

UNIVERSITY OF ILLINOIS

FY 1996 BUDGET REQUEST FOR OPERATING AND CAPITAL FUNDS



**PREPARED FOR PRESENTATION TO THE
BOARD OF TRUSTEES
SEPTEMBER 14, 1994**

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PREFACE

Budgets are more than numbers. At a minimum, a budget speaks to needs and priorities; but more than that, a budget proposal should set forth a vision.

Stated simply, the vision of the University of Illinois is that of the flagship University of a great State; a vision of quality; and the aspiration to be the pre-eminent public university in America, dedicated to serving the society in the land-grant tradition.

The University's specific needs and priorities in a given year will change, as will the broader context in which they are set forth. Happily, for Illinois, the context--or climate, if you will--has improved considerably. We have emerged from one of the most stressful financial periods in recent history and for this we are grateful. As a result, the current year's budget for the University--FY 1995--is by far the soundest in several years. Several academic program improvements are underway; student aid has been significantly increased; faculty and staff salaries have been improved; and by most measures, the general health of the University has been strengthened significantly.

Deep systemic problems remain, however. The Governor and the General Assembly went to great lengths to sustain and improve State support for education at all levels. Nonetheless, the overall fraction of State tax revenues devoted to education continued to decline. For more than a decade, the serious social and economic problems facing Illinois have placed disproportionate demands for services on the Departments of Mental Health, Corrections, Children and Family Services, and Public Aid. In the past five years alone, more than \$600 million has been shifted from education and other areas in the State budget to meet these escalating obligations.

One would hope these systemic problems could be addressed and the trends of the last several years reversed. In the interim, however, two actions are crucial. First, the Governor and the General Assembly must continue to increase the priority assigned to funding higher education. I commend the efforts of this past session and urge that these be continued for the foreseeable future. The quality of education, the future of the next generation, and the long range prospects of the State of Illinois hang in the balance.

The University must do its part as well. Our first obligation must be to assure ourselves and the people of Illinois that we are using every dollar we have as productively as possible--and to this discipline we are irrevocably committed. This year, in addition to the support we received from our students and from the State of Illinois, the University itself reallocated more than \$20 million. I fear the term "reallocated" may mask the harsh reality of

the process. In fact, the budgets of hundreds of University departments and programs were reduced so these monies could be assigned elsewhere to areas of even more urgent need.

Beyond the \$20 million reallocated this year, the University of Illinois has reallocated, overall, some \$105 million since FY 1990. The process becomes more difficult and, frankly, more painful each year, and yet it must continue for the foreseeable future as an unavoidable feature of the times in which we live.

It is within this context that the University of Illinois reaffirms its commitment to quality. We expect to be among the very best in all that we do, but if this vision is to remain a reality, improved State support and a firm University resolve to use the resources available to us in the most creative and powerful way will be essential.

Contained in these budget recommendations for FY 1996 are suggested tuition increases that would become effective a year from now in the Fall 1995 semester. The timing of these recommendations follows a pattern adopted a year ago at the direction of the Board of Trustees to give students and parents a greater opportunity to plan in an orderly and predictable way in meeting their college expenses.

Moreover, the recommended basic increase in undergraduate tuition of 3.5 percent sustains the University's commitment to constrain tuition increases as close as possible to inflation. Overall, since FY 1990, undergraduate general tuition increases at the University of Illinois have remained in line with the consumer price index.

We also recommend the final step in the elimination of the differential charge between lower and upper division undergraduate students. A process started last year, we again pledge to invest all of the revenues derived from the elimination of the differential to undergraduate education, particularly to programs in the first two years.

As to our budget priorities, the quality of the University is defined by the quality of its faculty. Our first priority for the coming year will continue to focus on the improvement of compensation for faculty and staff. Some progress was achieved in the current year, but the University must achieve several successive years of improved compensation if we are to remain competitive with peer institutions. At the moment, we remain at a competitive disadvantage.

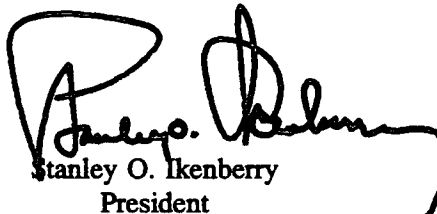
Funds to support a few, high priority academic program advances are recommended. The most fundamental of these is a request that there be a partial restoration of the teaching faculty positions lost during the fiscal crises of the last four years. As the University works to reduce class size, to assure that every undergraduate student has access to the courses needed

and wanted, and that students receive the quality advising and personal attention they deserve, it is the faculty who must render this service. Administrative and service staff cuts, unfortunately, must remain, but the core teaching faculty of the University must be rebuilt.

A special note should be made of the request for an additional \$1 million to support scholarships to increase the number of minority students pursuing advanced degrees and available to serve on the faculties of this and other universities in the years ahead. Severe shortages of minority faculty members exist in virtually every discipline. Building a stronger supply will take many years, but it is important that this University, as one of the leading producers of graduate degrees nationally, step up its current efforts.

Students and faculty members must have an optimum environment for teaching and learning. Much has been accomplished by way of meeting facility and equipment needs of the University of Illinois, and much remains to be done. This capital budget recommendation for Fiscal Year 1996 focuses primarily on preserving and maintaining our current physical plant. Remodeling and renovation projects and the completion of major site improvement projects in Chicago and the flood control initiatives in Urbana-Champaign, for example, are among our top priorities.

The linkage between budgets and priorities--between funding and performance--is crucial. There is no more important priority for the State of Illinois than quality education. The long-term economic success of Illinois and the reality of the promise of the American dream hang in the balance. This State has every right to be proud of its flagship University. We rank among the best in the world. That investment must be guarded and that vision of quality must be sustained. These budget recommendations are dedicated toward those ends.



Stanley O. Ikenberry
President

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INTRODUCTION

INTRODUCTION

At the midpoint in the decade of the 1990s development of an annual operating budget request for the University of Illinois takes place in a decidedly different context than was the case for the decade of the 1980s. During that latter period the University's support from general tax funds followed a "peak and valley" cycle which brought years of sharp increases, usually when taxes were increased, followed by years of sharp decline and sometimes outright budget reduction. When general tax support dropped, tuition increased significantly, but could blunt only a portion of the loss of tax revenue. Reallocation of existing resources occurred on largely an ad hoc basis from year to year and not from a longer term perspective, again usually in response to a loss in general tax support.

The decade of the 1990s has seen a sharp contrast. It has been clear that Illinois is confronted with so large an array of social and human funding needs that the State cannot meet fully even the most pressing University budget requirements. Whether in children and family services, mental health, corrections, health care, public aid, or elementary/secondary education, the list of fundamentally important but unmet resource needs grows each year, and competition intensifies among agencies with compelling calls for added support. The press of this competition forces appropriations to the very limit of--and sometimes beyond--revenue availability, producing an inevitable slowdown in payment of State obligations and the need to borrow to meet current operating expenses, eroding the positive impact of future revenue growth.

For the University of Illinois the 1990s has been a period of diminished State tax support 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 capacity to redirect resources internally. Within the framework of well-developed long-range plans, resources have been shifted from programs of relative lower priority to those of higher priority. Both campuses have undertaken a fundamental reexamination of the uses of all existing resources, and, perhaps more importantly, both have concluded a comprehensive review of their overall academic direction. Both have recognized that the danger of attempting to preserve all existing programs and operations in an era of fiscal constraint is that none can maintain the excellence and quality achieved over decades of prudent investment.

The University continues to review academic and administrative activities. Both campuses are operating within the context of multi-year resource allocation plans which

recognize the need for redirection of resources over the long term, while maintaining sufficient flexibility to respond to a still changing economic environment. Further opportunities for program consolidation or elimination will be explored. As with earlier reallocation plans, the primary objective will be to preserve and enhance instructional programs while reducing administrative and other support costs.

The following document describes funding requests for Fiscal Year 1996 for the University's highest priority operating needs and capital projects. It includes background information on each individual program and project and outlines the principal rationale which underlies each element of the request. Continuing a practice begun last year, the document includes a recommendation for tuition increases for the coming year, so that students and their families and the State agencies responsible for student assistance policies and funding can have accurate information about prospective tuition levels as soon as possible.

FY 1995 Budget As A Framework for the 1990s

The budget which the University achieved for the current fiscal year exemplifies the changed context for budget development for the 1990s. The FY 1995 budget represents perhaps the most effective combination of additional State tax support, increased student participation, and significant internal reallocation which the University has achieved within recent memory. Although new tax support for the University increased for FY 1995, the growth was modest, and was below the average increase in total State appropriations. Additional tuition revenues were derived from two sources: a general increase which, net of student assistance contributions, approximated inflation; and a series of special-purpose increases from which all income was specifically dedicated to improvement of instructional programs. The FY 1995 budget reflects perhaps the most significant redirection of internal resources to critically important priorities that the University has ever accomplished.

Increased tax support provides the basic first component in building an adequate University budget. New State support for the University in FY 1995 grew by 3.4% (excluding a transfer of funds from the Department of Mental Health) and helped underpin a basic salary increase program averaging 3.5% for all employee groups. Along with the resources from a general tuition increase, additional tax support in the budget approved by the General Assembly and Governor funded the recommendations of the Illinois Board of Higher Education and provided new funds to expand and enhance instructional programs, augment minority scholarship funds, and modestly expand instructional equipment resources. Revenue from special

purpose tuition increases was directed exclusively to instructional program improvements, and has enabled both campuses to add new course sections in areas of greatest student enrollment demand. Additional tuition revenue has also made it possible to begin a program of classroom renovation and technological upgrades long overdue at both campuses.

While the basic salary program provided in the FY 1995 budget is the best in the past five years, it was projected to leave the University unable to keep pace with competitive faculty salary advances in peer institutions nor to continue to close the gap between staff salaries and those in comparable positions in State agencies. Since competitive faculty and staff salaries are the University's paramount priority, existing resources were reallocated to augment salary increase funds available from the State. While final comparative data from other institutions and agencies will not be available for some time, current projections are that the faculty salary gap will close significantly, and that the parity between staff salaries at the University and those at other State agencies will improve as the result of this internal reallocation.

About half of the total reallocation achieved for FY 1995 was devoted to salary competitiveness. A large number of other purposes were served by the balance of redirected resources. Among academic program priorities addressed were such initiatives as to recruiting and retaining new faculty, especially members of minority groups; continuing implementation of new general education requirements; expanding the availability of graduate fellowships, enhancing resources available for curriculum development in mathematics and science courses, and so forth.

The budget approved by the General Assembly and Governor left several unavoidable cost requirements inadequately funded or not addressed at all, requiring the University to reallocate funds to cover them. For example, more than \$1 million in reallocation was required to address unavoidable increases in federal Medicare payments for University employees, and to keep pace with the steadily growing obligations under State-mandated sick-leave payments. Additional funds were also reallocated at both campuses to augment funds available for operations and maintenance of new areas.

In all, approximately \$20.5 million in existing resources were redirected to high priority academic and support programs and to meet unavoidable cost increases. Thus the impact of the \$38.4 million in incremental appropriated funds which the University received for FY 1995 was extended by more than 50% through the process of internal reallocation.

The reallocation accomplished this year is a vivid demonstration that the University can make strong budget advances when State, student, and internal resources are combined.

One final aspect of the FY 1995 budget merits mention. Included in the \$38.4 million in new appropriated funds is an increment of \$7.8 million shifted from the Department of Mental Health and Developmental Disabilities to the University for research and education programs in mental health at the University of Illinois at Chicago. This is a significant recognition of both the academic strength of the UIC Department of Psychiatry, and the strong need for the State to seek long term solutions to very serious human service problems. Combined with an increment of \$800,000 which the University received to begin the Great Cities initiative at UIC, the FY 1995 budget provides a substantial boost to the University's service to the State of Illinois. While attention has and must continue to focus on instructional improvements, the multiple missions of the University of Illinois which set it apart from all other public universities in the State must also be recognized and supported for the University to make its fullest contribution to the citizens of Illinois.

Funding Shifts in Perspective

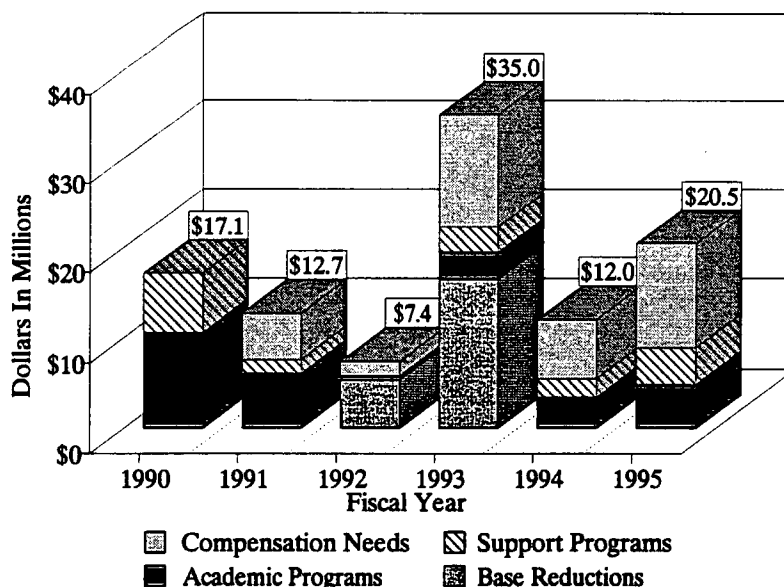
The following charts and graphs illustrate in detail the changes in funding which the University has experienced over the past several years. Funding improvements for the State's educational systems at all levels has frequently been cited as among the State's highest budget priorities, and budget needs for education have played a central role in the justification for several recent tax increase programs. Reviewing the history of State general tax appropriations, however, reveals that education's share of the State budget today is well below its position prior to the income tax increase of 1989-1990. Table 1 demonstrates that budget shares for both elementary/secondary and higher education have dropped steadily since the tax increase was enacted, today resting at levels lower than in pre-tax-increase years. During the same time budget shares for other human service agencies have risen steadily. Just prior to the tax increase of 1989-1990, the State invested almost the same share of its budget in higher education and the combined set of major human service agencies which includes children and family services, mental health, and corrections. In Fiscal Year 1995 that relationship has changed dramatically, with the three human service agencies together now receiving a budget share more than 40% greater than that devoted to higher education.

TABLE 1
STATE OF ILLINOIS GENERAL TAX APPROPRIATIONS
PERCENT SHARE OF THE TOTAL

Year	Elementary/ Secondary	Higher Education	DCFS, Mental Health & Corrections	Public Aid	Other
1980	28.8%	12.9%	10.7%	33.8%	13.7%
1989	24.9	12.0	12.3	31.5	19.3
1990	26.7	13.1	12.9	30.7	16.6
1991	25.8	12.9	13.8	31.5	16.0
1992	24.4	11.9	13.8	33.1	16.8
1993	24.7	11.8	14.7	33.1	15.7
1994	24.3	11.5	16.0	33.5	14.7
1995	23.6	11.2	15.9	35.4	13.9

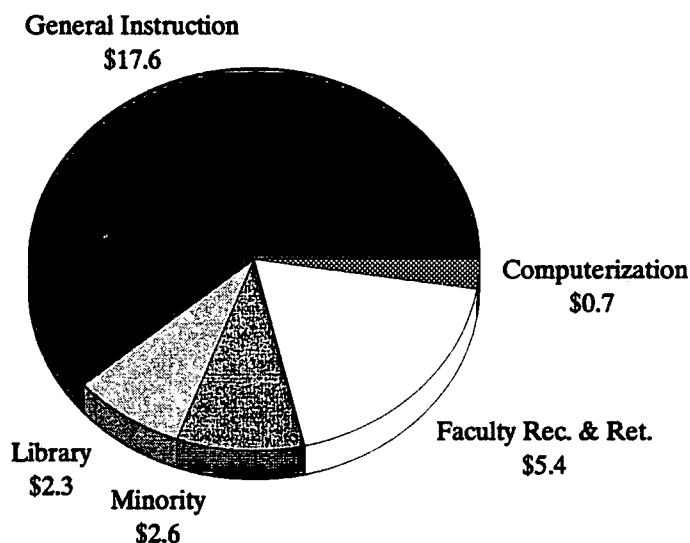
As has already been emphasized, the University has responded to this decline in budget share primarily through a comprehensive review of academic and support programs and priorities and a corresponding reallocation of existing funds. Since Fiscal Year 1990 more than \$100 million in existing resources have been redirected to high priority academic programs or returned outright to the State in the form of budget cuts. Given the prominent priority for faculty and staff compensation competitiveness, it is not surprising to observe in Figure 1 that compensation needs have claimed the largest portion of internal reallocation since FY 1990. Outright budget reductions have claimed about one-quarter of the total, while the balance has been divided among academic and support programs (including unavoidable cost increases such as this year's mandates for Medicare and sick-leave funding).

FIGURE 1
USES OF REALLOCATED FUNDS
FY 1990 TO FY 1995



Among academic program reallocations, those for general instruction have received more than 60% of the redirected funds, while faculty recruitment and retention efforts have captured almost 20% of the total reallocations since FY 1990. As reflected in Figure 2 library initiatives and minority student recruitment and retention efforts round out the major categories of programmatic reallocation.

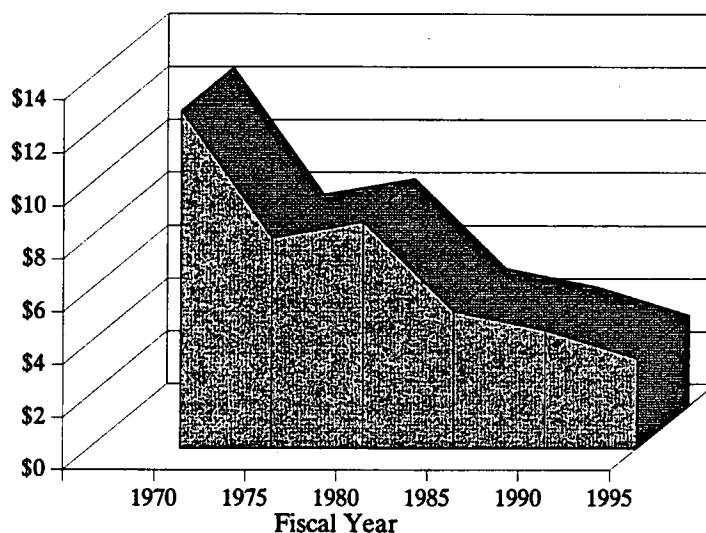
FIGURE 2
REALLOCATION FOR ACADEMIC PROGRAMS
FY 1990 TO FY 1995



Since FY 1980 tuition revenue has become a much more visible component of the University's total appropriated funds budget, as students and their families have been asked to share the burden of offsetting declining State support. For the decade of the 1990s, however, general tuition increases remain at approximately the level of economic inflation. During the same period the University has trimmed budgets internally by nearly \$3.00 for every \$1.00 generated through additional tuition increases.

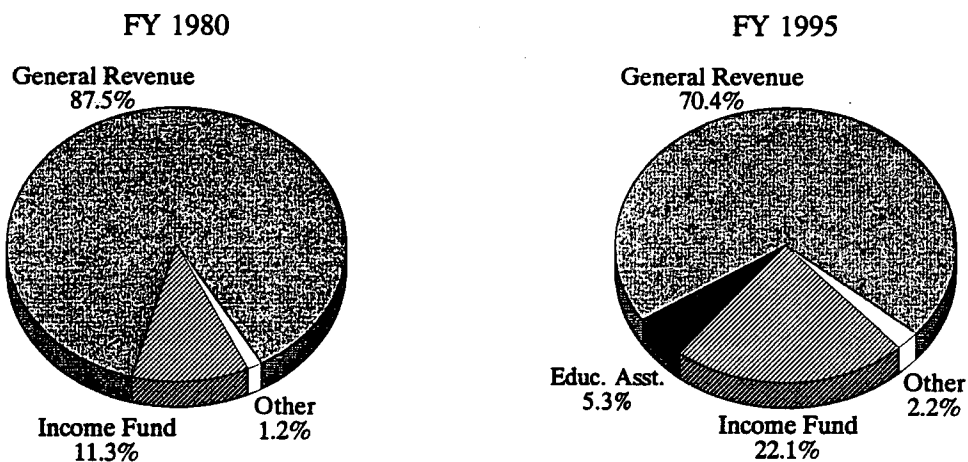
As illustrated in Figure 3, twenty-five years ago the University received just over \$12.00 in State tax support for each \$1.00 in tuition revenue it collected from students. Today that figure has dropped to approximately \$3.00.

FIGURE 3
STATE SUPPORT PER TUITION DOLLAR
FY 1970 TO FY 1995



Despite this shift in support the University of Illinois remains heavily dependent upon State tax resources. While general State taxes comprised 87.5% of the University's appropriated funds budget in FY 1980, the fraction has declined to 75% for the current year (General Revenue plus Education Assistance Funds). During the same period the budget share from tuition revenue has doubled from 11% to 22% as shown in Figure 4. Nevertheless it still requires a 4% tuition increase to make up for the loss of 1% in State tax resources.

FIGURE 4
SOURCES OF APPROPRIATED FUNDS
FY 1980 TO FY 1995



Tuition Increases for FY 1996

Tuition policies and practices were last reviewed by the Board of Trustees in July 1993. At that time the Board's discussion indicated a concern that the University's tuition structure be simplified, particularly for undergraduates. The Board also expressed its desire that tuition actions become more predictable, and that the timeliness of the tuition-setting process be improved so that students and their families, the Student Assistance Commission, the Board of Higher Education, and others involved in the tuition review process at the State level be allowed as much time as possible to plan effectively for the impact of the University's tuition decisions. The Board reiterated its preference for general tuition increases to be implemented on a regular, annual basis at roughly the rate of inflation, recognizing that serious disruptions in State tax support might require more dramatic action.

Consistent with these policy objectives, the Board reviewed and reached tuition decisions for Fiscal Year 1995 at the same time the budget request for operating support was approved. This shift in the tuition-setting process was endorsed by the Board of Higher Education and welcomed by the General Assembly and the Governor, and it is being repeated for Fiscal Year 1996. The assumptions on which the FY 1996 budget has been built include three tuition increase elements:

- a general increase of 3.5% for all students, consistent with inflation projections;
- completion of the initiative approved by the Board last year to eliminate the former differential between lower and upper division tuition charges; and
- continuation of a set of multi-year increases in professional programs in medicine, dentistry, and business administration.

Revenue generated from the general tuition increase will combine with additional tax support and continued reallocation efforts to cover the basic salary, cost, and academic program advances for the University for the coming year. Revenue from completion of the closing of the lower/upper division differential will be targeted to instructional improvements at the undergraduate level, with emphasis on lower division programs, as outlined more completely in subsequent sections of this document. Revenue from the professional program increases will permit a number of program enhancements to be made in these areas.

Consistent with past policies, the University will assure that student assistance issues are addressed in connection with these tuition proposals. Depending upon later

recommendations from the Board of Higher Education and Student Assistance Commission, undergraduate student aid will be provided by increases in ISAC awards or from revenues added to the University's operating budget.

FY 1996 Capital Budget Request

The University's FY 1996 capital budget request continues the emphasis on renovation and remodeling of existing facilities, places special emphasis on completion or continuation of two significant site improvement projects, and seeks to continue the University's success in attracting State resources to match private gifts for major new facilities.

Annual remodeling and renovation is essential for an institution of the size, complexity and age of the University of Illinois. As building components reach the end of their useful lives, they must be replaced or risk much more costly emergency repair and replacement when they fail. The need for classroom and instructional laboratory remodeling is especially severe, and has been complemented in the current year by an allocation of nearly \$4 million in operating budget funds.

Completion of the core campus renovation project at the Chicago campus and completion of the second phase of a major flood control project at Urbana-Champaign also take on very high priority for the coming year. Similarly, the University seeks to build upon its continuing success in attracting private funds by matching them on a one-to-one basis with new State appropriations for an agriculture library and information center.

Whether in the sciences, social sciences, or humanities, today's academic programs require adequate facilities in which to teach and learn. The linkages between high quality academic programs and adequate facilities in which to conduct them has never been more clear. Failure to provide adequate facilities and equipment will diminish the academic quality of a program nearly as rapidly as the loss of key faculty members or the failure to attract top-quality students.

A list of FY 1996 capital budget projects in priority order is included in a separate section of this document, along with detailed descriptions of individual projects.

FISCAL YEAR 1996 OPERATING BUDGET REQUEST

FISCAL YEAR 1996 BUDGET REQUEST FOR OPERATING FUNDS

Planning Parameters for FY 1996

The FY 1996 operating budget request must address a range of fiscal needs which confront the University while at the same time recognizing that the competition for very scarce new State funds remains intense among all social and human service agencies. While the State's economic climate continues to improve, the array of serious funding needs remains well beyond Illinois's current ability to respond to them fully. As described earlier in this document, the University's capacity to address its most important budget objectives will require combined support from additional State tax funds, contributions from students, and continued redirection of existing resources. The success achieved in FY 1995 indicates that when each of these segments is addressed, solid budget progress can be achieved.

Three overall operating budget objectives must be met for FY 1996:

- The University must, as its top priority, continue to improve compensation competitiveness for faculty and staff. The comparative data in the following sections of this request illustrate the degree to which progress was achieved in the current year--and the distance which remains to be covered.
- Funds must be found to meet increases in mandated obligations and unavoidable support costs. Failure to provide for these costs simply transfers them to the existing support base, further eroding its effectiveness. Support for Medicare, sick-leave payout, and Worker's Compensation fall into this category, along with operating costs for newly-constructed or remodeled facilities, and modest cost increases in goods and services and utilities.
- Academic program improvements are necessary to continue the substantial progress initiated in the current year and to help restore the teaching capacity lost over this period of budget constraint. Additional funds will be directed toward rebuilding the number of sections taught, meeting student enrollment demand pressures, continuing implementation of new courses, expanding faculty diversity, and expanding opportunities for discussion sections in large lecture courses. Additional program funds will be targeted to faculty quality improvement, increased graduate fellowships, and classroom technology improvement.

Budget Request Summary

Table 2 summarizes the individual components in the University's FY 1996 operating budget request. Almost three quarters of the total request is devoted to "continuing" components--those items which must be addressed simply to maintain the current level of support for

academic programs now in place. As usual, the largest single element in the budget is devoted to faculty and staff salary increases, with a request for a 4% increment. Inflation-matching requests for cost increases for goods and services and utilities price increases are sought, along with \$2.4 million to cover payroll-related increases in Medicare, Worker's Compensation, and sick-leave payout. Nearly \$7 million is required to provide adequate funds to operate and maintain new space, with major requirements centering on the Molecular Biology laboratory opening at the Chicago campus, and the Chemistry/Life Sciences laboratory at Urbana-Champaign.

Academic program advances concentrate most heavily on improvement in undergraduate instruction, including a restoration of teaching capacity lost over the past several years, faculty development initiatives, expanding the funds available for technology improvements in classrooms, and retention of the existing top-quality faculty at both campuses. A new proposal for enrollment expansion at Urbana-Champaign is also included, with the assumption that all tuition revenue from such an increase will be returned as a program increment to the University.

The FY 1996 request is concluded with a set of program advances funded from special-purpose tuition increases. Undergraduate instructional programs will be strengthened considerably with the revenue derived from the final year of the plan to close the current undergraduate differential tuition charge. Additional increases are also included for professional programs in medicine, dentistry, and business administration.

Overall, the FY 1996 request seeks \$49.6 million in new appropriated resources, an increase of 6.7% above the current year's operating budget.

TABLE 2
FY 1996 OPERATING BUDGET REQUEST
(Dollars in Thousands)

I. CONTINUING COMPONENTS		
A. Salary Improvements - 4%		\$22,102.4
B. Other Payroll Costs		2,571.5
1. Sick Leave	\$ 800.0	
2. Medicare	1,314.7	
3. Workers' Compensation	456.8	
C. Cost Increases		4,478.4
1. General Goods/Services - 3%	\$2,806.5	
2. Utilities - 3%	1,350.0	
3. Libraries - 3%	321.9	
D. O & M New Areas		6,378.0
1. Chicago	\$4,191.5	
2. Urbana	\$2,186.5	
Subtotal		\$35,530.3
% of FY 1995 Base*		4.76%
II. ACADEMIC PROGRAMS		
A. Instructional Program Improvements		\$ 5,800.0
1. Restoration Of Teaching Faculty	\$2,300.0	
2. Instructional Quality Improvements	1,500.0	
3. Faculty Development	500.0	
4. Classroom Technology Improvements	1,500.0	
B. Graduate Minority Fellowships		1,000.0
C. Great Cities Program Expansion		700.0
D. Tuition-Based Program Improvements		6,632.1
1. Undergraduate Differential	\$1,892.2	
2. Professional Programs	2,939.9	
3. Urbana Enrollment	1,800.0	
Subtotal		\$14,132.1
III. TOTAL REQUEST		\$49,662.4
% of FY 1995 Base*		6.65%

*FY 1995 Base: \$746,323.7

CONTINUING COMPONENTS

SALARY AND BENEFIT INCREASES

(\$22,102,400)

The overall quality of the University of Illinois' academic programs, as measured by numerous national assessments, places it among the nation's top institutions of higher education and among the top three Big Ten institutions. For a number of years, the University has established the latter strategic benchmark as a minimum objective for its faculty compensation plan. Unfortunately the University dropped to the sixth place ranking in faculty salaries among the Big Ten institutions in FY 1994. Several consecutive years of budgetary constraints have taken their toll on salary competitiveness; and the gap to third place for faculty salaries, which was 1.6% in FY 1990, remained over 5% in FY 1994. Hurt by budget reductions and inadequate state funding in prior years, the University has been unable to recover its fourth place ranking in faculty salaries last held eight years ago.

However, the outlook for faculty salaries in FY 1995 is promising. The increased funding level which the State provided is a welcome boost. Additional internal reallocation will allow the University to make significant progress towards closing the gap to third place for faculty salaries. Projections indicate the gap to third place will approximate 3% and the University will again be more competitive with the top ranked institutions than the bottom ranked institutions. Except for the tax increase year of 1989-90, FY 1995 appears to be the most competitive in the past decade.

In past years, the University's low ranking in total compensation (salary plus benefits) has been offset by a greater degree of competitiveness in cash salary; however, the University needs to be competitive on both measures. The total compensation package provided to University employees consists of numerous components, each of which serves specific employee needs. These components include (1) direct compensation (cash income) which enables employees to establish a standard of living and make base rate comparisons with other employers, and (2) indirect compensation (benefit programs) intended to protect employees when their income stream is interrupted or burdened by certain types of expenses. Erosion in the competitiveness of salaries or of fringe benefits increases the likelihood that talented employees will accept more attractive offers at other institutions or in the private sector; it reduces the ability of the University to attract the best qualified candidates to new or vacant positions; and it undermines the productivity and morale of current staff. It is critical to the

successful operation of the University to keep all compensation program components at competitive levels.

To assess competitive standing, numerous salary and compensation analyses are performed annually to determine the University's overall ranking among its peers. Due to the varied nature of the University workforce, separate analyses are performed for academic employees and staff. Cash salary and employer contributions to fringe benefits for academic employees are assessed through comparisons with Big Ten and other peer institutions, while staff salary and benefits comparisons are made with appropriate employee groups in the State and regional markets. The discussion which follows provides background information concerning the University's competitive position.

Faculty Salaries

As explained in the introduction to this section, the University has established third place in the Big Ten as its benchmark for salary competitiveness. The following table displays the University's average cash salary relative to third place in the Big Ten for FY 1988 through FY 1994. Salaries displayed represent nine-month salaries for full-time budgeted faculty and are for all academic ranks combined, weighted to the University of Illinois' distribution of faculty by rank and term of appointment. Boosted by a tax increase in FY 1990, the gap to third place narrowed to 1.6%. However, several consecutive years of budgetary constraints resulted in the gap widening to 6.4% in FY 1993. The University's modest salary program coupled with the third ranked institution's minimal salary program resulted in the gap narrowing to 5.1% in FY 1994. Increased funding in FY 1995 will enable the University to provide a competitive salary program and the gap to third place is expected to approximate 3%.

UNIVERSITY AVERAGE SALARY RELATIVE TO THIRD PLACE IN THE BIG TEN				
<u>Fiscal Year</u>	<u>Illinois</u>	<u>Third Place</u>	<u>Dollar Difference</u>	<u>Percent Difference</u>
FY 1988	\$42,572	\$45,878	\$3,306	7.8%
FY 1989	45,763	48,862	3,099	6.8
FY 1990	49,649	50,462	813	1.6
FY 1991	51,078	53,570	2,492	4.9
FY 1992	52,172	54,939	2,767	5.3
FY 1993	54,337	57,811	3,474	6.4
FY 1994	55,286	58,095	2,809	5.1

The following table compares FY 1993 and FY 1994 average faculty salaries for the Big Ten universities. The relative ranking of each Big Ten institution is provided, as well as the percent increase in weighted average cash salary. The average faculty salary at the University of Illinois increased by 1.7% in FY 1994, compared to an average increase of 3.2% at the other Big Ten universities. Although the gap to third place narrowed, due to a very low increase for the third place institution, the University dropped to the sixth place ranking and progress made in FY 1993 towards distancing the University from the bottom-ranked institutions was reversed. The University now trails the fourth place institution by nearly \$1,500 compared to \$500 in FY 1993 and leads the seventh place institution by less than \$800.

AVERAGE SALARIES FY 1993 - FY 1994 BIG TEN UNIVERSITIES					
University	FY 1993 Weighted Average Salary	Rank	% Incr.	FY 1994 Weighted Average Salary	Rank
Illinois	\$54,337	5	1.7%	\$55,286	6
I	51,128	11	3.0	52,663	10
C	57,811	3	0.5	58,095	3
F	58,513	2	6.2	62,159	2
H	51,918	10	3.4	54,376	8
A	52,042	8	0.5	52,302	11
X	65,949	1	4.4	68,826	1
E	54,837	4	3.5	56,773	4
B	53,114	7	2.6	54,491	7
J	51,935	9	2.3	53,133	9
M	54,298	6	4.1	56,526	5
MEAN	\$55,080		3.1%	\$56,785	
MEAN LESS ILLINOIS	\$55,155		3.2%	\$56,934	
Distances to 3rd Place—Average Salaries					
	FY 1993			FY 1994	
Illinois	\$54,337			\$55,286	
3rd Place	\$57,811			\$58,095	
\$ Difference	\$3,474			\$2,809	
% Difference	6.4%			5.1%	

Figure 5 displays the actual FY 1994 ranking of Big Ten faculty salaries graphically. Note the clustering of institutions ranked fourth through eighth, and the wide gap between these institutions and the top three ranked institutions. As illustrated in Figure 6, the gap to third place narrowed in FY 1994 somewhat, but the University's competitive position did not improve, due to the clustering of several institutions well below third place.

FIGURE 5
WEIGHTED AVERAGE SALARY
AMONG BIG TEN UNIVERSITIES
(Dollars in Thousands)
FY 1994

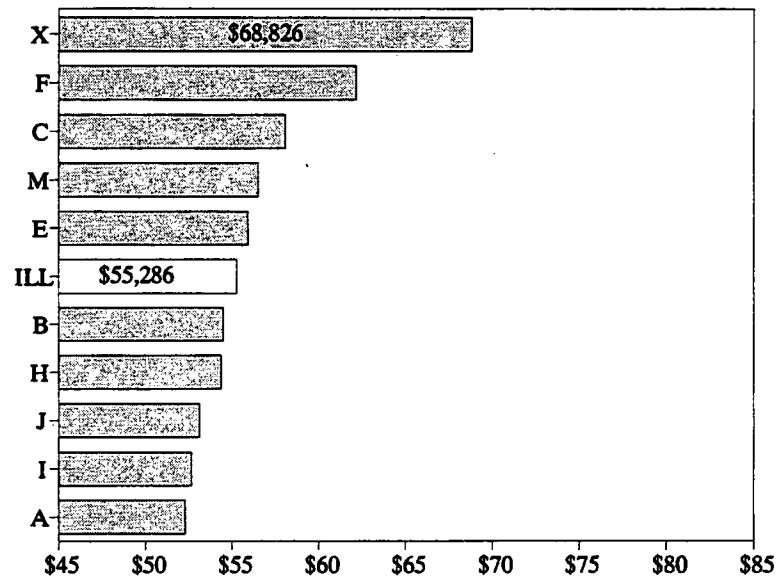
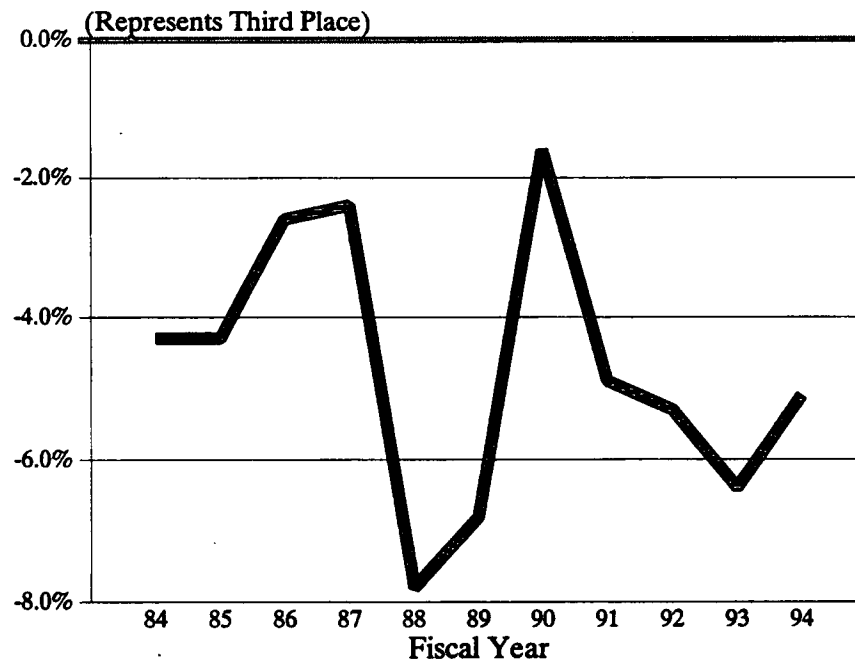


FIGURE 6
AVERAGE FACULTY SALARIES
VS. THIRD PLACE BIG TEN AVERAGE
WEIGHTED SALARY



Current projections indicate that the University will recapture its competitiveness with the top-ranked institutions in FY 1995. The budget passed by the General Assembly and approved by the Governor, provides 3.5% in incremental funding for faculty and staff salary increases. Another 2.0% for salaries will be generated by the University through the internal reallocation of resources. In comparison, FY 1995 salary increases at other Big Ten universities are expected to average 4.0%. Projections indicate the University will make significant progress towards closing the gap to third place and will distance itself from the bottom-ranked institutions in FY 1995.

Faculty Salaries By Discipline

Of particular concern is a study of faculty salaries by discipline from FY 1987 through FY 1994, years in which salary levels were affected dramatically by funding fluctuations. Competition for top quality faculty has become particularly intense in high demand disciplines. The University has experienced increased difficulty both attracting and retaining key faculty in these high demand areas, as well as in areas of lesser demand which are experiencing shortages of trained scholars.

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

Arizona	Illinois-Chicago	Maryland	North Carolina	Texas
Colorado	Illinois-Urbana	Michigan	Oregon	Virginia
Florida	Iowa State	Minnesota	Ohio State	Washington
Indiana	Michigan State	Missouri	Penn State	Wisconsin
Iowa	Kansas	Nebraska	Purdue	

Tables 3 and 4 summarize average salary data by discipline reported for FY 1987 (prior to the "no salary increase" policy of FY 1988), FY 1989 (the year immediately after), and FY 1994. Also summarized is the University's comparative ranking relative to other AAUDE institutions for each year of the study. For each discipline category, only those institutions reporting data in all three years of the study are included. Table 3 displays data for 14 disciplines at the Chicago campus. Table 4 displays comparable data for 19 disciplines at the Urbana-Champaign campus.

TABLE 3
FACULTY SALARY STUDY BY DISCIPLINE
UNIVERSITY OF ILLINOIS AT CHICAGO
AND AAUDE INSTITUTIONS

WEIGHTED TO UIC DISTRIBUTION OF FACULTY
FY 1987 TO FY 1994

	Number of Schools	FY 1987		FY 1989		FY 1994		Change In Rank
		UIC Salary	Rank	UIC Salary	Rank	UIC Salary	Rank	
Architecture	18	\$34,233	15	\$38,135	16	\$49,772	13	2
Business	22	45,451	11	51,362	15	67,143	16	-5
Education	23	33,773	10	37,602	11	46,915	13	-3
Engineering	20	47,921	2	51,635	7	61,272	12	-10
Foreign Language	23	33,250	11	36,239	13	44,041	15	-4
Letters	23	34,622	11	38,295	13	46,259	13	-2
Life Sciences	23	42,794	3	47,944	4	59,093	3	0
Mathematics	23	42,184	12	46,840	18	55,408	22	-10
Philosophy	23	41,405	4	42,607	5	51,430	6	-2
Physical Sciences	23	42,846	6	46,071	13	55,116	19	-13
Psychology	23	41,351	9	45,962	12	50,655	18	-9
Social Sciences	23	37,882	14	41,535	17	50,991	18	-4
Social Work	16	36,274	9	37,289	12	45,621	12	-3
Visual & Perf. Arts	23	33,340	7	35,326	11	43,318	10	-3

TABLE 4
FACULTY SALARY STUDY BY DISCIPLINE
UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN
AND AAUDE INSTITUTIONS

WEIGHTED TO UIUC DISTRIBUTION OF FACULTY
FY 1987 TO FY 1994

	Number of Schools	FY 1987		FY 1989		FY 1994		Change In Rank
		UIUC Salary	Rank	UIUC Salary	Rank	UIUC Salary	Rank	
Agriculture	15	\$40,698	6	\$44,356	7	\$54,879	9	-3
Architecture	18	38,858	7	41,661	11	45,797	14	-7
Business	22	52,341	3	55,543	15	73,695	6	-3
Communications	21	36,213	5	40,189	4	48,426	4	1
Computer & Info.	21	50,285	7	53,986	11	66,216	9	-2
Education	23	41,424	5	43,767	7	51,435	12	-7
Engineering	20	53,995	2	56,316	5	68,284	7	-5
Foreign Language	23	38,917	6	41,137	7	48,333	12	-6
Home Economics	15	32,947	6	35,881	10	44,503	10	-4
Law	18	69,147	3	71,327	5	87,844	6	-3
Letters	23	35,365	7	38,298	14	46,674	17	-10
Life Sciences	23	43,427	9	46,177	13	53,122	15	-6
Mathematics	23	46,480	11	49,127	18	58,921	17	-6
Philosophy	23	33,758	12	35,970	16	43,797	21	-9
Physical Sciences	23	51,512	1	54,429	4	66,529	3	-2
Psychology	23	44,929	3	51,132	2	60,715	3	0
Social Sciences	23	41,945	9	44,330	17	54,067	16	-7
Social Work	16	38,342	7	39,883	10	45,200	11	-4
Visual & Perf. Arts	23	36,360	7	38,945	12	43,019	18	-11

As clearly shown by the data, budgetary constraints have had a detrimental impact on the competitiveness of University of Illinois salaries for virtually all disciplines. Although strong State funding provided in FY 1990 enabled a degree of recovery in most disciplines, funding levels in the subsequent years were severely limited and many disciplines suffered a relapse.

At UIC, only one discipline improved its ranking between FY 1987 and FY 1994; Architecture gained two rankings. Salary rankings lag FY 1987 levels for 12 disciplines. Hardest hit areas include Engineering, Mathematics, and the Physical Sciences. Engineering and the Physical Sciences currently rank 10 places lower than in FY 1987 and Mathematics ranks 13 places lower. Whereas UIC held three "top five" rankings in FY 1987, only the Life Sciences ranks in the top five in FY 1994.

At UIUC, only one discipline improved its FY 1987 ranking; Communications gained one ranking. Although 5 disciplines have made some progress since FY 1989, 17 of the 19 disciplines have not recovered their FY 1987 levels of competitiveness. Letters and Visual and Performing Arts have suffered the most dramatic declines; Letters ranks 10 places lower than in FY 1987, while Visual and Performing Arts ranks 11 places lower. Other hard hit areas include Architecture, Education, Philosophy and the Social Sciences. Whereas UIUC held seven "top five" rankings in FY 1987, only three disciplines rank in the top five in FY 1994.

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

Faculty Compensation

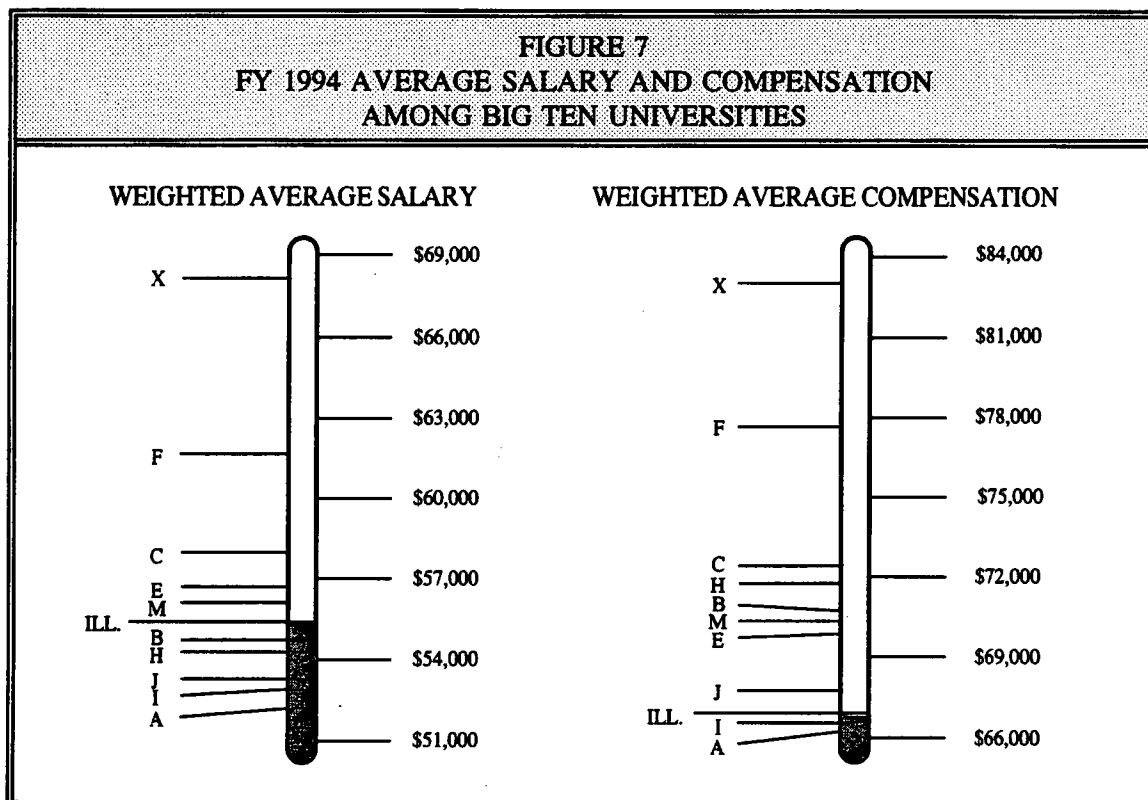
Total compensation represents the combination of average cash salary and employer contributions to fringe benefits. The following table compares the University's ranking among the Big Ten universities for FY 1994 based on weighted average salary and weighted average compensation. Weighted average compensation is calculated by adding the dollar value of the employer's contribution to fringe benefits to weighted average cash salary. The employer contribution to fringe benefits is reported as a percent of average salary.

AVERAGE COMPENSATION FY 1994 BIG TEN UNIVERSITIES						
University	FY 1994 Weighted Average Salary	Rank	FY 1994 Weighted Average Compensation	Rank	Benefits As a Percent of Average Salary	Benefits As a Percent of Average Salary Excluding Social Security
Illinois	\$55,286	6	\$67,061	9	21.3%	21.3%
I	52,663	10	66,842	10	26.9	19.9
C	58,095	3	72,880	3	25.4	18.8
F	62,159	2	77,871	2	25.3	18.8
H	54,376	8	72,428	4	33.2	26.2
A	52,302	11	66,685	11	27.5	19.5
X	68,826	1	83,460	1	21.3	15.3
E	56,773	4	69,759	7	22.9	22.9
B	54,491	7	71,121	5	30.5	23.7
J	53,133	9	68,023	8	28.0	21.0
M	56,526	5	70,755	6	24.9	18.5
MEAN	\$56,785		\$71,535		26.1%	20.5%
MEAN LESS ILLINOIS	\$56,934		\$71,982		26.6%	20.5%
Distances to 3rd Place—Average Compensation						
			FY 1993		FY 1994	
Illinois			\$65,000		\$67,061	
3rd Place			\$72,188		\$72,880	
\$ Difference			\$7,188		\$5,819	
% Difference			11.1%		8.7%	

Prior to FY 1994, the University ranked last among the Big Ten in total compensation. However, several consecutive years without salary increases at one institution and a significant reduction in employer contributions to retirement at another institution shifted the University's competitive position to ninth place. The University currently lags the third ranked institution by 8.7% compared to 11.1% in FY 1993. The current gap to third place exceeds \$5,800. The University's contribution toward fringe benefits as a percent of average salary was 21.3% in FY 1994, compared to a Big Ten average contribution of 26.6%. When adjusted for Social Security, the average Big Ten contribution equals 20.5%, slightly below the University of Illinois contribution level.

Figure 7 displays the University's relative ranking in both average cash salary and total compensation for FY 1994. Note that while most other institutions retain the same relative position in the total compensation comparisons as in the salary comparisons, the University of Illinois' competitive position drops significantly. The University's lack of competitiveness in providing essential elements of the fringe benefits package substantially weakens its overall competitive standing in total compensation. Although some benefit improvements have been made in the past and a vision care plan will be implemented in FY 1995, several components

of the fringe benefits package remain deficient. A FY 1992 comparison of fringe benefits in the Big Ten ranked the University of Illinois last in employer contributions to retirement and dependent health insurance and in the percent of salary ensured under the long term disability plan.



One option for remaining competitive in terms of total compensation is supplementing deficiencies in fringe benefits with above-average cash salary increases. However, the optimal strategy alleviates the need for high cash salary increases by complementing increases in cash salaries with improvements to fringe benefits.

Budgetary constraints endured by the University in prior years have damaged the cash salary competitiveness of the University and have forced the University to remain near the bottom in total compensation. Boosted by a strong State budget and continued internal reallocation in FY 1995, the University will strengthen its competitive position. Funds are requested for a 4% salary program in FY 1996 to continue the recovery process.

Staff Salary Comparisons

Salary comparisons for staff employees are conducted on an annual basis and are made with employees of State agencies as well as with other employee groups in the State and regional markets. Comparisons of University of Illinois pay rates to those of State agencies use benchmark positions as a basis for parity comparisons, while market comparisons use data from recognized regional and statewide sources as a basis to gauge salaries, pay range increases and related trends.

Parity With State Comparison Groups

In response to Joint Resolution 141 which calls for parity in pay between University Civil Service employees and their State counterparts, increased emphasis has been placed on salary equity with employees of State agencies. Although the University of Illinois has put forth significant effort toward defining and achieving parity, budgetary constraints in recent years have hindered progress.

The following table displays pay gaps between selected University of Illinois positions and their State counterparts for FY 1993 and FY 1994. Benchmark positions used for parity comparisons were selected jointly by University and Central Management Services (CMS) staff based on similarities of job duties and responsibilities. Note that the focus of efforts to achieve parity are directed largely toward negotiated contract employees rather than employees assigned to the Open Range pay plan. Pay rates of Open Range pay plan employees generally meet those of their State counterparts.

UNIVERSITY OF ILLINOIS PARITY STATUS AMONG STATE COMPARISON GROUPS		
<u>Chicago Campus</u>	<u>FY 1993</u>	<u>FY 1994</u>
Accountant III	2.8%	3.7%
Program Administrative Assistant	12.8	12.2
Secretary (Transcribing)	-11.8	-6.9
Storekeeper I	-6.1	-5.5
<u>Urbana-Champaign Campus</u>		
Accountant III	-5.3%	-4.3%
Program Administrative Assistant	14.6	14.2
Secretary IV (Transcribing)	-20.9	-15.1
Storekeeper II	-16.2	-7.7

As shown by the data, significant progress has been made toward achieving pay parity between University staff and their State counterparts. In particular, the gap narrowed substantially for the clerical groups. At the Chicago campus, the pay gap fell from nearly 12% in FY 1993 to under 7% in FY 1994, and at the Urbana-Champaign campus the gap decreased from nearly 21% in FY 1993 to 15% in FY 1994. Provisions contained in the three-year contracts for clerical employees should allow the pay gap to continue narrowing through FY 1996.

In FY 1995, the University will provide general pay increases of 3.5% for staff employees, with additional internal reallocation resulting in an overall salary increase program comparable to that provided for other University employee groups. In comparison, the State of Illinois contract provides for a 3% general pay increase as well as step increases in FY 1995 and in each of the next two years. Although the University's FY 1995 salary program will exceed the State's general increase program, it will be insufficient to resolve parity concerns. The level of State funding in FY 1996 and future years will be crucial to achieve parity.

Market Comparisons

Of particular concern to employees in recent years are the actual market salary comparability of their pay and the buying power of their earnings. Both are monitored annually. Changes in market salaries are gauged using market survey data obtained from recognized regional and statewide sources. Purchasing power comparisons are made using data from the Bureau of Labor Statistics including sources such as the Employment Cost Index (ECI) and the Consumer Price Index (CPI).

The following table compares market range changes as well as actual salary increases that occurred in FY 1994 and includes projections for market changes in FY 1995. The table also compares changes in the CPI and the ECI. Changes in the CPI reflect the change in resources required to offset the effects of inflation in purchasing a similar quantity and quality of goods and services. The ECI indicates the percent employers in the market place budget for overall increases to employees' wages and salaries.

MARKET TRENDS COMPARED TO UNIVERSITY OF ILLINOIS PAY INCREASES		
<u>Market Data</u>	<u>FY 1994</u>	<u>FY 1995 Projected</u>
University of Illinois	***1.0%	3.5%
Market Range Increases*	2.8	3.0
Market Actual Salary Increases*	4.1	4.1
CPI (North Central Region)	2.9	3.0
CPI (Chicago-Gary-Lake Counties)	4.1	4.0
ECI (Midwest)**	4.0	N/A
ECI (Local and State Gov't Workers)**	3.1	N/A
* Market data from Pay Data Service and American Compensation Association		
** ECI figures for wages and salaries only		
*** In FY 1994, an additional 2% was also granted to low-paid employees		

In FY 1994 the University saw a decline in market competitiveness. Its 1% salary program was insufficient to keep pace with either the CPI or the ECI. Both market range increases and market actual salaries outperformed the University. However, FY 1995 funding levels will provide relief from the decline in salary competitiveness experienced in prior years. Projections indicate that the University's FY 1995 salary program, although lagging market actual salary increases, will be competitive with market range increases, and will keep pace with inflation.

For FY 1996, the University seeks funding to narrow the gap in pay between University of Illinois employees and competitive markets, with particular focus on comparability of pay with State of Illinois employees where deficiencies exist. The University also requests funding to keep employee pay increases in line with those being granted in the general employment market, thus preserving the purchasing power of University employees.

Staff Fringe Benefits

Benefits for staff employees continue to be reviewed for comparability with the private sector as well as with Big Ten institutions and local employers. University benefits provided to staff employees have traditionally been competitive in various paid time-off benefits offered, but have lagged the market on insurance-related benefits. Deficiencies in some components of the benefits package coupled with salary erosion seriously weakens the University's competitive position in total compensation.

FY 1995 State of Illinois benefits enhancements such as vision care, expanded coverage in the Quality Care Health and Dental plans with emphasis on "wellness," and a new prescription drug program have strengthened the insurance-related benefit component. These improvements as well as increases in dependent care medical coverage over the past few years have helped University benefits become more comparable with other employers. However, along with these enhancements has come increased cost-sharing for University employees. Furthermore, the competitiveness of retirement benefits continue to be of primary concern. Half of the Big Ten institutions with Social Security contributions (7.65% of earnings) also offer a TIAA plan for which the employer contributes up to 10% of earnings, resulting in a substantially higher retirement contribution for other institutions.

State Universities Retirement System (SURS)

Among the benefit comparisons cited above, the health of the State Universities Retirement System (SURS), as well as the University's relative competitiveness among peer institutions with respect to retirement benefits, has been a matter of prime concern for several years for both individual employees and for leaders within higher education institutions and the SURS system. Any discussion of fringe benefits improvements for higher education in Illinois must include a strong call for adequate funding of the SURS program to ensure that existing benefits will remain secure. Action taken this year by the General Assembly and the Governor to implement a long-term funding plan to strengthen pension funding for all State employees is a most welcome improvement. Appendix I contains a more complete discussion of the SURS funding situation.

It should be understood, however, that while achieving adequate funding for SURS remains a key concern for FY 1995 and for future years, funding improvements for SURS will not, in and of themselves, improve either the benefits available to University employees or the University's competitive position among peer institutions. It is urgent that the University move forward on both fronts. The adequacy of SURS fiscal support must be assured. So, too, must improvements in the University's competitive position in total compensation be achieved.

PRICE INCREASES

Introduction

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

General Price Increase

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

Utilities Price Increase

The inflationary run up of prices has slowed for most utilities components, with moderate increases to boiler fuel costs projected. Strong national demand for natural gas and a corresponding dissolution of the gas "bubble" surplus have contributed to identify this fuel as the component with the greatest rate of increase in the University's utilities budget. As available supplies decrease and costs rise, the market is responding with further drilling and production efforts.

Library Price Increase

Price increases for library acquisitions have been particularly severe in recent years, far outpacing general inflation. In particular, the steep increases in the prices of U. S. Periodicals and College Books have caused a precipitous drop in the Libraries' purchasing power. The State has recognized the need for a differential library price increase with special funding in 7 of the last 15 fiscal years. Despite these efforts, the Libraries of the University of Illinois are struggling to maintain the current quality of their collections.

Other Payroll Costs

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

Increases in funding are necessary to provide for these unavoidable expenditures.

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

General Price Increase (\$2,806,500)

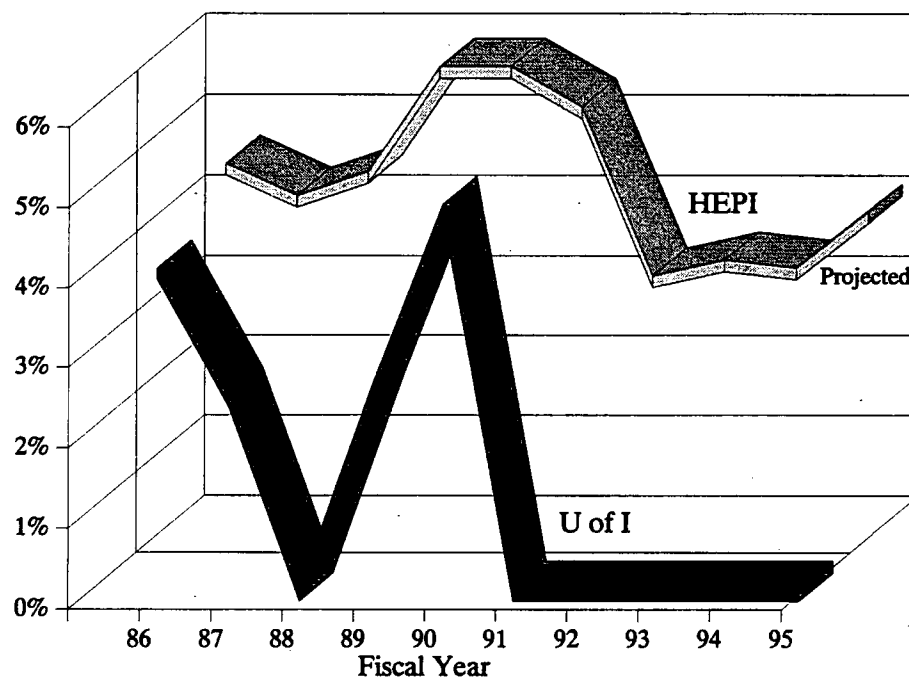
The University's requirements for general price increase funding are determined through a comparison of past funding levels with inflation and several quantified economic indicators. In addition to using historical comparisons which show cumulative gains and losses to inflation, economic forecasts are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

The diversity of University activities suggests that no single market indicator can adequately predict the effect of price increases on the University as a whole. For the purpose of the general price increase request, three inflationary measures are presented to assess the impact of price increases on University activities. All of these indicators are of the "market basket" variety, combining differentially weighted cost components into a single index. Holding the type and quantity of a commodity in the market basket constant over time provides an indicator of changes in the resources required to maintain a constant level of consumption over the period.

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

A comparison of University funding levels to these measures shows a strong positive relationship among these inflation indices, and considerable differences between the price increases estimated by these indicators and University appropriations over the last decade. Specifically, the University has received no general price increase funding in six of the past ten years. Since FY 1988 the University has received only two general price increases and in no year has the general price increase exceeded the HEPI, as shown in Figure 8.

FIGURE 8
ANNUAL INFLATION INCREASES
VERSUS GENERAL PRICE INCREASE APPROPRIATIONS

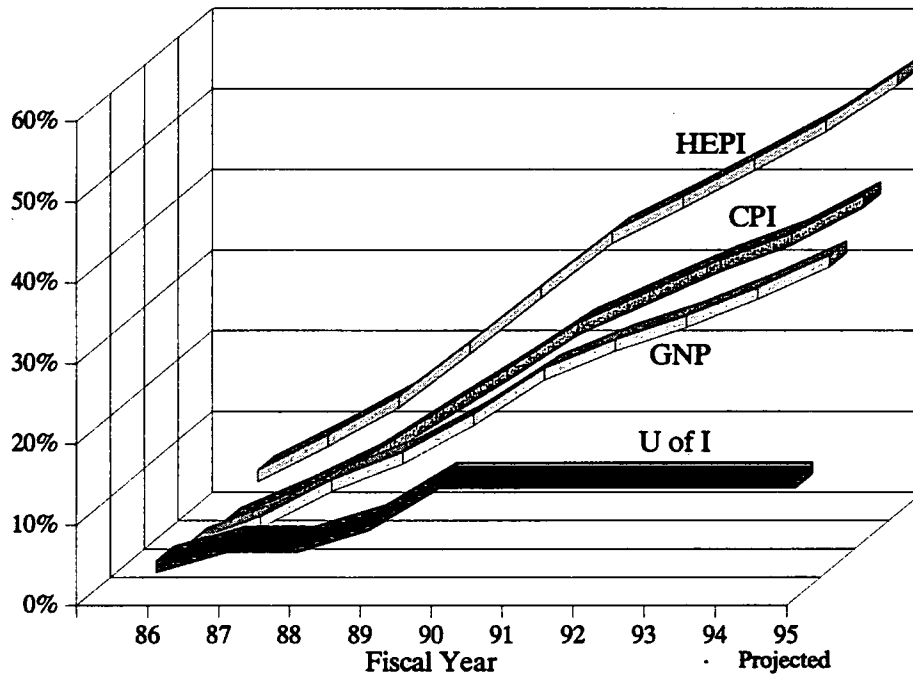


Over the past five years the University has received no general price increase increment. The disparity between State appropriation levels and the University's price increase needs has widened dramatically during this period. In FY 1988 the University's General Revenue Fund support was reduced by 4%, and in FY 1989 and FY 1991 the University received funds for salary increases only. In FY 1992 the University did not receive a general price increase. The FY 1992 budget recision reduced the University's operating appropriation by \$16.4 million. The recision was made permanent and reduced the base appropriation for FY 1993. Again in FY 1994 and FY 1995 budgets the University received no general price increase allocation.

A review of the widening gap between inflation and University appropriations is displayed in Figure 9. This graph illustrates the wide disparity between actual general price increase appropriations to the University and inflation levels as estimated by the GNP, CPI, and HEPI indicators for FY 1986 through FY 1995. Projections of increases for FY 1996 result in estimates of 3.5% for the CPI and 2.8% for the GNP deflator. For FY 1996 the general price increase segment of the budget request seeks to obtain funding sufficient to

prevent further losses to inflation. Based on these projections a general price increase of 3% or \$2,806,500 is requested.

FIGURE 9
CUMULATIVE INFLATION INCREASES
VERSUS GENERAL PRICE INCREASE APPROPRIATIONS



Utilities Price Increase (\$1,350,000)

The FY 1996 utilities funding requirements are formulated from expected costs for the individual components which comprise the total utilities budget of the University of Illinois. These projected commodities and utilities rate increases yield a composite increase of approximately 3.0%, a \$1.35 million increment above the University's FY 1995 direct utilities base.

The incremental utilities budget for FY 1996 will be characterized by (1) moderate increases to boiler fuel costs (natural gas, fuel oil, and coal), (2) moderate increases for electricity purchases, and (3) inflationary increases for water and sewer services at both campuses. These components and their respective impacts upon the calculation of the FY 1996 utilities budget increment will be examined in the discussion that follows.

The cost increase for natural gas, the primary fuel used at both campuses of the University of Illinois, is projected to be in the range of 3-4%. The Department of Energy's Energy Information Agency has revised out-year projections for the cost of this fuel. The American Gas Association interprets this revision as a realistic adjustment because as available supplies decrease and costs rise, the market will respond with further drilling and production efforts. Evidence supporting this projection is the 6% annual rise in the industry's Baker Hughes Inc. oil and gas rig count in each of the last two years. Representing potential increased gas production, this is a positive indicator for gas price projections to be held to the rate of inflation.

Price increases for the purchase of electricity are projected to be 3%. This rate represents fuel adjustment costs attributable to inflationary increases in the costs of the fuels used by the electric generating companies, not to capital expansion and the inclusion of these costs in the customer paid rate base.

Finally, the cost of providing sewer and water service must be considered. During FY 1996, increases in water and sewer service prices are expected to be approximately 4%.

These projected commodities and utilities rate increases described above yield a composite increase of approximately 3% for FY 1996, a \$1.35 million increment above the University's FY 1995 direct utilities base.

Library Price Increase (\$321,900)

The State of Illinois can no longer expect University of Illinois Libraries to meet their institutional obligations and serve as key players in the State's resource sharing network without protecting with special support the collections upon which sister institutions have come to rely. Future increases must provide for the higher funding required by the Libraries for their larger proportions of costly journals, CD-ROM products, and monographs in specialized fields which serve Statewide as well as University needs.

Limited resources have prevented the University from offsetting inconsistent State funding (zero increases in FY 1988, FY 1991, FY 1993 and FY 1995) causing a precipitous drop in the Libraries' purchasing power. Measures taken by the Libraries to live within a continuing pattern of inadequate funding have resulted in the following:

- Since 1987 the Libraries have canceled 725 serial titles at Chicago (UIC) and 7,000 at Urbana-Champaign (UIUC) worth \$218,000 and \$1,100,000 respectively.
- Monograph orders which annually averaged 31,324 for FY 1988-FY 1990 at UIC dropped to an average of 23,493 in FY 1991-FY 1993; at UIUC orders fell from 25,746 to 18,957. Average annual new serial orders dropped from an average of 122 to 104 at UIC and from 747 to 331 at UIUC during the same period.
- The recent explosion in electronic publishing places additional strains on the Libraries material budgets. In 1994 the CD-ROMs in Print shows an increase from 1,400 titles in 1993 to 3,502 in 1994. So far the Libraries have only purchased 63 titles at UIC and 105 titles at UIUC.

In spite of the special efforts made by the campuses through reallocations, the Higher Education Price Index (HEPI) for Books and Periodicals indicates a steady increase in library material prices. In FY 1993, when the Libraries received zero funding from the State, the price of U.S. Periodicals increased by 15.4% and College Books increased by 6.5%. This deficiency in funding has caused the Libraries to cancel valuable serials. From 1991 to 1993 UIC cancelled 520 serials while UIUC cancelled 1,925. Many of the serials at UIUC (1,274) were unique to the Library's collection and were titles not held by any other library in the State. To minimize further serials reductions the Libraries continue to fund high serials costs at the expense of books and monographs. In FY 1993 UIC recorded expenditures of 29% for books and monographs and 71% for serials; UIUC expended 34% for books and monographs and 66% for serials.

Several factors other than inflation have contributed to the Libraries' declining purchasing power and continue to plague their budgets. They are the policy of differential prices charged to North American and foreign libraries by European publishers which dominate the science and technology serial publishing industry and the fluctuation in the value of the dollar against European currencies over the past decade. In spite of moving more money into the serials budget, the UIUC Library's rank of 10 among ARL libraries for serials expenditures in 1989, dropped to 15th in 1993. The reduction in purchasing power for all library materials, the reduced flow of monographs and books into the collections, and the high level of serial cancellations have combined to produce a negative impact upon the ability of the faculty members to carry out their research.

In their attempt to serve University needs, the Libraries maintain high-use facilities, respond to a diverse clientele ranging from undergraduates to research and clinical faculty, and work to make an ever-increasing amount of information available in a variety of formats. In addition the Libraries act as primary resources for both on-site and remote users of the State's vast interlibrary loans system.

The UIC Library which serves the largest university in the Chicago area, holds approximately 1.8 million volumes including 21,119 serials. UIC's Library houses many special collections with historical significance to the Chicago area. The Library of the Health Sciences, one of the largest such units in the nation, is the regional medical library for 2,325 medical libraries in 10 states.

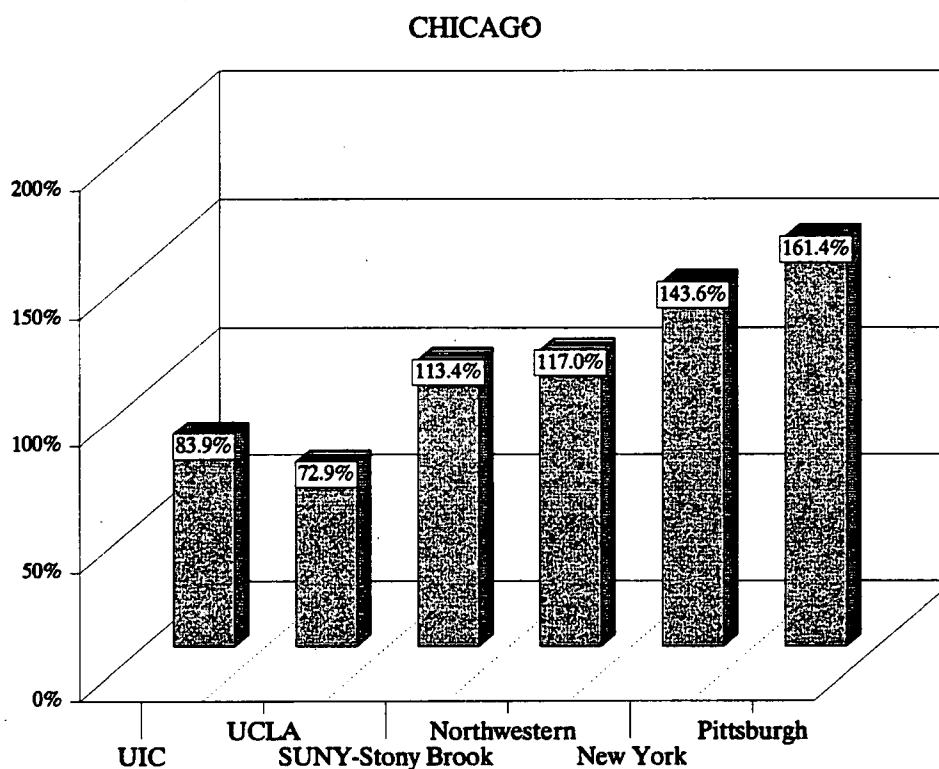
The UIUC Library with more than eight million volumes in its collections, is the third largest academic library in the country behind Harvard and Yale. This Library supports an institution which in FY 1993 granted the second largest number of doctoral degrees in the nation and received \$141.8 million in federal research and development funds.

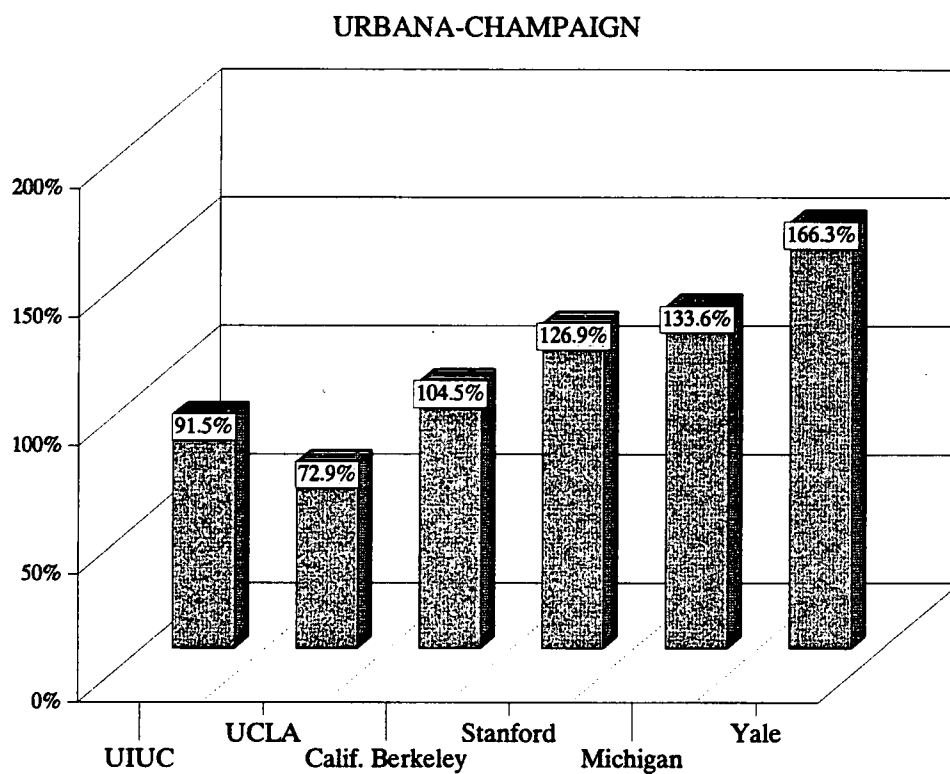
The University of Illinois Libraries reach out through the Illinois Library Computer System Organization (ILCSO), a computerized network composed of 42 libraries linking with 14 regional library system offices which in turn serve every citizen in Illinois. This places extraordinary interlibrary loan demands on their collections. The Libraries have consistently been ranked among the top ARL libraries in items loaned. In spite of their top level national leadership in resource sharing, the UIC and UIUC Libraries in FY 1993 ranked 54 and 18 among libraries in materials expenditures, a fundamental measure of the degree to which existing collection quality and size are maintained. It is most unfortunate that Libraries with

such a consistent record of leadership in interlibrary lending, rank so low in materials expenditures.

While similar problems are being faced by other institutions, it is alarming that University of Illinois Libraries continue to lose ground to their peers. Figure 10 illustrates that loss over the period from FY 1983 to FY 1993. The differential in cumulative funding in actual dollars as shown in Figure 10 ranges from a low of \$223,000 (113.4%) at SUNY-Stony Brook to a high of \$1,815,000 (143.6%) at New York when compared to UIC and from \$390,000 (72.9%) at UCLA to a high of \$3,616,000 (166.3%) at Yale in comparison to UIUC.

FIGURE 10
LIBRARY MATERIAL EXPENDITURE PERCENTAGE INCREASE
FY 1983 - FY 1993





For the Libraries to meet their local and Statewide mission in FY 1996 an increase of 3% is necessary to maintain an adequate, consistent level of support for library material price increases.

Other Payroll Costs (\$2,571,900)

In recent years, the University of Illinois has faced increasing expenditure requirements related to payroll. While some of the extreme stress on Workers' Compensation has been relieved through a combination of cost containment and incremental funding, pressure remains on Sick Leave payout, Medicare, and 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, new federal legislation has resulted in increased Medicare and Social Security payouts.

Medicare and Social Security Contributions

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

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

Since FY 1987, expenditures have grown at a rapid rate with substantial increases in FY 1992 and FY 1994 as a result of the new Social Security requirements. Although appropriations for these costs also have increased, they have been insufficient in the last several years to meet full needs. For FY 1994, the University will be forced to reallocate approximately \$1.3 million simply to match projected expenditures. The following table details annual appropriations and expenditures along with each year's percentage growth rate.

APPROPRIATIONS AND EXPENDITURES FOR MEDICARE AND SOCIAL SECURITY COSTS FY 1987 to FY 1995 (Dollars in Thousands)			
	<u>Appropriation</u>	<u>Expenditures</u>	<u>% Change in Expenditures</u>
FY 1987	\$ 620.0	\$ 407.9	0.0%
FY 1991	1,718.0	2,261.7	454.5
FY 1994	3,492.3	4,277.3	89.1
FY 1995	4,417.3	4,850.0 (est.)	13.4

Projections for FY 1996 are currently estimated to be approximately \$5,732,000 for the combined Social Security and Medicare requirements. An increment of \$1,314,700 is requested to bring the FY 1994 appropriation to this level. Because it is a federal mandate, this is truly an unavoidable increase for the University.

Sick Leave Payout

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

Under the final allocation for FY 1995, incremental funding available to the public university sector of higher education provides for no increase to meet these costs. As reflected in the following table, that funding will cover only 18% of anticipated FY 1995 expenditures.

APPROPRIATIONS AND EXPENDITURES FOR SICK LEAVE PAYOUT FY 1987 TO FY 1995 (Dollars in Thousands)		
	<u>Appropriation</u>	<u>Expenditures</u>
FY 1987	\$ 0.0	\$1,331.6
FY 1991	760.2	2,834.4
FY 1994	733.2	3,734.2
FY 1995	733.2	4,060.9 (est)

The need for increased funding is clear. Current projections are that FY 1995 expenditures for sick leave payout will be \$4,060,900. An increment of \$800,000 will be requested to prevent further losses in FY 1996, and to help close the funding gap over a five year period.

Worker's Compensation

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. The following table details the State appropriation to the University compared to actual expenditure claims. From FY 1986 to FY 1989, claims held relatively constant and it was not necessary to request incremental appropriations for cost increases in those years. Several times in the last six years the University has been forced to reallocate funds to cover increased claims. In FY 1991, the University reallocated funds to cover \$925,000 in accumulated claims, even though the University received no incremental State funding.

For the last several years, the University has utilized the assistance of an actuarial firm to establish an appropriate level of funding for Workers' Compensation. The firm's method for estimating projected claims and resulting payments have proven to be very accurate. Actuaries have projected payments for FY 1995 to be \$3,443,100 while State funding remains stagnant at \$2,986,300. This leaves a projected deficit of \$456,800. An increment of that amount is therefore requested to fund increases in FY 1996.

APPROPRIATIONS AND EXPENDITURES FOR WORKERS' COMPENSATION FY 1987 TO FY 1995 (Dollars in Thousands)			
	<u>Appropriation</u>	<u>Expenditure Claims</u>	<u>% Change in Expenditure Claims</u>
FY 1987	\$1,593.1	\$1,610.3	0.0%
FY 1991	2,685.0	2,665.0	65.5
FY 1994	2,986.3	3,001.1	12.6
FY 1995	2,986.3	3,443.1 (est.)	14.7

OPERATION AND MAINTENANCE FOR NEW AREAS
(\$6,378,000)

When new or remodeled facilities are brought into use, it is important to secure adequate operation and maintenance funds so that new space does not begin its useful life with a built-in deficiency. Given the continuing need to provide adequate facilities to support academic programs at both campuses, operation and maintenance costs for new space have been and will remain an important budget component. In FY 1996, funding requirements to support new areas total \$6,378,000.

Sixteen projects, comprising approximately one million gross square feet (GSF) of new or significantly remodeled space, require either full or partial funding of the annual costs of operation and maintenance. Each project is described in the following narrative and is listed in the cost summary shown in Table 5.

TABLE 5 OPERATION AND MAINTENANCE REQUIREMENTS TO SUPPORT NEW AREAS						
Project	GSF	Total Annual Cost	\$/GSF	Date of Occup.	Months	FY 1996 Amount
<u>Urbana-Champaign</u>						
Temple Hoyne Buell Hall	76,848	\$ 536,400	\$ 6.98	10/94	3	\$ 134,100
Chemical Sciences/Life Sciences Laboratory	229,994	2,628,150	11.43	12/95	7	1,533,100
Office of International Student Affairs Bldg.	13,000	69,000	5.31	9/95	10	57,500
Superconductivity Center	32,500	234,500	7.22	7/95	12	234,500
Rehabilitation Center Basement Remodeling	5,000	17,800	3.56	5/95	12	17,800
Chemistry Annex, Room 101 Remodeling	4,000	21,000	5.25	7/95	12	21,000
Noyes Laboratory Remodeling	20,000	129,000	6.45	1/96	6	64,500
Completion of Engineering Quadrangle	0	42,000	0.00	7/95	12	42,000
Americans With Disabilities Act, Comp. Remod.	0	82,000	0.00	1/95	12	82,000
Subtotal						\$2,186,500
<u>Chicago</u>						
Molecular Biology Laboratory	212,000	\$2,517,200	\$11.87	9/95	10	\$2,097,400
Public Safety/Transportation Facility	51,000	288,600	5.66	1/96	6	144,300
South Campus Land Development	0	671,000	0.00	7/95	12	671,000
Core Lecture Center/Core Campus Rev.	0	46,500	0.00	2/95	12	46,500
Neuropsychiatric Institute Remodeling	127,000	561,400	4.42	3/95	12	561,400
Clinical Sciences Building Remodeling	240,000	1,207,400	5.03	12/95	6	603,700
Americans With Disabilities Act, Comp. Remod.	0	67,200	0.00	6/95	12	67,200
Subtotal						\$4,191,500
TOTAL						\$6,378,000

Urbana-Champaign Campus

Temple Hoyne Buell Hall

Scheduled for completion early this fall, Temple Hoyne Buell Hall will provide studios, a lecture hall, exhibit spaces, conference and seminar spaces, and related offices for the School of Architecture and the Departments of Landscape Architecture and Urban and Regional Planning. Funded for nine months occupancy in FY 1995, the FY 1996 operation and maintenance support request funds the final three months at a cost of \$134,100.

Chemical Sciences/Life Sciences Laboratory

Scheduled for completion in November 1995, this facility of approximately 230,000 gross square feet will represent the Urbana campus' newest facility for scientific and technological multi-disciplinary cooperation. Using this facility, faculty and students in the chemical and biological sciences will be able to study specific genetic defects in diseased human cells, the use of genetically engineered organisms to detoxify chemical wastes and digest oil spills, and ways to prevent crop damage from exposure to below-freezing temperatures.

This highly specialized facility of predominantly research laboratory space will require seven months of operation and maintenance support in FY 1996, a total requirement of \$1,533,100.

Superconductivity Center

The interpass between the Materials Science Research Laboratory and the Coordinated Science Laboratory will provide office space for the Science and Technology Center for High Temperature Superconductivity. The Center will help coordinate the existing research of four world class institutions taking part in the program: University of Illinois, University of Chicago, Northwestern University, and Argonne National Laboratory. The four institutions have made large commitments to the Center in recognition of the critical importance of high temperature superconductivity research. With a scheduled completion date of July 1995, twelve months of operation and maintenance support are required at a cost of \$234,500.

Office of International Student Affairs Building

The Kappa Alpha Psi fraternity house at the corner of Fourth and Armory will be purchased by the University. Its purchase cost and renovation expense will be funded through

a \$1.8 million bond sale this fall. The facility will provide new space for the Office of International Student Affairs that is currently housed in leased space at 510 East Daniel Street. The new quarters will provide a much needed threefold increase in the amount of space available to the Office which is responsible for assisting the Urbana campus' 3,100 international students and their resident families.

Renovation of the 13,000 GSF building will include the installation of new heating, air conditioning, and electrical systems, and the installation of an elevator to bring the facility into compliance with the Americans With Disabilities Act. The brick and stucco building has been unoccupied and unheated for the past three winters and requires replacement of the internal surface finishes which are ruined from exposure to freezing temperatures and humidity.

Scheduled for occupancy in September 1995, the facility will require ten months of operation and maintenance support in FY 1996 at a cost of \$57,500.

Rehabilitation Center Basement Remodeling

Bringing 5,000 GSF of basement space up to modern standards, this project involves the installation of heating, ventilation, and air conditioning systems; the construction of rest-rooms, a laboratory/shop, and six offices; and the upgrading of the elevator. Added electrical, heating, and maintenance requirements necessitate an FY 1996 request for a full year's support of these added costs, a total requirement of \$17,800.

Chemistry Annex, Room 101 Remodeling

Poor ventilation and acoustics, dilapidated fume hoods, and low service utilities are the main weaknesses addressed in this Repair and Renovation project which is dividing Room 101 into three small teaching laboratories. All new laboratory benches, utilities, and ventilation equipment will be provided. The additional annual costs required for utilities and maintenance support of renovated space total \$21,000 in FY 1996.

Noyes Laboratory Remodeling

The repair and renovation of Noyes Laboratory involves transforming 20,000 GSF into a general use classroom, two biochemistry instructional laboratories, and an organic chemistry instructional laboratory. As in the requirements of the Chemistry Annex, Room 101 remodeling project, the space in Noyes requires new fume hoods and heating, ventilation, and air

conditioning improvements. Scheduled for completion in January 1996, six months of funding for operation and maintenance is required in FY 1996 at a cost of \$64,500.

Completion of Engineering Quadrangle

To fully fund the engineering quadrangle south of the Grainger Engineering Library, north of the Boneyard Creek, and extending west over the area presently occupied by Burrill Avenue parking, \$42,000 of operation and maintenance support will be required in FY 1996. Grounds maintenance support and utilities costs comprise the bulk of the requirement for this open space which includes a mini-retention basin to cope with emergency run-off problems.

Americans With Disabilities Act, Compliance Remodeling

As a result of the University's receipt of \$18.6 million in capital development funds to meet the compliance mandates of the federal Americans with Disabilities Act, elevator access will be improved and new elevators and numerous automatic doors will be installed on the Urbana campus. Therefore, additional electrical services and equipment maintenance costs will be incurred in FY 1996, at a total cost of \$82,000.

Chicago Campus

Molecular Biology Laboratory

Scheduled for completion in August 1995, this 212,000 GSF facility will be the vehicle through which the major campus goal of expanding interdisciplinary molecular biology research will be achieved. It will also enable the improvement and expansion of faculty recruitment and retention, advanced training, visibility to the outside community, and university-industrial relations. The cross disciplinary approach to research will physically coalesce in the building's laboratory and office modules, supported by shared-use facilities and general support areas.

The building will be equipped with special utility services and features including: recirculating, reverse-osmosis deionized water; emergency electric power; zoned heating, ventilation, and air conditioning; fume hood exhaust manifolding; safety alarm systems; passenger and service elevators; and piped carbon dioxide and liquid nitrogen.

Ten months of operation and maintenance support are required in FY 1996, a total cost of \$2,097,400.

Public Safety/Transportation Facility

This facility will meet the administrative, operations, and storage needs of the Physical Plant Transportation Section and the University Police Department. The facility will include offices; assignment rooms and storage areas; mechanic work bays; car wash, fueling, equipment and storage areas; secure well-lit outdoor parking; communications/dispatch areas; and prisoner and evidence processing space. Scheduled for completion in January 1996, this facility will require six months of operation and maintenance support during FY 1996, a total cost of \$144,300.

South Campus Land Development

Development of the existing and newly acquired acreage on the south side of the Chicago campus will require \$671,000 of new operation and maintenance funding. Approximately one-third of this annual cost is for additional policing and security measures. Most of the remaining funding is required for grounds maintenance, snow removal, and utilities expense. Proposed for this area is the expansion of recreational facilities and campus support facilities such as the UIC police and motorpool facility.

Core Lecture Center/Core Campus Revitalization

This project, encompassing the removal of the Court area and the improvement of the Lecture Center, has corrected inadequate exterior drainage, removed existing asphalt pavement, installed new paving materials, and improved the lighting of the campus core. A full twelve months of additional utilities costs and janitorial and maintenance services will be required, necessitating \$46,500 of new operations and maintenance funding.

Neuropsychiatric Institute Remodeling

The remodeling of the Neuropsychiatric Institute for the College of Medicine focuses on exterior and building systems improvements, code corrections, and internal areas in the north tower. The work that has been undertaken to restore the first building in the United States to be designed and constructed solely for use by the neurosciences includes roof and window replacement, tuck-pointing, renovation of offices, computer labs and support areas, and remodeling of existing and proposed labs. The FY 1996 support request for additional operation and maintenance costs of this 127,000 GSF facility totals \$561,400.

Clinical Sciences Building Remodeling

The ongoing remodeling of the 240,000 GSF Clinical Sciences Building is nearing completion. Because of the significant number of occupants in this facility, the actual remodeling has been accomplished in phases. Involved in the remodeling is the implementation of plumbing, piping, and lateral distribution systems of electrical, steam, gas, and water utilities. Previous requests for operation and maintenance funding of this remodeled space were funded during FY 1990 (two months), FY 1991 (two months), and FY 1992 (two months). The remaining six months of funding is required for FY 1996, a total cost of \$603,700.

Americans With Disabilities Act, Compliance Remodeling

New elevators and automatic doors comprise the majority of the Chicago campus renovations to meet the federal compliance mandates of the Americans with Disabilities Act. This work is funded by the University's receipt of \$18.6 million in capital development funds. As a result of these renovations, additional electrical services and equipment maintenance costs will be required in FY 1996, at a total cost of \$67,200.

EXPANDED/IMPROVED PROGRAMS

EXPANDED/IMPROVED PROGRAMS

For much of the early 1980s, significant physical and programmatic growth took place on each of the University of Illinois campuses. Supported by new State funds, enriched by federal and private sources, and augmented by the realignment of existing institutional resources, these successes created a base from which further efforts to expand and improve instructional, research, and public service programs could be accomplished.

However, State funding in recent years has presented a difficult challenge to the University in its efforts to initiate and support new programmatic emphases. In four of the last seven years, virtually no incremental resources were available for academic programs. Indeed, in FY 1988, FY 1992, and FY 1993 base budget reductions occurred. Although an infusion of funding from the income tax surcharge in FY 1990 gave a momentary boost to the University's resources, this progress was stalled in FY 1991 and was reversed in both the FY 1992 and FY 1993 budget years.

For the past two years improved programmatic funding was available largely as a result of internal reallocation and special-purpose tuition increases. FY 1995, in particular, has seen a solid input of academic program support, from a combination of additional State funds, tuition revenue, and internal reallocation. This combination of support from multiple sources is the most effective mechanism for enabling major program improvement to take place.

Although budget cuts in prior years have been absorbed so as to protect instructional activities to the extent possible, the University has been forced to make difficult choices concerning programmatic priorities in all areas. Both campuses are continuing comprehensive reviews of academic programs to determine where reductions or consolidations might occur. The philosophy behind these reviews has been the optimization of resources and coordinated planning at all levels to avoid duplication, with a focus on centrality, quality, demand, and cost.

For FY 1996, instructional program improvements are organized under the following themes:

- I. Restoration of Teaching Faculty
- II. Instructional Quality Improvements
- III. Faculty Development
- IV. Classroom Technology Improvements
- V. Graduate Minority Fellowships
- VI. Great Cities Program Expansion
- VII. Tuition-Based Program Improvements

Initiatives outlined within the Restoration of Teaching Faculty theme will enable the University to begin to rebuild the teaching capacity lost over the last several years of budget constraint. Funds in this category will permit both campuses to enhance basic student skills, respond to student enrollment pressures, lower class sizes, provide additional discussion sections, improve instructional diversity, and allow continued implementation of General Education requirements and instructional reforms.

Instructional Quality Improvements address faculty recruitment and retention issues. These issues include salary compression, equity among disciplines, and the overall competitiveness of University of Illinois faculty within the market place which make them attractive candidates for recruitment by other institutions even in an era of fiscal stress within higher education.

The Faculty Development theme supports a number of programs designed to help the faculty improve the teaching-learning process and to develop new and revised courses for general education as well as for the major field of study.

Classroom Technology Improvements address improving instruction through the use of technology on the University of Illinois campuses, upgrading instructional equipment, and completing campus computer network connections.

Graduate Minority Fellowships provide expanded support of the successful Minority Academic Partnership Plan (MAPP) begun by the University via internal reallocation. As the enrollment of undergraduate minority students has increased, so has the opportunity to increase the diversity of the graduate programs. Over the long term, this is by far the best--and perhaps the only--way to increase the pool of minority faculty members.

The Great Cities Program is a comprehensive institutional initiative to improve the quality of life in metropolitan Chicago and other urban environments. This program expansion will draw different clusters of faculty together, create a focal point for interaction between UIC faculty and public sector leaders, and prepare students for careers in the public sector.

The final theme, Tuition-Based Program Improvements focuses on program enhancements and curricular revisions that will be undertaken in the course of undergraduate education and specific professional programs.

At both campuses the highest programmatic priority is strengthening instructional efforts, especially at the undergraduate level. Through these initiatives outlined above, the University will be able to continue the successes of the past two years.

EXPANDED/IMPROVED PROGRAMS
I. RESTORATION OF TEACHING FACULTY

RESTORATION OF TEACHING FACULTY (\$2,300,000)

Throughout the past decade numerous calls have been made for reform and upgrading of the quality of education being offered in the United States. The focus of the reform movement has ranged from preschool, primary, elementary, and secondary education to the general quality of the undergraduate educational experience. Regardless of the level of focus, the educational enterprise has been subject to intense criticism for its lack of rigor. In a focussed attempt to address national, state, and regional concerns, many colleges and universities have engaged in academic program planning and assessment activities.

Over the last several years, both University of Illinois campuses have undertaken a number of important initiatives to improve the quality of the undergraduate experience. Funded almost entirely through the campus' reallocation process, enhancements include an improved orientation program, enhanced retention programs for students at risk of noncompletion, intensified training of teaching assistants, provision of resources for faculty seeking to improve the teaching-learning process through the application of computer technology, the initiation of the Center for Writing Studies, and the introduction of an expanded campus-wide General Education program.

At the same time that they chose to reallocate funds to support enhanced undergraduate instruction, the campuses also experienced several base budget reductions. Although budget cuts have been absorbed in ways designed to protect instructional activities to the greatest extent possible, some erosion has occurred. In particular, section and class sizes have increased in some departments. Over the past eight years, there has been a reduction in teaching capacity at the University of Illinois due to the loss of tenure/tenure-track positions. This staffing decline is spread across colleges at both campuses and represents a decline of 6% (approximately 200 full-time equivalent (FTE) positions). Of those positions, 130 are at the Urbana campus and 70 are at Chicago.

The initiatives proposed by both the Chicago and Urbana-Champaign campuses to restore teaching faculty will meet a variety of instructional needs that will strengthen the quality of education offered throughout the University of Illinois by restoring lost teaching capacity. They will enhance basic skills of undergraduates, enrich curricular offerings, lower class sizes, provide additional discussion sections, improve faculty diversity, and allow

continued implementation of the revised undergraduate General Education requirements and instructional reforms.

These efforts to restore teaching faculty are integral to the continuing economic development of the State. With changes in society taking place at an increasingly rapid pace, it is important that the citizenry of the State be prepared not only to carry out the working demands of the current economy, but also to adapt to the continuously changing world and economy around them.

Restoring teaching capacity at the University of Illinois is a significant means by which this end may be realized. The vast majority of the University's 60,000 students are Illinois residents. Upon graduating, a significant proportion of these students will remain in Illinois to begin their careers. Providing these students with quality education programs that prepare them in technical competencies, as well as in broader, more transcendent skills, will help to ensure the State's ability to meet the developing challenges of the future.

As a result, both campuses have sought means to increase contact and interaction between students and their instructors in order to provide the kind of active learning environment widely held to be superior to the more passive, lecture-dominated environment so common in higher education. Several routes to this end have been identified:

- Expanding the Discovery Program through which more opportunities will be developed for new students to study with faculty members in highly interactive settings;
- Providing discussion sections for those General Education courses which are currently taught in large lecture format;
- Lowering class size;
- Providing additional capstone courses and undergraduate research opportunities; and
- Expanding opportunities for students who may enter the University at some academic risk to enroll in critically important core courses in English and mathematics which are vital to future success in almost all other academic endeavors.

Restoration of Teaching Faculty Through Implementation of the Discovery Program

The national dialogue on critical needs in undergraduate education highlights a number of areas: writing skills; mathematics, statistics, and symbolic logic skills (basic to the preparation of the next generation of scientists); broadening of parochial perspectives with knowledge of second languages and cultures, including minority cultures and understanding of gender

issues; and understanding of science and preparation of scientists and mathematicians for the twenty-first century.

By FY 1996, UIUC will have instituted a revised General Education program that has strengthened the quality of undergraduate education through improved and additional writing instruction, greater attention to quantitative reasoning, and common definitions and campus-wide quality control in the distribution of requirements. All students will have the opportunity, as well, to broaden their understanding of the human condition through study of materials about women, gender, and non-western or minority cultures.

During FY 1995, the campus will pilot the Discovery Program, assessing both student interest and the modes of instruction which will best serve to foster the high level of interaction which is intended. The Discovery Program was partially funded in FY 1995 through \$250,000 in new state funds allocated to UIUC. These funds have been augmented with an additional \$140,000 allocated by the campus from tuition funds. As a result, UIUC has provided enough spaces in small faculty-taught, highly interactive courses to offer about half the freshman class the opportunity to take such a course. The need for additional small, interactive quiz and discussion sections in large General Education courses will be met through the expenditure of about \$1,000,000 in tuition revenues.

During FY 1996 UIUC wishes to expand the Discovery Program and to increase the number of Discovery courses which are designed to meet General Education requirements. This form of expansion will respond to student demand for General Education Discovery courses, which were by far the most popular of the Discovery offerings for Fall 1994 and which, as a result, were in short supply. In FY 1996, new funding will allow the addition of new junior faculty members in departments that are short on instructional resources and in which there is a commitment to use this new instructional capacity to deliver the equivalent of four new three-hour, highly interactive, faculty-taught courses or sections each year. With 20 students per section, this effort will reach between 800 additional students per year. Added to the opportunities which exist already, this program will go far toward increasing student-instructor contact.

Restoration of Teaching Faculty Through Smaller Class Size and Supplementing Discussion Sections

During FY 1996 UIUC seeks to lower undergraduate class sizes in carefully targeted fashion to assure that key courses in students' majors are taught in formats that will support

greater faculty-student interaction. The Colleges of Commerce and Business Administration, Engineering, Communications, and Liberal Arts and Sciences have experienced very heavy enrollment pressure in recent years, along with budgetary retrenchment. As a result, some courses for majors have grown to a large size, and some of these large lecture courses are offered without discussion or quiz sections to provide a small-group learning environment. Additional funding will allow the hiring of new faculty members and teaching assistants to begin to address this problem. Forty-eight small sections of courses should result from adding these new faculty. If the average section size is 75, then 3,600 students will be affected. New teaching assistants will provide approximately 40 additional quiz or discussion sections, thereby improving the quality of instruction for some 1,200 students. By carefully selecting the departments and courses to be enhanced, the campus will assure that key courses in majors, which are currently under heavy enrollment pressure, are significantly enhanced.

Restoration of Teaching Faculty Through Increased Course Offerings and Undergraduate Research Opportunities

The development of more capstone courses and additional opportunities for guided undergraduate research projects can further enhance the quality of the major experience, provide closer faculty-student interaction, and help students integrate their undergraduate learning while preparing in-depth for work or further study. Additional funding will provide new assistant professors to increase the availability of these kinds of experiences in majors which are currently without sufficient faculty members to serve their students in these very important, but labor-intensive, ways.

The UIUC campus is proud of the progress made to date in improving undergraduate education through internal reallocation. Smaller, more highly interactive sections have already been established to support the Composition II and Quantitative Reasoning I requirements, to support other General Education courses, and to initiate the Discovery Program. These new funds will allow UIUC to take some very important further actions to enhance the quality of the teaching-learning environment by improving the quantity and quality of contact between students and their instructors.

The College of Liberal Arts & Sciences faculty at UIC recently passed undergraduate instructional reforms. These reforms are designed to: improve writing skills, expand quantitative understanding, broaden cultural understandings, mandate student advising, increase the number of teaching assistants, and improve teaching assistant training. These skills are core

mechanisms by which all other learning occurs. While students come to UIC with a foundation of such skills, the intention of these reforms is to introduce a higher level of academic rigor. The expectation is that better developed skills in these areas will lead to enhanced learning across the full program of courses taken by students.

Research indicates that one of the significant effects of college on students is the mathematical ability that is retained through continued use and development of computational skills. During the past year, UIC has reallocated funds to support programs related to curricular reform or improvement of instruction. However, even with this campus commitment, there is still a shortage of places available. Additional program funds are needed to restore teaching capacity addressing these student enrollment demands.

In Fall 1994, UIC is offering the Match Teaching Program. This program is a combined curriculum approach to teaching freshmen who take both Chemistry 112 and Math 120. Continued implementation of this program will allow it to be extended to Biology and Physics, as well as Psychology and Political Science.

For the past seven years, there has been a concerted effort to address student diversity through improved student enrollment, retention, and graduation rates. Beginning in Fall 1994, all baccalaureate recipients are required to take a course from a list of identified cultural diversity courses. This requirement is an avenue for raising the consciousness of students, and, over time, has the potential for impacting the culture of the campus as well as the development of each student. This is anticipated to place heavy demands on cultural diversity courses, requiring additional teaching capacity to meet these enrollment pressures.

EXPANDED/IMPROVED PROGRAMS
II. INSTRUCTIONAL QUALITY IMPROVEMENTS

INSTRUCTIONAL QUALITY IMPROVEMENTS (\$1,500,000)

Over the past several years, the State appropriation process has been characterized by uncertainty. Serious fiscal limitations continue to confront education and a wide array of social and human services affecting the quality of life of every Illinois citizen. Throughout this period of uncertain and unpredictable support, the fundamental fiscal needs of higher education have been widely acknowledged. The overall quality of the University of Illinois's academic programs, as measured by numerous national assessments, places it among the nation's top institutions of higher education. Although the University has worked to supplement State funding levels through stringent financial management and the internal reallocation of resources, these efforts alone are not sufficient to achieve salary competitiveness for tenure/tenure-track faculty. The University of Illinois's ability to attract and retain quality faculty is inexorably linked to the annual State appropriation. For FY 1996, the University's most crucial objectives concerning instructional quality improvements for tenure/tenure-track faculty include:

- Address salary compression issues caused by extreme market pressures;
- Improve salary equity among disciplines; and
- Recognize the overall quality of University of Illinois faculty that makes them attractive candidates for recruitment by other institutions regardless of existing market conditions.

Salary compression is a potential issue almost every time new faculty are hired. In order to be competitive with other offers, the University is forced to compete with current market rates. This market rate for new faculty may be close to or even above the University's current average salary for faculty who have been employed for several years. Due to budget reductions and inadequate State funding in prior years, faculty salary increases have stagnated while the competitive market has moved ahead. When new faculty are hired at salaries close to or above the averages of longer term faculty, serious compression problems are created, leading to morale problems and providing incentives for current staff to leave the institution. Additional funds are needed to address the most serious compression problems at both campuses.

The University has experienced increased difficulty both attracting and retaining key faculty in high demand areas, as well as in areas of lesser demand which are experiencing shortages of trained scholars. Budgetary constraints have had a detrimental impact on the competitiveness of University of Illinois salaries for virtually all disciplines. Although strong State funding provided in FY 1990 enabled a degree of recovery in most disciplines, funding levels in subsequent years were severely limited and many disciplines suffered a relapse.

Many departments have lost the ability to compete with top schools, and the ability to attract and retain faculty has been eroded across the entire breadth of the University. Erosion in the competitiveness of salaries increases the likelihood that talented employees will accept more attractive offers at other institutions or in the private sector; it reduces the ability of the University to attract the best qualified candidates to new or vacant positions; and it undermines the productivity and morale of current staff.

This will be the first year in a multi-year program to restore salary competitiveness among tenure/tenure-track faculty across all disciplines.

EXPANDED/IMPROVED PROGRAMS
III. FACULTY DEVELOPMENT

FACULTY DEVELOPMENT

(\$500,000)

During the past five years, the University of Illinois has focused increasing attention on improving the quality of the undergraduate experience. Initiatives undertaken include a number of programs designed to help the faculty improve the teaching-learning process and to broaden their own disciplinary foundations in order to enhance the development of new and revised courses for general education as well as for the major.

Through reallocation, UIUC has supported faculty development efforts in the areas of computer-assisted instruction, writing across the curriculum, and increased coverage of gender issues in both non-Western cultures and domestic minorities. During this same time, the campus provided increased support for the teaching development programs carried out by the Office of Instructional Resources.

During FY 1996, UIUC seeks to expand its faculty development efforts in the following areas:

- Training and support for faculty who want to improve instruction through the use of technology;
- Development of a mentoring program for new faculty;
- Workshops for faculty on such topics as collaborative and active learning;
- Grants to support small-scale faculty projects designed to improve instruction; and
- Course development workshops focused on increasing coverage of gender and multicultural perspectives in both general education courses and courses for majors.

As in mainframe environments, the access to personal computers is still uneven across the various campus programs at UIC. One mechanism for the expansion of curriculum development is the support of instructional media development grants. A second mechanism is the support of improved teaching and learning through summer curriculum development grants.

During the past year, through support of the Office of the Provost, the UIC Council for Effective Teaching and Learning distributed a call for proposals for instructional media development grants. The grants were awarded to faculty for instructional development projects used directly in the classroom.

The UIC Council for Effective Teaching and Learning also called for summer curriculum development grants. A major goal of the program is to build up a fund of innovations, demonstration projects, and experiences which can be tapped to sustain an atmosphere of continuous curriculum development, course development, and improvement of instruction at UIC.

Only a fraction of the excellent proposals that were received were able to be supported. UIC would like to establish a fund for an annual competition among the faculty for such grants. This grant program would go a long way in encouraging the application of new technologies in the classroom as well as improved teaching and learning at UIC.

EXPANDED/IMPROVED PROGRAMS
IV. CLASSROOM TECHNOLOGY IMPROVEMENTS

CLASSROOM TECHNOLOGY IMPROVEMENTS

(\$1,500,000)

The past few years have seen the increasing availability of powerful tools to enhance presentations, use electronic resource materials and communicate using multimedia network applications. Presentation tools like Persuasion and Powerpoint make it relatively easy to replace the blackboard and the overhead projector with support that is much more effective because it allows flexibility to incorporate material for immediate response to what arises in the classroom (e.g. immediately running a simulation with parameters derived from a student's question, or showing images from a remote collection based on classroom discussion).

The classroom technology improvement program will be directed towards improving instruction through the use of technology on the University of Illinois campuses, at distant sites, and through sharing specialized seminars with peer institutions. These general objectives address an initial approach based on current technology and a program to infuse new technology as it is developed. This program encompasses the following goals:

- Increase collaborative education and communication between faculty and students, with a particular emphasis on making one to one communication easier;
- Enhance the proven effective ways of delivering instruction, particularly the lecture and seminar formats;
- Design flexibility to scale up to large numbers of faculty and students, and a wide variety of courses;
- Recognize the likely evolution to distance education, both remote from the campus and at scattered sites on the campus; and
- Compliment ongoing campus projects such as the classroom renovation initiative and the electronic library developments.

Classroom Technology Improvements Through Improving Instruction

Information resource access at UIUC is greatly enhanced by tools such as GOPHER and MOSAIC. Communication is likewise enhanced by conferencing tools such as PACER/FORUM, as well as traditional means such as bulletin boards and e-mail, and increasingly by video/sound systems like CU-SEE ME. All of these tools can be connected by the now mature campus network and can be delivered to multiple sites.

While many of these tools are now high quality commercial products, with proven effectiveness, they are not yet integrated into the normal teaching process. Three aspects which are already well underway include: an outstanding network, including good communications to peer and client institutions; improvement in both the physical and technical quality of classrooms, including several with an emphasis on distance education; and students are already involved in extensive computer use and comfortable with technology, although there is a need to make this true of all students.

These efforts make it feasible to expand the program. The new aspects concentrate on putting the necessary support in place to assure the faculty will use the new capabilities. The major components are:

- Training and continuing support of faculty who use the technology. This will range from very basic training in how to use a presentation system to relatively intensive help of faculty who want to make a major commitment to incorporating the full set of capabilities;
- Widespread availability of the most effective software, both on faculty personal systems and on classroom presentation systems;
- Assistance with the development of electronic resources, either through acquisition of commercial materials (e.g. an electronic version of a handbook of anatomy) or through local digitization of materials such as art collections, maps, and documents. Increasingly these materials will be multimedia; and
- A summer training and support program for faculty.

There are already isolated instances of each of these components somewhere on campus. The intent of this program expansion is to present faculty and students situations where they can draw on their traditional teaching skills, but enhance their effectiveness through appropriate use of technology.

All of these tools represent steps towards breaking the necessary tie between the location of the student and the location of the faculty. The emphasis is moving away from the impersonal communications of earlier electronic systems and towards a more natural system that includes voice, video, and interaction.

The longer term impact of the program will be to assure that the faculty are able to exploit the best available means of reaching students and delivering the highest quality of

education, whether this is in traditional residential instruction or in lifelong learning at a location of the student's choosing.

Classroom Technology Improvements Through Instructional Equipment Upgrades

College level requests for funding for instructional equipment upgrades usually contain recurring and nonrecurring funding need components. Through UIC's long-range reallocation plan, many requests for nonrecurring funds have been, and will continue to be accommodated. However, both recurring and nonrecurring requests far exceed available resources. In order to ensure that UIC's undergraduate academic programs maintain cutting edge status, a fund to support college and department level initiatives is necessary. Some examples of possible requests that could be funded include:

- Upgrade of several programs and computer laboratories in the College of Architecture, Art and Urban Planning (AAUP);
- Implementation of a systematic plan to keep instructional equipment at state-of-the-art levels in the College of Associated Health Professions;
- The Jane Addams College of Social Work requires ongoing computer upgrade and maintenance funds to fulfill BSW and MSW program accreditation requirements; and
- The College of Pharmacy curriculum committee recommended changes in the interdisciplinary sequence related to the delivery of primary pharmaceutical care in the urban community setting. This curriculum change necessitates redesign of the learning laboratory environment.

Classroom Technology Improvements Through Completing the Information Technology

Backbone

While large computing networks have been available for many years at UIC, many fundamental network connections have not yet been made. For example, a recent feasibility study conducted on the east side of the UIC campus revealed that faculty offices are tied to the Academic Data Network, but fiber optic network connections have not been made between faculty offices and the Lecture Centers, the Student Residence Commons, or Chicago Circle Center. Any further development of electronic classroom upgrades will require network connections between faculty offices and classrooms.

Maintaining the Information Technology Backbone

In addition to building networks at UIC, it is equally important that other networks be maintained and improved. Installation of the ADNii serves as an excellent example of such an upgrade need. The ADNii provides high speed ethernet connections with the potential to link all of the computers on campus and provides direct connection to the internet. ADNii allows the campus to avoid the bottleneck of the mainframe for such highly interactive applications as E-mail, internet searching, and large file transfer. Through ADNii, departments and colleges have access to student records in the administrative computing network, instructors can directly use applications in classrooms that were developed in their offices, and students can access applications devoted to their classes from computer labs at remote sites. Virtually all contemplated development of the instructional and research environments for campus computing are predicated on the full availability of this network.

**EXPANDED/IMPROVED PROGRAMS
V. GRADUATE MINORITY FELLOWSHIPS**

GRADUATE MINORITY FELLOWSHIPS

(\$1,000,000)

Scientists, teachers, and scholars who create and share new knowledge are produced by graduate education. Interpreting and preserving our cultural heritage, they help us understand the world in which we live. The success of those endeavors demands that university faculties encompass the full range of talents available in this Nation's society at large. To the extent that groups represented in American society are not included in university faculties, our colleges and universities are not taking full advantage of the talents and strengths our society offers.

For a number of years, the University of Illinois has supported programs to increase minority participation in degree programs at all levels. At the undergraduate level, the University has been extremely successful in doubling the number of minority students in its baccalaureate programs. It is now time to build on that success and utilize this extensive baccalaureate minority talent pool to significantly increase the diversity of our graduate programs.

To that end, the University of Illinois created a program to ease the financial burden on talented underrepresented minority students who receive their bachelor's degrees from the University of Illinois and seek advanced degrees that could lead to faculty careers. The Minority Academic Partnership Plan (MAPP) provides qualified students with fellowships of \$12,000 for their first year of graduate study. In subsequent years, academic departments guarantee funding with teaching or research assistantships. The fellowships allow students to focus on their classes during the first year of study. After the first year, students become working members of their department, gaining experience as teaching or research assistants. These experiences are an invaluable and integral part of graduate education providing students with sufficient financial support and professional experiences with commitments from MAPP and individual departments.

As a result of MAPP and other programs, the University of Illinois has nearly doubled its graduate minority enrollment in the last several years. The new vision is to redouble graduate minority enrollments. In order to achieve this goal, we seek to significantly expand MAPP and eligibility requirements. For several years, the University of Illinois has developed special relationships with Chicago State University (CSU) and wishes to extend the same financial assistance guarantees to students at CSU as for graduates of the University of Illinois. Additional resources of \$1 million will allow for the program to be doubled, admitting over 80 new students a year who qualify for MAPP. The University of Illinois's goal of significantly

increasing the number of minority doctoral graduates is greatly enhanced by a fully funded MAPP. Combined with the other successful graduate minority recruitment programs, a measurable impact on the pool of potential minority faculty members will be achieved.

The MAPP is a natural extension of the University of Illinois's minority recruitment successes at the undergraduate level. The University of Illinois remains committed to improving the participation and success of minority students and faculty. Support of this program request will greatly assist us in meeting this commitment.

**EXPANDED/IMPROVED PROGRAMS
VI. GREAT CITIES PROGRAM EXPANSION**

GREAT CITIES PROGRAM EXPANSION

(\$700,000)

The Great Cities Program is a comprehensive institutional initiative to improve the quality of life in metropolitan Chicago. The Great Cities Program was founded with the understanding that UIC has a responsibility, and a unique opportunity, to contribute to the well-being of Chicago and metropolitan areas worldwide. The enormity of the challenges that cities face is well documented. Over the last decade poverty, drug dependency, violent crime, unemployment, and poor education have all become more prominent concerns in our Nation's cities. The complexity of urban issues requires integrated, comprehensive approaches to problem solving. This demands the involvement of partners in many sectors, such as health, education, crime prevention, and economic development. UIC has demonstrated competencies in all of the areas in which cities face urban challenges, and has worked with partners throughout the metropolitan area. A key element in moving the Great Cities Program forward is the Great Cities Institute. The Institute will conduct interdisciplinary research, classroom demonstration projects, and technical assistance projects involving external constituencies. The Institute will be located in the proposed College of Urban Planning and Public Affairs. The Great Cities Institute must stand on a strong educational and scholarly foundation. This foundation will be manifested through three clusters of faculty: full-time faculty that will support academic programs integral to the Institute, senior visiting professors, and part-time visiting Institute scholars.

The addition of a small cadre of new faculty to academic programs central to the Institute will help establish a critical mass of teachers and scholars attuned to the problems of urban America. They will complement the existing strengths of the departments which comprise the new College.

The senior visiting faculty fellows will be selected, in part, because of the notoriety as national or regional leaders. They will be established experts in urban economic development, community development, urban infrastructure and quality of life, public administration, urban health, or urban transportation. While they may be involved in projects of duration and scope similar to that of the visiting scholars, they will most often also hold a more permanent position (one to three years) as a member of the teaching faculty within the appropriate college. This group of faculty will be an important linchpin between the Institute scholars and the permanent faculty in Public Administration.

The scholars, will be selected for temporary appointments ranging from one semester to a maximum of three. Most scholars will be drawn from the ranks of UIC faculty and will generally include a mix of senior and junior faculty. However, other qualified individuals, both from within and outside UIC, may also be appointed.

The visiting and permanent faculty will be expected to work with students who will be involved with summer placement training through a Great Cities Student Enrichment Fellowship program. This program will carry the three-pronged benefit of drawing the different clusters of faculty together, creating a focal point for problem solving interaction between UIC faculty and public sector leaders, and preparing students for a career in the public sector through research and classroom projects.

EXPANDED/IMPROVED PROGRAMS
VII. TUITION-BASED PROGRAM IMPROVEMENTS

TUITION-BASED PROGRAM IMPROVEMENTS

(\$6,632,100)

As outlined in the introduction to this document, the FY 1996 operating budget request includes tuition increase actions for the coming year. Moving these actions to the start of the State-level budget review process (Board of Higher Education review and recommendation, Bureau of the Budget review, legislative examination and action, gubernatorial action) will provide considerably more time for students and their families and other State agencies to make their own financial plans. A general tuition increase of 3.5% is proposed for FY 1996, with the revenue it generates used to support regular salary, cost, and programmatic increases and student assistance needs.

Beyond the general tuition program, several special-purpose increases are proposed, to provide funds for more specific academic advances as described below. These special-purpose increases meet two objectives:

1. Simplify undergraduate tuition by eliminating the differential between lower division and upper division students over the final year in a two-year period.
2. Improve the quality and scope of several professional school programs by moving tuition levels more nearly in line with those at peer institutions.

Undergraduate Differential

Currently, upper division students (juniors and seniors) pay \$140 more than lower division students (freshmen and sophomores). To help make undergraduate tuition charges simpler and more understandable, the University is returning to a single general tuition rate for all undergraduates. Approved last year, this is the second year in a two-year period to eliminate the undergraduate differential.

Pending final enrollment projections, this change is expected to generate approximately \$1,892,200 net of projected student assistance funding. All of these resources will be used for undergraduate instructional improvements. Additional courses will be developed to provide freshmen with greater opportunities to interact with senior faculty. Additional sections of high-demand introductory courses will also be added, instructional equipment will be acquired, and other program enhancements implemented.

In recent years the University of Illinois has aggressively sought to enhance the quality of undergraduate programs through continuous reassessment and updating of curricula

as well as through promotion of active learning both by increasing faculty contact and by using new instructional technologies. Some of these curricular changes affect students in particular majors; others, such as the implementation of new campus-wide general education requirements, affect all undergraduates. But changing the quality of the undergraduate experience requires more than curricular change. It also involves providing more small group educational experiences that both allow and encourage students to interact more with faculty and with other students as a part of the learning process. Funds made available through internal reallocation have allowed the campuses to begin to make some of the desired changes in curricula and instructional delivery, but additional funding is needed if these changes are to be sufficient scope to affect the lives of over 40,000 undergraduates.

Elimination of the lower-upper division tuition differential at UIUC provides funds that will be used to further enhance the quality of the undergraduate experience by increasing instructor-student contact to encourage active learning, and by expanding course access to allow curriculum renewal through:

1. Discovery Program — highly interactive faculty-taught small courses for new undergraduate students;
2. Active Learning in General Education Courses — including small interactive discussion sections in large lecture courses; and
3. Curriculum Renewal — additional sections of courses currently filled to capacity, providing access to enable needed curriculum revision.

The Discovery Program

As detailed earlier in this document, in FY 1995, UIUC is beginning the Discovery Program, assessing both student interest and the modes of instruction which will best serve to foster the high level of faculty-student and student-student interaction that is intended. The pilot phase will extend this opportunity to about one-third of new UIUC students. When extended to all new students, early estimates suggest the need for a total of approximately \$1.2 million in funding. Depending upon the mix of new program funds and additional tuition available in FY 1996, the campus hopes to have the Discovery Program fully available to all students.

Active Learning in Large General Education Courses

The quality of the teaching-learning environment experienced by students in their first several years could be much enhanced by assuring that all general education courses are offered in formats which encourage students to interact with each other and with an instructor. In many courses, this is already the case. The course may be offered to relatively small groups of students, or a large lecture

section may be accompanied by small group discussion or lab sections. Because general education courses serve large numbers of students, the courses themselves tend to be large. In some cases, a large lecture is not accompanied by a small group opportunity to interact with an instructor. For the College of Liberal Arts and Sciences alone, it is estimated that about \$900,000 is required to provide teaching staff to offer small group discussion sections in large general education courses where they are not now available. Since the College of Liberal Arts and Sciences provides most of the general education instruction for UIUC's undergraduates, \$900,000 would address most of these programs. With \$1,000,000, the campus could assure that almost no entering freshman would ever begin her or his higher education in a large lecture that was not accompanied by an organized opportunity to interact with an instructor and a group of fellow students concerning the subject matter of the course.

Curriculum Renewal

In recent years, a number of departments and colleges have proposed changes in their curricula that they have not been allowed to implement because there were insufficient funds to provide the required courses. Proposed curricular revisions are examined for cost implications before they are enacted to ensure that required courses can be delivered when students need them. In several key areas, the campus can handle neither additional students nor revised curricular requirements without additional teaching resources. As a result, a number of required curricular revisions have been put on hold pending availability of funds. Additional course access is required in critical areas such as foreign languages, chemistry, mathematics, and life sciences. Additional funds for this purpose will permit us to initiate updated, higher quality curricula. Failure to provide for these changes will freeze our curricula in outmoded patterns, with the result that many UIUC students could graduate without adequate preparation in crucial areas.

Elimination of the lower-upper differential at UIC allows the following programs and activities to benefit lower division undergraduates, and, in particular, freshmen:

1. Undergraduate Instructional Reform Courses — providing increased availability of core courses that meet this requirement; and
2. Freshman Orientation Program — a comprehensive two-day program designed to prepare new students for academic and campus life.

Undergraduate Instructional Reform Courses

In the many discussions among members of UIC's Enrollment Management Committee's task forces on recruitment, orientation, and retention, the subject of course availability has been prominent. Considerable focus has been placed on the importance of ensuring enough places in required freshmen level courses that are intended to provide the basis for future academic work. Many factors have been identified by the task forces as having an impact on retention, and recommendations concerning ways to improve both retention and student

satisfaction have been made. Better accommodation of composition and computation course demand is a primary goal of UIC that is being funded from additional tuition revenue. During FY 1995, the number of composition and computation courses were expanded. In order to support composition courses, the writing laboratory was upgraded. This upgrade in equipment was partially funded by tuition revenues.

Although there are many factors which play a part in how well students do in college, the importance of English composition to the academic achievement and retention of UIC students cannot be overlooked. The goal of providing new students with the opportunity of completing English course sequences by the end of the first year will help retention and student satisfaction issues.

These tuition funds will be used to continue the English composition effort to provide permanent funding for English composition for new students in the fall term, eliminate the backlog of continuing students in English composition courses, and offer sufficient places in subsequent terms to accommodate new students and the needs of students continuing a composition sequence.

Freshman Orientation Program

Starting in Summer 1994, freshmen at UIC participate in a two-day orientation program. This new orientation program provides a short exposure to campus life, an overall perspective on the campus environment, and opportunities to meet other freshmen. Continued implementation of this program provides time as well for student advising and registration.

Professional Program Tuition

Like most institutions the University of Illinois has a long history of differential tuition charges for professional schools, based on cost factors and peer comparisons. For FY 1996, multi-year programs approved last year will continue and additional charges will be implemented for three professional programs: medicine, dentistry, and Masters in Business Administration. Descriptions of proposals for the three programs now recommended are provided below.

Medicine

The Illinois Board of Higher Education recently reported on key policy issues for health professions education, identifying a number of program areas for expanded emphasis. Those areas include expansion of primary care specialties, delivery of health care in underserved areas, improvements in regional program delivery including the use of regional telecommunications based instructional delivery systems, and a commitment to increased support for minority enrollment.

Medical schools across the country recognize the need to expand and improve education in primary care specialties which will become the building blocks of an

expanded health care delivery system. Major curricular and organizational changes are required, along with substantial new voice and video instructional delivery systems. These are key elements of instructional advances which must be made in the University of Illinois College of Medicine at all locations, along with a growing emphasis on rural health issues at the regional sites.

At the same time the College of Medicine faces a serious backlog of equipment and facility improvement requirements. Classrooms and instructional laboratories are in great need of renovation and technological upgrades.

Even with the first year of a multi-year professional program tuition increase plan in place, tuition and fees for medicine at the University of Illinois remain ranked within \$40 of last place in the Big Ten, more than \$3,000 below the mean of the public Big Ten institutions, and the other public medical school in Illinois, and nearly \$3,100 below the third place benchmark. Medical tuition and fees for resident students at the University of Illinois are less than one-third the charges at the private medical schools in the Chicago area.

Fiscal Year 1996 is the second of a multi-year program to bring medical tuition more in line with charges at comparable public universities. In addition to the general tuition increase for all students, medical tuition will be increased by \$1,350 per year. Revenue from this increase will approximate \$1.5 million for FY 1996, and will be used to upgrade instructional equipment and facilities, to expand coursework in primary care specialties, and for student assistance programs which will help ensure continued success in attracting minority student enrollment.

Dentistry

As in medicine, significant curriculum changes are underway in the field of dentistry. Increasingly, dental education and research are turning to soft tissue diseases such as oral cancer, AIDS, salivary disorders, along with developmental problems such as growth aberrations, genetic disorders of the teeth and gums, the problems of aging, etc. At the University of Illinois, dental school applications have grown by 50% since 1990, with more than 12 applicants for each currently available student position. Tuition and fees for the University are more than \$2,000 behind the third-place public Big Ten institution.

FY 1996 is the second of a proposed three-year effort to raise dentistry tuition to the third-place target. Additional revenue produced by this effort will be used to expand clinical opportunities for students, to revise curricular offerings, to upgrade instructional computing services and course applications, to make available to students some of the equipment they are now required to purchase themselves, and to expand student assistance opportunities. Approximately \$150,000 will be available for these uses in FY 1996.

Masters in Business Administration

Both campuses are continuing to develop the strong core of analytical, managerial, problem-solving, and decision making skills which have been the strength of the University of Illinois MBA programs. FY 1996 is the second year of an

effort to revitalize the program, enhance core curricula, and expand the international content of the curriculum.

Additionally, both campuses are directing an increased emphasis on cultural diversity of the MBA student body. The programs are recruiting qualified international students, underrepresented minorities, women, and persons with prior work experience to expand diversity.

At UIUC, the College anticipates awarding 50 leadership grants to entering students at a total cost of \$300,000. The remaining \$135,000 generated from a \$1,500 tuition increase for the entering class of 290 students will be used for course development, operating the leadership grant program, printing, and publication expenses.

At UIC, the College proposes to restructure the advanced areas of study offered, develop curricular offerings to support the needs of the business community in the Chicago metropolitan area and the State of Illinois, and to support the initiatives of the Great Cities program.

LAS 2000 Enrollment Expansion

The College of Liberal Arts and Sciences (LAS) at Urbana-Champaign has experienced large shifts and increases in student demand. At the same time, the University has been faced with reduced State support. To ensure that sufficient sections of courses are available to meet this increased demand, the College began an ambitious seven-year reallocation plan in FY 1994. Beginning in FY 1996, the College has proposed a gradual increase in admissions over a five-year period, admitting an additional 400 students per year. Approximately 30% to 40% of these students would be non-residents, the remaining students Illinois residents.

These new enrollment targets would generate an additional \$1,800,000 in FY 1996. Approximately 65% of the funds would be used to provide additional faculty. An additional 20% would be used for teaching assistant salaries. The remaining 15% would be used for operating costs and support staff. This program would provide for an increase in the number of sections offered, both by faculty and teaching assistants. Furthermore, the program would foster greater access to faculty by undergraduate students, and would enhance the diversity of the student body of the College.

APPENDIX

RETIREMENT

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

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

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

Once again there is movement towards an improved level of retirement funding. Recent legislation which the Governor has signed should strengthen the financial condition of the Retirement System. Senate Bill 533 provides that the State's five pension systems achieve a level of 90% of full actuarial funding in 50 years and includes a continuing appropriation provision.

It is a matter of long-standing policy of the Board of Trustees of the University of Illinois that the request for incremental funds for Retirement be set at the amount needed to achieve the statutory funding level. The University's FY 1995 Retirement appropriation is \$32,416,300. According to SURS actuaries, the estimated required contribution for FY 1996 is \$55,000,000, based on the funding plan contained in Senate Bill 533. Therefore, an increment of \$22,600,000 over FY 1995 funding levels is required to meet this target for FY 1996.

FISCAL YEAR 1996 CAPITAL BUDGET REQUEST

FISCAL YEAR 1996 BUDGET REQUEST FOR CAPITAL FUNDS

Background for FY 1996

To understand the direction and emphasis of the FY 1996 request, it is important to view them in the context of recent capital appropriations, especially those which were received for FY 1995. Projects approved for FY 1995 capital appropriations are summarized in the table below.

SUMMARY OF FY 1995 APPROPRIATIONS	
<u>Chicago</u>	
Repair and Renovation	\$ 3,564,900
South Campus Development	19,700,000
<u>Urbana-Champaign</u>	
Repair and Renovation	4,357,100
Campus Flood Control	2,880,000
TOTAL	\$30,502,000

As can be seen from the above table, the FY 1995 capital program includes \$3,564,900 in repair and renovation funds for the Chicago campus and \$4,357,100 in repair and renovation funds for the Urbana-Champaign campus. In addition, the FY 1995 capital budget includes a landmark \$19,700,000 project for the Chicago campus which will provide for land acquisition and development of the south campus expansion zone. At the Urbana-Champaign campus, the FY 1995 capital budget includes \$2,880,000 to initiate a project which will provide storm water control to the benefit of the campus and surrounding cities. The balance of this project will be requested in FY 1996.

Table 1 provides a history of actions on capital budget requests from FY 1991 through the FY 1995 appropriation, and Table 2 provides the status of on-going State funded capital projects. Together, these tables provide further contextual information to help establish the framework for identifying the University's top capital priorities for FY 1996. With the completion of several major new construction projects in the relatively near future, the University's primary emphasis for FY 1996 is upon renovation of existing facilities, improvement of the

basic infrastructure for facilities support, and upon completion of multi-phased projects already underway.

TABLE 1 HISTORY OF RECENT CAPITAL BUDGET ACTIONS FY 1991 - FY 1995 (Dollars in Thousands)					
	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Campus Requests					
Chicago	\$ 83,872.3	\$48,635.6	\$ 40,309.9	\$25,231.0	\$ 61,819.7
Urbana-Champaign	96,980.3	46,597.4	77,895.6	32,698.0	56,255.3
TOTAL	\$180,852.6	\$95,233.0	\$118,205.5	\$57,929.0	\$118,075.0
IBHE Recommendations					
Chicago	\$ 51,996.8	\$28,116.8	\$ 22,989.9	\$15,594.0	\$ 23,783.7
Urbana-Champaign	81,346.3	21,448.9	26,110.0	19,060.0	14,771.3
TOTAL	\$133,343.1	\$49,565.7	\$ 49,099.9	\$34,654.0	\$ 38,555.0
Regular Capital Appropriation^(a)					
Chicago	\$	\$ 7,100.0	\$ 8,722.5	\$ 4,114.9	\$ 22,752.0
Urbana-Champaign	8,412.0	4,824.4	11,079.0	7,807.1	7,750.0
TOTAL	\$ 8,412.0	\$11,924.4	\$ 19,801.5	\$11,922.0	\$ 30,502.0
Appropriation for Special Projects					
Asbestos Abatement	\$ 4,050.0				
Energy Conservation	777.4				
Build Illinois R & R	15,668.0				
Build Illinois - Science and Technology	107,407.3				
Underground Storage Tanks	62.0				
Americans With Disabilities				\$18,644.9	
TOTAL	\$127,964.7			\$18,644.9	
TOTAL APPROPRIATION	\$136,376.7	\$11,924.4	\$ 19,801.5	\$30,566.9	\$ 30,502.0

^(a)Excludes appropriations for special projects.

TABLE 2
STATUS OF STATE FUNDED CAPITAL PROJECTS

Project Name	Fund Source	Fiscal Year	Project Budget	Est. Compl.	Project Status
URBANA-CHAMPAIGN:					
Superconductivity (Interpass) Facility	FED/CDB	90	\$ 4,950,300	06/95	CONST
Law Building Ventilation Improvements	CDB-BI	91	480,000	10/94	CONST
Armory Remodeling for OIR	CDB-BI	91	816,000	10/94	CONST
Temple Buell Hall	UI FND/CDB	91	13,732,250	02/95	CONST
Chemical & Life Sciences Lab	CDB	91	60,992,900	08/95	CONST
Special Materials Storage Facility	CDB	92	3,174,400	06/95	CONST
Music Library Remodeling	CDB	92	220,900	N/A	CONST
Engineering Quad - Ph. II (demo & utility)	CDB	93	3,999,500	11/94	CONST
Rehabilitation Center Basement Remod.	CDB	94	385,000	N/A	SCHEM
Roger Adams Laboratory Room 116	CDB	94	300,000	08/95	A/E SEL
Chemistry Annex Remodeling	CDB	94	860,000	N/A	SCHEM
Horticulture Field Lab Remodeling	CDB	94	900,000	N/A	A/E EMP
Noyes Laboratory Remodeling	CDB	94	2,585,731	07/95	DESIGN
Elevator Installation - Bid Package C	CDB	94	699,950	N/A	DESIGN
Davenport Hall Classroom Remodel	CDB	94	200,000	08/95	SCHEM
Elevator Installation - Bid Package E	CDB	94	713,788	N/A	DESIGN
Elevator Installation - Bid Package D	CDB	94	665,938	N/A	DESIGN
Concrete & Restrtn Modif - Bid Pack G	CDB	94	141,185	N/A	DESIGN
Restroom Modifications - Bid Package F	CDB	94	742,778	N/A	DESIGN
CHICAGO:					
Replace Penthouse Roofing	CDB-BI	88	\$ 300,000	06/95	DESIGN
Renovate Bioinstrumentation Facility	CDB-BI	88	537,300	10/94	CONST.
Remod Floors 4 - 14 Clinical Sciences Bldg.	CDB	89	9,814,870	10/95	CONST.
Provide Masonry Repairs	CDB-BI	90	164,562	12/94	BIDDING
Remod Architectural Studios	CDB-BI	90	303,286	09/94	CONST.
Remod Rms 124 - 125 Collaborative Research	CDB-BI	90	499,075	10/94	CONST.
Remod Rms 3209 & 3210 Organic Chemistry	CDB-BI	91	950,000	11/94	CONST.
Remod Alumni Hall - South	CDB	91	5,004,448	01/96	DESIGN
Remod Resource Center Anatomical Visualization	CDB-BI	91	186,800	09/94	CONST.
Remove Asbestos Containing Materials Clin. Sci.	CDB	91	2,201,467	03/95	CONST.
Upgrade HVAC Systems Biologic Resources Lab	CDB-BI	91	503,806	01/95	BIDDING
Renovate Service Area and Driveway	CDB-BI	91	153,873	09/94	CONST.
Upgrade Campus Security Systems	CDB-BI	91	165,600	N/A	N/A
Upgrade Campus Fire Alarm System - Phase III	CDB-BI	91	500,000	09/95	DESIGN
Renovate Campus Core	CDB	92	7,942,102	02/95	DESIGN
Remod Rm 3209 For Organic Chemistry Laboratory	CDB-BI	92	300,000	N/A	N/A
Renovate Passenger Elevators	CDB-BI	92	750,000	11/95	CONST.
Remod Rm 3 - North for Medicinal Chemistry	CDB-BI	92	484,400	N/A	DESIGN
Remod For Clinical Research Center	CDB-BI	92	3,408,050	02/96	DESIGN
Remod For Electronic Visualization Laboratory	CDB-BI	93	212,000	06/95	DESIGN
Remod For Kinesiology Laboratories	CDB-BI	93	128,060	03/95	DESIGN
Remod For Comp. Ctr Ben. Goldberg Comp. Ctr.	CDB-BI	93	159,000	05/95	DESIGN
Renovate North Tower - Phase II Neuropsychiatric	CDB	93	5,592,928	09/95	DESIGN
Construct Molecular Biology Research Facility	CDB	93	52,208,400	03/95	CONST.
Remod For Faculty Offices and Labs	CDB-BI	94	1,000,000	N/A	DESIGN
ADA Compliance Modifications	CDB	94	210,210	N/A	DESIGN
New Fire Alarm System	BLD IL	94	939,000	12/95	DESIGN
ADA Compliance Modifications Exterior Work	CDB	94	7,305,380	N/A	DESIGN
ADA Compliance Modifications Interior Work	CDB	94	5,072,039	N/A	DESIGN

FY 1996 Capital Budget Request

The University's FY 1996 Capital Budget Request is comprised of 10 projects at a total cost of \$94.4 million. Table 3 represents a priority listing of the proposed projects for FY 1996 combined for the two campuses.

Overall, the top six priorities reflect the on-going strategic planning of the University to meet high priority needs within anticipated resources. Priorities one through three emphasize reinvestment in the existing infrastructure through repair, renovation and other upgrades to bring existing facilities and infrastructure support systems into line with modern standards and academic program requirements. Priority number four presents an opportunity to leverage state funds on a dollar-for-dollar basis with private gifts to the benefit of both the University and the State.

Priority number five would provide for operating efficiencies associated with the acquisition of centralized administrative computing space. Priority number six provides for upgrades to major utility systems with modern equipment adding capacity to address the diminishing ability of existing systems to meet modern energy demands. Priorities seven through ten reflect the need for further investment in high quality teaching and research space. A more detailed discussion of the top six priorities is found below.

TABLE 3 FY 1996 COMBINED PRIORITY LIST					
Priority	Project	Chicago	Urbana	Total	Cumulative
1	Repair and Renovation	\$ 4,100,000	\$ 5,000,000	\$ 9,100,000	\$ 9,100,000
2	University Site Improvements	5,900,000	6,000,000	11,900,000	21,000,000
3	University Building Remodeling	3,500,000	4,920,000	8,420,000	29,420,000
4	Agriculture Library ^(a)		7,805,000	7,805,000	37,225,000
5	SURS Acquisition		1,472,000	1,472,000	38,697,000
6	University Utilities Infrastructure	4,000,000	5,925,000	9,925,000	48,622,000
7	Art & Architecture Building	23,545,000		23,545,000	72,167,000
8	College of Medicine West Remodeling	10,522,000		10,522,000	82,689,000
9	Freer Hall Remodeling		6,040,000	6,040,000	88,729,000
10	Mechanical Engineering Lab Remodeling		5,675,000	5,675,000	94,404,000
TOTAL		\$51,567,000	\$42,837,000	\$94,404,000	\$94,404,000

^(a) Total Project Cost \$15.610 million includes \$7,805,000 State and \$7,805,000 gift funds.

The first priority is a \$9,100,000 Repair and Renovation request which is comprised of six projects at the Chicago campus and twelve at the Urbana-Champaign campus. These projects address smaller scale renovation needs, not large enough to compete with major

remodeling requests, but which in aggregate represent a critical priority for capital funding. The Repair and Renovation request is vital for the continued renewal of existing University facilities and the provision of up-to-date support for academic programs. Institutions with facilities the size, scope, complexity and age of the University of Illinois must place a high priority on renovation and renewal efforts each year.

The second University priority includes \$11,900,000 for site improvements at the Chicago and Urbana-Champaign campuses. At the Chicago campus, the project will provide \$5,900,000 for renovation of the plaza located between University Hall and the Behavioral Sciences Building to create a major entry point to the University. This work is a logical extension of the Core Campus Renovation project now nearing completion. At the Urbana-Champaign campus, the project provides \$6,000,000 for completion of a project which will help alleviate storm water drainage and seriously damaging flooding problems created by the lack of drainage capacity during major storms. Phase I of the Urbana-Champaign project was funded in FY 1995 and provided for planning of drainage improvements to the Boneyard Creek including a deeper channel and limited water retention. The cities of Champaign and Urbana have active projects underway for Boneyard Creek improvements within their jurisdictions, and it is imperative that the University undertake this project in a timely manner.

The third University priority provides \$8,420,000 for major remodeling including \$3,500,000 for the Clinical Sciences Building at the Chicago campus and \$4,920,000 to continue remodeling in the English Building at the Urbana-Champaign campus. Space in the Clinical Sciences Building will provide offices and research laboratories for the College of Medicine. The English Building project involves remodeling of the north and east sections of the building to provide seven modern classrooms.

The fourth priority, the Urbana-Champaign Agriculture Library, will provide new space to allow the Agriculture and Home Economics library holdings to be consolidated into one site. The building will also provide space for a centralized computer center and much needed meeting and conference rooms serving students and staff in the College of Agriculture. The \$7,805,000 in State support requested for this project will be matched dollar-for-dollar by private gifts which are now in hand.

The fifth University priority would provide \$1,472,000 in funds for the acquisition of a facility which once served the State University Retirement System. The acquisition would allow for the consolidation of administrative computing functions, which are currently dispersed at several locations, for improved working conditions and operating efficiencies.

The sixth University priority provides \$9,925,000 for utility upgrades at the Chicago and Urbana-Champaign campuses. At the Chicago campus, the project provides \$4,000,000 for upgrading the electrical distribution system serving the east campus, and at the Urbana-Champaign campus the project will provide \$5,925,000 for construction of a facility to house a chiller plant in the central campus area. The regional chiller facility will provide replacement capacity for chillers in buildings which are approaching the end of their expected lives.

Priorities seven through ten are outlined in Table 3. Table 4 provides a breakdown of projects by category and campus. Table 5 provides the future funding implications of the proposed projects, and Table 6 details the cost per square foot that is anticipated for new buildings and major remodeling projects requested for FY 1996. Following these tables are project descriptions for the ten projects which comprise the University's capital request for FY 1996.

TABLE 4 FY 1996 CAPITAL BUDGET REQUEST SUMMARY BY CAMPUS AND CATEGORY (Dollars in Thousands)			
Category	Chicago	Urbana-Champaign	Total
Building, Additions, and/or Structure	\$15,775	\$ 7,805	\$23,580
Land Acquisition		1,472	1,472
Utilities	4,000	5,925	9,925
Remodeling	25,892	21,635	47,527
Site Improvements	5,900	6,000	11,900
TOTAL	\$51,567	\$42,837	\$94,404

TABLE 5
FY 1996 CAPITAL BUDGET
FUTURE FUNDING IMPLICATIONS OF PROPOSED PROJECTS
(Dollars in Thousands)

Priority	Project	Budget Category	FY 1996 Request	FY 1997 Costs	Costs for 1998 and Beyond
1	Repair and Renovation	Remod	\$ 9,100		
2	University Site Improvements	Site	11,900		
3	University Building Remodeling	Remod	8,420	\$ 500	\$4,305
4	Agriculture Library ^(a)	Bldg	7,805		
5	SURS	Land	1,472		
6	University Utilities	Util	9,925		
7	Art & Architecture Building	Bldg/Remod	23,545		
8	College of Medicine West Remodeling	Remod	10,522		
9	Freer Hall Remodeling	Remod	6,040	600	
10	Mechanical Engineering Lab Remodeling	Remod	5,675	570	
TOTAL			\$94,404	\$1,670	\$4,305

^(a)Total project \$15,610 includes \$7,805 state and \$7,805 gift funds.

TABLE 6
FY 1996 CAPITAL BUDGET REQUEST
COST PER SQUARE FOOT OF NEW BUILDING & MAJOR REMODELING PROJECTS BY CAMPUS

	Project Cost	Gross Square Feet	Net Assignable Square Feet	Efficiency NASF/GSF	\$/GSF	\$/NASF
CHICAGO:						
New Buildings						
Art & Architecture	\$15,775,150	92,721	55,633	60%	\$170.14	\$283.56
Major Remodeling						
Art & Architecture	\$ 7,769,850	134,167	82,414	61%	\$ 57.91	\$ 94.28
Clinical Sciences	3,500,000	14,250	9,263	65	245.61	377.85
College of Medicine West	10,522,000	229,200	121,800	53	45.91	86.39
URBANA-CHAMPAIGN:						
New Buildings						
Agriculture Library ^(a)	\$15,610,000	65,730	42,700	65%	\$237.49	\$365.57
Major Remodeling						
English Building Classrooms	\$ 4,920,000	28,800	17,280	60%	\$170.83	\$284.72
Freer Hall	6,040,000	62,585	40,680	65	96.51	148.48
Mechanical Engineering Lab.	5,675,000	67,677	41,312	61	83.85	137.37

^(a) Total project \$15,610,000 includes \$7,805,000 state and \$7,805,000 gift funds.

REGULAR CAPITAL PROJECTS

CAPITAL BUDGET REQUEST FY 1996

REPAIR AND RENOVATION - (\$9,100,000)

Chicago Repair and Renovation - (\$4,100,000)

FY 1996 REPAIR AND RENOVATION	
Project Title	Budget Request
Library Compact Storage	\$ 754,000
Kinesiology Swimming Pool Repairs	520,000
Classroom Remodeling - Phase II	702,000
Roof Replacement SEL	1,000,000
Elevator Replacement CSB	689,000
College of Nursing Classroom	435,000
TOTAL	\$4,100,000

Library Compact Storage - (\$754,000)

The objective of this project is to provide environmentally controlled, secure space for storage of library materials. The now vacated former teleproduction space in the basement of the Main Library would be gutted and fitted with compact shelving. The space currently houses 10,000 volumes stored on free-standing shelving. Compact shelving would accommodate more than twice as much material and would result in a cost savings related to the commercial space currently leased for storage of these materials.

Kinesiology Swimming Pool Repairs - (\$520,000)

This project replaces the pool filtration system and provides needed repairs to the swimming pool in the Physical Education Building. The object is to improve the health and safety factors for swimmers and to provide consistent availability of the facility for scheduled classes. The pool is used for scheduled classes in the Department of Kinesiology and for several community outreach programs that combine instructional programming with a physical education component.

Classroom Remodeling - Phase II - (\$702,000)

The UIC Lecture Center Buildings (A-F) were constructed in the initial phase of Chicago Circle Campus construction. The Lecture Center Buildings include 39,225 NASF of space, configured as lecture halls with seating capacities ranging from 50 to 500 students. Few improvements have been made in Lecture Center Buildings in the past 28 years. Renovating the lecture room interiors and installing infrastructure required for educational technology is part of the campus strategy for improving the instructional mission.

The proposed scope of work calls for basic renovation work, including cleaning, painting, repair/replacement of door hardware, installation of new lighting fixtures, replacement of HVAC components and replacement of single pane glazing with energy efficient glass. Existing spaces will be upgraded by installation of new acoustical materials and/or ceiling treatments, new flooring, new seating, and new media systems. A major enhancement will be the installation of Digital Display Consoles, cabling and peripheral devices to support the use of slide projectors, IBM and Macintosh computers, CD-ROM devices, academic data network connections, audio cassette and CD players, and other instructional media devices.

Roof Replacement SEL - (\$1,000,000)

The original built up roof of the Science and Engineering Laboratories (SEL) Building is over 27 years old, has exceeded its useful life, and is in need of replacement. This is supported by roof surveys which indicate a high moisture content and visual inspections revealing deterioration of roofing materials including failed base flashing and metal fatigue over expansion joints.

Elevator Replacement CSB - (\$689,000)

This project replaces the 40 year old elevators in the Clinical Sciences Building (CSB). The elevator controls are relay logic type and parts are no longer available. Equipment failures have become excessive and repairs more costly. The scope of work includes the installation of new controllers and door operators, the overhaul of all hoist machines and governors, and the installation of cabs.

College of Nursing Building Basement Classroom Renovation - (\$435,000)

The project remodels the underused classroom and locker room facilities in the basement of the College of Nursing Building. The existing classroom will be enlarged to create a classroom with seating capacity for 200 students. The classroom will be available for campus-wide use. The west side of campus is in great need of large classroom space. Outmoded locker room facilities will be made smaller and modernized to serve both men and women nursing students. The scope of work includes revised HVAC system, revised electrical system, removal and relocation of lockers, removal of water closet and lavatories, removal of walls, and installation of piping for modified lavatories.

Urbana-Champaign Repair and Renovation - (\$5,000,000)

FY 1996 REPAIR AND RENOVATION	
Project Title	Budget Request
Bevier Hall 4th Floor Lab Renovations	\$ 560,000
Met & Mining Bldg. Remod 1st, 3rd & 4th Floors	575,000
Law Bldg., Remod Academic and Student Areas	315,000
Library, Renovate Departmental Libraries - Phase III	500,000
Psychology Lab Plaza Deck Replacement	525,000
Convert CFC Chillers to Non-CFC Chillers - 6 Locations	600,000
Vet Medicine LAC - Replace Roof "A"	300,000
Burnsides Lab, Repl. Absorb. Machine/HVAC Improvements	300,000
Fire Alarm Upgrade, Phase IV	450,000
Lecture Room Accessibility Improvements, Phase III	250,000
Education Bldg., Ren. Basement & 1st Flr for Video Instr.	350,000
Planning/Asbestos Abatement	275,000
Total	\$5,000,000

Bevier Hall Fourth Floor Laboratory Renovations - (\$560,000)

Most of the instructional and research laboratories on the fourth floor of Bevier Hall remain unchanged from the time of original occupancy in 1956. Food Sciences instructional and research programs have changed significantly over the years to more precision-oriented experimentation requiring sophisticated laboratory space. The current laboratories no longer meet program needs due to outdated physical arrangements of space. Also, overloaded electrical circuits and failed plumbing systems have increasingly become common occurrences in these nearly 40 year old laboratories.

This remodeling will upgrade the electrical and plumbing systems, reconfigure laboratory spaces, and in general, modernize the laboratories. The current instructional and research programs are closely intertwined with both undergraduate and graduate students working with specialized equipment in research laboratories as well as in two instructional laboratories. One large laboratory will be divided into a wet chemistry laboratory and a food processing laboratory, two activities that are now not safely compatible in the same room. Several small, obsolete, special purpose laboratories will be combined with adjacent areas to develop more useable spaces to accommodate the changing instructional and research needs located in Bevier Hall.

Metallurgy and Mining Building, Remodel First, Third, and Fourth Floors - (\$575,000)

This project entails the renovation and minor remodeling of three areas within the Metallurgy and Mining Building (MMB). Originally constructed in 1908 for the Department of Physics, the building is now shared by the Department of Materials Science and Engineering (MATSE).

The proposed remodeling will greatly benefit MATSE. Given the present physical limitations of the building, MATSE is unable to do all the instruction and research

which is required of the materials science and engineering discipline within the currently assigned space. Included in this project is space that will be utilized for a senior design course. Current projects are squeezed into existing instructional laboratories or in corners of research laboratories. Much of the space in MMB has not been remodeled for more than 30 years and MATSE is unable to expose students to current modern technology and equipment that they will encounter in industry upon graduation.

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

Law Building, Remodel Academic and Student Areas - (\$315,000)

The focus of this remodeling project is the upgrading of academic and student spaces that could not be addressed in the recently completed Law Building Addition and Remodeling project. Central to this need is the requirement to renovate the student locker and mail box area which serves as the "hub" of student activity in the College of Law. This component of student space, along with the main academic corridor in the building, will be greatly improved through the installation of better lighting. Lighting in the original six classrooms, the Auditorium, and the Court Room will also be replaced.

Another important aspect of this project includes upgrading the main women's restroom on the first floor near the entrance to the building and the central men's restroom located by the student locker area. These restrooms are used extensively by Law students, especially during periods of on-campus interviews by prospective employers. These facilities date to the original construction of the Law Building, have not been upgraded during the past 40 years, and are past due for this proposed upgrading.

Library - Renovate Departmental Libraries, Phase III - (\$500,000)

With the exception of an addition to the northwest corner of the Main Library in 1964, the user and staff spaces of this building have changed very little since the Library was dedicated in 1929. The Library remodeling effort, of which this is Phase III, is improving the configuration and quality of the spaces occupied by various departmental libraries located primarily on the second and fourth floors of the Main Library.

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

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

Psychology Laboratory Plaza Deck Replacement - (\$525,000)

The plaza deck at the Psychology Laboratory is failing. The brick surface has severely deteriorated and the waterproof membrane under the brick has deteriorated to the point where leaks are occurring in the space below the plaza deck. The infiltration of water has caused differential movement of the brick walking surface while the brick side-walls and stairs are showing movement requiring major repair or replacement to stop the deterioration. This project will consist of removing the existing plaza deck brick, installing a new waterproof membrane system, and replacing the failed brick with a new walking surface and sidewalk material.

Convert CFC Chillers to Non-CFC Chillers - Six Locations - (\$600,000)

Legislation has been passed that will remove Chloro-Fluorocarbon (CFC) refrigerants from the marketplace by 1995. This project is part of a phased program to convert or replace the existing CFC chillers to non-CFC chillers. Also included in this project is part of a phased program to replace the existing absorption machines on the campus which have reached or exceeded their normal 20-25 year life expectancy. The majority of the absorption units on campus were installed during the 1960 to 1968 period. The locations where the CFC conversions will occur are as follows: North Chiller Plant (One 900-ton machine), Hazardous Materials Laboratory (One 200-ton machine), Veterinary Medicine Boiler Plant (One 1600-ton machine), Student-Staff AC Center (One 1200-ton machine), and Kinkead Pavilion (One 200-ton machine); the location for absorption machine replacement is Everitt Laboratory (200-ton absorption machine).

Veterinary Medicine Large Animal Clinic - Flat Roof Replacement - (\$300,000)

This built-up roof has not had any major repair work since it was constructed in 1975 and it has deteriorated to the point that leaks are occurring frequently and roof failure is imminent. This project will remove the existing damaged roof and replace it with insulation to improve energy efficiency and a rubber membrane roofing system which will eliminate the current problem while providing another 20 or so years of good service.

Burnsides Lab Replacement of Absorption Machine/HVAC Improvements - (\$300,000)

Burnsides Laboratory, constructed in 1963, has the predictable problem of the existing absorption chiller reaching the end of its expected 25 year life. Additionally, the existing ventilation system does not serve the needs of the teaching and research programs in the building. This project will replace the existing absorption machine with an electric chiller that has the capability of adjusting its cooling capacity. There

will also be modifications to the existing HVAC system using the space vacated in the building's basement when the original cooling towers were replaced four years ago.

Fire Alarm System Upgrade, Phase IV - (\$450,000)

Numerous campus buildings are equipped with substandard fire alarm/evacuation systems or no fire alarm systems at all. The Urbana campus has developed a program which addresses this serious deficiency in a systematic manner by upgrading the alarm system in a few buildings each year. The approach is to upgrade the alarm system in buildings with a relatively high occupancy level or buildings that will have remodeling or renovation activities in them. This program will install the new Pyrotronics main sensing panel, replace existing detectors, and add additional detectors where applicable, but will probably not install a complete detection system in each building. The buildings to be upgraded with this request are: Noyes Laboratory and the Metallurgy and Mining Building. This will allow the campus to upgrade the alarm system in these buildings in conjunction with future remodeling projects.

Lecture Room Accessibility Improvements, Phase III - (\$250,000)

The Americans with Disabilities Act (ADA) funding to date has extended accessibility to assure program access to critical rooms, but improvements are needed within rooms to make them more user-friendly. This request will make improvements to the campus' 22 lecture rooms with a student capacity of 200 or more to provide better seating accommodations, listening devices, and accessibility to the front of the room for instructors when possible. This project represents a known shortfall in the existing ADA project funding levels which were allocated from the FY 1994 state ADA program.

Education Building, Renovate Basement/First Floor for Video Instruction - (\$350,000)

The College of Education has undergone changes in what is taught to their students and more so how the college instructs their students and delivers continuing education to teachers around the state. "Video-enhanced" instruction is being requested more and more by the various departments in the College of Education and by school systems throughout the state.

This request will create a video instruction center in the basement of the Education Building. This center will be used for undergraduate and graduate classes that require video capabilities and the application of technology to instruction. In addition, the center will be networked to a new video teleconferencing center that will serve the Continuing Education and Public Service programs of the University and will reside in the Education Building.

Besides the creation of video instruction spaces, six rooms will be reconfigured to serve as classroom and seminar rooms. These spaces will provide support for both undergraduate and graduate programs in the College of Education. This type of remodeling, the improvement of both the availability and the quality of instructional space, has been identified by the department heads and chair in the college as their highest priority with regards to instructional needs of the College of Education.

Asbestos Abatement/Project Planning - (\$275,000)

This project will provide the funds necessary to remove asbestos in order to implement seven of the FY 1996 repair and renovation requests. The amounts will average approximately \$10,000 per project. In addition to asbestos abatement, there are three deferred maintenance projects and three programmatic requests that require planning in FY 1996 in order for them to be accomplished in the summer of 1997 as FY 1997 requests.

UNIVERSITY SITE IMPROVEMENTS - (\$11,900,000)Core Campus Improvement Continuation - \$5,900,000 - Chicago

This project is a continuation of projects developed to improve the functional efficiency and aesthetic appearance of the portion of campus that was designed and constructed for the University of Illinois Chicago Circle in the 1960s. These projects, which have been implemented with local funds, soften the heavy concrete environment through landscaping, walkway relocation and repaving, installation of emergency telephone kiosks, and removal of brick walls. These projects have been instrumental in improving the environment of the campus for students and teachers and in facilitating the flow of pedestrian traffic between classroom buildings, the library, housing, and student service areas.

In FY 1993, the state approved a \$7.1 million capital request for a Campus Core Renovation Project. The scope of this project included the demolition of upper level walkways, re-roofing of Lecture Center A-F, and site improvements. The project focused on the area bounded by the Science and Engineering Laboratory Building, the Richard J. Daley Library, University Hall, Harrison Street, the Architecture and Art Building, and Chicago Circle Center. A continuation of these efforts is required to complete these site improvements, making the campus more functional and more attractive to current and prospective students, faculty and staff.

The proposed East Campus Student Circulation and Entry Plaza Improvement project will implement plans for major improvements in the area to the north and west of the Campus Core project. The proposed project will focus on the development of Morgan Street, the west edge of the campus core project, and will complete site improvements in plazas, courtyards, and circulation nodes. The project will also include the reconfiguration of service access to minimize conflicts between pedestrians and motor vehicles.

The location of the work will include Morgan Street from Harrison south to Taylor Street, the entry to the CTA elevated station at Peoria Street, the core classroom cluster courtyards, tree gardens, and the south garden.

The width of vehicular lanes on Morgan Street will be reduced to prohibit non-university traffic and to define the western edge of the east side of campus. Morgan Street will be paved and landscaped medians similar to those on Harrison, Halsted, Taylor, and Roosevelt will be constructed.

Plazas will create obvious entry points to the campus. The plaza between University Hall and BSB and north of the Morgan Street cul-de-sac will be completely demolished and redesigned with provisions for disabled persons drop-off and for service vehicles. A second plaza near the CTA station will be installed.

Courtyards in the two classroom clusters (Burnham, Addams and Taft Halls and Lincoln, Douglas and Grant Halls) will be renovated after the completion of the current ADA improvements to those buildings. The tree gardens will be replanted and extended to increase the amount of green areas on campus. The South Garden will be redesigned to restrict vehicular traffic and replanted.

Walks will be developed along Morgan Street and as an integral part of the plazas, courtyards and gardens. Walks extending into the interior of campus will connect with those completed in earlier projects. The walks will provide an integrated pedestrian circulation system to connect the plazas to the Chicago Circle Center, the Student Residence and Commons, the Lecture Centers, Grant, Douglas and Burnham Halls, University Hall, and the Behavioral Sciences Building.

The scope of work will include the demolition of existing asphalt walks, concrete drives and curbs, and brick walls. The project will involve the relocation of parking lot #2, light fixtures, security phones, utility lines, signs, plant material and reconfiguration of University Hall and Behavioral Sciences Building service access. Improved lighting, concrete paving and edging for sidewalks, landscaping, irrigation, signage and street furniture will be installed.

Campus Flood Control - Boneyard Creek Improvements, Phase II - (\$6,000,000) - Urbana

This project will provide improved storm water control in the north campus, an area that has experienced continuing flooding problems during major storm events in the past several years. Drainage improvements to the Boneyard Creek along its route from Wright

Street to Lincoln Avenue will be addressed, including improvements which are aimed at lowering the flowline of the channel three feet between Wright Street and Lincoln Avenue.

In addition to lowering the flowline, many current narrowing barriers will be eliminated and limited water detention will be built into the Engineering Quad in an aesthetically designed solution. The proposed improvement will be an open stream from Wright Street to Kings Highway and an enclosed double box culvert from Kings Highway to Lincoln Avenue. The bridges at Mathews, Goodwin, and Gregory Avenues will be replaced with the installation of this double box culvert. All utility relocations made necessary by these storm water control improvements have also been considered in the scope of this project. These improvements are part of a comprehensive plan being developed jointly by the University and the City of Champaign to alleviate flooding problems throughout Champaign and the Urbana campus without adversely affecting the City of Urbana on the downstream side.

UNIVERSITY BUILDING REMODELING - (\$8,420,000)

Clinical Sciences Building Remodeling - (\$3,500,000) - Chicago

The College of Medicine occupies space in ten buildings on the West side of campus. Only one-third of the space assigned to the College of Medicine was designed and built for academic and research purposes. While some remodeling has occurred, a large portion of the space remains unsuited for medical teaching and research activities. This is the case with the space in the Clinical Sciences Building which was formerly a hospital-patient care facility.

The Clinical Sciences Building (CSB) is a 14-story, 240,000 GSF structure which housed the University Hospital prior to construction of the new hospital in 1981. Plans for the building provide for the first two floors to be used for clinic and clinical support functions. In concert with the hospital and the proposed Ambulatory Care facility, this will locate patient access functions on the first and second floor of these facilities. Upper floors of the Clinical Sciences Building will house the research laboratory and administrative support functions.

Funds were appropriated and released in FY 1987 to renovate or replace the building's electrical and mechanical systems in the core areas of the building. As space is remodeled and upgraded in the building, lateral distribution systems for each floor must be installed to connect to the core electrical risers, new mechanical rooms must be created on each floor to serve remodeled space with central heating, ventilation, air conditioning and electrical power. New

central public restroom facilities must be created, and this work must be accomplished concomitant with corridor and space remodeling.

This project involves the renovation of 9,263 ASF in the Clinical Sciences Building for research laboratories and offices for academic clinicians, research faculty, and staff in the departments of Medicine and Surgery. Modern facilities are essential to accommodate advances in scientific research, which is now heavily reliant upon sophisticated equipment and instrumentation.

The scope of work includes interior reconfiguration as required for offices, labs and corridors including; laboratory piping; upgrade of the mechanical and electrical systems; new flooring; window replacement on floors 8, 9, and 10. On the fourth floor east wing, 2,472 ASF will be remodeled for administrative offices for the Department of Surgery. On the seventh floor south wing, 2,455 ASF will be remodeled for research laboratories and offices for academic clinicians, research faculty, and research staff in Endocrinology. On the seventh floor north wing, 2,685 ASF will be remodeled for research labs and offices for Gastro-intestinal and Pulmonary Care. On the eighth floor east wing, 1,652 ASF will be remodeled for offices for the Department of Medicine.

English Building Classroom Remodeling - (\$4,920,000) - Urbana

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

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

Agriculture Library - (\$7,805,000) - Urbana

Estimated Total Project Cost	\$15,610,000
Estimated Bond-Eligible Funds Required in FY 1996	\$7,805,000
Estimated Non-State Funding (Gift)	\$7,805,000
Gross Square Feet	65,730
Net Assignable Square Feet	42,700
Building Efficiency	65%

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

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

The proposed College of Agriculture Library will be designed to meet the Illinois agriculture information needs well into the 21st century by meeting the demands of the computer age. This project will provide flexibility for expansion and will enable the College to unify its agriculture and home economics collections along with its information and computer services into a centralized location.

Included in the project is room for all the current holdings of the College plus growth space for library material in the stack areas. The new Agriculture Library will also provide modern up-to-date computer facilities, large meeting rooms, several small conference rooms, and patron study space.

The Agriculture Library is programmed to contain the following types and amounts of space:

<u>Room Type and USOE Code</u>	<u>NASF</u>
Laboratory (220)	3,000
Office (310, 315, 350)	7,250
Stack (410, 420, 430, 440)	27,470
Exhibition/Lounge (620, 630, 680, 685, 690)	4,980
TOTAL	42,700

<u>Project Costs</u>	<u>Estimated Total Project Cost</u>	<u>Request for FY 1996</u>	<u>Requested for FY 1996 and Beyond</u>
Basic Building Cost (including Fixed Equipment, Utilities, Professional Fees, and Movable Equipment)	\$15,610,000	\$7,805,000	
Utilities (included in Basic Building Cost above)	(1,384,500)	(692,250)	
Planning (included in Basic Building Cost above)	(1,654,490)	(827,245)	
TOTAL	\$15,610,000	\$7,805,000	
*This project will be a shared funding project, using private donor funds (solicited by the College of Agriculture) and Capital Request funds.			

SURS Acquisition - (\$1,472,000) - Urbana

The availability of the State University Retirement System (SURS) facility presents an opportunity to address persistent space problems at the Urbana-Champaign campus. Consolidating Administrative Information Systems and Services (AISS) operations in a single location will improve working conditions, enhance operating efficiency, and release some central campus space for reassignment to other units. The University administration has reached an agreement with SURS for the sale of their property to the University for the sum of \$1,472,000.

UNIVERSITY UTILITIES - (\$9,900,000)East Side High Voltage Electrical Distribution System Renovation - (\$4,000,000) - Chicago

The existing 12,000 volt distribution system utilizes three conductor paper insulated, lead shielded cable. This type of cable, at one time in general use by nearly all electrical companies, has fallen into disfavor because of its rate of failure as it ages, and the high cost of installation and maintenance. New and better technologies have given rise to a new generation of cable and techniques. The increased frequency of campus electrical outages can be attributed to the age of the cable and the fact that each time a fault occurs, the cable is stressed and becomes weakened.

The project provides for Phase I, a multi-phase project to upgrade the electrical distribution system serving the east side of the campus. Phase I will cover the installation of new ducts to carry electrical cable. Because the existing duct work cannot be used for the cable replacement, a new system of distribution duct work must be provided. Later phases will provide for installation of electrical cabling.

Central Campus Air Conditioning Center - (\$5,925,000) - Urbana

The Central Campus Chiller Plant is proposed as a phased project. The intent of the complete project is to construct a chiller plant in the central campus area providing a central source of cooling for a number of buildings in the vicinity of the Quad. This project will initially supply chilled water for the proposed Roger Adams Laboratory Renovation project by replacing the existing 27 year old chillers which are near the end of their expected life. Additionally, the Chiller Plant will provide chilled water for anticipated renovation projects that are needed to upgrade Davenport Hall, Noyes Laboratory, and the Natural History Building, all three of which will be predominately instructional laboratory and classroom buildings. Morrill Hall which is a research laboratory will also be supplied by this Chiller Plant in the future. The Chiller Center will provide future flexibility picking up loads that are currently served by the Library Air Conditioning Center (Bevier Hall, Busey-Evans, and Music Building) and the Student-Staff Air Conditioning Center (Burrill Hall and Medical Sciences Building). This will provide spare capacity to supply chilled water to anticipated renovations to Lincoln Hall (Library AC Center) and the future development of the area east of Krannert Center for the Performing Arts. The Urbana Campus has found that the diversity created by regional AC Centers is much more reliable than separate chillers for each building. The AC

Centers provide redundancy in case of failure during the cooling season that is not available with separate building chillers.

This project will include construction of a facility sized to house approximately 7500 tons of steam absorption and electric chillers with required auxiliary equipment. This phase will install approximately 3600 tons of chiller capacity with auxiliary equipment and necessary cooling towers, utilities and chilled water distribution piping to Roger Adams Laboratory and extended along Mathews Avenue to Illinois Street.

A&A Laboratories Remodeling and Building Addition - (\$23,545,000) - Chicago

The Architecture and Art Building is a multi-story brick structure of approximately 82,000 gross square feet. The programs of the College have expanded significantly since construction of the existing building in 1968. The proposed Architecture and Art Building remodeling and addition will help provide the space required to accommodate the College's programs and will facilitate the relocation of the College's dispersed faculty, students, and administration from six different locations to two campus locations. The proposed building additions will satisfy the College's most urgent space needs and help to promote greater program efficiency and effectiveness for AAUP. The major elements of the proposed program of remodeling and construction are improvement of instructional space, provision of office space, rationalization of circulation patterns, improvement of vertical circulation, upgrading of power and telecommunications/computer system distribution, and code compliance.

The proposed remodeling/construction will provide facilities to serve students and faculty in the School of Art and Design's programs in Communication Design, Photography, Film and Electronic Visualization, Industrial Design, and Photography; the School of Architecture; and the Department of History of Art and Architecture. It will provide space for the College's slide library, resource library, and Art Study Collections, all of which are currently located in other campus buildings. The program will also provide for the consolidation of administrative office space.

College of Medicine West Remodeling - (\$10,522,000) - Chicago

The College of Medicine West Building and College of Medicine West Tower (Buildings 908 and 909) were built in 1924 and 1931, respectively. The buildings contain 229,200 GSF and 121,800 NASF of space and are located on the Health Sciences Center campus, at Polk and Wolcott Streets.

The proposed remodeling project is an essential component of the campus plan for improving the programs of the College of Medicine. The project will upgrade mechanical services and utilities for each floor of the building including heating, air conditioning equipment, special exhaust, laboratory utilities systems, water and waste systems, and electrical power. Local floor distributions of the systems will be accomplished as the individual floors are remodeled. The proposed scope of work includes installation of a variable air volume central heating and cooling system; new electrical circuitry, new piping; and automation of the existing manual elevators. Interior remodeling will be addressed in subsequent phases of the project.

Freer Hall Remodeling - (\$6,040,000) - Urbana

The College of Applied Life Studies (ALS) is currently decentralized in Huff Hall, Freer Hall, and the Armory. By creating an infill floor in Freer Hall and converting the first floor from office space to classrooms and computer laboratories, it will be possible to consolidate ALS into this facility and thereby allow the College to vacate all permanently assigned space in both Huff Hall and the Armory.

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

Mechanical Engineering Laboratory Remodeling - (\$5,675,000) - Urbana

The Mechanical Engineering Laboratory currently is a building of approximately 48,000 NASF constructed in 1905 with an addition in 1917. The continued use of the building was in question until the recent North Campus Master Plan prepared by Sasaki & Associates was completed. Sasaki & Associates recommended that this building be retained, forming the east edge of the Engineering Quadrangle. In that location it will serve the needs of the Mechanical Engineering Department, as well as other departments that are related in scope and educational content, such as Aeronautical and Astronautical Engineering.

This building was originally built as a part of the University Physical Plant and served in that capacity until the early 1950s. Because of the original construction and use of the building, major remodeling is required to bring it up to modern standards for laboratory and office space. The renovation will include either a complete roof replacement or a major renovation of the existing roof. The basic structure of the building is acceptable but the interior space needs upgrading. Recent internal remodeling has realigned the floor levels in the building to make them more accessible and useful for instructional laboratories, research laboratories, and office space. This project will develop the large open area and the crane bay area into specific laboratories and offices, which will require new floor and wall construction and a central heating and cooling system for the entire building.

The programs currently envisioned to occupy the space are in the fields of thermal sciences, thermal dynamics, and air and water flow research as well as other related research fields. It is anticipated that additional laboratories will be developed. These will be set up in approximately 780 to 900 square feet modules with central utility chases serving the rooms. This approach allows constructing rooms for current use with the ability to easily adapt them to future uses.

The current plan creates a lower office and wet laboratory level with at least one area being devoted to a high ceiling laboratory (two stories high) for use in fluid flows research. The second level will have 12 office/laboratories of less than 300 square feet each, four office/laboratories at 360 square feet, and two office/laboratories at 600 square feet. The proposed use will meet the current needs and requirements of the Mechanical Engineering staff with allowances for anticipated future growth. When the remodeling of this facility is completed, it will serve the Mechanical and Industrial Engineering Department's research needs in thermal sciences, thermal systems, and fluid and air flow research.