remain classroom and office space for the next 10 to 15 years.

Public Affairs Center, Stair Tower Code Compliance – (\$100,000)

The deferred maintenance report includes several deficiencies in the stair tower at the Public Affairs Center. The project will correct several issues including proper lighting, code compliant egress, along with several smaller infrastructure items which need attention.

Public Affairs Center, Sangamon Auditorium Improvements – (\$1,250,000)

The existing sound system in the auditorium has reached the end of its useful life and has become obsolete. The current system is already highly modified and finding additional parts for it have become increasingly difficult. With the recent advances in digital technology the system is almost obsolete. This project includes replacing the existing sound system in Sangamon Auditorium with a new state-of-the-art sound system. A new system needs to be designed and installed that will serve the Auditorium, under proper maintenance, for the next 15 years.

This project also includes purchasing new state-of-the-art lighting instruments for the Auditorium. The Auditorium owns approximately 300 lighting instruments of which none are state-of-the-art. Due to normal wear, about 150 of the ellipsoidal are now sub-standard. The reflectors are damaged and the shutters are warped. Strip lights are used to light the cyclorama, and they were not designed for that application. New industry standard, non-programmable lighting instruments are needed. The new instruments would make set-ups of shows quicker and would provide the facility with state-of-the-art lighting.

Camps Sidewalk Repairs – (\$ 210,000)

Many sidewalks throughout the older east side of campus are damaged from the normal wear patterns in the Midwest with cracked, heaving or crumbled concrete. This project will repair those areas with deteriorated sidewalks and provide a safe path of transit for visitors, faculty and staff with new sidewalks.