



Preface

Preparation of the annual budget request provides an ideal time for reflection about the myriad factors affecting an institution of the size, scope and complexity of the University of Illinois in the years ahead. As with other institutions in our society, we find, for example, that we must work increasingly hard simply to keep pace with rapid changes in technology which permeate virtually every aspect of our operation. Some of those advances are so extensive they have the capacity to change the natural environment, the way work is conducted, or the very structure of society. Society will look to institutions like our University to examine and understand the impact of those changes, even as we try to adapt to them in our own operation.

New students coming to our campuses will be increasingly sophisticated about technology and will expect an educational environment which responds to and enhances their sophistication. At the same time new opportunities for "distance learning" which can take place independent of the bounds of time or place are expanding rapidly. Along with meeting the expectations of our traditional clientele the University must take a leadership role in developing sound educational offerings in this "asynchronous" environment or risk falling behind as other leading institutions or a host of new ventures from consortia or the private sector forge ahead.

Significant opportunities for streamlining our business and support functions can be found through applications of new technology. But those opportunities carry corresponding needs to change longstanding processes which have served the institution well, to ensure the availability of adequate training in new applications, and, in some cases, to effect changes in the regulatory environment in which the University must function as a public institution.

The fiscal environment in which the University operates is fluid as well. At the federal level, twin emphases on a balanced budget and deficit reduction will shift responsibility for a variety of social and human services to the states, in areas in which the struggle for scarce resources is already intense. The competition for federal research support will intensify, demanding a greater investment of matching support and increasing the need for institutions to attract and retain top-quality scholars with access to state of the art equipment and facilities simply to sustain our current high level of federal support. And of equal concern, the continuing focus on cost containment for health care delivery presents serious issues for education in the health professions and the conduct of the University's own patient care programs. Resource allocation decisions at both the federal and state levels will stress increased accountability, productivity and cost containment. Paradoxically, the value of higher education as a critical component in national, state and local economic development will continue to grow. In the post-industrial economy, our nation will increasingly depend on new knowledge created through leading-edge research conducted at a relatively small number of institutions like the University of Illinois and moved from the academy into application and production at an increasingly rapid rate. In such an environment the value of a college degree to the individual will also continue to grow, even as concerns about affordability remain.

As a knowledge-based economy continues to evolve, it has clearly become one of global scope and scale. The students we prepare for careers in the 21st century must appreciate the international dimension of issues related not only to the economy but a wide range of social and cultural concerns and we must augment our curricula to reflect this dimension.

In short, the University operates in a highly dynamic environment. As change continues in both the development of new knowledge and the advance of technology, the political, social and organizational environments in which universities operate will become more uncertain. New opportunities for advancement–and new risks for those who fail to advance–will arise more frequently than in the past, sometimes in ways unimaginable only a few years earlier.

At the same time, institutions must develop a clear sense of where they are headed, even if the dynamic nature of the environment in which they must operate creates a measure of uncertainty. For this University and its President, that direction is clear. The University of Illinois will be fully engaged with the society it serves, providing leadership in education and research for the people of Illinois at an internationally recognized level. We will deliver superb undergraduate, graduate and professional education to a diverse student body; we will continuously improve the quality of our academic and research programs; and we will operate using the best management practices.

The University's FY 1999 operating budget request reflects this sense of direction, along with the impacts of the varied–and sometimes conflicting–environmental issues just outlined. Sensitive to the State's overall economic climate and important budget needs from other social and human services which must be addressed, our FY 1999 request seeks a quite modest increase in salary and expense support. We recognize that the State cannot meet the full range of our fiscal needs for even our most imperative program advances. We will continue the thoughtful redirection of existing resources to augment what can be provided from new tax support.

As always, the ability to attract and retain top-quality faculty and staff remains our paramount budget objective. Excellent progress was achieved in the current year, spurred by significant program support for faculty salary competitiveness at Urbana-Champaign. But such progress is fragile and new funds for the coming year must at least be adequate to keep us from losing ground just gained. We are prepared to continue reallocation efforts to further close the competitive salary gap.

While inflation has been low for an extended period, it has not been absent entirely. The University has not received any funds to cover price increases since Fiscal Year 1990, resulting in the loss of nearly \$25 million from our academic support base. It is time to halt this creeping erosion of our support base.

Our priorities for FY 1999 academic program advances reflect five important needs:

- Strengthening our academic base by restoring a full complement of teachers and scholars who will concentrate on improving undergraduate education, enhancing the international component of our curricula by sustaining a crucial level of support for world-class research which has brought the University to the forefront of the nation's research and development efforts;
- Improving technology by adding both equipment and personnel to support it and by exploring new instructional modes, especially those which facilitate distance learning;
- Expanding our linkages and services to the State of Illinois and its citizens;
- Improving the operational infrastructure which supports our academic programs; and
- Increasing operating budget support for facilities renovation needs begun in a precedent-setting effort this year.

Each of these themes is outlined in detail in the document which follows.

Our capital budget priorities for the coming year reflect not only the continuing need for remodeling and renovation, but for construction of two significant facilities: a new science building for the College of Medicine in Chicago and a major new air conditioning center in Urbana. While the initial costs of these critically important projects are significant, the return on these investments is substantial, in the form of

strengthened competitiveness for federal grants by College of Medicine faculty and in the form of greatly improved energy efficiency and reduced maintenance costs at Urbana. Above all else, the University's capital needs can be addressed most expeditiously by the State's returning to a regular annual capital budgeting process, ending the roller coaster experiences of the past three years.

The last four years have produced a most welcome measure of budget stability for the University of Illinois. The combination of modest increases in tax and tuition support along with significant redirection of existing resources has moved the University ahead and we seek to sustain that progress as we look to Fiscal Year 1999.

> James J. Stukel President

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Overview

A robust Illinois economy combined with low unemployment levels and continued low inflation produced a solid budget advance for the State in FY 1998. General Funds appropriations grew by just over 5.1% for the State as a whole. Led by a renewed focus on fiscal needs for elementary and secondary education and the perennial need for additional attention in a variety of social and human services area, competition for available new revenue continued to be intense.

The University of Illinois has enjoyed a four-year period of budget stability achieved by the combination of modest tax and tuition increases combined with redirection of existing resources from lower to higher priority programs. For the fourth consecutive year, the Illinois Board of Higher Education (IBHE) developed FY 1998 budget recommendations for Illinois's colleges and universities which were positive yet modest and which took cognizance of the intense competition for scarce State resources. For the fourth year in a row as well, the Governor's budget as presented to the General Assembly fully incorporated the IBHE recommendations. The shift to a more restrained set of budget recommendations accompanied by a solid demonstration of higher education's willingness to redirect existing resources to areas of high priority have combined to improve the credibility with which the IBHE's operating budget recommendations have been received by the Governor since the advent of the Priorities, Quality and Productivity ($P \cdot Q \cdot P$) initiative four years ago.

For the first three years of the P·Q·P initiative, the General Assembly concurred with the Governor's budget recommendations and appropriated funds to enact the IBHE budget recommendations in their entirety. For FY 1998, however, the General Assembly chose a slightly different course, making changes in appropriation recommendations for several components of the higher education budget, including the University of Illinois and setting the total amount appropriated for higher education operations \$2.2 million below that recommended by the IBHE and endorsed by the Governor. Nonetheless, higher education appropriations grew by 5.8% for FY 1998, above the statewide average.

As was the case a year ago, the FY 1998 budget for the University of Illinois is characterized by modest but critically important growth in State tax support, general

Key budget advances for the current year included:

- \$4.8 million to attack the faculty salary competitiveness problem at Urbana
- \$4 million to match a new NSF grant of up to \$170 million over 5 years for supercomputing.
- a precedent setting increment of \$1 million to begin to address the huge backlog of deferred maintenance needed at all campuses.

tuition increases approaching the rate of inflation and significant internal reallocation to augment increases in tax and tuition support. Three budget advances made possible by increased State support for FY 1998 merit special mention. First, an additional \$4.8 million was provided to address critical faculty salary competitiveness problems at Urbana-Champaign. These funds will make it possible to recover a solid portion of the ground lost earlier in the 1990s when severe fiscal constraints at the State level caused the University to become dramatically less competitive with its peers in faculty salary competitiveness. Combined with a continued priority to redirect existing resources to this paramount budget need, the special salary increment of \$4.8 million will boost the University's ability to retain those faculty whom it is in the most danger of losing.

Second, the State provided an increment of \$4 million as matching support for a new five-year grant of up to \$170 million which the University's National Center for Supercomputing Applications (now known as the National Computational Science Alliance) secured after a national competition sponsored by the National Science Foundation. NCSA's accomplishments during its first ten years are unmatched by any other university and the State's willingness to continue its effective partnership with the federal government and the corporate sector through the NCSA vehicle holds great promise for continued research and development accomplishments from the University of Illinois in this area of international prominence.

And third, the FY 1998 operating budget recommended by the IBHE and the Governor and adopted by the General Assembly includes a precedent-setting component providing just over \$1 million in recurring funds for deferred maintenance and repair/renovation needs. The University has long sought recognition of this growing problem. Given the growing uncertainty over annual capital appropriations and the presence of significant backlogs of deferred maintenance needs, provision of recurring operating budget support to attack the backlog is a major accomplishment.

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

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

A New Budget Framework for the Balance of the 1990s

Redirection of existing resources to meet high priority funding needs is an integral and ongoing part of the University's annual budget process. For the University of Illinois the early 1990s brought diminished State tax support with two years of outright reductions in combination with general tuition increases held to the level of inflation. What has changed substantially from the earlier period has been the University's determination to redirect resources internally. In earlier times reallocations might have been made on an ad hoc basis to accommodate declining support, but with the expectation that the next year's funding from the State would improve. Now, however, the University has recognized the importance of adopting long-term budget planning strategies which include redirection of existing resources as an integral component augmenting tax and tuition support. Within the framework of well-developed long-range plans, resources have been shifted at each campus from programs of relative lower priority to those of higher priority. The campuses have undertaken a fundamental reexamination of the uses of all existing resources and, perhaps most importantly, have concluded a comprehensive review of their overall academic directions. They have recognized that the danger of attempting to preserve all existing programs and operations in an era of fiscal constraint is that none can maintain the excellence and quality achieved over decades of prudent investment.

Successive years of modestly improved State tax support plus increases in general tuition revenue have combined with substantial reallocation of existing resources to

The single most critical component of budget stability achieved over the last four years is solid State tax support. produce stable budget advances. Yet it remains clear no single source of support is adequate to meet the full range of key budget needs. The University can likely expect only modest assistance from State tax support and from annual growth in tuition, making it amply evident that redirection of existing resources will be an essential element of its budget planning and success for the foreseeable future. So long as this combination of budget elements can be sustained, the University can extend the stability achieved since FY 1995.

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

FY 1998 Budget Outcomes

For Fiscal Year 1998 this mix of positive improvement in budget sources has produced solid progress on the University's most important funding objectives. Tax support for the University increased, although growth was below the average increase for higher education and the State as a whole. Additional tuition revenues were derived from two sources: general increases for all students and a set of special-purpose increases from which all income was specifically dedicated to improvement of instructional programs largely at the professional level. In total, the \$34.5 million in incremental appropriated funds provided growth of 4.2%.

As was the case a year ago, significant internal reallocation accompanied this increase in State support. A total of \$11.5 million was redirected, the equivalent of another 1.4% budget increase. The reallocations accomplished since FY 1995 are outstanding examples of program advances that are possible when incremental tax and tuition revenues are coupled with significant internal reallocation.

Achieving salary competitiveness for all employees remains a top priority for redirected funds. As in most years, reallocated funds were added in largest measure to help address the serious competitive salary gap facing faculty and staff at all three campuses. While final data for peer institutions won't be available for several months, projections indicate that competitive gains have been achieved for both faculty and staff. With the availability of the special increment for faculty salary competitiveness, significant gains are expected for UIUC. In addition to the program increments for NCSA and for facilities renovation, academic program support was targeted to the addition of class sections in areas of high student demand; to technology improvements, especially in access to computers for students and staff; and to expanded minority fellowship support. Additional resources were required to meet unavoidable cost increases in Workers' Compensation, employee sick leave payments, inflationary rises in utilities and library price increases. Additional funds were also made available to open new facilities in Chicago and Urbana-Champaign.

Budget Trends in Perspective: Tax Support

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

| | (Percent Share of the Total) | | | | | | | | |
|------|------------------------------|----------------------------|---|---------------|--------------|--|--|--|--|
| Year | Elementary/ Secondary | Higher <u>Education</u> | DCFS, Human Services, <u>& Corrections</u> | Public Aid | All Other | | | | |
| 1980 | 28.8% | 12.9% | 10.7% | 33.8% | 13.7% | | | | |
| 1989 | 24.9% | 12.0% | 12.3% | 31.5% | 19.3% | | | | |
| 1990 | 26.7% | 13.1% | 12.9% | 30.7% | 16.6% | | | | |
| 1991 | 25.8% | 12.9% | 13.8% | 31.5% | 16.0% | | | | |
| 1992 | 24.4% | 11.9% | 13.8% | 33.1% | 16.8% | | | | |
| 1993 | 24.7% | 11.8% | 14.7% | 33.1% | 15.7% | | | | |
| 1994 | 24.3% | 11.5% | 16.0% | 33.5% | 14.7% | | | | |
| 1995 | 23.6% | 11.2% | 15.9% | 35.4% | 13.9% | | | | |
| 1996 | 23.5% | 11.2% | 18.8% | 35.6% | 11.0% | | | | |
| 1997 | 24.1% | 11.3% | 18.8% | 22.4% | 23.4% | | | | |
| 1998 | 24.9% | 11.4% | 29.1% | 22.1% | 12.5% | | | | |

 Table 1

 State of Illinois General Tax Appropriations

While faring betterDuring the samethan most statesharply. Just pragencies, highershares of its buckeducation taxhuman service aappropriationand correctionsincreases have laggedThe three humanthose of the majorof nearly 125%,social and humanServices sinceFY 1990, aftershown in Figureaccounting forEX 1000 fr

inflation.

During the same period budget shares for other human or social services have risen sharply. Just prior to the 1989-1990 tax increase, the State invested almost identical shares of its budget in higher education (13.1%) and the combined set of major human service agencies which includes children and family services, human services and corrections (12.9%). By FY 1998 that relationship had changed dramatically. The three human service agencies together have climbed to a share of 29.1%, growth of nearly 125%, while higher education has fallen to 11.4%, a decline of about 13%.

Changes in tax support among State agencies are further demonstrated by the trends shown in Figure 1, which illustrates tax funding shifts for State agencies since FY 1990 after appropriations are adjusted for inflation. Elementary/secondary and higher education support has exceeded that for most State agencies, which as a group, have seen the real value of their appropriations decline by more than 13%. Yet higher education and elementary/secondary education have also endured budgets which have been eroded by inflation with higher education declining by 1% against inflation since FY 1990 while elementary/secondary has finally regained some ground after six years of averaging less than 1% growth.



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

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

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



Yet as strong a trend as ISAC has shown, the most significant factor highlighted in Figure 2 is the dramatic growth experienced in SURS funding between FY 1995 and FY 1998. Responding to new legislation setting out a 50-year plan to bring SURS support in line with its obligations to employees who are or will retire from the State's public colleges and universities, SURS received more than one-third of all new tax funds made available to higher education this year.

Even with improved investment earnings, changes in accounting practices mandated by federal agencies, refinements in assumptions affecting long-term forecasts for pension liabilities and the possible creation of optional retirement plans, the growth rate in SURS support will continue to be significant for the next 15 years, after which it reaches a plateau, as the General Assembly and Governor follow the legislative mandate to correct past years of serious underfunding. While absolutely essential, this mandated growth in SURS support will further constrict the funding available for other segments of the higher education budget.

Budget Trends in Perspective: Reallocation

As has already been emphasized, the University responded to its decline in budget share primarily through a comprehensive review of academic and support programs, priorities and a corresponding reallocation of existing funds. Since FY 1990 almost \$150 million in existing resources have been redirected to high priority academic programs or returned outright to the State via budget cuts.

Figure 3 illustrates the size of the reallocations accomplished annually since FY 1990 and identifies the principal uses of reallocations each year. Given the University's paramount need to address faculty and staff salary competitiveness, it is not surprising that compensation needs have claimed the largest single share of reallocated accomplishments. More than one-third of the total reallocation achieved since FY 1990 has been devoted to this requirement. Another 16.7% has been required for outright budget reductions, while the balance has been divided among academic and support programs (including covering unavoidable cost increases in areas such as Medicare payments to the federal government and statutory sick leave payments to employees leaving University service).



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



Figure 4 Reallocation for Academic Programs FY 1990 to FY 1998

Budget Trends in Perspective: Tuition

Since FY 1980 tuition revenue has become a much more visible component of the University's total appropriated funds budget as students and their families have been asked to share the burden of offsetting declining State support. For the decade of the 1990s, however, general tuition increases remains at approximately the level of economic inflation. During the same period the University has trimmed budgets internally by more than \$2 for every \$1 generated through additional tuition increases.

As illustrated in Figure 5, twenty-five years ago the University received just over \$12 in State tax support for each \$1 in tuition revenue it collected from students. Today, that figure has dropped to approximately \$3.





It requires a 3.6% tuition increase to make up for the loss of 1% in State tax resources. Despite this shift in support, the University of Illinois remains heavily dependent upon State tax resources. While general State taxes comprised 88% 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 more than doubled from 11% to 24%, as shown in Figure 6. Nevertheless it still requires a 3.6% tuition increase to make up for the loss of 1% in State tax resources.



Summary of the FY 1999 Budget Request

Sustaining competitive salaries for faculty and staff remains the University's paramount budget objective.

New resources must be found to help blunt the impact of nearly a decade of erosion in the academic support base due to inflation. The University's FY 1999 operating budget request includes three broad categories. First is a modest "continuing components" section which includes salary and cost increases, funds to meet unavoidable cost increases related to mandatory payroll items and additional resources to operate and maintain new facilities. A second section of the request identifies academic program initiatives which would strengthen the academic base, increase the availability and application of technology for students and faculty, increase the University's Links to the State of Illinois and strengthen the operational infrastructure. A final section documents the need to expand operating budget support for facilities renovation needs. Sustaining competitive salaries for faculty and staff remains the University's paramount budget objective. Continuing internal reallocation efforts along with steady State support over the past four years have combined to yield discernible improvement in salary competitiveness for both faculty and staff. For FY 1999 a 4% increase is sought for employee salary increases, an amount which would not only match the projected rise in inflation but would permit continued modest improvement in competitiveness. It is likely that additional reallocation would accompany this incremental advance, since competitive gaps still remain for faculty and other employee groups. In total, new resources devoted to salary issues comprise almost one-half of the entire FY 1999 budget request.

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

Finally, "continuing components" includes a relatively small increment to support operations and maintenance costs associated with newly constructed or significantly remodeled space. In total, if fully funded these budget advances for continuing components represent a budget increase slightly below 4%—a very modest advance.

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

Academic program initiatives are organized around four broad themes which include strengthening the academic base, improving the acquisition and utilization of technology, expanding the University's linkages to the State of Illinois and enhancing the operational support infrastructure. Many of these center on bolstering the University's ability to preserve and extend the lifeblood of all major academic enterprises: its faculty. Additional faculty positions are sought to enable each campus to respond to enrollment pressures, adding new courses or new sections of existing courses. Additional funds are sought to enable the University of Illinois to utilize more fully the special strengths of faculty who conduct world-class research—the element of comparative advantage which has helped distinguish the U of I from most other institutions. Extending the availability of computers and other instructional equipment and supporting new efforts to apply computing technology to all areas of instructional activity also receives significant attention, as does the need to begin to recover lost capacity in library materials in both print and electronic forms. And as emphasized by President Stukel in many forums, support is sought for additional endeavors which would expand the University's role in service to the people of Illinois.

Support for facilities renovation continues to require a stable, secure place in the Operating Budget. The FY 1999 document continues a request to augment support for facilities renovation from the uneven and uncertain status in the capital budget with a more stable, secure component in the operating budget. A growing backlog of deferred maintenance projects combined with the need to address normal deterioration in building systems, the need for functional alteration of space as academic programs change and the pace of technological progress grows more rapid annually make it critical that a reliable source of funds is available. Several Illinois institutions have elevated this concern near the top of their priorities and the University of Illinois joins in the call to continue to address this need in the operating budget.

Finally, the operating budget request includes an addendum describing developments affecting the Cooperative Extension Service (CES). Following the report of the Chancellor's Commission on Extension, the University acknowledges that additional resources are required if CES is to fulfill it mission to the maximum. At the same time the University strongly endorses the Commission's principle that funds to

improve the statewide mission of CES "...should not be put in competition with budget priorities of the campuses of the University of Illinois...." (Report of the Chancellor's Commission on Extension, December 11, 1996, page iv.) To this end, the discussion of the Commission's funding recommendations are addressed separately.

The full FY 1999 operating budget request is outlined in Table 2 which follows.

| Table 2FY 1999 Operating Budget Request | | | | | | |
|---|---|--|------------|---------------------------|--|--|
| I. | Continuing Components % of FY 1998 Base * | | | \$34,152. 3.94% | | |
| | A. Salary Improvements - 4.0% | | \$25,825.1 | | | |
| | B. Other Payroll Costs1. Medicare2. Workers' Compensation | \$307.0 524.0 | \$831.0 | | | |
| | C. Price Increases 1. General Price Increases - 3.0% 2. Utilities Price Increase - 2.0% 3. Library Price Increase - 10.0% | \$3,442.5 966.2 1,263.0 | \$5,671.7 | | | |
|] | D. O & M New Areas 1. Chicago Projects 2. Springfield Projects 3. Urbana-Champaign Projects | \$913.8 6.5 904.2 | \$1,824.5 | | | |
| II. | Academic Program Initiatives ** | | | \$16,800. | | |
| | A. Strengthening the Academic BaseB. Investing in Instructional TechnologyC. Increased Links to the State of IllinoisD. Operational Infrastructure | \$7,925.0 6,250.0 1,500.0 1,125.0 | | | | |
| III. | Facilities Renovation Support | | | \$4,200. | | |
| * , | Total Request % of FY 1998 Base * All numbers are dollars in thousands. FY 1998 Base: \$865,714.2 See Addendum II for discussion of a \$6 million funding request for th | e Cooperative Extension Servi | ce. | \$55,152. 6.37% | | |





Salary and Benefit Increases (\$25,825,100)

Overview

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

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

During lean years in the early 1990s the University's salary competitive standing plummeted and earlier progress toward building a comparative advantage crumbled.

For the past four years the University has received salary increments that approximated inflation experience and, by supplementing these increments with funds generated through internal reallocation, the University has been able to provide competitive salary programs in each year. However, during the lean years between FY 1991 and FY 1994, the University's annual salary increment averaged less than 1%. At the same time, inflation grew by more than 3% while the University's primary competitors averaged 4% salary growth in each year. Consequently, the University's salary competitive standing plummeted and earlier progress toward building a comparative advantage crumbled. While the deterioration of competitiveness has halted and restoration is underway, the magnitude of the erosion was such that it will require continued attention over the next several years.

As with other budget priorities, the University's restoration efforts rely heavily upon the combination of internal reallocation and strong State funding. Generating

The University's restoration efforts rely heavily upon the combination of internal reallocation and strong State funding. For FY 1998 progress was made toward strengthening faculty salaries and sustaining the competitiveness of staff salaries. additional support for faculty and staff salaries through internal reallocation of resources is a high priority for the University. In FY 1995 internal reallocation in concert with increased State funding enabled the University to improve its competitive position for the first time in four years, and in each year since, it has allowed the University to make further improvements. For FY 1998 progress was made toward strengthening faculty salaries relative to their peers and sustaining the competitiveness of staff salaries vis-à-vis their State employee counterparts. Securing a special programmatic increment of \$4.8 million to target the most severe faculty competitiveness needs at Urbana-Champaign was a singular achievement and will have an immediate impact.

Clearly, this duo of internal reallocation in harmony with strong State support can be quite effective. The degree to which it is successful depends upon the extent to which the pooled resources outmatch those of chief competitors. The University is committed to building its competitive position through ongoing internal reallocation, but real progress can be achieved only if State budget allocations are adequate to keep pace with the market now and in the future.

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

The salary standing of the Urbana-Champaign campus deteriorated alarmingly in recent years, weakening its ability to attract and hold faculty of world-class stature and hindering its efforts to gain a competitive edge. Fortunately, additional funds to support UIUC's "retaining critical faculty" initiative were provided by the State for FY 1998. The funds will be used differentially to relieve the vulnerability of those faculty in competitive areas who are top-quality and unquestionably under compensated. Although the boost is expected to have a very favorable impact upon UIUC's salary standing, the severity of the decay is such that it will require continued atten-

Continued progress towards rebuilding UIUC's competitive position and sustaining and improving it for UIC and UIS is essential for the coming year. tion over the next several years. The campus is dedicated to reestablishing its competitive position and will continue aggressively reallocating internal resources. Strong State support now and in the future is crucial for the success of this goal. Continued progress towards rebuilding UIUC's competitive position and sustaining and improving it for UIC and UIS is essential for the coming year.

To assess the University's competitive standing among its peers, numerous salary analyses are performed annually. Due to the varied nature of the University workforce, separate analyses are performed for academic employees and staff. Salaries for academic employees are assessed through comparisons with peer institutions, while staff salary comparisons are made with 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, it is imperative that the University achieve salary competitiveness among its peers. To assess Illinois' competitive standing within the national market for faculty salaries, groups of peer institutions were established by the Illinois Board of Higher Education (IBHE) in 1985. Through a complex statistical process, 1,534 senior institutions were divided into 41 peer groups based upon similar characteristics, including enrollment levels, types and numbers of degrees conferred, funding levels and detailed faculty characteristics. With the merger of Sangamon State University and the University of Illinois, the old peer group for the Springfield campus is no longer fully appropriate. However, this peer group will be used until a new peer group more suitable to Springfield's evolving academic mission is established.

The competitive standing of each campus indicates how well faculty salaries have fared relative to their peers in the IBHE comparison group. FY 1997 found faculty salaries at UIC and UIS ranked near the middle of their peer groups. Figure 7 illustrates UIC's and UIS's intermediate competitive position relative to their IBHE comparison groups.

FY 1997 found

faculty salaries at

near the middle of their peer groups.

Salary and Benefit Increases



Ranked with the nation's most competitive institutions, budget reductions and inadequate incremental funding in prior years brought severe faculty salary decay at UIUC. Strong budgets in recent years halted the decay and some progress towards restoring faculty salaries was made; greater improvement is expected this year. Salaries for faculty at UIUC rank near the bottom among its comparison group. Figure 8 illustrates UIUC's weak position relative to its IBHE peer group.

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





The weighted median salary of each comparison group also serves as a benchmark to assess competitiveness within the national market. Figure 9 displays the weighted average faculty salaries at each campus as a percentage of the median salary of each peer group. Except for FY 1980, salaries for faculty at UIS have been near its IBHE peer group median. Again, however, the UIS peer group will need significant revision to reflect its new standing within the University of Illinois.

Faculty salaries at both UIC and UIUC were slightly below their comparison group medians in FY 1980. In FY 1985 faculty salaries at UIC became more competitive compared to its IBHE peer group, rising slightly above the group median and remaining above the median in FY 1997. Faculty salaries at UIUC steadily deteriorated compared to its peer group, showing slight but steady improvements in the last few years.





Current projections indicate that the University will continue salary improvements in FY 1998. The budget passed by the General Assembly and approved by the Governor provides 3% in incremental funding for faculty and staff salary increases and an additional \$4.8 million for the UIUC campus. In comparison, inflation increases are projected near 3.5% and the University's top competitors are expected to average over 4% for faculty salary increases. The University will again redirect existing funds to augment the State increment, aiming first to avoid any loss of the competitive gain achieved in the recent years and then to continue its improvement. Another mechanism by which to gauge faculty salary standing is to examine salaries by discipline from FY 1987 through FY 1997, years in which salary levels were

Current projections indicate that the University will continue salary improvements in FY 1998, boosted by the special \$4.8 million program increment for UIUC.

September 1997

Salary and Benefit Increases

Faculty Salaries By Discipline

affected dramatically by funding fluctuations. This review identifies areas of growing difficulties for both the UIC and UIUC campuses. Competition for top quality faculty has become particularly intense in high demand disciplines at both campuses. The University has experienced increased difficulty attracting and retaining key faculty in these high demand areas, as well as in areas of lesser demand.

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

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

Table 3 summarizes average salary data by discipline reported for FY 1987 (prior to the "no salary increase" policy of FY 1988), FY 1989 (the year immediately after) and FY 1997. 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 and comparable data for 19 disciplines at the Urbana-Champaign campus.

The University has experienced increased difficulty attracting and retaining key faculty in several high demand disciplines.

Table 3Faculty Salary Study by Discipline FY 1987 to FY 1997

University of Illinois at Chicago and AAUDE Institutions

Weighted to UIC Distribution of Faculty

| | Number | FY 198 | 37 | FY 198 | 89 | FY 199 | 97 | Change |
|---------------------|---------|----------|------|----------|------|----------|------|--------|
| | of | UIC | | UIC | | UIC | | In |
| | Schools | Salary | Rank | Salary | Rank | Salary | Rank | Rank |
| | | | | | | | | |
| Architecture | 17 | \$34,233 | 14 | \$38,135 | 15 | \$55,121 | 9 | 5 |
| Business | 22 | 45,451 | 10 | 51,362 | 15 | 82,112 | 12 | -2 |
| Education | 22 | 33,773 | 9 | 37,602 | 10 | 56,500 | 5 | 4 |
| Engineering | 19 | 47,921 | 2 | 51,635 | 7 | 71,789 | 4 | -2 |
| Foreign Language | 22 | 33,250 | 10 | 36,239 | 12 | 51,529 | 6 | 4 |
| Letters | 22 | 34,622 | 10 | 38,295 | 13 | 50,923 | 11 | -1 |
| Life Sciences | 22 | 42,794 | 3 | 47,944 | 4 | 66,793 | 2 | 1 |
| Mathematics | 22 | 42,184 | 12 | 46,840 | 17 | 63,797 | 18 | -6 |
| Philosophy | 22 | 41,405 | 4 | 42,607 | 5 | 51,553 | 7 | -3 |
| Physical Sciences | 22 | 42,846 | 6 | 46,071 | 13 | 61,197 | 14 | -8 |
| Psychology | 22 | 41,351 | 8 | 45,962 | 11 | 55,265 | 10 | -2 |
| Social Sciences | 22 | 37,882 | 13 | 41,535 | 16 | 57,614 | 15 | -2 |
| Social Work | 15 | 36,274 | 8 | 37,289 | 11 | 51,374 | 12 | -4 |
| Visual & Perf. Arts | 22 | 33,340 | 7 | 35,326 | 11 | 49,237 | 8 | -1 |

University of Illinois at Urbana-Champaign and AAUDE Institutions

Weighted to UIUC Distribution Faculty

| | Number | FY 1987 | | Number FY 1987 FY 1989 | | 39 | FY 199 | Change |
|-----------------------------|---------------|----------------|------|------------------------|------|----------------|---------|------------|
| | of Schools | UIUC Salary | Rank | UIUC Salary | Rank | UIUC Salary | Rank | In Rank |
| A ari aultura | 14 | \$40,698 | 6 | \$44,356 | 7 | \$63,343 | 9 | -3 |
| Agriculture Architecture | 14 | . , | 8 | . , | 11 | - | 9 10 | -3 -2 |
| | | 38,858 | | 41,661 | | 52,188 | | _ |
| Business | 22 | 52,341 | 3 | 55,543 | 15 | 86,479 | 5 | -2 |
| Communications | 21 | 36,213 | 6 | 40,189 | 5 | 57,688 | 2 | 4 |
| Computer & Info. | 19 | 50,285 | 6 | 53,986 | 10 | 79,252 | 3 | 3 |
| Education | 22 | 41,424 | 5 | 43,767 | 7 | 58,376 | 6 | -1 |
| Engineering | 19 | 53,995 | 2 | 56,316 | 5 | 78,186 | 3 | -1 |
| Foreign Language | 22 | 38,917 | 6 | 41,137 | 7 | 54,439 | 7 | -1 |
| Home Economics | 14 | 32,947 | 5 | 35,881 | 9 | 59,566 | 3 | 2 |
| Law | 17 | 69,147 | 2 | 71,327 | 4 | 93,507 | 9 | -7 |
| Letters | 22 | 35,365 | 7 | 38,298 | 14 | 54,786 | 11 | -4 |
| Life Sciences | 22 | 43,427 | 9 | 46,177 | 13 | 63,735 | 5 | 4 |
| Mathematics | 22 | 46,480 | 11 | 49,127 | 17 | 66,649 | 10 | 1 |
| Philosophy | 22 | 33,758 | 11 | 35,970 | 15 | 51,758 | 15 | -4 |
| Physical Sciences | 22 | 51,512 | 1 | 54,429 | 4 | 76,152 | 1 | 0 |
| Psychology | 22 | 44,929 | 3 | 51,132 | 2 | 68,575 | 3 | 0 |
| Social Sciences | 22 | 41,945 | 8 | 44,330 | 16 | 61,150 | 8 | 0 |
| Social Work | 15 | 38,342 | 6 | 39,883 | 9 | 50,425 | 12 | -6 |
| Visual & Perf. Arts | 22 | 36,360 | 7 | 38,945 | 12 | 46,441 | 13 | -6 |

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

At UIC, four disciplines (Architecture, Education, Foreign Language and the Life Sciences) improved their FY 1987 ranking. However, salary rankings lag FY 1987 levels for most other disciplines. Hardest hit areas include Mathematics and the Physical Sciences. Whereas UIC held three "top five" rankings in FY 1987, Philosophy has not recaptured its "top five" ranking.

At UIUC, five disciplines (Communications, Computer and Information Sciences, Home Economics, the Life Sciences and Mathematics) improved their FY 1987 ranking. However, 11 of the 19 disciplines lag their FY 1987 levels of competitiveness. Hardest hit areas include Visual and Performing Arts, Law and Social Work. Whereas UIUC held seven "top five" rankings in FY 1987, neither Education nor Law have recaptured their "top five" ranking.

It is clear past declines in State funding have hurt 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. While significant progress is expected in FY 1998 with the addition of the special \$4.8 million program increment, the gains made this year can be quickly eroded if strong State support cannot be sustained for FY 1999.

Faculty Benefits

Total compensation represents the combination of average cash salary and employer contributions to fringe benefits. The University's lack of competitiveness in providing essential elements of the fringe benefits package weakens its overall competitive standing in total compensation. Although some benefit improvements have been
made in the past, several components of the University's fringe benefits package remain behind its competitors.

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

In particular, there are two major weaknesses in the long term disability plan: lack of coverage to new employees for two years except as disability occurs from an accident; and, coverage of only 50% of salary for a period and 35% for permanent disability. Although a new employee optional program was offered this spring that fills the two year gap and wraps around SURS coverage to provide 66% of salary, the plan places an increased cost-sharing burden on participating employees.

Contributions to retirement are also a concern. Fortunately there were three enhancements to the SURS package approved this year. The improvements include changing the years of service formula to a flat 2.2% per year rather than a graduated formula, gradually changing from 35 years to 30 years of service when an employee can retire under the service formula with no penalty regardless of age and increasing the maximum pension from 75% to 80% of final 4 years average salary. However, there were also two benefit "give-backs." The reductions include ending the compensable sick leave program and retiree cost sharing of health insurance. The cost of the benefit enhancements is estimated to be 2.4% of payroll while the "give-backs" generate only 0.8% of payroll. The differential will be made up mostly from savings generated through increased participation in the newly-available Optional Retirement Program.

Continued efforts to improve salary competitiveness are an essential annual budget priority. Budgetary constraints in prior years have produced salary programs which have barely kept pace with inflation and which are below the University's top competitors. Although FY 1998 brought positive and encouraging improvements, the University remains vulnerable to an erosion of competitiveness. Incremental funds totaling \$25.8 million are requested in FY 1999 for faculty and staff salary increases to keep pace with the market, avoid any loss of competitive gain and strengthen the University's competitive position. This represents a 4% increase program.

| Continuing Com | oonents | | | S | Salary ar | nd Benefit I | ncreases |
|---|---|--|---|---|---|---|--|
| Staff Salaries | The goal of the Unive to be competitive with the University conduc those of State agencie markets. | n State of the sta | Illinois cou l studies co | interparts a mparing sa | nd local m Maries of U | narkets. Each Jniversity sta | year, ff with |
| State Comparisons | In FY 1997 after several years of concerted effort, the University maintained parity in pay ranges with State counterparts for most salary classes. Continuing actions related to parity include: systematic assessment of deficiencies, adjustments to salaries of employees paid below comparable State rates, changes in pay plan structures and establishment of a 37.5 hour week for employees in selected classes. While University and State pay ranges continue to converge, University minimums have increased to State levels and State maximums have increased to University levels. Table 4 illustrates pay ranges for selected University classes and their State counterparts. | | | tions imums sity | | | |
| | Table 4Salary Comparisons among State Comparison Groupsfor Selected University of Illinois Employment Classes | | | | | | |
| | | University of Illinois | | State of Illinois | | % Over / Under | |
| University and State pay ranges continue to converge. | Chicago Campus Secretary Transcribing Staff Nurse II Accountant I Library Clerk I Urbana Campus Secretary III Storekeeper II Accountant I | Minimum \$22,272 34,798 24,406 16,034 \$19,186 28,899 24,409 | 1997 Maximum \$30,480 66,248 42,235 21,000 \$28,401 31,278 42,244 | Minimum \$19,920 33,324 24,744 16,320 \$19,188 21,432 24,744 | 1996 Maximum \$27,444 43,668 35,028 21,732 \$26,304 35,340 35,028 | State Cl Minimum M 10.6 % 4.2 -1.4 -1.8 0.0 % 25.8 -1.4 | aximum 10.0 % 34.1 17.1 -3.0 7.4 % -13.0 17.1 |
| | Kitchen Laborer September 1997 | 17,700 | 24,107 | 17,328 | 23,148 | 2.1 | 4.0 Page 25 |

| For FY 1998, the University received funds sufficient to provide a general pay in- |
|--|
| crease program of 3% for all employee groups, with additional internal reallocation |
| to address special merit, market or equity concerns. In comparison, the State of Illi- |
| nois contract provides for no general pay increase and a \$565 nonrecurring stipend. |
| In FY 1998, the University will continue to monitor State comparability. |

The University uses data from recognized regional and statewide sources as a point **Comparisons** of comparison for employees in the Open Range pay plan. Changes in market salaries are monitored annually using survey data from sources such as Pay Data Service and American Compensation Association. In FY 1997, the University program (5% maximum) for staff was generally competitive with market range increases (2.61% to 3.92%). A similar outcome is expected for FY 1998.

The University remains generally competitive with market increases for staff employees.

Market

Purchasing power comparisons are made using data from the Bureau of Labor Statistics, including sources such as the Employment Cost Index. The Employment Cost Index for FY 1996 (2.9% for the Midwest and 2.6% for Local and State Government Workers) compares favorably with increases in University salaries and salary ranges for the same period (2% to 5%).

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

Staff Benefits

Benefits for staff employees are monitored for comparability with the private sector, top quality institutions and local employers. In the past several years, State of Illinois benefits enhancements, such as improved dental coverage, have produced a benefits level that is generally comparable with other employer provided benefits.

State Universities Retirement System

Now mandated by law, SURS budget increases put pension system funding on the road to budget stability. 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 many years for both individual employees and for leaders within higher education institutions and the SURS system. Any discussion of fringe benefits improvements for higher education in Illinois must include a strong call for adequate funding of the SURS program to ensure that existing benefits will remain secure. Action taken in FY 1995 by the General Assembly and the Governor to implement a long-term funding plan to strengthen pension funding for all State employees is a most welcome improvement. Increases for SURS are now mandated by law. FY 1998 is the third of a fifteen year span of accelerating increases necessary to compensate for past funding deficiencies. For this year, SURS received an increment of \$39.5 million—more than one-third of all new tax support for higher education. Addendum 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 1999 and for future years, funding improvements for SURS will not, in and of themselves, improve either the benefits available to University employees or the University's competitive position among peer institutions. It is urgent that the University move forward on both fronts. The adequacy of SURS fiscal support must be assured. So, too, must improvements in the University's competitive position in total compensation be achieved.

Price Increases (\$6,502,700)

Overview

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

<u>General Price Increase</u>

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

• <u>Utilities Price Increase</u>

Fluctuations in the marketplace continue to drive the utilities components. New incentives for natural gas pipeline expansion coupled with potential electricity deregulation legislation continue to demand aggressive energy management.

• Library Price Increase

Price increases for library acquisitions have been particularly severe in recent years, far outpacing general inflation. In particular, continuing 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 6 of the last 10 fiscal years. Despite these efforts, the Libraries of the University of Illinois are struggling to maintain the current quality of their collections.

• <u>Other Payroll Costs</u>

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. Despite significant cost reduction efforts, Workers' Compensation requirements continue to escalate. Increases in funding are essential to provide for these unavoidable expenditures.

Price Increases

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

General Price Increase (\$3,442,500)

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.

• <u>Gross National Product (GNP) Implicit Price Deflator</u> 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.

<u>Consumer Price Index (CPI) (Less Energy)</u>
 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.

• <u>Higher Education Price Index (HEPI)</u> Measures changes in the level of general expenditures made by colleges and universities from current funds for items supporting instructional programs and departmental research activities. Sponsored research and auxiliary enterprise expenditures are excluded from the HEPI.

A comparison of University funding levels to these measures shows a strong positive relationship among these inflation indices and considerable differences between the price increases estimated by these indicators and University appropriations over the last decade. Specifically, the University has received no general price increase

funding in eight of the past ten years, the most recent being in FY 1990. Since FY 1989, the University has received only two general price increases and in no year has the general price increase exceeded the Higher Education Price Index, as shown in Figure 10.

Figure 10 Annual Inflation Increases versus General Price Increase Appropriations



Budget recisions in FY 1988, FY 1992 and FY 1993, combined with zero general price increase support since FY 1990, have seriously eroded the academic support base of goods and services which underpin the University's instructional and research activities. While internal reallocation has been used to cover unavoidable increases in the most pressing of these goods and services, the University's academic support base has been seriously eroded and now has reached a gap of \$24.9 million, as measured against the Consumer Price Index shown in figure 11.



Price Index.

Even with relatively

low recent inflation

University has lost

almost \$25 million to

inflation since 1991.

experience, the

the impact of

In the last decade,

the University has

received only one

increase which fell

below the rise in the

Higher Education

general price

Halting the ten-year

loss to inflation is a

key priority for

FY 1999.

A review of the widening gap between inflation and University appropriations is displayed in Figure 12. 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 1989 through FY 1998. The University estimates a FY 1999 increase of 3% (CPI and GNP deflator). For FY 1999 the general price increase segment of the budget request seeks to obtain funding sufficient to halt further losses to inflation. Based on these projections a general price increase of 3% or \$3,442,500 is requested.





Utilities Price Increase (\$966,200)

Annual utilities funding requirements are formulated from expected costs for the individual components which comprise the total utilities budget of the University of Illinois. For FY 1999 these projected commodities and utilities rate changes yield a composite increase of approximately 2%, a \$966,200 increment above the University's FY 1998 direct utilities base. This incremental request includes all campuses of the University of Illinois system.

This modest request reflects continuing fluctuations in the marketplace. Prior narratives have shown that during the last decade, the University avoided costs as the natural gas market was unbundled. In the most recent few years there has been a rapid rise in prices because of increased market demand spurred by expanded use of cogeneration technologies and extreme weather. In turn, precisely because of these pressures, new incentives for pipeline expansion arose and in the fall of 1998, just prior to the winter heating season, it is expected that Northern Border Pipeline Co. will be in the position to add capacity to the Chicago market. This significant event will enhance price competition for both the commodity itself and its transportation from the major producing regions of south Texas. It is therefore expected that the natural gas price increase for the University will be mitigated. It is also expected that the other boiler fuels (#6 fuel oil and coal) will similarly experience relatively minor increases in cost.

The market is also a strong determinant of where electricity prices will trend. The Illinois State legislature in the Spring session of 1997 formed a working group of all major interested parties to attempt to craft an electricity deregulation bill and join Pennsylvania, California, New Hampshire and others in leading the way towards what is optimal for each particular State's electricity market. The overall goal for this intense and ambitious project, to lower the costs of electricity, is not easily achieved because it necessitates comparisons of how low prices can go and for whom. It does not always provide a win-win situation for all consumers and producers and this balance was never quite achieved in the spring legislative session. The electricity deregulation bill did not pass. This does not preclude further efforts to produce a passable bill. It is surmised that after such a bill is approved, for certain groups of consumers (industrials in particular), costs will increase in order to 'payback' the regulated utility companies for their invested but valueless "stranded costs." Thereafter, true competition will occur with no embedded exit fees or other constraints on a free market.

In the short term there is likely to be little movement in electricity prices. Two forces may, in fact, almost negate one another and result in only a minor price increase, projected at approximately 2%. These two factors are increased incidences of short term loss of nuclear generation capacity by the region's major producers, tempered by the end of costly long term contractual coal supply agreements held by Commonwealth Edison (ComEd). When these expire, ComEd will be in a position to acquire much more competitively priced coal. This nexus will present itself to the consumer, the University of Illinois, in the form of modest fuel adjustment component increases, not tariff-based rate increases.

Although projected energy-related price increases are a modest 2%, securing funds to meet these unavoidable increases is essential. The third major component of the University utility budget is water and sewer services, accounting for approximately ten percent of total expenditures. At all three campuses, costs for these components are expected to range between 4% and 5%, with a 5% increase for water at Urbana being the largest increase.

The typical budget narrative for the utilities budget increment request would at this point end with a concluding summary. All components have been reviewed and the cost projections described together with the rationale for such projections. However, this narrative must address an additional concern in response to the FY 1998 budget request review and outcome. The Operation and Maintenance for New Areas Request narrative also covers this concern, but to insure an all around awareness of this problem, it is repeated in this narrative.

For FY 1998, the IBHE recommended and the General Assembly and Governor approved funding of new areas utilities costs at an average campus rate that was then uniformly applied to all facilities. It did not matter whether the facility was laboratory or office oriented. This represented a sharp departure from past IBHE practice (also endorsed by the General Assembly and Governor), which provided full utilities support based on individual project characteristics. For FY 1998, the consequences of this change were not too great, since most projects funded were quite similar in their energy requirements. However, in any year in which the differences in energy requirements among projects were large, the damage from inadequate funding could be tremendous. It is strongly hoped that the FY 1998 experience is not a precedent and the IBHE returns to full funding of new areas utilities costs. The alternative will eventually result in a funding shortfall to pay the University's bills for heating, cooling, lighting, power, water and sewer services.

For online or new facilities, operating costs for utilities services can not be deferred and must be met on demand. These unavoidable expenses are an implicit obligation that the University and State incur when the University requests and the State approves construction of a facility. These expenses must be met through the new areas increment to begin the facility's operation without a deficiency. If not, the costs will appear as a deficit within the utilities base and will require a supplemental

To avoid shortfalls in the utility budget, it is imperative that the IBHE returns to full funding of new areas utilities costs.

appropriation or reallocations from academic programs. Neither alternative is sound. A return to full funding of utilities needs for new facilities is the only equitable solution.

Through aggressive management of existing resources the University has been able to offset the lack of past energy price increase support. For well over a decade, the University has demonstrated creative and highly effective management of its utilities budget in many ways: through cost saving construction projects (Abbott coal conversion, lateral pipeline addition, Cogeneration Facility); contract administration (direct gas transportation, long term gas supply purchase, competitive utility commodities bidding); and rate/tariff intervention and negotiation (electricity, water, sewer). These steps have helped the University avoid costs that burdened institutions with less aggressive energy management. They have eased the impact of budget reductions during times of severe fiscal constraint at the State level and at times have provided a source for reallocation into high-priority areas such as addressing deferred maintenance or repair and renovation needs. There is, however, no management miracle that can help the University's utility budget recover from potentially significant shortfalls that result from underfunded new areas utilities costs.

Library Price Increase (\$1,263,000)

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

The Chicago (UIC) Library, which serves the largest university in the Chicago area, holds approximately 1.9 million volumes including 15,000 serials. UIC's Library houses materials ranging from the history and development of the city of Chicago, to the Corporate Archives of the Chicago Board of Trade. The Libraries of the Health Sciences, one of the largest such units in the nation, is the regional library for 2,325 medical libraries in 10 states.

The Springfield (UIS) Library supports students with a collection numbering more than 510,000 volumes, 2,500 periodical subscriptions, nearly 1,800 films and video tapes and 1,500,000 microforms. The UIS Library's special collections unit houses an oral history collection containing interview tapes and transcripts from more than 1,200 persons whose memories touch on important themes in the social, economic and political history of the State. The UIS Archives is the location of the Illinois Regional Archives Depository, collecting county and municipal records from 14 central Illinois counties in support of research focusing on local history and genealogy.

With more than 16 million items, including 8.9 million volumes and 91,000 serials, the Urbana-Champaign (UIUC) Library is one of the world's greatest university libraries. While the UIUC Library is strong in all areas of academic study, of particular note among the Library's special collections are its volumes by and about Milton, Shakespeare, Proust, Carl Sandberg, Lincoln, H. G. Wells and rare first editions and memorabilia of Mark Twain. This vast assemblage of scholarly material is a major resource for students and faculty from around the world.

Significant and invaluable resources like these require constant attention and care. Inconsistent State funding, with price increments available only every other year since 1990 (Figure 13), coupled with the continued dramatic rise in the cost of purchasing materials for the Libraries seriously impacts the quality of the Libraries' collections. Several factors contribute to these cost increases, including escalating production costs, rising paper costs, unfavorable exchange rates for foreign currency and the unusually high inflation on many foreign scientific and technical journals.

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



The Libraries are committed to maintaining the strongest collection possible in order to meet the diverse needs of their users. The Libraries are equally committed to providing access for the users to collections not owned, both through the traditional means of interlibrary borrowing and by the newer options of electronic resources and article delivery services. However, the Libraries are seriously compromised by an eroding materials budget, that is no longer comparable to its peer institutions. In FY 1994, library materials expenditures at UIC and UIUC ranked 12th and 5th among the 13 Committee on Institutional Cooperation (CIC) member libraries. By FY 1996, UIC remained in 12th place while UIUC dropped to 7th behind Michigan, Minnesota, Penn State, Wisconsin, Indiana and Ohio State. Among all members of the Association of Research Libraries (ARL), the UIUC Library ranked 20th in total library material expenditures during FY 1996. It was just over a decade ago (FY 1986) that the UIUC Library was ranked second among the CIC libraries and eighth in the ARL. (The Springfield campus, due to its evolving academic scope, has not developed a meaningful peer group for measuring relative inter-institutional change.)

For more than a decade, the Libraries have undertaken serial cancellations attempting not only to balance the serial budget in the face of extraordinary inflation, but also to preserve some material funds for monograph acquisitions. From FY 1988 to FY 1997, the libraries found it necessary to cancel 1,200 serial titles at UIC and 7,187 at UIUC valued at \$370,093 and \$1.3 million, respectively. The number of

Inadequate resources have forced the cancellation of large numbers of serials, diminishing the library as a scholarly resource. periodical subscriptions at UIS declined from 2,734 in FY 1990 to 2,410 in FY 1997. In spite of these measures, the ability to purchase new books is in steady decline. Although the importance of monographs varies by discipline, books in general tend to be heavily used by students across the curricula. Expenditures for monographs (Figure 14) declined from 38% and 43.4% of the UIC and UIUC Libraries' materials budgets in FY 1990 to 23.6% and 31.4%, respectively, in FY 1996. The acquisition of new monographs is essential to keep pace with the demands on instruction. Inflation is becoming a wild card and a high inflationary year could eliminate the monograph budget completely.



Figure 14 Library Material Budget Information

Scholarly publishing is in a period of transition. At present, many quality electronic journals cost just as much as their print equivalents. New methods of electronic document delivery can be used to help offset the cost of expensive low-used journals, but the costs of an individual article can be quite high. Electronic resources are not the "magic bullet" to stop the erosion of the library materials budget. However, they do make available an increasing number of choices for suppliers and delivery mechanisms that the Libraries can use to provide access to information.

The special value of the Libraries' collections and the unique strengths of their holdings to scholars, now and in the future require continuing and stable financial support to reposition their buying patterns, to enhance access to collections in other libraries and to successfully exploit the potential of electronic information. To accomplish these goals the Libraries require an increase of 10% in FY 1999 to offset

expected continued inflation and to begin to recover a small portion of the ground lost over the past decade.

Other Payroll Costs (\$831,000)

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

Medicare and Social Security Contributions

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

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

Medicare cost increases present mandatory and unavoidable budget requirements.

Since FY 1987, expenditures have grown at a rapid rate with substantial increases in FY 1992, FY 1995 and FY 1996 as a result of the new Social Security requirements and as newly-hired staff replace those exempt from Medicare requirements. Although appropriations for these costs also have increased, they have been insufficient in the last several years to meet full needs. In FY 1996, the University was forced to reallocate approximately \$1.3 million simply to match projected expenditures. Table 5 details annual appropriations and expenditures along with each year's percentage growth rate.

Table 5Appropriations and Expendituresfor Medicare and Social Security Costs

| Fiscal Year | Appropriations | Expenditures | % Change in Expenditures |
|----------------|----------------|------------------|-----------------------------|
| 1987 | \$ 620.0 | \$ 407.9 | 0.0% |
| 1991 | 1,718.0 | 2,261.7 | 454.5% |
| 1994 | 3,492.0 | 4,277.3 | 89.1% |
| 1995 | 4,417.3 | 4,850.0 | 13.4% |
| 1996 | 5,967.3 | 5,982.0 | 23.3% |
| 1997 | 5,967.3 | 6,086.6 | 1.8% |
| 1998 | \$6,141.5 | \$6,267.3 (est.) | 3.0% |

The FY 1997 appropriation is \$5,967,300 for the combined Social Security and Medicare requirements. In FY 1998 expenditures are expected to rise to \$6,267,300. An increment of \$307,000 is requested to bring the FY 1999 appropriation to expected needs. Because it is a federal mandate, this is truly an unavoidable increase for the University.

Workers' Compensation

Despite ongoing cost control measures, Workers' Compensation costs have risen faster than available resources to pay them. The University of Illinois, unlike other universities or State agencies whose claims are handled through the Illinois Department of Central Management Services, receives a direct appropriation for payments of Workers' Compensation claims to University employees. Table 6 details the State appropriation to the University compared to actual expenditure claims. From FY 1986 to FY 1989, claims held relatively constant and it was not necessary to secure incremental appropriations for cost increases in those years. But several times in the last seven years the University has been forced to reallocate funds to cover increased claims. Strenuous efforts to control costs have helped reduce the impact of cost increases, but the University continues to face growing exposure in this area.

| Table 6 |
|---|
| Appropriations and Expenditures for Workers' Compensation (Dollars in Thousands) |

| Fiscal | l | | % Change in |
|--------|----------------|----------------|--------------|
| Year | Appropriations | Expenditures | Expenditures |
| 1987 | \$1,593.1 | \$1,640.3 | 0.0% |
| 1991 | 2,685.0 | 2,665.0 | 65.5% |
| 1994 | 2,986.3 | 3,001.1 | 12.6% |
| 1995 | 2,986.3 | 3,291.0 | 9.7% |
| 1996 | 2,986.3 | 4,258.6 | 29.4% |
| 1997 | 3,365.0 | 3,598.9 | -15.5% |
| 1998 | 3,365.0 | 4,186.9 (est.) | 16.3% |

For the last several years, the University has utilized the assistance of an actuarial firm to establish an appropriate level of funding for Workers' Compensation. The firm's methods for estimating projected claims and resulting outlays have proven to be very accurate. Actual claims for FY 1996 were \$4,258,600 while the State appropriation was \$2,986,300 creating a deficit of \$1,272,300. For FY 1997, expected claims are projected to reach approximately \$3,598,900 while State funding is staying at \$3,365,000, which would produce a shortfall of \$233,900. Actuaries have projected payments for FY 1998 to be \$4,186,900. To meet that level of payout over the next two years an increment of \$524,000 is required and that is the amount the University seeks in the FY 1999 budget request.

Operation and Maintenance of New Areas (\$1,824,500)

Campus Levels: UIC (\$913,800) UIS (\$6,500) UIUC (\$904,200)

It is extremely 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 facilities adequate to support academic programs, operation and maintenance costs for new space are an important budget component. Unfortunately, support has been typically recommended only for a subset of the requested facilities and the required costs are supported at generalized rates. There is a longstanding practice of the IBHE recommending that the State fund "other" costs statewide at one rate. For example, in FY 1990 the rate was \$3.77/GSF; in FY 1998 it was \$4.02/GSF, a 6.6% increase over eight years. Over this same time period the Consumer Price Index increased 27.9%. This practice creates long-standing budgeting deficiencies and operational difficulties.

Funding new areas support at average costs creates a builtin deficiency for any facility with aboveaverage maintenance needs and this practice should be eliminated. Worse, for the budget year 1998 the State did not employ its long-standing practice to *fully fund* utilities and instead chose to use campus specific averages applied uniformly to all facilities. In FY 1998 the two approved facilities created a utilities funding shortfall of \$4,000. This deficiency has now been transferred to the utilities base. While initially a small amount, if this same practice is employed in the FY 1999 budget year, a utilities costs deficiency of approximately \$170,000 will result. If the practice had been employed in FY 1996 when two laboratories were funded, a completely unmanageable utilities budget deficit of almost \$1.6 million would have resulted in 1998. It is essential that in FY 1999, the State return to its practice of fully funding utilities. This newest example of an "one size fits all" approach is a disturbing event which should not become precedent. For FY 1999, full funding of utilities and full funding of other costs are sought for all the listed projects.

The requirements to support the operation and maintenance of new areas in FY 1999 total \$1,824,500. Sixteen projects, comprising approximately 335,000 gross square feet (GSF) of new or significantly remodeled space, require either full or partial funding of the annual costs of operation and maintenance. Each project is described in the following narrative and is listed in the cost summary shown in Table 7.

| Table 7 |
|--|
| FY 1999 Operation and Maintenance |
| Requirements to Support New Areas |
| Total |

| | | Total | | | | |
|---|--------|-----------|--------|-----------|--------|-------------|
| | | Annual | | Date of | | FY 1999 |
| Project | GSF | Amount | \$/GSF | Occupancy | Months | Amount |
| Chicago | | | | | | |
| Transportation Facility | 26,205 | 100,150 | \$3.82 | 5/97 | 6 | \$50,050 |
| Campus Services Facility - Additional | 49,315 | 363,970 | 7.38 | 4/96 | 12 | 363,970 |
| Student Services Building - Tower | 64,430 | 364,960 | 5.66 | 3/96 | 12 | 364,960 |
| Student Services Bldg Student Computer Laboratory | 6,233 | 35,320 | 5.67 | 11/97 | 12 | 35,320 |
| Research Resources Center East | 10,000 | 99,500 | 9.95 | 10/96 | 12 | 99,500 |
| Subtotal | | | | | | \$913,800 |
| Springfield | | | | | | |
| 11th Street Connector Project | | | | 7/98 | 12 | \$6,500 |
| Urbana-Champaign | | | | | | |
| Office of Admissions and Records | 30,766 | \$197,280 | \$6.41 | 12/97 | 5 | \$82,200 |
| Biomedical Magnetic Resonance Laboratory | 13,500 | 89,250 | 6.61 | 9/97 | 2 | 14,875 |
| Illinois-Lincoln Gateway | | 38,100 | | 7/98 | 12 | 38,100 |
| Roger Adams Laboratory Remodeling | 40,000 | 218,250 | 5.46 | 3/97 | 12 | 218,250 |
| Dorner Drive Retention Pond | | 16,450 | | 9/97 | 12 | 16,450 |
| Arcade Building | 30,000 | 99,000 | 3.30 | 7/98 | 12 | 99,000 |
| WILL Broadcasting and Teaching Facility | 42,757 | 331,620 | 7.76 | 9/98 | 10 | 276,350 |
| Japan House and Arboretum Ponds | 3,200 | 83,475 | | 1/98 | 12 | 83,475 |
| DIA Academic Facility | 13,000 | 69,000 | 5.31 | 6/98 | 12 | 69,000 |
| David Kinley Hall General Classroom Upgrade | 5,000 | 7,800 | 1.56 | 9/98 | 10 | 6,500 |
| Subtotal | | | | | | \$904,200 |
| TOTAL | | | | | = | \$1,824,500 |

Chicago Projects

Transportation Facility

Funded for four months of support in FY 1996 and two months of support in FY 1997, the FY 1999 request is for the final six months. This facility meets the administrative, operations and storage needs of the Physical Plant Transportation section. The final six months support request totals \$50,050. The request is an incremental requirement to support only the Transportation section of the previous Transportation Services/Public Safety Facility. Funds approved previously for the whole facility have been dedicated completely to the transportation facility that is underway now. This request represents the final incremental need of the transportation side of the facility, 26,205 GSF. Once the public safety side of the facility is usable for University activities, a request will be forwarded for the funding of that site, as a separate entity.

Campus Services Facility - Additional

For FY 1997, the IBHE approved the request to fund a full year's support of state acquired space in the building. These funds maintain 92,900 GSF of storage space for University needs. In FY 1998, a request was put forward to support a second portion of additional space which was previously occupied by tenants. The request was not recommended for support. A requested is being reiterated for FY 1999 because support of almost 50,000 GSF of space can not easily be absorbed. That space is used for storage by Central Receiving and Shipping, Mail Service and Publications; occupancy commenced in April 1996. A full year's support for this additional State-occupied space is requested for FY 1999 at a total cost of \$363,970.

Student Services Building - Tower

The east wing, or tower, of the Student Services Building now houses many offices related to student needs: Dean of Student Affairs, Vice Chancellor for Student Affairs, Counseling Center, Career Services, Office of the Ombudsman, Conference Center and testing services. The west wing of the building received final funding in FY 1994. For FY 1997 and FY 1998, requests for support of the tower space were made but not recommended. However, similar to the campus services facility, this is a significant facility serving many important academic student oriented needs with actual costs associated with this support that can not be de-obligated. A full year's support of operations and maintenance requirements is requested for FY 1999, a cost of \$364,960.

Student Services Building Student Computer Laboratory

Located within the Student Services Building, this space previously leased to Burger King has been vacated and is being renovated to provide a 6,233 GSF student computer laboratory with approximately 100 workstations for general student use. Scheduled for completion in November 1997, a full year's operation and maintenance support request totals \$35,320.

Research Resources Center East

Located within Science and Engineering South, this 10,000 GSF of remodeled space provides a multi-disciplinary, multi-use facility for faculty of the College of Liberal Arts and Sciences and the College of Engineering. This central space provides access to unique and costly research equipment of use to many disciplines. Annual support of this space is required for FY 1999 at a total cost of \$99,500.

Springfield Project

Eleventh Street Connector Project

This part of a Springfield campus capital project, the 11th Street Connector Project, was approved and funding has been released. It involves construction of an access road to connect existing campus roadways to 11th Street. Beginning at the northwest principal entrance drive, extending from the Ring Road, the project intersects 11th Street on the west side of campus. The purpose is to improve access to campus from all areas of Springfield. This project will incur additional operation and maintenance costs for the campus. Scheduled for completion in July 1998, a full year's support is requested for FY 1999, a total cost of \$6,500.

Urbana-Champaign Projects

Office of Admissions and Records

Funded for two months of support in FY 1997 and five months support in FY 1998, the FY 1999 operation and maintenance support request is to fund the final five months at a cost of \$82,200. This facility, located south and east of the Levis Faculty Center, consolidates five separate facilities of the Office of Admissions and Records. Occupancy of the facility is scheduled for completion by December 1997.

Biomedical Magnetic Resonance Laboratory

Funded for support of ten months in FY 1998, the FY 1999 request is to fund the final two months at a cost of \$14,875. The new facility provides 13,500 GSF of laboratory space for magnetic resonance imaging research and it is scheduled for completion in September 1997. It is situated on land previously held by the College of Agricultural, Consumer and Environmental Sciences south of the Large Animal Clinic of the Veterinary Medicine Complex. The distance from the core of the campus is required because of the power and sensitivity of the large magnets used in the research.

September 1997

Illinois-Lincoln Gateway

Located at the southern corner of the intersection of Illinois and Lincoln Avenues, the Illinois-Lincoln Gateway will focus the entrance of students, parents and guests as they come to the east side of campus for orientation activities that are often scheduled in the Levis Faculty Center, Illinois Residence Hall, the Office of Admissions and Records Building and Krannert Performing Arts Center. A small annual cost for electricity is required, but the primary expense involves maintenance of a fountain and landscaping elements that will distinguish and enhance the entrance to services beyond. This pleasant 'first impression' of the campus for many parents, students and prospective students will have a positive effect on their perceptions of the University of Illinois. Scheduled for completion in July 1998, a full year's operation and maintenance support is requested for FY 1999, a total cost of \$38,100.

Roger Adams Laboratory Remodeling

Phase II of this project is comprised of one classroom/lecture room and two instructional laboratories for the School of Chemical Science. Providing wet laboratories that include stills, benches and fume hoods, the project was completed in March 1997. The FY 1999 request is for a full year's funding, a total cost of \$218,250. This project includes exit improvements that enhance the building's security and energy efficiency.

Dorner Drive Retention Pond

Part of the campus flood control project which is funded and managed by the Capital Development Board, the 2.75 acre storm water detention reservoir will intercept storm water from approximately one-fourth the drainage basin served by the Lincoln Avenue storm sewer. Located in the area between Dorner Drive and McKinley Health Center, the reservoir will collect overflow during heavy rains to help prevent storm drain backups in surrounding buildings, such as Lincoln Avenue Residence Hall. Electricity costs constitute the primary utilities support. Other costs support the grounds and reservoir maintenance. Scheduled for completion in September 1997, a full year's support is requested, a total cost of \$16,450.

Arcade Building

The renovation of the vacated bookstore space located in the Arcade Building on Wright Street is scheduled for completion in July 1998. The newly renovated space will house several units of the Student Services Division. This additional space is required to alleviate overcrowding in the main student services facility located on John Street, almost behind the Arcade Building. The close proximity to the main facility will help maintain a centralization of all student services functions. A full year's support is required for FY 1999, a total cost of \$99,000.

WILL Broadcasting and Teaching Facility

This facility is a combined broadcasting studio for radio and television (Campbell Hall) and a teaching facility (the Richmond Journalism Teaching Studio) that will be used by the College of Communications. Located north of the present television facility on Goodwin Avenue, the studio will be dedicated solely for the education of students of broadcasting. Currently, these students and their faculty have had to share facilities with the WILL public television station. The combined facilities, linked both physically and electronically, will permit the consolidation of these units now housed in nine different locations. The studio will house a computer graphics laboratory, television teaching studio, control room and videotape playback room. Scheduled for completion in September 1998, ten months of support is required at a total cost of \$276,350.

Japan House and Arboretum Ponds

This new facility will be sited on the grounds of the Arboretum, a 160 acre park south of Florida Avenue and east of Lincoln Avenue. Groundbreaking ceremonies took place on June 3, 1997, with the project scheduled for completion by January 1998. The Japan House will contain the University's Japanese arts and culture program. Seminars, tea ceremonies, classes and conferences are some of the activities planned for this space. A full year's support is requested for FY 1999, a total cost of \$83,475. The majority of the costs will support the almost three acres of landscaping, including the ponds and the attendant maintenance of this area.

DIA Academic Facility

Formerly the Kappa Alpha Psi fraternity, this University acquired building located at Fourth and Daniels Streets will provide tutoring services and computer laboratory space for use by student athletes. Scheduled for completion in June 1998, the facility will provide 13,000 GSF for these uses. A full year's support is required for this addition to the Urbana campus, a total cost of \$69,000.

David Kinley Hall General Classroom Upgrade

Part of the FY 1997 minor repair and remodeling, the costs associated with the increased operation and maintenance of the facility result primarily from the installation of air conditioning and some lighting enhancements. Scheduled for completion in September 1998, ten months of support is requested, a total cost of \$6,500.



Strengthening the Academic Base (\$7,925,000)

Overview

The University of Illinois has identified several goals sharply focused on preserving and extending its value to its students and to the people of Illinois:

- To strengthen the ability of the University to attract and hold faculty of world class stature
- To develop specific programs of teaching, research and service required for adaptation to the changing environment
- To fully fund maintenance of the existing physical assets of the University
- To preserve the affordability of an Illinois education
- To enhance the quality of core course offerings
- To improve student recruitment and retention services

All of these points are addressed very directly in the overall budget proposal. All are of immediate concern in the priorities for strengthening the academic base at the University of Illinois.

Faculty Excellence

The University of Illinois has historically renewed its academic strength across generations by hiring and developing young people, rather than by hiring established talent from other universities. A significant fraction of these young people have eventually become leading figures in their fields in both national and international contexts. The success of this strategy over many years accounts in large degree for the high standing of the University in the national fabric of higher education.

The Faculty Excellence initiative will be aimed at bringing proven talent to Illinois to establish or reinforce high academic standings. However, in the years since 1987 the faculty of the Urbana campus has contracted by nearly 200 FTE, almost entirely by attrition. Hiring of new members at the entry level has been severely restricted for a full decade; hence the traditional mechanism has not sustained the University's need for talent that can offer genuine leadership at the world class level. A gap has developed in the mid-career faculty, who will soon have leadership of the institution. If not repaired, this gap will lead to a decline in the quality, effectiveness and standing of the University.

The Faculty Excellence initiative will be aimed at bringing proven talent to Illinois. The focus will be on mid-career people, associate professors and young full professors, having catalytic ability or leadership potential. These positions will be targeted where Illinois can establish or build on comparative advantage, effectively improve its standing, or effectively reinforce existing high standing. The UIUC campus goal is to repeat this initiative annually for 5 years, so that a total of about 70 targeted hires can be made. The hires would represent about one third of the total contraction in capacity over the last decade, but a much larger fraction of the missed intellectual leadership.

UIS planning statements have consistently given high priority to the need to strengthen educational quality by hiring and maintaining a critical mass of faculty. UIS completed the 1996 - 1997 academic year with 150 faculty. The goal is to restore over a period of years the faculty base to the level of 170 faculty for delivery of the current set of programs. Funds would be directed toward increasing staffing in areas that have been identified as understaffed, as well as in providing additional staffing in areas with potential for growth.

Interdisciplinary and Strategic Facilities

At the national level, research investment policies are changing as a consequence of balancing the federal budget, the end of the cold war and global economic competition. At the state level, there is increased recognition that the reshaping of the federal research landscape will benefit those states able to attract the best faculty from top quality schools. Clearly, the nature of academic research is also changing and the competition for resources is keen.

Critical to the building of a superb faculty and internationally competitive programs on the Urbana campus, has been the deliberate investment over decades in specific facilities. In many cases, they are extraordinary or even unique, so that they allow faculty members to carry out work that either cannot be duplicated elsewhere or can be achieved in only a few other places. These facilities are equally important to the education of students who are able to train with state of the art equipment, preparing them for the best careers in their chosen fields. In addition, such facilities make it easier for senior faculty to maintain flexibility in mid-career as their research directions evolve. To an increasing extent, the facilities support interdisciplinary work. Because such facilities have provided a competitive edge to attract the best in students and faculty, they are of strategic importance to the University and the State.

Incremental State funds are required to address replacement of equipment in essential support facilities and to leverage proposals to federal agencies for major equipment items to be placed in centralized facilities. University of Illinois faculty are responding aggressively to shape national policies and are in a strong position to compete. Both UIUC and UIC rank among the nation's top 100 research universities, with UIUC consistently ranking nationally among the top 20 institutions receiving federal and industrial research dollars in support of education of its students and UIC ranking approximately 65th. The central importance of the strong system of support facilities on both campuses must not be understated. The facilities are multi-disciplinary in that they serve faculty and students who may come from any department and who need access to the services or equipment of the facility. As a result, the facilities provide a high level of efficiency and economies of scale for campus research needs. An increasing number of the facilities are being made accessible to operators at other locations through longdistance computer control.

The health of the research mission is important to the Urbana campus, where one quarter of the campus budget is derived from externally awarded research grants and contracts. The University of Illinois at Urbana-Champaign is distinctly different from all other State institutions in having such a high percentage of campus income from research. From 1985 to 1996, the portion of Urbana campus budget from general revenue funds from the State of Illinois increased by 12%, while the portion of its budget from federal research dollars increased by 54%. Clearly, the State of Illinois has received an excellent return on its investment.

During the past decade, the size of the Urbana faculty has declined by 10%; nevertheless, the campus has managed to increase its percentage of the total federal research available by nearly 9%. UIUC is increasing its research market share even though it has had fewer people to write proposals. There is an urgent need to maintain high efficiency in the competition for research resources. The campus is seeking additional incremental State funds in FY 1999 to address the needs for replacement of equipment in essential support facilities and to leverage proposals to federal agencies for major equipment items to be placed in centralized facilities.

Research Support Units Examples

More than fifty facilities have been identified that are important to the research units of the University of Illinois. These facilities may be found in every college and are as important to the research and teaching mission of faculty in engineering and sciences as they are to faculty in art and design. Additional resources will provide aggressive support of the research infrastructure that is essential to the ability of the University to recruit and retain excellent faculty and top quality students. The activities of these research support units vary widely. Four examples are provided as illustrations of the importance of such units to the research and educational efforts of the University of Illinois.

Biotechnology Center

The Biotechnology Center (BTC) at the Urbana campus provides state of the art research services to approximately 200 faculty and their graduate students. Facilities including the Genetic Engineering Facility, the Transgenic Animal Facility, the Flow Cytometry Facility and the Immunological Resource Center serve the needs of faculty in the Colleges of Agricultural, Consumer and Environmental Sciences, Liberal Arts and Sciences, Veterinary Medicine and Engineering. The BTC plays a key role in recruiting and retaining faculty in these colleges, and more than \$35 million of extramural grants depend on the BTC services. Support for the BTC has not kept pace with the demand for the services provided. The BTC now generates 40% (\$500,000) of its operating costs by charging fees for services rendered. These fees cover the cost of operating and maintaining equipment and staff, but do not provide any funds to replace or upgrade equipment or to update services. The BTC operates and maintains equipment valued at \$2.7 million. To maintain state of the art services, the BTC needs approximately \$3.6 million for additional equipment and replacement of equipment more than five years old.

Academic Program Initiatives

| Materials Research | About twenty central facilities of various types and sizes are operated by the Mater | | | |
|--------------------|---|--|--|--|
| Laboratory | als Research Laboratory (MRL) for the support of research programs within the Co | | | |
| | lege of Engineering and elsewhere at UIUC. The size and complexity of these range | | | |
| | widely, from the very extensive Center for the Microanalysis of Materials to single | | | |
| | instrument facilities. Placement of this equipment in a centralized facility allows | | | |
| | sharing of the instrumentation by many users and increases the opportunities for co | | | |
| | laborative research projects. The MRL is staffed by full-time professional instru- | | | |
| | mentation scientists who are expert in the particular techniques. The staff offers | | | |
| | instruction and training to students in the use of the facility's sophisticated instru- | | | |
| | mentation. The MRL generates nearly \$30 million a year in outside research funds | | | |
| | The present value of the equipment available to MRL users is approximately \$30 | | | |
| | million. The equipment has been purchased over a period of 25 years and much of | | | |
| | should be replaced by modern technology. The cost of replacing 5% of the equip- | | | |
| | ment each year—a very realistic goal—would be \$1.5 million. | | | |
| | | | | |
| Colonel Wolfe | The Urbana campus operates the Colonel Wolfe School (CWS), a primary school f | | | |
| School | gifted children from the ages of 4 to 6. This school serves as a research support | | | |
| | facility for students and faculty from the College of Education, the School of Socia | | | |
| | Work and the Departments of Psychology, Kinesiology, Speech Communication and | | | |
| | Speech and Hearing Science. CWS provides the base for many research projects of | | | |
| | these faculty, but the old facility in which it resides is in great need of repair and | | | |
| | playground equipment needs replacement. | | | |
| Research Resources | The Research Resources Center (RRC) has been providing centralized research sup | | | |
| Center | port to UIC faculty using the Medical Center facilities for nearly 50 years. Extend- | | | |
| | ing this service to a campus wide program will provide the necessary resources and | | | |
| | the professional expertise and leadership for an environment that optimizes the UIC | | | |
| | faculty's ability to conduct research, increase their competitiveness in generating | | | |
| | outside support and increase their ability to recruit new faculty. The development | | | |
| | a RRC facility on the east campus, the acquisition of new instruments to be manage | | | |
| | by the RRC and the initiation of new services to Medical Center users are major | | | |
| | advances that necessitate implementation of this program. This type of faculty | | | |
| | participation facilitates the multidisciplinary collaboration that marks a truly out- | | | |
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standing research institution. The very nature of modern, high technology research equipment and its cost of operation and maintenance is such that a program cannot survive without strong recurring institutional support. Conversely, because it is centralized, each dollar of campus support serves the greatest number of funded research projects. Such a program provides:

- UIC faculty access to state of the art instrumentation and services performed with these instruments;
- graduate students with an opportunity to utilize state of the art instrumentation in their thesis and dissertation research and to attract top level undergraduate students who are interested in pursuing careers in science;
- the institution a mechanism for optimizing the use of scarce resources by centralizing the acquisition, professional/technical support and fiscal management of extremely expensive equipment; and
- an institutional environment that attracts top tier research faculty to UIC.

This optimization will give UIC and its faculty a competitive advantage in attracting outside support from a variety of sources.

Enhancement of Core Course Offerings

While the strengthening of academic programs, (particularly undergraduate instruction), has long been of critical importance to the Chicago campus, during the past six fiscal years it has been the centerpiece of the program budget request. This persistent emphasis continues to result in an unprecedented marshaling of both new and reallocated resources to improve teaching and learning at the undergraduate level. Equally significant is the emphasis on the monitoring of the resources used and the mechanisms by which these initiatives are implemented.

Core Needs in Education

The College of Education program request establishes a UIC campus and College infrastructure for 21st century teacher education. The goals are threefold: to institute a UIC Council on Teacher Education; to establish technology education programming for teacher candidates; and to improve the quality of mathematics and science preparation for teacher candidates. This three faceted program addresses Governor Edgar's priority of P-12 education; the IBHE's priorities regarding technology enhancement and undergraduate teaching and learning; and directly supports 21 *September 1997* Page 53 certification programs in 6 UIC colleges. Moreover, it positions the College of Educa-tion as a model urban teacher education program in a Research 1 context. Teacher education at UIC is fundamentally important to the quality of education in Chicago public schools. Unfortunately, current UIC teacher education programs do not oper-ate in concert with one another and are underfunded in light of impending reforms. There is no clear and consistent image of teacher education at UIC. To address these shortcomings, the College proposes to create a Council on Teacher Education to govern all programs leading to certification to teach, supervise, administer, or offer support services in elementary and secondary schools.

No formal program of courses relating teacher education and technology exists on campus. Yet, effective this year, technology standards based curriculum and assessments are required of all teacher education programs. The College currently offers one technology course that is not required in any program. A single math/science course presently serves 300 elementary education teacher candidates. The College needs to develop new standards based curricula and assessments and continue the work that has begun with LAS faculty to improve the quality of teacher candidates' mathematics and science preparation.

Core Needs in Business

In an effort to bring the teaching program into conformity with the American Assembly of Collegiate Schools of Business (AACSB) accreditation standards, College of Business Administration (CBA) at UIC must demonstrate excellence in faculty composition and development. Within that standard, the size and composition of the faculty in relation to the student body and in relation to each degree program has been evaluated. Data reveal that the program must address disconformity in Management Information Systems, Economics, Finance, Accounting, Marketing and International Business.

Core Needs in Associated Health

The primary goal of the College of Associated Health Professions Department of Human Nutrition and Dietetics at UIC is to obtain support for an up to date food science teaching laboratory. Upgrading this laboratory will have an impact on undergraduate teaching and learning initiatives, Great Cities initiatives, recruitment of minorities into professional programs and an arena to combine scientific theory with laboratory based experimentation.

| | The Department of Human Nutrition and Dietetics offers a full curriculum for the study of foods and nutrition at the baccalaureate, masters and doctoral levels. An undergraduate class in the Science of Food, several classes in food selection and preparation, as well as a class in Food and Culture are taught each year. The Food and Culture course is a popular course across campus and fulfills the UIC cultural diversity requirement. More recently, the foods laboratory has been utilized to train consumers and lay audiences within the Chicago area communities. Such groups include Head Start cooks, cook aides, parents, Healy Alternative High School students and Perez School parents. Discussions are in progress with other community and educational groups to further expand the utilization of the laboratory. |
|--------------------------------------|---|
| Core Needs in Architecture & Arts | The College of Architecture and the Arts Art History (AH) Department teaches courses to approximately 2,000 students each academic year. Typically, 90% of those students are undergraduates and 34% are enrolled in colleges other than Architecture and the Arts. During the past academic year, AH 100 was offered both Fall and Spring Semesters and filled to capacity with fifty students by the first day of class. Although enrollment numbers fluctuate, there is a continued demand for AH courses that the department is not always able to satisfy. Combined with the curricular diversity requirement of undergraduates and the conversion to a semester based system, there will be continued increased enrollment pressures. |
| Core Needs in the UIC Library | The goal of the UIC Library is to retain the ability to respond to changes in curricu- lums by acquiring books and serials or by creating or acquiring access to electronic based information sources. Inflation continues to erode the buying power of the UIC Library. Each of the last two years has seen a 10% increase in the serials costs and this year (1996 - 1997) is no exception. There has been no concomitant increase in the materials budget. Each increase brings cancellations of serials and reallocations from monographs to pay the serials costs. Monitoring of interlibrary loan requests over the last year has revealed a sharp increase in the number of recent publications being requested. Of the 32,684 volumes offered by a major academic book vendor |

| | (50% of the national output), UIC was able to buy only 10,620 volumes or 17% of |
|----------------------|---|
| | the national output. This does not address any foreign publications. Among AAU |
| | libraries, UIC's library ranks in the bottom quartile. Price increase support has been |
| | |
| | uneven for a decade, and when it has been available it has failed to match actual |
| | inflation experience. Additional funds beyond what may be available from annual |
| | price increase increments are essential to preserve purchasing power. |
| | New money also is requested for electronic based information. As faculty integrate |
| | use of the network into their teaching, the demand for network based information |
| | resources is increasing. The greatest potential for true resource sharing savings is by |
| | leveraging UIC's dollars with consortium buying either as one university/three |
| | libraries (University of Illinois), the state consortium (ILCSO) or through CIC. In an |
| | effort to preserve materials and conserve space, the UIC Library would like to pur- |
| | |
| | chase microfilm back runs of some periodicals. New technology allows microfilm to |
| | be digitized which would aid in intra-campus sharing of material as well as inter- |
| | library loan. |
| Core Needs in Social | The Jane Addams College of Social Work plans to strengthen and support the under- |
| Work | graduate Bachelor of Social Work (BSW) program. New challenges and public poli- |
| | |
| | cies are creating the need and demand for human services workers with undergrad- |
| | uate social work degrees who are capable of working with racially and ethnically |
| | diverse communities. Welfare reform, managed care, assessment and accountability |
| | systems, computer technology and block grants are among the major policy and |
| | administrative directives that are changing the nation's responses to human needs. |
| | Complex job requirements, along with serious social problems and social conditions, |
| | call for well trained social workers to fill new positions and positions formerly held |
| | by college graduates with various types of academic degrees. Accreditation of the |
| | Illinois Department of Children and Family Services, for example, depends on a |
| | workforce of credentialed social workers. Developments in other areas including |
| | mental health, corrections and community health care can be expected to move in |
| | this direction. In large urban areas such as Chicago, the need for generalist social |
| | workers who can provide case management, casework services, community assess- |
| | ments, etc. is rapidly increasing and can be expected to grow. |
| | |
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| | demands and expectations and to the unique program needs of the large public sector | |
|---------------|--|---|
| | in Chicago, while providing national leadership for urban social work education. | |
| | The additional funding will increase staffing levels, enable the College to expand | |
| | offerings in the BSW program, incorporate a community based intern unit and meet | |
| | Council on Social Work Education accreditation standards. | |
| Core Needs in | The College of Medicine is requesting funds for the Clinical Pharmacology Program | |
| Medicine | at Peoria. Funds committed to this program by the Health Advance Institute have not | |
| | been made available, therefore the College has been unable to meet the FDA | |
| | requirement for matching funds. The grant is up for renewal in 1997. Without addi- | |
| | tional support the College will be at considerable risk to lose the FDA support. | |
| | The mandate for increased requirements for student clinical experiences have come | |
| | at a time when the number of clinical sites is shrinking. Health care reform has | |
| | pushed clinical agencies to operate more efficiently and managers are increasingly | |
| | reluctant to accept students. Competing nursing schools have begun to pay | |
| | individual preceptors to take students, closing more clinical sites to "outside" | |
| | students. The College of Nursing at UIC has relied on donated clinical time from | |
| | agencies, and, as the agencies discontinue this practice, other accommodations be | |
| | found. Rather than providing preceptors with a cash bonus, the College seeks to | |
| | develop faculty caliber practitioners as clinical faculty pursuing long term | |
| | relationships. This assures the College of regular placement sites and also ensures | |
| | the quality of clinical teaching. The College already has a number of these | |
| | relationships in place, but additional funding is required to balance the projected | |
| | undergraduate teaching load. | |
| | As noted above, increased requirements for student clinical experiences have come | |
| | at a time when the number of clinical sites is shrinking, largely due to health care re- | |
| | form. In order to respond to this challenge, the College of Nursing seeks to further | |
| | develop the clinical skills laboratories in order to maximize the readiness of students | |
| | to make efficient and accurate application of skills, both simple and complex, in the | |
| | clinical setting. This can be accomplished by the use of clinical simulations and | |
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laboratory practice prior to student's direct contact with patients. Of particular interest is the capacity of multimedia approaches to provide relevant clinical simulations, clinical evaluations and interactive consultations with the faculty. These latter techniques will be used to prepare students for the critical thinking and judgment necessary for practice and to allow for the most effective and efficient use of direct patient care experiences in the educational process. In addition, the College will need to prepare the faculty to utilize technology in a variety of ways to meet the educational objectives. At present, there are two clinical skills laboratories, in Chicago and Urbana. The goal is to create multimedia learning materials that allow for guided self study and asynchronous contact with faculty experts. This will increase flexibility and access to learning experiences to busy students through the Internet, but also allow students with a range of abilities to address their own learning needs as necessary.

New Initiatives for Lower Division Programs

Since 1992, UIS has placed a high priority on the development of a full four year program. The UIS Vision Statement reiterates the position that approval of lower division programming is central to the future development of the campus. The proposed UIS lower division is designed as a small, selective program serving traditional age college students with strong academic backgrounds. The program will have a distinctive curriculum emphasizing the integration of knowledge across disciplinary boundaries, development of skills across the curriculum, collaborative learning and enhancement of students' leadership potential. Lower division instruction will be carried out through reassignment of current faculty and hiring of new faculty. Initiation of the lower division will also enhance the activities and services available to UIS students. Resources needed also include support for recruitment of high schools students, substantial enhancement of campus residential life and improvement in student support technology.

In keeping with the UIS Vision Statement, the campus intends over the next several years to "strengthen its graduate programs to meet the criteria of quality and distinction." This strengthening will include the development of plans for governance and administrative processes to better support graduate education. It will also include examination and strengthening of the graduate assistant program. Graduate
assistantships can be used by universities to attract nonlocal, high caliber students to their programs. The present level of UIS' graduate assistant stipend makes it difficult for students to relocate to this campus. The campus proposes over a period of years to increase graduate student stipends with the ultimate aims of attracting students from a wider geographic area and enhancing program quality.

Student Recruitment and Retention Services

Each year at UIC, students are advised to take one or more Academic Support Program courses, College of Liberal Arts and Sciences Probation Seminars, or Supplemental Instruction (SI) courses. These courses typically provide supplemental instruction in writing; learning across the disciplines; and speaking, reading and writing in English as a Second Language, as well as other core learning, critical thinking and communication strategies. Through the Counseling Center Academic Center for Excellence, Supplemental Instruction (SI) is a learning enhancement program designed to target the most difficult, high risk courses for freshman students. The goal of SI is to improve the grades of students in courses where SI is offered, decrease the drop out rate of students in high risk courses and increase overall student retention. The Academic Center for Excellence Instructional Program has implemented SI since 1989. Students who attend SI sessions have significantly higher grades for the content courses than those who do not attend SI sessions making this an important retention initiative at UIC.

The College of Business Administration at UIC is planning the development of a college level freshman success seminar. The seminar will be critical to the improvement of student academic performance and retention at the undergraduate level. The College of Medicine requests resources to plan a comprehensive process for the purpose of recruiting and nurturing medical students of highest promise, regardless of traditional academic predictors. When all of the components are in place, it is the intent to see the entire process as one continuous stream that will include: identification of young undergraduate students of high promise; a continuous Baccalaureate MD curriculum providing guaranteed admission to the UIC College of Medicine; the opportunity to carefully nurture the intellectual development of students toward their true potential (which may also lead to the M.D./Ph.D. or M.D./M.H.P.E); high quality postgraduate residencies with emphasis on the generalist specialties and care of

the medically underserved—both urban and rural; graduate programs in medical education, with emphasis on faculty development; highest quality college sponsored continuing professional education with emphasis on individualized self assessment; and continuous recruitment for clinical faculty from College of Medicine graduates to serve as preceptors, role models and mentors for those who follow.

Since the management of student application requests and application submissions was shifted from the Office of Admissions and Records to the CAHP Department of Physical Therapy at UIC four years ago, the unit has absorbed the cost of the entire admission process. To continue to develop, improve and support campus initiatives such as the Guaranteed Professional Program Admission (GPPA) program, the unit needs additional funding. The admission application process for the Physical Therapy program entails recruitment activities, mailing, copying, printing of brochures and applications and an elaborate application review process, as well as faculty and staff time for counseling and student retention for the GPPA program. The volume of inquiries prompted the establishment of weekly advising sessions, attended by about 1,000 pre-physical therapy students annually and an automated attendant telephone directory for inquiries into the Physical Therapy Program.

The goals of the College of Urban Planning and Public Affairs student services program at UIC are to improve national recruitment of high quality students, particularly minority students; place students in quality internships and research assistantships; and place students and alumni nationally in appropriate jobs. The recruitment functions of the program are important in extending the reputation of the College nationwide. These efforts will be particularly targeted at undergraduate programs with large numbers of minority students. The undergraduate grade point average of Urban Planning and Policy Program masters level students are lower than the national average for planning schools. Systematic, nationwide recruitment efforts are needed to increase student quality without sacrificing enrollment or diversity. The proposed program involves the establishment of a Student Recruitment and Place-ment Program that will conduct the following activities: increase the recruitment of high quality minority students; hold annual job fairs and do national recruitment of potential employers; place students in internships; recruit and place

Academic Program Initiatives

research assis-tants throughout the college; assist students and alumni in finding professional employment; and facilitate communications with students.

Enlarging the International Dimension

Recognizing that students and faculty are already operating in a new world, the University of Illinois at Urbana-Champaign has placed a strong focus on the need to enlarge the international dimension of its programs. This was one of the main themes of the 1995 campus strategic plan, A Framework for the Future, and there has been steady progress toward that end. An action plan was developed by a blue ribbon review committee, and in accord with their recommendations, campus leadership has been reorganized so that a new Associate Provost for International Affairs has focused responsibility in the area. Beginning in 1997 - 1998, an International Council will provide coordination of programs and advice on future development.

The UIUC campus seeks to obtain expanded international experience within its faculty base.

The UIUC campus seeks to enlarge the proportion of faculty who can bring international expertise, participate in the international education of students and contribute active research with an international focus. These faculty lines will be placed with individual departments by the Associate Provost for International Affairs in response to the best opportunities. Whenever vacancies occur in these lines, the funding will revert to the Associate Provost, so that the overall international capacity of the campus is protected in a way that allows renewed opportunities to place the lines where they can be of greatest value.

Investing in Instructional Technology (\$6,250,000)

Overview

Over the past five decades, the University of Illinois has established itself as a leading center on a national and international scale for the development and application of information technologies. However, the rates of adoption and change, and the extraordinary character of opportunity in this domain require substantial fresh investment. This investment allows for the installation of new generations of equipment, supports the investment to which the University is already committed and prepares the way for new educational applications. If the University is to take advantage of the next generation of computing and communications technology, the State of Illinois must make a substantial investment now. An outline of the factors contributing to these developments is given below.

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

and services. As with electronic courseware, a new level of technical support is required to make good use of the Internet as a teaching and learning tool.

- More faculty are making use of technological aids to instruction, necessitating a continuous process of classroom and laboratory modernization.
- Faculty are beginning to use technology to deliver instruction electronically. With conferencing systems, computer courseware and the Internet, faculty can provide a learning environment that is not tied to a particular time or place, freeing the student to learn at his or her own pace. Feedback from courses taught through the UIUC Sloan Center for Asynchronous Learning Environments indicates that students appreciate both the convenience and the quality of electronic interactions with faculty and fellow classmates. This development, perhaps the most far reaching on this list, requires a new level of technical infrastructure support, including support staff to assist faculty and students in use of the technology and electronic curriculum development.

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

Whether these predictions are accurate or optimistic, it is clear is that a new set of complexities and choices in instruction will emerge from technology related changes. As a leader in education, the University must make the best possible investments in technology, given today's constraints. At this stage, there is no question that technology must be integrated into teaching and learning. To that end, the University is committed to building an infrastructure to support networked campuses, with computers available to all faculty and students, running affordable, well-designed applications and supported by skilled technical staff.

While past State funding has provided a valuable mechanism to improve the campus' instructional technology infrastructure, the need continues to far exceed the funds available to ensure that faculty and students will thrive in the present environment of

technology revolution. To prepare the instructional environment for the 21st century, we must accelerate efforts to improve the physical instructional environment, to expedite the use and delivery of multimedia instructional tools and to provide an instructional development support system for our faculty.

The University of Illinois is currently concentrating on supporting instructional technology infrastructure and is requesting funds to be allocated for content development (educational technology and electronic information resources); infrastructure development (hardware and software) and personnel development (technical support). This direction represents the University's response to the rapidly evolving nature of technology and the consequent need for technical infrastructure in the classroom and on campuses. In its FY 1999 request, the University has identified a number of projects required to enhance its instructional technology infrastructure. These are described below.

Content **Development**

The explosion of information technology and resultant data overload has changed the face of health care worldwide. The College of Associated Health Profession's School of Biomedical and Health Information Science (SBHIS) at UIC is requesting resources for the expansion and refinement of existing facilities to form an Informatics Learning Center with the specific goal being the university wide promotion and enhancement of health care informatics, which is the application of computer science and information science to the field of health care. To effectively operate in this increasingly computerized environment, today's health care worker must master a variety of informatics competencies ranging from the use of electronic mail, to bibliographic referencing software, to clinical, financial and administrative information systems. Additionally, with current publishing trends moving towards electronic media, access to and knowledgeable uses of the resources on the World Wide Web are an absolute necessity. In light of a rapidly changing health care system and the need to retrain an existing workforce, today's educational format requires not only remodeling, but incorporation of computer aided instruction, distance learning and online training. These capabilities provided by an Informatics Learning Center would support not only on campus undergraduate and graduate education but would September 1997 Page 64 also foster executive, corporate and academic continuing education at sites not limited to the immediate Chicago area and at times convenient to the working professional.

The planned Informatics Learning Center builds upon an interdisciplinary training concept and will serve as a site for University of Illinois intra- and inter-campus multidisciplinary informatics education and research efforts, drawing on the talents and resources of University wide academic faculty as well as local and national industry based technology partners. The Learning Center will provide a solid base upon which to develop and exploit distance independent learning activities.

The College of Medicine at UIC proposes the expansion of the Sigmund Edelstone Student Computer Center. The goal of this project is to expand the current student computer facility in the College of Medicine by increasing the size of the facility and by increasing the number of workstations from 20 to 35. The current student computer facility is part of the Sigmund Edelstone Student Center and is used by Medical Students in the College to access instructional software, productivity software and the Internet. However, due to the heavy load on the facility, 25 students per workstation, there are often times when there are not enough available computers. This problem is particularly acute immediately prior to exams. A large number of students rely heavily on the review software that has been selected or designed by faculty to aid student mastery of the content material. Due to licensing restrictions and specific equipment requirements this software is not available outside the College of Medicine.

The College of Business Administration's (CBA) PC Lab at UIC is critical to carrying out it's instructional program at a level consistent with the expectation of a modern Carnegie Research I University business school planning for AAU membership. Information technology will continue to be a key element of high quality, responsive business education for the future. There will be continuing demands to replace and upgrade lab facilities and access configurations. To better serve our students, we must keep up with the rapid changes occurring in information technology. The ultimate goal is to move to a "plug and play" environment in which students bring their own laptops and access docking stations, printers and other multimedia equipment. The CBA Computer Policy, Priorities and Executive Committees have developed a long-term budget plan and an incremental replacement cycle that decreases the annual resource need considerably.

The College of Business Administration at UIC also has an urgent need to develop an instructional technology and multimedia laboratory. Such a facility will support direct faculty involvement in electronic instructional design to create up to date material and maintain the quality of our teaching program. This lab will also serve as an instructional multimedia library where video and audiovisual equipment needed for instruction either on campus classrooms or for off campus programs will be inventoried and managed. The College has already invested modest equipment and human resources for this lab, but an adequate infrastructure requires significant additional investment.

For two decades, technology has been used by the UIC Library to provide access to information. For example, the online catalog provides access to a print book and journal collection and various systems search citations to individual journal articles. More recently, technology has been used to access electronic information (such as census data and electronic journals) and deliver print information more quickly by converting it to electronic format. With the establishment of the Info Tech Arcade, the Library is moving into a new phase, the creation of electronic information in conjunction with faculty initiatives. The "first generation" of faculty users of the Info Tech Arcade are maturing, the technology continues to change and the campus connections program will increase an already rising demand for these services. The Info Tech Arcades (east and west) need to be expanded, updated and fully staffed.

Demands of our students are changing. Three years ago, with grant money from the Chicago Library System and campus funds, we created the electronic learning laboratory—an online classroom. Web access and new software such as Java have made the equipment in the room nearly obsolete. Since the electronic learning laboratory serves the Freshman Success Seminars, the equipment must be upgraded if we are to be a reasonable partner in that process. In addition, as the faculty extend course materials to an online environment, including reserves, the demand for PC's in the library grows. Until a major rewiring and remodeling project is undertaken (proposed in FY 1999 capital request), the campus will have great difficulty in providing additional "wired" seating. An alternative is to provide access via a wireless network within the library. This request proposes a pilot project to test access to curriculum material via a wireless network within the Main Library.

At UIUC, content development initiatives are centered on research, development and support of new educational technologies; courseware development; acquisition of electronic information resources for the library; course delivery, maintenance and support; faculty and student training; and assessment and evaluation. New educational technologies being researched include development and integration of authoring tools as well as acquisition of primary electronic resources, indexing and abstracting tools for the library. New development of course materials includes utilizing new instructional technology as well as the maintenance and support of a course delivery center for uninterrupted service. Funds to support training of faculty and students in utilizing the new learning technologies, information seeking strategies, and specific and specialized information sources are also sought.

Technology Development

The most critical instructional technology goals of the College of Architecture and the Arts at UIC are to improve computer equipment and the further integration of computer technology in the classroom and courses. In particular, students in Art and Design and the Department of Performing Arts require appropriately equipped and staffed laboratories and equipment to meet basic instructional needs. The School of Art and Design has played a significant leading role in advanced electronic image making and processing for visualization in art and science. The educational and research methods first developed here have been duplicated at numerous institutions across the nation. Our programs are more and more dependent on this imagery and we must provide and maintain well equipped laboratories to systematically support

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our curricular offerings, to responsibly and methodically keep programs technologically relevant and competitive and to continue to attract and retain outstanding students, support continued growth in research funding and provide effective service to the community. The College must also build the technological capability of the Department of Performing Arts in order to meet current needs and be on par with competing institutions.

During the last decade, UIS has made great strides in strengthening the technological base relating to computing. Accomplishments include development of the campus network; establishing a recurring base budget for continuous replacement on a four year cycle of computers for faculty, academic affairs staff, and computer classroom laboratories; and creation of several specialized, program based laboratories. However, continued progress in applying new technologies to the teaching or learning process will require additional investments. Through its academic computing planning process, UIS has identified the most pressing needs in the areas of equipment, support personnel, training and maintenance that will have to be met to meet UIS goals for instructional computing.

At UIUC, technology development is centered on computer access, computer renewal, network access and high tech classrooms. It has become obvious over the past decade that the renewal of computing represents a recurring need that must be supported by a recurring budget. The faculty need computers that will allow them to explore and present new learning technologies to the students. The students need computers for basic scholastic work in the Library and in departmental and campus wide computer laboratories. Funds are needed to assure that this equipment remain state of the art. Ubiquitous access to data files through the network is becoming increasingly important as the computerized environment becomes more pervasive. The explosive growth in computer usage across all fields of study requires increased access both on and off campus. Additional network equipment is required. High tech delivery systems and Internet access must be provided in campus classrooms. Courseware is quickly adapting to the new technologies available, networked and video access is in increasing demand. The expansion of computing, networking and information seeking needs on the UIUC campus has resulted in inadequate support for the technology. Only by hiring additional qualified staff can the University reap the most benefit from its technology investment.

New Modes of Instruction

The release of NCSA Mosaic in 1993 and the concurrent emergence of commercial Internet service providers changed the course of the Internet, and indeed of education, forever. Exponential growth in Internet based education has occurred over the last year. Many of the finest institutions with global reach have eagerly embraced this new modality: the University of California at Berkeley now offers over 180 courses over the Internet; the State University of New York has established the SUNY Learning Network; and Pennsylvania State University offers courses through the Penn State World Campus. The Western Governors Association founded the Western Governors University, a degree granting "virtual" university with support from 15 western states. Time- and place-bound individuals who, for one reason or another, are unable to reside on or near a university campus, can take courses offered through these programs from their home or place of employment.

The University of Illinois is historically positioned for a pioneering venture in Internet based education. From the development of Illiac, Plato, Mosaic, Eudora and Telnet, to the ongoing contributions of the National Computational Science Alliance (NCSA) on the Urbana campus and the Electronic Visualization Lab (EVL) on the Chicago campus, the University has been an international leader in advanced applications of computer and networking technologies. In recent years, the U of I has initiated the use of advanced technology within both its regular curriculum and it's continuing education services. In 1995, for example, the Urbana campus received a \$2.1 million grant from the Alfred P. Sloan Foundation to create the Sloan Center for Asynchronous Learning Environments (SCALE). Over the last two years, SCALE has helped over 100 UIUC faculty integrate online learning technologies into their campus based courses. Building on the success of SCALE and other educational technology initiatives, University faculty have begun developing courses that can be taken largely online, without time and place requirements. To add coherence to and significantly expand these efforts, the University launched the UI-OnLine initiative in January of 1997. UI-OnLine is an umbrella organization encompassing courses, degree programs, outreach and public service programs conducted largely or wholly through the Internet.

By delivering innovative, premier educational and public service programs throughout the state, UI-Online will be the 21st century realization of the University's historic land grant mission. Although its off-campus students will occasionally be the same students who are enrolled on the campuses, UI-OnLine will also reach a new, underserved population drawn from Illinois citizens constrained by work, family, or other limitations that prevent direct access to a campus.

The UIUC Graduate School of Library and Information Science (GSLIS) already offers a full M.S. degree in Library and Information Science over the Internet through its LEEP3 program. In its first semester, LEEP3 enrolled 31 students, some instate and others as far away as Oregon, Vermont and Alaska. An additional 40 to 50 students will enroll in LEEP3 in the fall of 1997.

Several other online certificate or degree programs are currently under development, including a Math Education certificate program (involving three units of graduate coursework) at UIUC and a major Health Professions Education Initiative (HPEI) at UIC. The HPEI comprises 32 courses and certificate programs in Nursing, Bioinformatics, Public Health and Pharmacy. A \$350,00 grant from the Alfred P. Sloan Foundation will cover a little over one-third of the HPEI's two-year budget of approximately \$1 million, with the remainder coming from internally reallocated funds.

In addition to credit courses, UI-OnLine also comprises all University public service resources and programs delivered over the Internet. Exhaustive online information resources, such as StratSoy, PorkNet, Illinois World Food and Sustainable Agriculture Program, Toxicon toxicology database and the Criminal Justice World Wide Web Handbook, put University of Illinois research data at the fingertips of citizens throughout the state, again fulfilling the land grant mission of this University.

Transforming this ambitious vision into reality requires both human and financial capital. The first few years of UI-OnLine will be especially costly as it is built from the ground up. The University anticipates funding the development of 20 or more additional courses each year if incremental funds are available for FY 1999. The cost of creating each online course currently runs between \$10,000 and \$30,000.

Increased Links to the State of Illinois (\$1,500,000)

Overview

The University of Illinois has a long tradition of service to the people of Illinois through partnerships with schools, businesses, government agencies and community groups. Recently, the University has strengthened these services through three coordinating programs: the Great Cities Program at Chicago, Capital Outreach at Spring-field and the Partnership Illinois Program at Urbana-Champaign. The UIC campus directs its teaching, research and service to community needs through the Great Cities program. Developed in 1993, Great Cities is now a vigorous program with more than 200 initiatives in education, health services, economic development and the arts. This year's Great Cities request seeks to establish an Urban and Regional Data Retrieval and Computer Visualization program. Capital Outreach is the UIS initiative that brings together the various public affairs, public service and community outreach activities of the newest U of I campus.

In FY 1997, UIUC initiated Partnership Illinois to bring faculty expertise across the University to bear on the technological, economic, social and cultural challenges facing Illinois. Partnership Illinois goals are to raise awareness of current UIUC services and to respond to current and developing state needs in an efficient and coordinated manner. Two years ago, as an outcome of a campus wide planning process, a Partnership Council was established to assess existing services and outreach programs. For FY 1999, the Partnership Illinois request focuses on expanding existing services, new services and operational costs for successful sector projects.

UIC Great Cities Focus

The goal of the Great Cities Urban Data Visualization Program is to establish a high tech Urban and Regional Data Retrieval and Computer Visualization capacity that will serve UIC faculty, students, public and community agencies. Increasingly, students, researchers, government and community agencies need access to a wide range of data in a form that combines the advanced geographic information systems and visualization capabilities. New technologies in computing and visualization make a complex set of skills necessary for successful public presentations and retrieval of data for the public interest or for educational and research uses. These skills include

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telecommunications, data base management, web programming, geographic information systems, advanced computer graphics and urban planning methodology. The proposed program will draw together a range of advances in the use of technology for education and public service that are currently under development in the College of Urban Planning and Public Affairs. CUPPA will share these advances throughout the University and the wider community, including government agencies and community institutions.

The program will assemble, maintain and arrange access to a large number of community, economic development and housing databases; provide a range of proactive and demand responsive information services focusing on disaggregated community and regional data; support and conduct research and teaching advancing the field of urban and regional data visualization and data access. The project will benefit public and not-for-profit agencies in the Chicago region and the State by enhancing the ability to access and use data related to economic and community development. Students and researchers throughout UIC and elsewhere will benefit by bringing together the latest in data access, manipulation and visualization techniques.

UIC Focus on Educational Linkages

While UIC is broadly committed to the State of Illinois through the numerous teaching, research and service activities directly through the Great Cities Initiative, additional program funds will focus on strengthened connections to urban centers of the State and beyond.

The School of Architecture plans to strengthen undergraduate and graduate education and add a needed component to the programmatic offerings that focuses on environmental sustainability and expanded career choices for students. The recent development of the revised Bachelor of Arts degree in Architectural Studies and the current refinement of the Masters of Architecture program necessitate the introduction of new and specific curricula targeting career opportunities in areas close to architecture. The established tradition of public urban landscape in Chicago and the swell of interest in the relationship between landscape and the city provide career opportunities. The provision of teaching in landscape urbanism at both undergraduate and graduate level in the School will extend both retention and career choices of students.

The School of Architecture is currently developing instruction in landscape architecture as an adjunct to its professional and pre-professional programs in architecture. As landscape architecture has not been taught previously in Chicago, this represents an opportunity for the School to define itself locally and reiterate its commitment to urban issues. This initiative offers an equally significant opportunity for UIC to take a leadership position globally in the development of an emerging body of knowledge that has relevance to both professional and disciplinary audiences in architecture, landscape architecture and urban design.

One important goal of the Student Affairs Project Upward Bound is to provide students and parents with support and models to encourage and promote family stability, academic excellence and future professional success. Understanding the environmental and social strain that students in urban areas must confront in today's society, we know that in order to perform successfully in the academic environment, these students as well as their parents may need guidance, social skill enhancement, empathy and support. Single family issues, poor communication skills, substance abuse, physical and emotional abuse, working parents, isolation and environmental issues, have been found to be recurring problems which impact adolescent development. It has become increasingly clear that the most effective manner in which to address student achievement is to enhance parental involvement.

Family Support is an auxiliary program which will provide intensive support to families in Upward Bound in the following ways: a retreat for parents and students which will address social as well as academic struggles; giving adolescents and their families an arena for communication and disclosure; a series of monthly workshops; and adolescent and parent "Support Groups."

Moreover, the program will utilize student and professional alumni mentors as models for academic and professional success. By facilitating the building of relationships between alumni and current students, Upward Bound students will connect with others who have triumphed over similar struggles in pursuit of their academic aspirations. As a result, this program can help Upward Bound continue to keep in contact with and support alumni.

The School of Kinesiology Urban Youth Leader Project attempts to integrate the university's tripartite mission through the ongoing development, field testing, evaluation and dissemination of a unique program model for teaching undeserved youth; the implementation of youth programs based on this model in Chicago's inner city communities; and the development of a youth work professional preparation program that provides leadership and effective teaching for these youth programs and professional employment opportunities upon graduation.

Currently, the project consists of five areas: Responsibility-In-the-Gym clubs for 4th-8th grade inner city youth; a summer Apprentice Teacher Program for high school students to receive advanced leadership training; a Mentor Program which extends the Responsibility Model into the classroom; a Healy School Physical Education Program for juvenile releases from the Illinois Department of Corrections; and an Urban Youth Leader Corps and Mentor Corps for undergraduate and graduate students at UIC who undergo specially designed professional preparation course work in order to prepare them for teaching and leadership roles in these programs.

The Project coordinator has consistently received release time from the School of Kinesiology to develop and implementation this Project and to search for grant support. The School of Kinesiology has provided assistantships in the basic activity instruction program for graduate students for whom funding tied directly to the Project could not be found. External funding from a number of other agencies provides some additional support. Funding from Nike supports the summer Apprentice Teacher Program and will continue to do so for at least five years (including postsecondary education for participants who graduate from high school). Funding from a federal grant supporting the Mile Square-Suder School Partnership provides small stipends for some Urban Youth Leader Corps undergraduate students. Funding from

| | the American Alliance of Health, Physical Education, Recreation and Dance cur- rently funds the Mentor Program following a start-up grant from Great Cities. Funds would provide full support and stabilize the Kinesiology Urban Youth Leader Proj- ect, enable the project coordinator to apply for federal funding, provide leadership for other universities wishing to adopt the Project model and expand the Project in Chicago. |
|---|--|
| UIUC Focus on Services and Grants | In FY 1999, Partnership Illinois proposes initiatives to catalyze new efforts with various public and private constituencies, thereby extending campus resources in new directions to support the economic, social and cultural development of the State. |
| Expand Services of Existing Programs | Among the extensive list of public service projects now offered by UIUC faculty are exemplary projects with special funding needs. Two examples are given below. |
| | • The Institute for Competitive Manufacturing (ICM) is a multi-faceted program in which student teams work with Illinois industries to advance the leading edge of engineering design, manufacturing research and to facilitate technology transfer to small and medium sized companies. ICM helps these companies find solutions to manufacturing and management problems. The Institute offers five types of activities: industrial problem solving projects, industrial research projects, continuing education programs, information services and mobile laboratory support service. Since 1988, student teams have completed more than 340 projects for approximately 100 different small and medium sized industrial organizations in the State of Illinois. Funding is needed to expand the Institute's outreach program. |
| | • The East St. Louis Action Research Program is a collaboration of several UIUC departments and East St. Louis neighborhood groups on highly tangible and visible projects that address the immediate and long-term needs of some of the city's poorest communities. Cooperatively managed and developed, the program has been an important part of the growing neighborhood revitalization movement in East St. Louis since 1990. Faculty members and students work side by side with community leaders to find solutions to problems of community renewal. The program is funded in part by grants and would greatly benefit from a more stable funding base. |
| | The campus plans to expand the services of projects such as these with new program funding. |
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| Academic Program Initiatives | | Increased Links to the State of Illinois |
|--|--|--|
| Provide Grants for Experimental Services | range of \$15,000 - \$25,000 fo problem-focused, interdiscipl grants help catalyze new aver | I will be used to expand the number of seed grants in the or new activities growing out of the work of the 12 linary Partnership Illinois sector groups. The seed nues for making the knowledge resources of the Univer- s and individuals around the state. |
| | funded proposal will develop League, which will be offered aimed at helping the state me will provide support for plant sional development of educat Teacher Education, the distri | were funded out of the 99 proposals received. One of a curriculum in conjunction with the Illinois Municipal d to elected officials over a two year period. Another is set the provisions of the welfare-reform bill. Another ning and establishing a new partnership for the profes- tors among the Colleges represented by the Council on cts served by the Champaign/Ford Regional Office of ts served by the Vermilion County ROE and the Office Public Service. |
| Establish New Services | that have proven worthy of co tive to build campus capacity Learning programs. Through in our communities through v ticular fields of study and app build the capacity to guide ou needed where members of the with faculty members and stu | I will provide recurring support for seed grant initiatives ontinuation and development. An example is the initia- to engage and supervise undergraduates in Service a service learning, undergraduates gain direct experience voluntary efforts in order to test their interest in par- ply their knowledge in practical settings. In order to ar undergraduates, a community resource center is e Champaign-Urbana community can come together idents to find solutions to community economic devel- onal needs in local communities. |

Operational Infrastructure (\$1,125,000)

Overview

Over the past decade, the expansion of both academic programs and physical plants have forced support service units (those units that exist primarily to provide required or specialized services to the University's academic community) to increase dramatically their range and level of services. At the same time, budget constraints affecting the entire University have been felt most severely in these support and service areas. Steadily increasing monitoring and reporting requirements imposed at the State and federal levels have consumed larger amounts of time and energy from current staff.

The initiatives that follow highlight some of the most pressing support needs of the University of Illinois.

UIC Safety and Security Activities

Provision of adequate safety and security on campus is essential in the competition to attract and retain students, faculty and staff. As part of the ongoing effort at UIC to protect persons and property, the University Police seek efficient and costeffective ways to enhance security on our growing campus. Technology can be a valuable tool in this important effort. Recently a number of universities have installed campus video security systems. A recent survey of three institutions (the University of Maryland at College Park, the University of Virginia, and Eastern Kentucky University) employing new technology found that all reported success with their systems, resulting in arrests, prevention of robberies, and a reduction in property thefts. Eastern Kentucky University reports a 50% drop in parking lot crime since installation. The University of Maryland has plans to add another 60 cameras to their system in the near future.

A proposed UIC video security system will be monitored 24 hours a day at a central location by trained personnel. Modern technology allows each video camera to be controlled, as well as programmed to act as an alarm system. This system will also allow for continuous or episodic recording of events. The system will consist of roughly 100 cameras and a management center capable of handling up to 200 cameras. The system utilizes a PC based management approach, which requires an extension of the existing fiber optics network to each camera site, as well as the

installation of video servers at selected sites along the fiber optics backbone. These servers would feed video signals to the central monitoring point. Equipment will be replaced on a 3 to 4 year cycle. Installation will begin in FY 1999 with activation timed to correspond with the Police Department's move to its new facility.

UIC Compliance Activities

The Office for the Protection from Research Risks (OPRR) facilitates the compliance of UIC investigators with federal and University policies and procedures relating to the use of humans, animals and recombinant DNA in research. Institutions must be in full compliance with federal and other regulatory policies to secure and maintain access to federal funding. Recent studies have indicated that full compliance can only be achieved with a substantial investment by the institution. In view of increasing regulatory issues and the demand for continuation reviews, the existing staff configuration does not have the support required to properly service investigators.

The need for personnel and expenses for a campus wide program has been successfully accommodated thus far through the internal reallocation of funds. However, the continued erosion of available funding and the increased competition for external funding, sets the stage for increasing demands by our investigators for thorough yet expeditious reviews. This exemplifies the long term need for additional personnel and technological advancements to enhance our system of review.

The goal of the Office for Research Services (ORS) is to continue to provide efficient service in the processing of grants and contracts for UIC faculty. The office provides expert advice on the various funding agencies, changing rules and regulations, (such as Federal Acquisition Regulations, OMB Circulars A-21 and A-110), as well as strategies for increasing funding from external sources. This service is provided in an environment in which proposal activity has increased by 5% per year over the last several years. Similarly, contract negotiations have increased by approximately 50% over the last year and a half. Staffing has remained constant during the same period. As a result of government reinvention activities, ORS will be the single point of contact with the federal government on behalf of UIC. As such, the staff of this office will be responsible for ensuring compliance with the dramatic increase in change in federal regulatory standards. Almost simultaneously, ORS is experiencing a steady increase in the number of proposals being processed and an equally dramatic increase in the number of contracts being reviewed.

UIS Operational Activities

The absence of funding for general price increases in recent years has resulted in an erosion of the base of goods and services that forms the foundation of the Springfield campus' instructional, research and service activities. Internal reallocation has been used to fund unavoidable increases in the areas of most pressing need, but the campus has reached the point where further reallocation results in overall diminishing returns. It has also become evident that effective and efficient operation of the campus' four schools will require the investment of additional resources to support school operations relating to budget development, monitoring of expenditures, personnel management and academic planning.

Another area of operational strengthening is to increase the availability of classroom space. Demand for classrooms has reached the point requiring rental of space in downtown Springfield. The UIS Vision Statement recognized the need to engage in systematic efforts to improve the campus' intellectual, social and cultural climate. A task force headed by the Vice Chancellor for Student Affairs is assessing the status of student services and will present recommendations. However, one immediate initiative related to the goal of improving the climate is increasing the investment in academically-related cultural activities.

UIS Staff Salary Augmentation

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

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

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



Facilities Renovation Support (\$4,200,000)

Overview

Stated most simply, physical facilities are a critically important component of the academic support structure necessary to conduct instructional, research and service activities in any institution of higher education. Academic facilities constructed and operated with State funds for the University of Illinois have a replacement cost of \$3.7 billion. Most of these facilities were built to "institutional standards" in construction materials and techniques, meaning that with proper maintenance and regular renovation of components which have exceeded their useful lives, the facility can have a nearly infinite life. Toward this end the University has attempted to create a consistent funding source to service the infrastructure. FY 1998 begins the initial phase of a multi-year funding request that was included as part of the Universities operating budget request. Though funding did not meet the requested level of \$6.4 million, almost \$1.1 million was allocated for this program in a precedent setting step. For FY 1999 the University seeks to build on this modest but essential start. Steady and sustainable revenue streams are crucial to maintain the University's physical assets. A variety of University of Illinois programs are today housed satisfactorily in buildings more than 100 years old and that experience can continue if adequate facilities funds are available.

The Need

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

If replacement of worn-out building systems is not completed on a timely basis, significant back-logs of deferred maintenance needs arise. • <u>Replacement Needs</u>

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

• <u>Realignment Needs</u>

The needs of academic programs vary over time. As enrollments shift among fields of study, space needs change with them. As the state of the art within fields of study changes, so too, do the facilities needed to support new activities.

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In some cases the entire functional use of space must shift to accommodate changes within or among academic programs.

• <u>Renewal Needs</u>

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

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

Several types of funding are required to meet the range of facilities operating, maintenance, renovation and replacement needs which universities confront annually. In Illinois, day-to-day operations and maintenance costs are funded through the annual operating budgets of colleges and universities. Major remodeling and new construction funds come from capital budget appropriations with annual sales of bonds which customarily carry 25-year debt retirement obligations. At this time, funds to address minor remodeling needs most often associated with the factors outlined above also come from capital budget sources. Optimistically, the University hopes to continue the multi-year program started in FY 1998 and thereby maintain a sustainable source of funds for facilities renovation.

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

- 1. Public colleges and universities in Illinois have accumulated backlogs of deferred maintenance projects reaching tens of millions and in some cases hundreds of millions of dollars per campus. The State's investment in college and university facilities is at risk.
- 2. Once fully implemented, an operating budget based facilities renovation program would permit institutions to plan, schedule and complete minor remodeling projects more rapidly, more efficiently and less expensively than the present capital budget based program permits. Funding such projects from annual operating budgets would enable the State to devote its bond funded activities to major remodeling and new construction needs.
- 3. The capital budget offers an uncertain and uneven level of support for renovation projects, which must compete with other capital needs for major remodeling and new construction. The entire capital budget process has recently been

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delayed with no funding in two of the past three fiscal years, significantly increasing the deferred maintenance backlog.

Space Realignment, Renewal and Replacement (SR³)

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

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

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

Summing the SR³ requirements for all the facilities on a campus establishes the amount which an institution should spend each year to make certain that its academic facilities are functionally appropriate for the programs it offers. For the three campuses of the University of Illinois for Fiscal Year 1999, the SR³ requirement is \$29.1 million.

SR³ Proven Effective In 1979 the University of Illinois undertook a major restructuring of the debt for its auxiliary facilities and created an entity known as the Auxiliary Facilities System. An integral part of the debt restructuring was the initiation of an annual space renewal and replacement component in the operating budgets of all auxiliary facilities. Since auxiliary facilities do not face the same need for functional reconfiguration of For two decades the space to meet changing academic program needs that academic facilities must ad-University has dress, the annual Auxiliary Facilities System space renewal and replacement demonstrated the requirement equals one-half of one percent of the facilities' replacement costs. This effectiveness of SR^3 requirement represents a first dollar operating budget commitment for all University in keeping its of Illinois auxiliary facilities. It has been in place for nearly 20 years and it provides auxiliary facilities in the best documentation possible for the effectiveness of the SR³ philosophy and apgood working condition. proach to effective facilities maintenance. As a group, University of Illinois auxiliary facilities today are significantly better maintained than the University's academic buildings.

> The Illinois Board of Higher Education (IBHE) has endorsed many of the principles embodied in the Space Realignment, Renewal and Replacement approach. For more than a decade IBHE has recommended and the General Assembly and Governor have supported a capital budget based Repair and Renovation (R & R) program which uses the SR³ formula approach to allocate funds among institutions for minor remodeling projects defined with considerable flexibility by the institutions. Unfortunately the capital R & R initiative has been funded at approximately one-third of the annual need which the SR³ formula prescribes for each institution. More troubling, the capital budget has been subjected to difficulties within the General Assembly and capital bond authorization increases were absent two years and significantly delayed a third year. A backlog of critically important R & R projects is growing to near

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| | crisis proportions, emphasizing dramatically the need for regular, recurring attention to facilities renewal, realignment and replacement requirements. |
|--|---|
| | to radinales rene wai, realignment and repracement requirements. |
| FY 1999 | The need for an operating budget based program which can address a variety of fa- |
| Operating Budget | cilities needs facing the University of Illinois has grown to the point that its priority matches the need for new or expanded academic program funds. For FY 1999 the |
| Request for Facilities Renovation | University of Illinois will continue the program begun this year and will seek to add incremental funds necessary to fund the SR ³ formula. For FY 1999 the University seeks \$4.2 million for the second year of this four-year initiative. |
| | Funds provided under this program would be used to meet facilities needs arising in three distinct areas: |
| | 1. To accelerate the attack on a burgeoning backlog of deferred maintenance proj- ects centered on building system components well beyond their useful lives. |
| | 2. To address functional changes in space configuration caused by program changes or state of the art changes in instruction and research. Upgrading class laboratories would be a significant element in this category. |
| | 3. To address continually changing infrastructure needs to accommodate changes in technology. |
| | The University strongly believes that the SR^3 formula approach is the most effective |
| | mechanism to implement an operating-budget-based facilities renovation program. |
| | The SR ³ approach offers numerous advantages, which include the following: |
| SR ³ is simple, straightforward, equitable, comprehensive and cost effective. | • SR ³ is simply defined and easily understood. Its components (amount of space maintained with State funds, space inventory by type, replacement costs) can be easily computed by all colleges and universities and are elements which institutions, the Board of Higher Education and legislative and executive agency staff are very comfortable and have dealt with for a number of years. |
| | • SR ³ is easy to implement. All of its components are already in place at all public colleges and universities participating in the capital budget R & R program. |
| | • SR ³ is equitable to all institutions regardless of size or complexity. |
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Addendum I Retirement

Overview

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

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

In FY 1995, again there was significant movement towards an improved level of retirement funding. Public Act 88-593 provides that the State's five pension systems achieve a level of 90% of full actuarial funding in 50 years and includes a continuing appropriation provision to enable the State to reach that goal. This legislation will strengthen the financial condition of the Retirement System and should help preserve funding stability for pension systems despite fiscal constraint in the rest of the State budget. In FY 1998 SURS received an increment of \$39.5 million in General Revenue Funds—more than one-third of all new state tax monies for higher education.

A mandated new valuation methodology and a new set of actuarial assumptions will alter, to some degree, the future annual increments necessary to fund SURS required by PA 88-593. Under new Governmental Accounting Standards Board (GASB) guidelines, SURS assets as of June 30, 1997 will be valued at market rather than book. This change alone significantly increased the funding ratio of assets to liabilities; and, the new set of actuarial assumptions adopted in December 1996 will increase the funding ratio even further by lowering projected future liabilities. It is estimated that the combination of lower growth in SURS liability for benefits and higher rates of growth in its assets will reduce future State contributions requirements from the steep "ramp up" levels which PA 88-593 required. The FY 1999 increment is currently estimated at \$20 million, almost one half of what was required in the current year.

Addendum II Cooperative Extension Service

Background

A unique responsibility of the University of Illinois at Urbana-Champaign as Illinois' land-grant university is reflected in the Illinois Board of Higher Education's (IBHE) focus statement, which describes the University's mission, in part, as centering on "...instruction, research and public service in agriculture...." The public service responsibility in agriculture is implemented as a partnership among the federal, state and local governments working cooperatively with the University of Illinois. Federal responsibilities are set forth in the Smith-Lever Act of 1914, while state and local responsibilities are addressed in the County Cooperative Extension Law in Illinois statutes. Operationally, this responsibility is assigned to and carried out through the research-based information and education programs of the UIUC College of Agricultural, Consumer and Environmental Sciences Cooperative Extension Service, commonly known as the University of Illinois Extension Service.

Chancellor's Commission on Extension

In January, 1996 the UIUC Chancellor appointed a Commission on Extension to study and make recommendations on programming, structure and the future of the University of Illinois Extension Service. The 21 members of this blue-ribbon panel submitted their report in December, 1996. The Commission's work included numerous study sessions and public forums across the State, with oral and written testimony from more than 200 individuals, focus groups involving community, agricultural and business leaders and correspondence from over 160 Illinois citizens. The Commission's general conclusion is that "there is overwhelming public support in Illinois for the mission and contributions of U of I Extension."

Statewide Focus, Mission and Impact

Throughout its history, the unique position of the Cooperative Extension Service at the nexus of a tripartite relationship among federal, state and local governments has brought it a statewide focus, mission and impact. While its primary mission is educational, CES has strong links to the research enterprise within the University of Illinois and to the dissemination of research results and transfer of technology from the University to the State's agriculture and business communities and to individual citizens across Illinois. As the agriculture segment of the Illinois economy has grown into a vital component of the State's overall fiscal base, CES activities have

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expanded to include linkages with a number of State agencies and activities and with a number of agriculture interest groups. These special services and broad Statewide focus transcend the customary service responsibilities normally a part of the missions of most universities or of individual faculty members.

Following their deliberations, the Commission concluded that the demand for Extension education programs exceeded the capacity to meet the minimum expectations of the citizens of Illinois. The Commission recommended:

- Adding one educator to the staff of each local office;
- Adding subject matter experts on campus;
- Upgrading information and communication technologies at the local and campus levels; and
- Investing in professional development and training throughout the system.

Commission members recognized the breadth of Extension's reach and the corresponding need to view CES as a statewide activity. They also recognized an inherent danger in such a view, namely that fulfilling Extension's statewide service mission to its maximum impact might bring CES' resource needs into competition with the academic program needs of the University as assessed within the narrower context of the higher education budget.

The Commission explicitly recognized this concern by including in its recommendations the principle that "...additional investments [in Extension programs] should not be placed in competition with any University of Illinois request for additional funds to support campus academic program priorities." The University concurs with this principle. Consistent with its intent, funding issues affecting Extension are addressed within this Addendum to the University's Fiscal Year 1999 budget request.

Extension Funding Issues

The Cooperative Extension Service, like every other component of the University, has experienced a period of severe fiscal constraint over the past decade. Tightening federal budgets, constrained State budgets and competition from important budgetary needs in other social and human service areas have combined to seriously stress the resources available to CES. While solid new support has come from a number of local governments via successful tax increase referenda, it has not as yet been fully matched by corresponding State resources, while funding for various Titles of the federal Extension budget have been flat at best and slightly negative at worst.

It is clear that if Extension is to meet its statewide mandate fully, additional resources will be needed. A total of \$6 million is required for Extension to respond to the needs identified by the Commission: \$4 million at the local/regional level and \$2 million at the UIUC campus. Given the continuing revenue difficulties experienced by the Agriculture Premium Fund, these additional resources will inevitably have to come from the State's General Revenue Fund.

At the campus level, allocation of additional staff expertise would depend on the amount of funds available and the most pressing program priorities experienced at the time resources were received. To meet the full range of needs would require approximately \$1.6 million for about 20 full-time staff and related professional development improvements. Depending upon program priority needs and key areas of concern at the State level new staff could be assigned to areas such as agriculture and food system strategy, water quality/watershed management, various plant or animal functions, etc. Additional areas of possible staff assignments consistent with the needs identified by the Commission would include areas such as consumer sciences, community and rural economic development and 4-H/youth development needs. Approximately \$400,000 would be required for on-campus information technology improvements.

At the local/regional levels some \$3.8 million would be needed to achieve the minimum local/regional staffing patterns endorsed by the Commission. Approximately
75 additional staff positions would be required. Another \$200,000 would be required to extend and improve local technology.

The Illinois General Assembly is considering statutory changes which would make it possible to appropriate funds to the State Cooperative Extension Service Trust Fund in the Department of Agriculture for program uses in local/regional offices in support of programs that go beyond current county board matching provisions. The University endorses these changes and urges the General Assembly to enact them during the next legislative session.

Summary

Response to the Commission on Extension recommendations should follow two paths. An additional \$2 million in State support for the University of Illinois at Urbana-Champaign would address increased subject-matter expertise and technology improvements at the campus level. An additional \$4 million in combined local and State matching support in the State Cooperative Extension Service Trust Fund would address the need to achieve minimum local/regional staffing levels and technology improvements. To meet the former objective, additional funds are required in the UIUC operating budget. To accomplish the latter objective most expeditiously, statutory changes now before the General Assembly to enable greater revenue generating capacity for the State Cooperative Extension Service Trust Fund should be enacted. In both cases, these initiatives should be pursued in ways which do not reduce the funding for academic programs which would be available to the University



Background and Context

Overview

Regular, sustained attention to facilities needs on an annual basis is critical. To begin consideration of the University's capital budget request, it is important to recall that an institution of the size, scope and complexity of the University of Illinois faces a recurring array of facilities related needs every year. As buildings age through their normal life cycles, it is important to address minor repair and renovation needs continually. Failure to do so accelerates deterioration of a facility and leads to costly major remodeling requirements more quickly than would be necessary if prudent attention to annual repair and renovation were possible. Changing programmatic emphases in academic units also create the need for relatively small remodeling projects which can be addressed quickly to make existing space more useful for emerging academic priorities. Based on numerous analytical studies, it has been estimated that an institution the size and age of the University of Illinois should be spending approximately \$29.1 million per year on this type of minor repair and renovation. (In this case individual "minor" remodeling projects have a normal cost range from \$100,000 to \$1.5 million.) The annual repair and renovation request has therefore led the Universities capital budget request list for the last decade.

Buildings and the infrastructure systems which support them have finite useful lives. Roofs deteriorate; heating, ventilating and cooling systems wear out; masonry decays; and so on. At a certain point major remodeling is required to extend the useful life of every University facility constructed and every annual capital budget request will contain a share of major remodeling projects, usually in the cost range of \$1 to \$15 million. Major remodeling projects can also result from the need to enlarge the capacity of a building to change the functional use, or to upgrade or extend campus wide infrastructure systems. For example, as technological advances have accelerated over the past two decades and computers now permeate the conduct of almost every phase of instruction and research activity, the need to expand electrical and cooling capacity for individual buildings and for entire campuses has grown dramatically. At times buildings may outlive their usefulness for the purposes for which they were originally constructed, but with remodeling and renovation can be refitted for other, usually less complex uses. This is particularly true for research facilities more than 40 or 50 years old. The cost to upgrade building systems to current state of the art standards for today's research and instructional programs is usually greater than new construction costs for the same type of space.

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

Failure to address facilities needs on an annual basis increases the cost of future projects, limits academic program development and imperils sound planning. It is important to reemphasize the recurring nature of these important facilities related budget requirements which must be addressed on an annual basis. When that is not possible, a backlog of unfunded projects grows quickly and becomes an accelerating cycle of deterioration in facilities which, if not addressed, leads inevitably to deterioration of academic programs and loss of key faculty and students. Over the last several years the regular legislative capital funding cycle has been interrupted. There have been no regular capital appropriations over the last three years at the close of the spring legislative session. In March of 1997 the General Assembly passed and the Governor signed legislation funding various State capital projects which had accumulated during the regular FY 1996 and FY 1997 budget process, of which four University of Illinois projects were included. These projects were first approved by the Governor in his FY 1996 state budget. Absent from that funded list was the U of I share of annual repair and renovation funds and support for the College of Agriculture, Consumer and Environmental Sciences Information and Alumni Center which was included in the Governor's budget recommendations for FY 1998. While funds were appropriated for planning purposes in the FY 1997 budget, construction funds have not been appropriated. The ACES College has already secured the private match for this critical building project.

In May 1997 the regular FY 1998 capital budget review process concluded with no action on the Governor's capital budget. At this point, the University expects that capital budget issues will be revisited during the fall legislative session. If so, efforts will be made to secure the \$9.5 million appropriation to match private gifts for the ACES project, along with appropriation of the annual R & R program.

Beyond these specific projects, the University also hopes that the General Assembly will return to the normal annual cycle for capital appropriations so that regular, steady progress can be made on the wide range of annual facilities needs which sound stewardship of state assets and prior investment requires.

The following two tables present a brief history of recent capital project funding and the status of state-funded capital projects currently underway.

Capital Budget

| Histo | ory of Recent FY 19 | Table 1 t Capital 1 93 - FY 1 rs in Thousa | 998 | tions | | |
|----------------------------------|------------------------|---|-------------|------------|------------|------------|
| | FY 1993 | FY 1994 | FY 1995 | FY 1996 | FY 1997 | FY 1998 |
| Campus Requests | | | | | | |
| Chicago | \$40,309.9 | \$25,231.0 | \$61,819.7 | \$51,567.0 | \$30,265.0 | \$51,350.0 |
| Springfield | 2,390.1 | 4,115.9 | 2,728.5 | 3,827.6 | 4,983.1 | 5,212.8 |
| Urbana-Champaign | 77,895.6 | 32,698.0 | 56,255.3 | 42,837.0 | 46,071.0 | 42,962. |
| TOTAL | \$120,595.6 | \$62,044.9 | \$120,803.5 | \$98,231.6 | \$81,319.1 | \$99,524.8 |
| IBHE Recommendations | | | | | | |
| Chicago | \$22,989.9 | \$15,594.0 | \$23,783.7 | \$17,500.0 | \$19,100.0 | \$6,560. |
| Springfield | 1,154.2 | 462.1 | 1,697.9 | 1,110.0 | 2,525.5 | 433. |
| Urbana-Champaign | 26,110.0 | 19,060.0 | 14,771.3 | 23,700.0 | 29,881.0 | 17,460.3 |
| TOTAL | \$50,254.1 | \$35,116.1 | \$40,252.9 | \$42,310.0 | \$51,506.5 | \$24,455. |
| Regular Capital Appropriations | | | | | | |
| Chicago | \$8,722.5 | \$4,114.9 | \$22,752.0 | | \$11,594.1 | |
| Springfield | 1,036.2 | 236.0 | 1,201.7 | | 883.6 | |
| Urbana-Champaign | 11,079.0 | 7,807.1 | 7,750.0 | | 12,963.9 | |
| TOTAL | \$20,837.7 | \$12,158.0 | \$31,703.7 | | \$25,441.6 | |
| Appropriations for Special Proje | cts | | | | | |
| Americans with Disabilities | | \$19,168.9 | | | | |
| Planning Funds | | - | | | \$3,000.0 | |
| TOTAL APPROPRIATION | \$20,837.7 | \$31,326.9 | \$31,703.7 | | \$28,441.6 | |

Capital Budget

| Table 2 |
|--|
| Status of State Funded Capital Projects |
| (Dollars in Thousands) |

| Project Name | Fund Source | Fiscal Year | Project Budget | Est. Complete | Project Status |
|------------------------------------|----------------|----------------|-------------------|------------------|-------------------|
| Chicago | | | | | |
| Remodel Alumni Hall | CDB | 94 | \$5,924,047 | Dec-97 | Const. |
| Equipment COM @ Peoria | CDB/BI | 94 | 867,763 | Dec-98 | |
| ADA Compliance Modifications | CDB/ADA | 94 | 3,689,658 | Dec-97 | Const. |
| South Campus Land Development | CDB | 95 | 4,700,000 | | |
| Core Campus Improvements * | CDB | 97 | 5,900,000 | | |
| Repair and Renovation | CDB | 97 | 5,694,100 | | |
| Springfield | | | | | |
| South Access Roadway Improvements* | CDB | 97 | \$451,600 | | |
| Repair and Renovation | CDB | 97 | 432,000 | | |
| Urbana | | | | | |
| Noble Hall Remodeling | CDB | 97 | \$1,040,000 | Dec-97 | Const. |
| Rehab Center Basement Remodel | CDB | 94 | 625,000 | Dec-97 | Const. |
| Campus Flood Control * | CDB | 97 | 6,000,000 | | |
| Repair and Renovation | CDB | 97 | 6,963,900 | | |

* Denotes projects appropriated but not released

| CDB | Capital Development Board |
|-----|---------------------------------|
| BI | Build Illinois |
| ADA | Americans with Disabilities Act |

Summary of FY 1999 Priorities

Overview

The University's FY 1999 Capital Budget Request consists of 10 projects at a total cost of \$146,940,400 million. Table 3 represents a combined priority listing of the proposed projects for this year. Note: this list has been prepared based on the assumption that \$9.5 million to match private gifts for the ACES Information and Alumni Center, recommended by the IBHE and the Governor for FY 1998 funding, will be secured in the fall legislative session.

The first priority is a \$10,000,000 Repair and Renovation request which is comprised of 6 projects at the Chicago campus, 4 at the Springfield campus and 9 at the Urbana-Champaign campus. As in years past, these projects address smaller scale renovation needs not large enough to compete with a major remodeling request, but which in aggregate represent a critical priority. A high priority on renovation and renewal must be maintained by institutions with facilities the size, scope, complexity and age of the University of Illinois. The Repair and Renovation request is vital for the continued renewal of existing University facilities, provision of up to date support for academic programs and protection of the State's investment in capital facilities. More detailed descriptions of these projects begin on page 22.

The second priority is the College of Medicine Building (COM) at the Chicago campus. This \$50,000,000 appropriation, matched by a like investment from the University, will provide 160,500 GSF of updated research and instructional facilities for the Basic Medical Sciences departments of the College of Medicine. A new building is critical to increasing research activity as well as enhancing faculty, staff and student performance by providing state of the art instructional and research laboratories.

Priority three seeks \$7,365,000 to update the Mechanical Engineering Laboratory on the Urbana-Champaign campus. While the exterior structure of the Mechanical Engineering Building is adequate, the interior space is in need of through updating to achieve modern standards for teaching, research and office space.

| | FY 1999 Capita by Pri | Table 3 al Budget F fority and C | - | mmary | | |
|----------|---------------------------------------|--|-------------|------------|-------------|-------------|
| Priority | Project | Chicago | Springfield | Urbana | Total | Cumulative |
| 1 | Repair and Renovation | \$4,350.0 | \$330.0 | \$5,320.0 | \$10,000.0 | \$10,000.0 |
| 2 | College of Medicine | 50,000.0 | | | 50,000.0 | 60,000.0 |
| 3 | Mechanical Engineering Lab Remodeling | | | 7,365.0 | 7,365.0 | 67,365.0 |
| 4 | UIS Road Improvements | | 2,412.7 | | 2,412.7 | 69,777.7 |
| 5 | Campus Chiller | | | 43,960.0 | 43,960.0 | 113,737.7 |
| 6 | Clinical Sciences Remodeling | 15,000.0 | | | 15,000.0 | 128,737.7 |
| 7 | Freer Hall Remodeling | | | 7,465.0 | 7,465.0 | 136,202.7 |
| 8 | SURS Building Acquisition | | | 1,800.0 | 1,800.0 | 138,002.7 |
| 9 | Social Work Building | | | 8,010.0 | 8,010.0 | 146,012.7 |
| 10 | UIS Site Improvements | | 927.7 | | 927.7 | 146,940.4 |
| | TOTAL | \$69,350.0 | \$3,670.4 | \$73,920.0 | \$146,940.4 | \$146,940.4 |

* Does not include the ACES Information and Alumni Center amendment to be filed in the fall, 1997 legislative session.

The fourth priority provides \$2,412,700 for roadway improvements at the Springfield campus. This project consists of three separate road improvements which will alleviate traffic engineering problems on the campus. These three projects are the completion and resurfacing of the Ring Road, the 11th Street Connector and completion of the South Access Roadway.

The fifth priority provides \$43,960,000 for a Central Campus Air Conditioning Center at the Urbana-Champaign campus. This request will directly enhance the functional capability of the instructional and scientific research laboratories along the "science corridor" in the east-central portion of campus. This regional chiller facility will provide replacement capacity for several chillers which have reached the end of their useful lives in addition to providing emergency backup capability.

The sixth priority is \$15,000,000 to complete remodeling of the Clinical Sciences Building at Chicago. This project represents the final phase of the Clinical Sciences Building Remodeling project list initially funded in 1982. The seventh priority is \$7,465,000 to remodel Freer Hall on the Urbana-Champaign campus. This remodeling will allow for the consolidation of faculty and staff in the College of Applied Life Studies into one building.

The eighth priority would provide \$1,800,000 for the acquisition of a facility which once served the State University Retirement System. This facility allows the University to consolidate administrative computing functions into a single location to improve working conditions and enhance operating efficiencies.

The ninth priority is the construction of a Social Work Building on the Urbana Champaign campus requiring \$8,010,000. This new facility will allow the School of Social Work to consolidate functions from current inadequate space configurations.

The tenth priority would provide \$927,700 for the Springfield campus. This project will enhance pedestrian and vehicular traffic around campus buildings, improve the architectural image of the central campus, repair underground water and gas lines that serve campus buildings and provide an appropriate sense of completion to the south quadrant of campus with appropriate landscaping.

Table 4 FY 1999 Capital Budget Request Summary by Category and Campus (Dollars in Thousands)

| | | | Urbana- | |
|---------------------------------------|------------|-------------|------------|-------------|
| Category | Chicago | Springfield | Champaign | TOTAL |
| Building, Additions, and/or Structure | \$50,000.0 | | \$8,010.0 | \$58,010.0 |
| Land Acquisition | | | 1,800.0 | 1,800.0 |
| Utilities | | | 43,960.0 | 43,960.0 |
| Remodeling | 19,350.0 | \$330.0 | 20,150.0 | 39,830.0 |
| Site Improvements | | 3,340.4 | | 3,340.4 |
| Planning | | | | 0.0 |
| | \$69,350.0 | \$3,670.4 | \$73,920.0 | \$146,940.4 |
| | | | | |

Capital Budget

Table 5 FY 1999 Capital Budget Request Future Funding Implications (Dollars in Thousands)

| | | | FY 1999 | FY 2000 |
|-----------------|---------------------------------------|------------|------------|---------|
| Priority | Project | Category | Request | Cost |
| 1 | Repair and Renovation | Remodeling | \$10,000.0 | |
| 2 | College of Medicine | Building | 50,000.0 | |
| 3 | Mechanical Engineering Lab Remodeling | Planning | 7,365.0 | |
| 4 | UIS Road Improvements | Remodeling | 2,412.7 | |
| 5 | Campus Chiller | Site | 43,960.0 | |
| 6 | Clinical Sciences Remodeling | Planning | 15,000.0 | |
| 7 | Freer Hall Remodeling | Remodeling | 7,465.0 | |
| 8 | SURS Building Acquisition | Land | 1,800.0 | |
| 9 | Social Work Building | Building | 8,010.0 | |
| 10 | UIS Site Improvements | Planning | 927.7 | |

Table 6 FY 1999 Capital Budget Request Cost Per Square Foot of New Building & Major Remodeling Projects by Campus (Dollars in Thousands)

| | Project Cost | Gross Square Feet | Net Assign. NASF/GSF | Efficiency NASF/GSF | \$/GSF | \$/NASF |
|-------------------------|-----------------|----------------------|-------------------------|------------------------|----------|----------|
| Chicago | | | | | | |
| New Building (Planning) | | | | | | |
| COM | \$50,000.0 | | | | | |
| Major Remodeling | | | | | | |
| Clinical Sciences | \$15,000.0 | 108,315 | 64,859 | 60% | \$138.48 | \$231.27 |
| Urbana-Champaign | | | | | | |
| New Building | | | | | | |
| School of Social Work | \$8,010.0 | 33,165 | 20,900 | 63% | \$241.52 | \$383.25 |
| Major Remodeling | | | | | | |
| Mechanical Engineering | \$7,365.0 | 67,677 | 41,312 | 61% | \$103.65 | \$169.81 |
| Freer Hall | \$7,465.0 | 62,585 | 40,680 | 65% | \$119.28 | \$183.51 |



Priorities

\$10,000,000 - All Campuses

Priority 1: Repair and Renovation

Consistent with the need for annual attention to repair and renovation, this ranks as the University's top capital priority for FY 1999. A total of \$10 million is requested for the 19 projects outlined in table 7. Detailed descriptions of these projects are found in the Repair and Renovation project descriptions, following this Priorities section.

Table 7Repair and Renovation Projects by Campus

| Chicago Projects | Amount |
|--|-------------|
| Alumni Hall Classroom Remodeling | \$450,000 |
| Roosevelt Road Building Renovation | 962,280 |
| College of Pharmacy Teaching Laboratory Renovation | 610,250 |
| Alumni Hall North Chiller Replacement | 917,400 |
| Science and Engineering Office Building Masonry Repair | 920,460 |
| Clinical Sciences North Building Roof Replacement | 489,610 |
| Total | \$4,350,000 |
| Springfield Projects | |
| PAC & Brookens Computer Lab Improvements | \$120,000 |
| PAC Administrative Office Remodeling | 30,000 |
| Carpet Replacement | 74,000 |
| Sangamon Auditorium Improvements | 106,000 |
| Total | \$330,000 |
| Urbana-Champaign Projects | |
| Environmental & Ag Sciences Building Remodeling | \$500,000 |
| Gregory Hall Remodel Vacated Space | 535,000 |
| Burrill Hall Instructional Labs and Library Remodel | 1,340,000 |
| Armory HVAC Improvements Phase II | 600,000 |
| Armory HVAC Improvements Phase III | 650,000 |
| Physical Plant Services Bldg. Roof Replacement | 700,000 |
| Environmental & Ag Sciences Condensate Piping | 300,000 |
| Fire Alarm System Upgrade Phase V | 345,000 |
| Smith Memorial Hall Remodel Instructional Lab | 350,000 |
| Total | \$5,320,000 |

Priority 2: College of Medicine

\$50,000,000 Chicago

The University of Illinois College of Medicine (COM) is the country's largest medical school, educating 1,300 medical students and 1,100 medical residents annually, providing over 80% of Illinois' public school enrollment opportunities. One in every six doctors practicing in Illinois attended the University of Illinois. The College of Medicine is the Chicago campuses leading research unit. Medical and basic science faculty are at the forefront of research in human biology and the application of that research to the problems of sick patients. College of Medicine research awards represent approximately one-half of the total generated by the entire UIC campus.

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

As part of the HSC strategic planning process, space and facility needs were assessed and prioritized. Eighty percent of the COM research space is housed in 6 buildings, only one of which is less than 50 years old. (The exception, the Medical Sciences Building, was constructed in 1964.) Approximately 40% of the research space is housed in buildings more than 70 years old. The assessment process included a review of the adequacy of existing facilities and various construction and renovation scenarios for facilities improvement. Results of infrastructure analysis showed that current COM buildings are seriously deficient in several areas. The electrical, HVAC, and data transmission systems are all obsolete. Many other building systems including safety/code compliance, roofing, windows, masonry, plumbing, fume hoods and elevators are in dire need of repair or replacement. A significant amount of general remodeling and space reconfiguration would also be required to create an environment conducive to state of the art research in the 21st century. Beyond the inadequacy of existing space, the COM has a space deficiency of more than 55,000 square feet when measured against typical space standards for research universities. In the final analysis, it is clear that a new building is the most cost effective and timely solution to providing adequate instructional and research space for College of Medicine faculty and students.

Investments in new research space will generate proportional increases in research grants and contracts coming to UIC. Less than two years ago, College of Medicine faculty moved into one third of the new Molecular Biology Research Building. Today, the active grants of COM faculty in the building exceeds \$6.3 million and will reach \$10 million within two years as current programs continue to mature. New facilities will allow the College to retain its currently funded investigators and to add new faculty who can be nationally competitive for NIH and other federal research funding. The institutions most successful in the competition for these funds assemble groups of faculty who compete for large "Center and Program Grants". UIC has experienced some difficulty in competing successfully for such programs due to inadequate facilities for these programs.

The new building will provide state of the art facilities for the education of health professionals and labs for faculty in the basic sciences. New, modular designs of research laboratories allow for optimal flexibility. Further, this initiative will improve UIC's ability to attract and retain top-quality faculty, particularly in basic sciences departments. Those faculty will strengthen every dimension of the instructional, research and patient care activities of the College of Medicine.

The proposed COM Building will provide laboratories, offices and teaching facilities for the Departments of Anatomy, Biochemistry, Microbiology, Pharmacology and Physiology. Preliminary planning suggest that approximately 160,500 assignable square feet of space will be required, at a cost of approximately \$100 million. The University seeks half that amount in State capital funds and will add a matching amount from institutional resources.

Priority 3: Mechanical Engineering Laboratory Remodeling

\$7,365,000 Urbana-Champaign

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

A major remodeling project which renovated 36,000 of the 53,000 existing GSF was completed in 1992. In the remaining portion of the building, a new second floor will be created in existing high bay space which will add 13,000 GSF to the building total. The new space to be created (on two floors) will be entirely dedicated to student activities. Large, theme oriented teaching laboratories of 1,000 to 2,000 square feet will be developed for use with class projects and senior design team work. Smaller, workshop size (150 square feet) labs will be used by design teams on a semester long basis in which they will conduct their project work. Group offices for teaching assistants will be on the same floor as the labs, which will provide good interaction with the students. In addition, approximately 6 research laboratories of 300 to 500 square feet will be developed.

As a corollary to this project, an addition to the west side of the building, using nearly \$2 million in privately raised funds, is planned. This addition, which borders on the east side of the Grainger Engineering Quadrangle, will form a new main entrance and foyer on the west side of the building. The addition will contain four student galleries and a conference room, adding 11,000 GSF to the building. The four large (1,500 square feet) galleries will be developed for a senior project design studio, a student society and leadership center and an exhibition hall for awardwinning student design projects. A large conference and meeting room will provide a formal setting for students to present their work to faculty and their industrial sponsors. When complete, Mechanical Engineering Laboratory will total 77,000 GSF. It is hoped that the state funded project can proceed at the same time as the west addition, as there are significant economies of scale to be realized by doing so. A feasibility study by an architectural firm completed in 1994 suggests that access to the construction site would be greatly improved if both projects proceeded simultaneously. As with previous remodeling projects in this building, the laboratory floor plan will be developed around a central utility corridor which will allow for convenient access for services to the labs and will increase their flexibility in the future as use of the space changes.

The renovation will include a complete roof replacement and a new central heating and air conditioning system. The existing saw tooth roof truss structure can be reused, but the decking must be completely removed and replaced. Also, a new watershed and drain system must be designed to replace the abandoned internal gutter system. The existing skylights in the saw tooth portion of the roof will be removed and replaced with smaller windows and energy efficient panels. A new chiller for comfort cooling will be integrated with the existing chiller to improve efficiency as well as provide redundancy in the event of equipment failure. There is an equipment portion in this remodeling request of \$795,000.

Priority 4:\$2UIS RoadTI

Improvements

\$2,412,700 Springfield

The University requests funds for several roadway improvements which include the construction of a roadway connection from the existing campus perimeter road to the 11th Street Extension, construction of the remaining portion of the Ring Road around the perimeter of the campus and resurfacing of existing road and completion of the South Access Roadway.

The map in Figure 1 illustrates the three parts of the project. The first part is shown on the map as the 11th Street Connector and proposes the construction of a roadway from the existing campus perimeter road to the 11th Street Extension. Construction has already begun on the south leg of the 11th Street Extension project from Toronto Road to Lincoln Land Community College. Estimated project completion date is in early 1998. With the 11th Street Extension project near completion it is critical that

the University begin the connector project in a timely fashion in order to open up vehicle access from the southeast sector of Springfield to the campus.

The second part is the completion of Ring Road around the west and south sides of campus. The partially completed version that exists today is very heavily traveled and serves both University traffic and all through traffic going to Lincoln Land Community College, the Capital Area Vocational Center and nearby residential areas. Completion of Ring Road will relieve traffic congestions, establish a spatial sense of campus enclosure and will be necessary as the University develops the south quadrant of campus. Additionally, the existing part of the road which extends around the east side of campus is in dire need of resurfacing. Resurfacing of this section will provide a 2" asphalt overlay which will extend the useful life of the roadway 20 years.

The third part is shown on the map as the South Access Roadway Completion. Improvements include additional paving, curbs and gutters, storm drainage, exterior lighting, landscaping and campus entrance signage. Completing this road is necessary to improve safety as well as access to the central core of campus.



\$43,960,000 - Urbana-Champaign

At present the central cooling needs of the UIUC campus are served by 60 steam absorption chillers totaling 21,000 tons of capacity as well as 29 vapor compression chillers totaling an additional 18,000 tons of capacity. The majority of these chillers are located in individual buildings with a smaller percentage located in regional plants. As of spring 1997, 83% of the installed tonnage of steam absorption equipment had reached an age of 30 years or older, and is expected to fail within the next five years. Of the remaining installed tonnage, 48% is expected to fail within the same time frame due primarily to equipment quality deficiencies. The result is an array of equipment with severely degraded performance that no longer reliably satisfies the cooling needs of the campus. Coupled with this problem is the exponentially rising cost of maintenance and replacement of this equipment. A recently completed campus cooling master plan study that included an extensive life cycle cost analysis, clearly indicates that the timely installation of a new central chilled water system to serve the entire campus is both the best and the least expensive response to this situation. Thus, a project to install such a system is being aggressively pursued.

This project will construct a new central chiller plant with 15,000 tons of installed capacity that is available to serve the cooling needs of campus year-round. It will be designed and constructed to accommodate an ultimate future total capacity of 28,000 tons. The proposed site of this plant is along Pennsylvania Avenue near the southern edge of campus. This project will also convert the existing North Campus Chiller Plant, making it compatible with the new central plant and its associated chilled water distribution system. The north plant will remain at its current nominal capacity of 5,000 tons with provision for increasing the capacity to 7,000 tons in the future. Large diameter, direct-buried chilled water distribution main piping will be installed in a modified loop configuration across campus. The two plants will be connected to opposite ends of this common distribution system. The piping will be sized, configured and routed so as to allow all of the buildings on the contiguous campus proper to be served by this new system at some time in the future.

Included in this initial project will be the connection of approximately forty "priority" buildings to this new system. They are considered priority because these buildings are served by cooling equipment that is the closest to operational failure. Connection of these buildings will involve the installation of the necessary branch distribution piping as well as the conversion of each building's chilled water system to make it compatible with the new system. The aging cooling equipment that is presently serving these buildings will then be taken out of service.

The overall system will be sized and configured to support an ultimate future connected load of 50,000 tons to meet and serve the projected twenty year campus load growth. The central system design approach will take advantage of load diversity to allow this ultimate load to be served by just 35,000 tons of installed capacity in the two plants combined. The initial project will support 28,000 tons of load demand with 20,000 tons of installed capacity (15,000 tons of new capacity in the central plant plus the existing 5,000 tons in the north plant). The balance of the required cooling capacity will be added over the next twenty years to meet load growth as new buildings are constructed and as existing buildings are connected to the system as the cooling equipment that now serves them reaches the end of its life.

Installing this facility with the appropriate distribution system revisions yields an estimated net present value of \$169 million using a 20 year life cycle cost methodology (that is, an average annual cost of just over \$8.45 million per year). This is almost \$47.5 million less than the cost forecast of the piecemeal approach the campus would otherwise have to employ during the same twenty year time period.

The planning of this project, the construction of the new central chiller plant, revisions to the north chiller plant, installation of a chilled water loop and building laterals, and the associated revisions and renovations to the existing distribution system constitute an FY 1999 capital request of \$43.96 million.

| Project 6: Clinical Sciences Remodeling | \$15,000,000 - Chicago The Clinical Sciences Building (CSB), a 14 story 240,000 GSF structure was constructed in the mid 1950s. The building was designed as the University of Illinois Hospital and remained as such until 1981. As Hospital units relocated to their new facility, CSB was made available for scientific research, medical education and clinical facilities. |
|--|---|
| | Converting this facility from its intended use and design to a more current and func- tional University facility has been an ongoing effort. In a previously approved capi- tal project, the first phase of remodeling took place: utility core was replaced, mechanical rooms were constructed, washrooms were remodeled and converted for ADA compliance and lateral distribution of HVAC & electrical was completed in floors four, five, six, eight, eleven and fourteen. |
| | This project (Phase 2) will complete the remodeling and necessary distribution of HVAC and electrical to the remaining floors. In essence, this facility would finally be converted from its original design into a functional academic and research facility. Although it has taken several years to get to this point, completing this project is essential in order to fully utilize the building. |
| Priority 7: Freer Hall Remodeling | \$7,465,000 - Urbana-Champaign The College of Applied Life Studies (ALS) is currently accommodated in Huff and Freer Halls and in the Armory. While decentralization is a problem, Huff Hall in particular presents the College with severe problems. The conduct of teaching, re- search, public service and administrative services conflicts with the public use of a major arena in close proximity. By creating an infill floor in Freer Hall and con- verting the first floor from office space to classrooms and laboratories, it would be possible to consolidate ALS in this facility and allow the College to vacate all per- manently assigned space in Huff Hall and the Armory. |
| | Conceptually, the remodeling of Freer will involve removing the main dividing wall between the third floor gymnasium and constructing a fourth floor. To effectively |

isolate dissimilar activities, the first floor will be modified to accommodate high traffic public spaces such as classrooms and seminar rooms. New first floor spaces will include six classrooms (500 GSF each), laboratories/seminar rooms, one 800 GSF classroom and several high ceiling research project spaces. The office space now on the first floor will be moved to the upper floors in the facility.

The exterior of Freer Hall is distinguished in its architectural expression and remodeling will not affect the monumental windows nor detract from the aesthetic quality of the facility. The windows will be preserved and will be divided internally to permit natural light to flood faculty and staff offices around the perimeter on both third and fourth floors. The third and fourth floors of the remodeled facility will be organized around a central spine with a mix of offices, conference rooms, public service spaces, a lounge, workrooms and restrooms. The spaces to be occupied will have glazed walls which will allow the introduction of "borrowed" natural light into the central core. The core will have cross aisles to link open bays which flank the spine, although each department will have a well-defined and secure area. All graduate assistants, files and research material will be located in the open bays.

There is an equipment portion in this remodeling request of \$800,000.

Priority 8: SURS Building Acquisition

\$1,800,000 - Urbana-Champaign

The availability of the facility which formerly housed the State University Retirement System (SURS) presents an opportunity to address persistent space problems at the Urbana-Champaign campus. Consolidating Administrative Information Systems and Services (AISS) operations in a single location will improve working conditions, enhance operating efficiency and release some central campus space for reassignment to other units. The University administration has reached an agreement with SURS for the sale of their property to the University for the sum of \$1,800,000.

Priority 9: Social Work Building

\$8,010,000 - Urbana-Champaign

The mission of the School of Social Work is to contribute through education, research, and quality professional education at various levels to improving the adequacy, effectiveness, and efficiency of health and welfare services. The emphasis is on populations vulnerable to the effects of social change in a pluralistic society, such as the poor; the mentally or physically ill, or disabled; children, youth and families; the aged; the unemployed; and victims of discrimination. The School strives to generate and strengthen available sources, anticipate the consequences of change, adopt a proactive stance in dealing with societal concerns, collaborate in interdisciplinary approaches, utilize effective methods of organized response in health and welfare systems, and develop and disseminate new professional knowledge and skills.

The School offers degree programs at the bachelor's, master's and doctoral levels. It has been noted through the School's accreditation process that a degree from the University of Illinois at Urbana-Champaign continues to command a high level of respect in the field. However, the Council on Social Work Education evaluation team has identified the physical plant housing the School of Social Work as a distinct weakness that should be rectified.

The School's current physical plant provides space for undergraduate, graduate, and doctoral student teaching in Social Work, space for faculty research and space for special projects. The special project activities include grants and contracts with federal and state agencies, a variety of computer projects and conferences pertaining to the field of social work. The main facility is located in an old apartment building at 1207 West Oregon, while the Special Projects Office is located in an old house at 1203 West Oregon. Bringing all of the functions of the School of Social Work together into one new facility will greatly improve, and make more efficient, the communications and interactions of the various members of the School.

Priority 10: UIS Site Improvements

\$927,700 - Springfield

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

Repair and Renovation Project Descriptions





Chicago Projects (\$4,350,000)

Alumni Hall Classroom Remodeling - \$450,000

The Alumni Hall building is a converted warehouse that was built in two phases. Phase I, or Alumni Hall South, is a six-story, load bearing, masonry exterior/heavy timber interior framed structure that was built in 1910. Phase II, Alumni Hall North, is a five-story, brick clad concrete structure built in 1920. Currently, Alumni Hall South is undergoing major renovation and will house the College of Urban Planning and Public Affairs (CUPPA) on floors 1 to 4 and 6. The fifth floor will be occupied by the School of Art and Design, which occupies the majority of Alumni Hall North. The South building's heavy timber structure does not allow the placement of classrooms within the south half. Nevertheless, both units have a pressing need for classroom space. Approximately 1,200 square feet has been identified on the second floor of the North building to create classrooms to service both CUPPA and Art and Design. An existing passageway on the second floor between the two buildings creates a convenient access for academic units in the building and makes the second floor an excellent location for classrooms.

Ideal remodeling envisions three classrooms sizes: 1 to 40 plus seats, 1 to 25 seats and 1 to 15 seats. The 40 seat classroom will be state of the art and address distance based learning, multi-media technology and have technological enhancements. Included in the room will be ADNii connections with a 100 base T switch, electrical outlets, acoustical ceiling tile and controllable lighting to blacken the room for film viewing. Furniture will include a podium with audio/visual controls, multiple small moveable tables and stackable chairs. A chalkboard and retractable projection screen will also be included. It is recommended that noise from the alley below the classrooms be addressed by replacing all the windows with triple glazed or other acoustically treated windows. The 25 and 15 seat classrooms will have multiple small moveable tables which can be easily reconfigured and stackable chairs. A chalkboard and retractable projection screen will be included in each room as well as an ADNii connection and appropriate electrical outlets.

Roosevelt Road Building Renovation - \$962,280

The Roosevelt Road building is a converted bank building consisting of a four building complex acquired by the University in 1964. Building #1 is connected by an elevated walkway system at the second floor level to buildings #2, #3 and #4. This request is to renovate building #2, a three story brick clad structure with basement. Currently used as temporary surge space, the first floor and basement of building #2 could be adequately used for library space.

The majority of the basement space will be cleared and leveled to create space for library compact shelving. New electrical and HVAC systems will be installed to accommodate the shelving. First floor renovation will include wall demolition, new carpeting, new ceiling, painting, computer stations space and reading space for over 100 patrons. New electrical capacity will be added throughout the basement and first floor to handle the increased occupancy and system demands.

College of Pharmacy Teaching Laboratory Renovation - \$610,250

This remodeling project involves the entire renovation of an outdated professional teaching laboratory into a state of the art pharmaceutical science and practice teaching facility. Although central to the instructional goals of the College of Pharmacy's professional program, the laboratory has not been updated since construction in the 1950s. A primary goal of the College of Pharmacy is to modernize the teaching labs into smaller laboratories for computer applications, faculty offices and research laboratories.

It should be noted that this large undergraduate facility space will be utilized as a modern interdisciplinary teaching facility. A modern, functional and well equipped facility is needed for core learning experiences for all professional students. Modern computer and communications equipment is needed in the teaching of pharmacy students and the American Council on Pharmaceutical Education, the accreditation agency, has noted that the professional teaching laboratories need to be renovated and brought to a state of the art condition.

This project involves demolition of current laboratory benches and facilities and installation of new laboratory furniture, sinks and floor tiles in the research laboratories. Some reconfiguration of plumbing, HVAC ductwork, lighting fixtures and electrical receptacles will be required. Telecommunications services will be required as well as cabling of the computers to a local area network.

Alumni Hall North Chiller Replacement - \$917,400

Currently the north building is without air conditioning. Phase I, will install a new chiller with the capacity to service both Alumni Hall north and south buildings, provide mechanical piping as required, vertical risers and tie-ins coexisting with the

existing heating systems. This part of the project ,Phase II, will consist of demolition and removal of old air handling units and associated ductwork, the installation of three air handling systems with associated lateral distribution ductwork, temperature control systems, hot water and chilled water piping, festing and balancing. This will result in one system serving the 1st floor, one serving the 2nd and 3rd floors and one serving the 4th and 5th floors.

Science and Engineering Office Building Masonry Repair - \$920,460

The Science and Engineering Offices building was completed in 1965 and is a 13 story cast in place concrete structure with its structural frame exposed on the exterior of the building. The building consists of a concrete framing system with fixed glazing units on precast concrete wall panels and cast in place shear walls. The building is a combination of cast in place concrete and precast members. The exterior of the building mainly consists of precast wall panels and cast in place concrete walls. The perimeter of the ground floor consists of fixed glass windows and concrete shear wall on four sides from the second floors up to thirteen floors and are similar in their exterior appearances and construction. The building construction at the exterior of the 11th, 12th and 13th floors consists of a cast-in-place concrete slab with concrete beams at the edge of the slab. Typical structural floor slab consists of reinforced concrete slab land concrete joists. The roofing system is made of four ply built up roofing system on a flat roof concrete slab.

Water infiltrates the building from various locations when it rains. There are several serious cracks on the east and west shear walls. The joint between the stairs' concrete and the interior shear concrete walls are deteriorating and the water proofing membranes on all window basins are damaged. All of these factors contribute to severe water damage throughout the building.

All cracks must be permanently sealed, the joint between the concrete and the water proofing membranes must be replaced. A test may be required to determine why there are that many cracks in the shear wall.

Clinical Sciences North Building Roof Replacement - \$489,610

The building original drawings are dated 1920. All exterior elevations are made of face bricks. The original windows are Jambs, window sills and mullion are made of stone. The original roof is steep and consists of roof tiles. The structure of the building is supported by a combination of concrete spread footings and wood pile supported concrete caps.

The upper half of the east gable end leans outward significantly. This should be repaired as part of the roof repair. The roof is currently leaking and needs replacement. The roof counter flashing must tie into the gable end. Further inspection and disassembly is required during the roof replacement work to determine the extent of repairs necessary. It is likely that the exterior wythe of masonry and the coping stones will have to be removed and rebuilt.

This project will replace approximately 12,000 square feet of flat clay tile roofing. It will repair or replace as needed distressed masonry including limestone gables.

Springfield Projects (\$330,000)

Public Affairs Center & Brookens Computer Lab - \$120,000

Funding is requested for remodeling selected classrooms in PAC and Brookens to convert them into computer class labs. The campus is experiencing a shortage of computer class labs and requests funding to remodel three classrooms into computer class labs. This project will include the remodeling of two classrooms in PAC and one classroom in Brookens.

Public Affairs Center Administrative Office Remodeling - \$30,000

Funding is requested to remodel administrative office space in PAC. Administrative staff relocation will require remodeling of office space in certain instances. This project will allow the University to provide appropriate office space necessary for staff to function most efficiently.

Carpet Replacement in Various Campus Locations - \$74,000

This project includes replacement of worn out carpet in several campus buildings. Much of this carpet is over 20 years old, terribly faded and worn. Carpet needs replaced in various locations in the metal buildings and additional areas in the Public Affairs Center Library.

Sangamon Auditorium Improvements - \$106,000

This project includes repairs to the Sangamon Auditorium which includes replacing the manila rope on the counterweight fly system, rebuilding the orchestra platform lift and replacing the stage draperies. The counterweight fly system is a combination of cables, pipes, pulley weights and rope that is used to hang lights and scenery over a stage. The present counterweight system uses manila rope which is deteriorating. This project would replace the manila rope with a synthetic rope which is not susceptible to dry rot or fluctuations in humidity.

Included in this project is repair of the orchestra platform lift. The orchestra platform lift uses a hydraulic system to move the platform from the lower level (storage) to the stage level (25 feet vertical distance). The platform lift has been on a maintenance schedule since installation but needs to be rebuilt. Any malfunction while the platform is loaded is potentially dangerous. This project also includes the replacement of the stage draperies. Most of the draperies in the auditorium are 17 years old and showing signs of dry rot. The drapes are approaching the end of their life and need to be replaced.



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

Environmental & Agricultural Sciences Building Remodeling - \$500,000

This request involves funds to complete the remodeling of the former Veterinary Medicine Building. The demolition and third floor completion were funded by state funds. A federal grant has been used to remodel the lower three floors to house the National Soybean Center. Unfortunately, it has taken three to four years for the federal grant funds to be received and the construction cost escalation during that time has ultimately resulted in a shortage of funds. This request will complete remodeling of offices and laboratories on the ground and first floor in the connecting link and the old diagnostic laboratory areas. Federal grants have covered more than half of the \$9 million necessary to completely renovate this building.

Gregory Hall, Remodel Space Vacated by WILL Radio - \$535,000

WILL Radio will vacate close to 5,000 square feet in Gregory Hall on the second floor when their new building is completed. This space has been used by WILL Radio over the years for radio broadcasting studios, control rooms and office space.

The vacated space will allow the College of Communications to relocate and consolidate the Institute of Communications Research into Gregory Hall, which serves as home for the College of Communications. Many of the Institute's faculty teach undergraduate courses in communications for the College. New offices for the faculty and endowed professorships will be created in this reclaimed space. Also, office space for doctoral students and a conference room will be provided.

Burrill Hall Instructional Laboratories and Library - \$1,340,000

Burrill Hall has over 18,000 square feet available for refurbishment now that the new Chemical and Life Sciences Laboratory was occupied in 1996. The spaces vacated have been used intensively for the past 30 years primarily as research laboratories and have had minimal replacement of fixed equipment or plumbing. Current plans of the School of Life Sciences are to "recycle" these areas into instructional laboratories, support space and expansion of the Biology Library. These new instructional laboratories will support the various undergraduate programs of School of Life Sciences. The School continues to face significant problems accommodating students in existing instructional laboratories in some of the oldest buildings on the Urbana campus. In addition to the replacement of fixed laboratory equipment and worn out plumbing, electrical and HVAC changes will be necessary during the reconfiguration of walls included in this project. This project will provide much needed relief to the School of Life Sciences for their instructional programs by renovating space that will be able to be used effectively for the next 20 to 30 years.

Armory HVAC Improvements Phase II - \$600,000

The Armory's current two-pipe heating and cooling system were both installed in 1960. These systems are well beyond their useful life and frequent cooling outages are beginning to occur in this classroom building. In addition, due to the occupant load now in the building, the ventilation system does not meet fresh air standards as defined by building codes. This project will install a central air handling system similar to work done previously at the east end of the Armory a few years ago.

Armory HVAC Improvements Phase III - \$650,000

Due to increased need and use of the Armory classrooms, increased use of the track and the addition of more space requiring cooled air, the demand on the existing chillers and cooling tower is exceeding the capacity of what can be delivered. This equipment is well beyond its useful life and failure is imminent. This project will replace the current chillers and cooling tower and increase the cooling capacity for the Armory.

Physical Plant Services Building Roof Replacement - \$700,000

The built-up roof on the Physical Plant Services Building, almost 150,000 square feet, is 35 years old and leaks every time it rains causing architectural damage to the interior as well as structural damage to the building and the roof deck. If this roof is not replaced soon, it may deteriorate to the point that it will be necessary to also replace the roof deck, thereby increasing the project cost. This project will remove the existing roof down to the deck and replace it with a modern membrane roofing system that has a longer life and better technology than the old built-up roofing systems of the 1960s and 1970s.

Environmental & Agricultural Sciences Condensate Piping - \$300,000

The condensate piping in this building is over 40 years old and was originally installed as copper, which corrodes and fails much quicker than steel piping in this type of service. The building is plagued with condensate leaks and the heating system malfunctions due to these leaks. This project will replace the copper piping with steel, thereby extending the life of the replaced condensate system.

Fire Alarm System Upgrade Phase V - \$345,000

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. The buildings to be upgraded with this request are Newmark Laboratory, Chemistry Annex and the Environmental and Agricultural Sciences Building Annex. This will allow the campus to upgrade the alarm system in the Environmental and Agricultural Sciences Building Annex in conjunction with another remodeling project.

Smith Memorial Hall Remodel Instructional Laboratories - \$350,000

Smith Memorial Hall is one of the spaces that houses the School of Music. The space in the basement of Smith Memorial Hall, used for practice rooms and instructional laboratories, has seen very little updating over the past 30 years and is in desperate need of refurbishing. This project will provide new wall finishes, ceilings, lighting, flooring and ventilation.