UNIVERSITY OF ILLINOIS FY 1997 BUDGET REQUEST FOR OPERATING AND CAPITAL FUNDS



PREPARED FOR PRESENTATION TO THE BOARD OF TRUSTEES SEPTEMBER 14, 1995

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PREFACE

I am pleased to set the context for consideration of the Fiscal Year 1997 budget request for the University of Illinois.

This past year has been one of substantial change for the University. There has been a change in executive leadership--an event not experienced for sixteen years. We have brought a new campus into the University--an occurrence seen much less frequently than presidential transitions. The Springfield campus joins the University with the same broad responsibilities in instruction, research and public service as its sister campuses in Chicago and Urbana-Champaign, yet with more concentration on teaching and an emphasis on public affairs, which is very much in keeping with the land-grant tradition of the University of Illinois.

Adding the Springfield campus provides the University with a new measure of visibility across Illinois. From our health professions centers in Rockford and Peoria and continuing education centers in Du Page County, our hospital and clinics, our research farms and Cooperative Extension Service sites in most Illinois counties, to our principal academic campuses in Chicago, Springfield and Urbana-Champaign, the University of Illinois has a physical presence in every corner of this large, diverse State.

It will be one of the hallmarks of the new leadership of the University to move beyond this physical presence and to broaden the impact of the University of Illinois. We must help this State's political and corporate leaders and other citizens deal with the social, human and economic problems that confront our society.

This University was created to find ways to address such problems. No academic institution of the stature and scope of the University of Illinois can ignore those issues in today's society. We intend to reaffirm our role in providing direct, meaningful help to the governmental and business leaders and ordinary citizens who deal with social problems daily.

The pages that follow are filled with facts and figures, charts and graphs, which document in detail our financial needs in a variety of budget components. But a budget is more than mere numbers. A budget speaks to priorities; it sets a vision.

As we begin a new era with new leadership and a new configuration for the University of Illinois, our vision can be described simply. We strive to strengthen the standing of the University as a preeminent public institution of higher education, dealing with critical issues facing the State and nation.

To accomplish this mission, we will:

- enhance the quality of teaching and research programs through the aggressive recruitment of the best faculty, staff and students.
- continue to improve the quality of undergraduate and graduate programs which prepare our students for professional life, leadership and citizenship in a changing world.
- strengthen our service to the State through the education of a skilled labor force; the conduct of leading-edge research and development; application and, where possible, commercialization of technology; and expansion of our partnerships with business, government, and community groups.
- strengthen existing and build new mutually beneficial relationships with communities, governmental entities, alumni groups, and the business sector.
- improve the efficiency and effectiveness of the management and administrative services which support the primary activities of teaching, research, and public service.

These elements underlie each of the operating budget components for which we seek additional funds for the coming year. We have assembled the request with an eye on our most critical budget needs, while recognizing that we cannot expect the State to meet the full range of our fiscal requirements.

Our first priority in any year is to assure, to the best of our ability, that our faculty and staff are adequately compensated. For an institution of international stature, competition for top-quality faculty and staff is constant, even in times of fiscal stress. We have demonstrated repeatedly that we have the will to redirect resources internally to augment what is available from new State funds and tuition revenue to improve salary competitiveness for both faculty and staff. We pledge to continue the careful review of all our activities and to reallocate resources from lower to higher priorities. Yet we must have the cooperation and assistance of the State if we are to remain competitive in attracting and retaining the kinds of faculty and staff who have built the academic quality that the University of Illinois enjoys and which the citizens of Illinois expect.

We recognize that the State faces serious social and human service problems, each with its own budgetary requirements. We have pared the other components of our request so that they cover only mandatory and unavoidable cost increases and our highest priority program advances. After adequate salary needs, the largest single component of the request addresses academic program improvements. The focus is on improvements in undergraduate education, and particularly on efforts to restore our instructional faculty base and to extend the benefits of technological advances to more students and to more courses.

We also seek a modest increment for program development at the University of Illinois at Springfield. That campus will embark on an academic development plan to determine where it should focus its efforts in the context of its new position within the University of Illinois. Providing adequate resources to underpin that new development will be a high priority for the University for FY 1997.

In the capital budget, we seek to ensure that our academic programs are adequately housed and equipped to permit faculty and staff to develop to their fullest potential. Our students must have the facilities and tools they need for preparation for the technologically complex world of the twenty-first century. Our priorities center on two new facilities: a library and information center for the College of Agriculture in Urbana, and a new facility for our College of Medicine in Chicago. More mundane--but no less important--are our needs for utility infrastructure upgrades at Urbana-Champaign and for roadway improvements at the Springfield campus.

Last year brought changes in other elements of the State's higher education system as well as those within the University of Illinois. Two governing systems have been abolished and seven newly-independent campuses will emerge. Pressures for other governance changes within the overall system of higher education have appeared as well.

These changes and pressures highlight another distinguishing characteristic of the University of Illinois. We have strong history of effective operation as a single institution with multiple campuses carrying out multiple missions in an integrated fashion. That role will continue.

We shall continue to find new ways to bring the strength and vitality of a large and diverse faculty to bear on the key issues which face Illinois governmental, corporate, and community leaders. We shall ensure that top-quality instruction permeates every facet of our teaching, whether on our campuses, through continuing education efforts at remote sites across the State, or through electronic interactions between students and faculty. Such interactions promise an exciting world of computer-based learning. They open vast new opportunities and begin to blur--perhaps eliminate--the factors of fixed times and places for the delivery of instruction.

Changes such as those we have experienced at the University of Illinois in the past year always bring a sense of heightened anticipation. These are exciting times for the University of Illinois, and I look forward to sharing our enthusiasm with the entire State.

James J. Stukel
President

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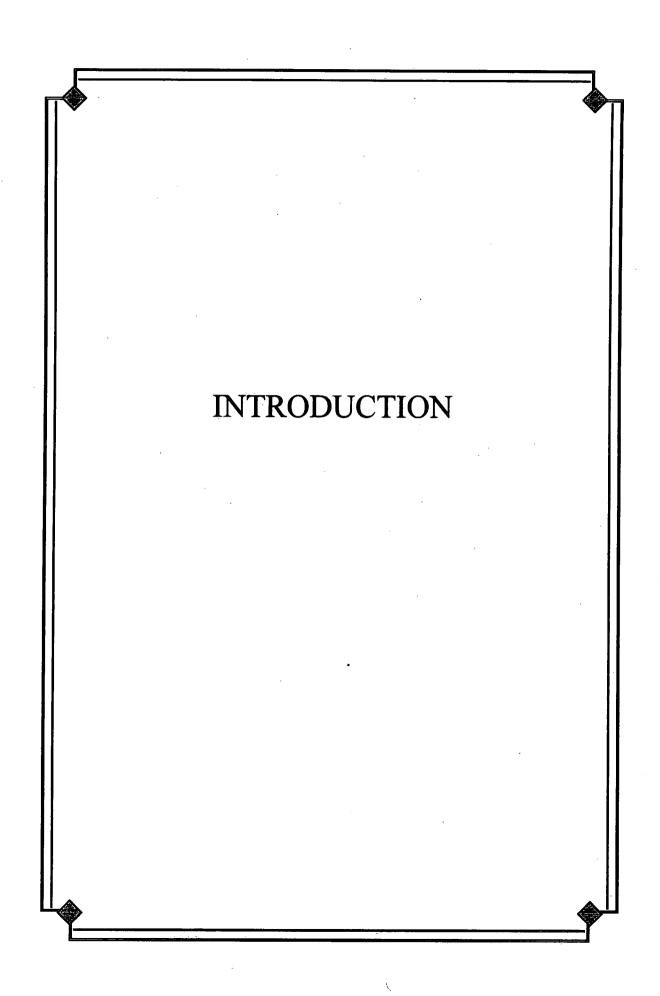
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INTRODUCTION

In his Preface to this document President Stukel outlines several major changes which the University of Illinois has undergone during the past year. Presidential transitions and additions of new campuses are events of a magnitude not often encountered. The University's recent budget experience has also seen a change which, although not as prominent as those outlined by the President, is significant nonetheless. In its FY 1995 and FY 1996 operating budgets, the University has achieved a degree of stability not reached over the past decade.

For the second consecutive year, the Illinois Board of Higher Education (IBHE) developed budget recommendations for Illinois's colleges and universities which were positive, yet which took cognizance of the State's constrained fiscal circumstances. And for the second year in a row the Governor's budget plan fully incorporated the IBHE recommendations and the General Assembly appropriated sufficient revenue to enact them. As was the case a year ago, the FY 1996 budget for the University of Illinois is characterized by modest but critically important growth in State tax support, general tuition increases matching the rate of inflation, and significant internal reallocation to augment increases in tax and tuition support.

This effective combination of support from multiple sources has brought budget strength 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 increased, 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 imminent budget problems.

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

A Changing Budget Focus

For the University of Illinois the early 1990s brought diminished State tax support with two years of outright reductions in combination with general tuition increases held to the level of inflation. What has changed substantially from the earlier period has been the University's determination to redirect 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. As the Springfield campus joins the University, it is embarking on a significant academic development plan which will help chart its course within the context of the University of Illinois. This effort will include a resource allocation plan comparable in scope to those now in force for the Chicago and Urbana campuses.

A New Budget Framework for the Balance of the 1990s

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

Yet it is apparent at this point in the University's history that 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 in FY 1995 and 1996.

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

FY 1996 Budget Outcomes

For Fiscal Year 1996 this mix of positive improvement in budget sources has produced solid progress on the University's most important funding objectives. Tax support for the University increased for FY 1996, although the growth was below the average increase for the State as a whole. Additional tuition revenues were derived from two sources: a general increase which approximated inflation, and a set of special-purpose increases from which all income was specifically dedicated to improvement of instructional programs at both the undergraduate and professional levels. In total, the \$34.7 million in incremental appropriated funds provided growth of 4.5%.

As was the case a year ago, significant internal reallocation accompanied this increase in State support. A total of \$17.7 million was redirected, the equivalent of another 2.4% budget increase. The reallocations accomplished in FY 1995 and FY 1996 are outstanding examples of the program advances which are possible when incremental tax and tuition revenues are coupled with significant internal reallocation.

For the second consecutive year, reallocated funds were added in largest measure to new State salary support 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. Academic program support was targeted to the addition of class sections in areas of high student demand; to technology improvements, especially in access to computers for students and staff; and to expanded minority fellowship support. Additional resources were required to meet

unavoidable cost increases in Medicare and employee sick leave payments, and inflationary rises in utilities and library prices were addressed. Additional funds were also made available to open new facilities in Chicago and Urbana-Champaign

Budget Trends in Perspective: Tax Support

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

	STATE OF	ILLINOIS GE	TABLE 1 NERAL TAX APPRO IARE OF THE TOTA		
Year	Elementary/ Secondary	Higher Education	DCFS, Metal Hith & Corrections	Public Aid	Other
1980	28.8 %	12.9 %	10.7 %	33.8 %	13.7 %
1989	24.9	12.0	12.3	31.5	19.3
1990	26.7	13.1	12.9	30.7	16.6
1991	25.8	12.9	13.8	31.5	16.0
1992	24.4	11.9	13.8	33.1	16.8
1993	24.7	11.8	14.7	33.1	15.7
1994	24.3	11.5	16.0	33.5	14.7
1995	23.6	11.2	15.9	35.4	13.9
1996	23.7	11.3	18.2	33.6	13.2

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 (12.0%) and the combined set of major human service agencies which includes children and family services, mental health, and corrections (12.3%). By FY 1996 that relationship had changed dramatically. The three human service agencies together

have climbed to a share of 18.2%, growth of nearly 50%, while higher education has fallen to 11.3%, a decline of about 6%.

Changes in tax support among State agencies can be further illustrated by the trends shown in Figure 1, which illustrates tax funding shifts for State agencies since FY 1990 after appropriations are adjusted for inflation. Elementary/secondary and higher education support has exceeded that for most State agencies, which as a group, have seen the real value of their appropriations decline by more than 12%. Yet higher education and elementary/secondary education have also endured budgets which have been eroded by inflation to levels below that achieved in FY 1990, with higher education declining by 6.4% against inflation while elementary/secondary has fallen 3.1% below its FY 1990 level of support.

During this same time, budget advances for public aid have grown by almost 20% 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 50% even after accounting for inflation.

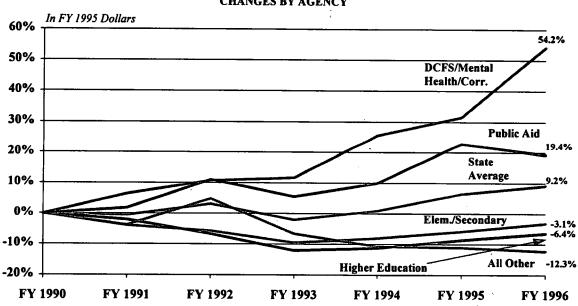


FIGURE 1 STATE TAX APPROPRIATIONS CHANGES BY AGENCY

Tax support has varied dramatically within the components of the higher education budget as well. Figure 2 displays changes in tax support among the four largest segments of the higher education budget, universities, community colleges, the Illinois Student Assistance

Commission (ISAC), and the State Universities Retirement System (SURS), again adjusted for inflation. The sharp growth in ISAC support is clearly evident, driven upward by changes in the maximum award which students can receive, an ever-expanding cadre of students seeking financial assistance, and tuition and fee increases in public and private universities and community colleges. Mandated entitlement programs such as the Illinois Veteran's Scholarship Program have also contributed to the sharp rise in ISAC funding.

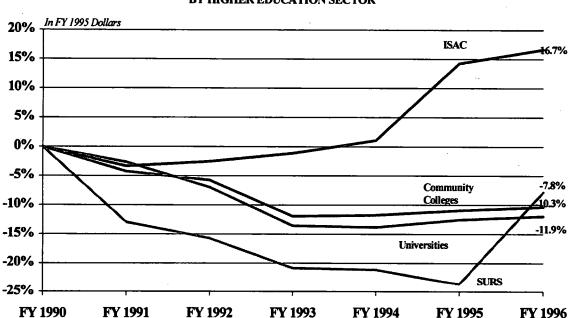


FIGURE 2
CUMULATIVE CHANGE IN STATE TAX APPROPRIATION
BY HIGHER EDUCATION SECTOR

Yet as strong a trend as ISAC has shown, perhaps the most significant factor highlighted in Figure 2 is the dramatic growth experienced in SURS funding between FY 1995 and FY 1996. 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-quarter of all new tax funds made available to higher education this year. The growth rate in SURS support will continue to be significant for the next 15 years, after which it reaches a plateau, as the General Assembly and Governor follow the legislative mandate to correct past years of serious underfunding of state pension systems. While absolutely essential, this mandated growth in SURS support will further constrict the funding available for other segments of the higher education budget.

Budget Trends in Perspective: Reallocation

As has already been emphasized, the University responded to its decline in budget share primarily through a comprehensive review of academic and support programs and priorities, and a corresponding reallocation of existing funds. Since FY 1990 more than \$125 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 20% 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).

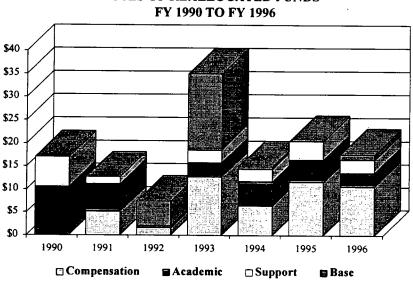


FIGURE 3
USES OF REALLOCATED FUNDS
FV 1990 TO FV 1996

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 20% 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.

Computerization
\$2.8

Faculty
\$6.9

Library
\$2.6

General

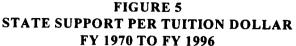
\$20.0

FIGURE 4
REALLOCATION FOR ACADEMIC PROGRAMS
FY 1990 - FY 1996

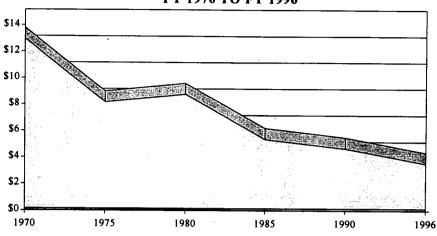
Budget Trends in Perspective: Tuition

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 nearly \$3.00 for every \$1.00 generated through additional tuition increases.

As illustrated in Figure 5 below, 25 years ago the University received just over \$12.00 in State tax support for each \$1.00 in tuition revenue it collected from students. Today, that figure has dropped to approximately \$3.00.

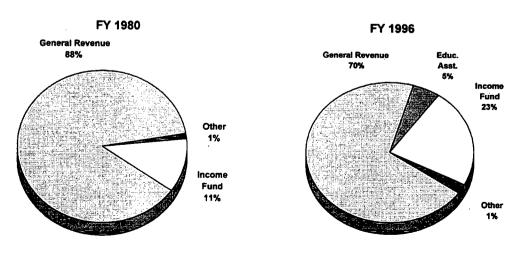


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Despite this shift in support, the University of Illinois remains heavily dependent upon State tax resources. While general State taxes comprised 87.5% of the University's appropriated funds budget in FY 1980, the fraction has declined to 75% for the current year (General Revenue plus Education Assistance Funds). During the same period the budget share from tuition revenue has more than doubled from 11% to 23%, as shown in Figure 6. Nevertheless it still requires a 3.4% tuition increase to make up for the loss of 1% in State tax resources.

FIGURE 6 SOURCES OF APPROPRIATED FUNDS FY 1980 TO FY 1996



September 1995

Tuition Issues and Increases for FY 1997

For the past two years the University's annual budget request has included information about tuition increase proposals for the budget year. Prior to that, consideration of tuition increases occurred much later in the budget process, after the IBHE and Governor's budget recommendations were known and legislative action on specific appropriations had begun. As a result, final tuition rates were often set late in the academic year, leaving students and their families relatively little time to plan for new tuition charges.

The University's Board of Trustees expressed its concern about the late tuition timetable and shifted consideration of tuition increases much earlier in the year at the point at which the annual budget request was reviewed and approved. The Trustees remain committed to this practice of early consideration of tuition issues, and for FY 1997 will include the discussion of student fees on the same schedule as tuition. To do so, however, and to provide ample time for consideration of these important issues by all affected, the Trustees will hold a preliminary review of FY 1997 tuition and fee proposals in October and will take action on them in November. This timetable will still allow early notification to students and their families and other higher education agencies to permit longer range planning while providing adequate time for preparation of proposals in the fall.

FY 1997 Capital Budget Request

Unfortunately the University did not experience the same positive outcome for the FY 1996 capital budget as was achieved for the operating budget. The General Assembly enacted no new capital appropriations, nor did they increase the capital bond authorization levels required before new appropriations could be released for expenditure. Up to the point of General Assembly consideration, the University had four capital projects ranked sufficiently high on the IBHE's priority list to be included in the Governor's capital budget. Those four projects are:

Repair and Renovation, all campuses	\$8.2 million
Boneyard Creek Flood Control, UIUC	6.0 million
Core Campus Renovation, Phase 2, UIC	5.9 million
South Road Access, UIS	45 million
Total	\$20.55 million

It remains to be seen whether the General Assembly will consider these or other

FY 1996 capital initiatives during the fall legislative session. At this point none of these projects

have been included in the development of the FY 1997 capital request for the University, pending the outcome of the fall session consideration. It is extremely important for the University to make progress in the renewal of its physical facilities which these four projects would provide. Should there be no action on them, or should only a portion be enacted during the fall session, the balance will be integrated into the FY 1997 request.

A subsequent section of this document provides detailed descriptions of each of the 15 projects on the University's FY 1997 priority list for capital improvements. As customary, the list is headed by the request for repair and renovation projects which must be addressed each year by an institution of the size, scope and complexity of the University of Illinois. Failure to attend to these smaller scale projects simply causes the facilities problems which they represent to grow larger, and impedes the effectiveness of the University's teaching and research programs.

Two requests for new facilities come next on the FY 1997 priority list. The first provides a match of State funds for \$7.85 million in private gifts already in hand to construct a library and information center for the College of Agriculture at the Urbana campus. The second provides planning funds for a new teaching and research facility to serve the basic medical science disciplines in the College of Medicine in Chicago. The College is plagued by old, outmoded facilities for which renovation is an extremely costly and time consuming alternative. A new facility will be more cost efficient in the long run and can more quickly enable the basic science faculty in Medicine to extend the growing research base they have established in the last five years. The new facility will likewise serve as a magnet to attract top-quality teachers and scholars to all components of the medical faculty, enhancing the instructional opportunities for students as well as the patient care services provided to Illinois citizens.

Priority four on the FY 1997 list is a new chilled water facility to provide air conditioning service to the central portion of the Urbana-Champaign campus. It will replace existing facilities which have lasted beyond their useful lives and will provide expanded capacity to serve the rapidly developing east side of the central UIUC campus.

Rounding out the University's top five capital priorities for the coming year is a road improvement project for the Springfield campus. It will enable the campus to connect to a major new thoroughfare under construction from the City of Springfield south to and past the campus which can be used by a large fraction of UIS students and other visitors to the campus. The

project also provides for the extension of the current "Ring Road" to complete important infrastructure development for UIS.

Just as it needs annual operating funds, the University must ensure that its academic programs are supported by facilities which are adequate to utilize the talents of the faculty, staff and students to the fullest. The linkages between top-quality academic programs and adequate facilities has never been clearer as the rapid pace of technological development continues. Inadequate facilities or equipment can reduce program quality nearly as rapidly as uncompetitive salaries for faculty and staff. It will be vitally important to address the University's most pressing facilities problems with adequate capital resources for FY 1997.

OPERATING BUDGET REQUEST FOR FY 1997

OVERVIEW

Planning Parameters for FY 1997

As with each of the budget requests developed in the 1990s, the FY 1997 request must be shaped to address the most fundamental fiscal needs facing the University. At the same time the competition among social and human service agencies for scarce new State resources will continue to intensify and must be recognized.

On the economic front, there appears to be reason for optimism. The Illinois economy continues to strengthen, more so than those of other major industrial states. While the outlook for a fiscal year still ten months away is hazy at best, current signs are moderately encouraging. Revenues were strong for FY 1995 and ended well above the projections on which the budget was built. FY 1996 is off to an equally good start.

Yet severe funding problems persist in many human service agencies; concerns remain about the equity of funding arrangements for elementary/secondary education; a backlog of unpaid health care bills remains; and some borrowing will be utilized for current operations this year as it has in the past several years. Within the higher education sector, student assistance requirements continue to grow, and the funding increases for retirement are now mandated by State law and will consume a large share of available new revenue. It is highly unlikely that normal revenue growth will be sufficiently robust to address all of these needs.

Clearly the most encouraging sign in recent years has been the full support which the Governor and General Assembly have given to budget recommendations developed by the Illinois Board of Higher Education. Building on the evidence of significant reallocation accomplished by Illinois' colleges and universities and keeping their recommendations to a modest level which the State could support within the context of other pressing needs, the IBHE proposals have provided a foundation of additional State support which has underpinned budget stability.

State tax support remains the primary building block of the University's operating budget. Additional contributions from students and their families through tuition combined with continued substantial reinvestments of existing resources will be required if the University is to sustain the progress achieved in the past two years. The University's record of reallocation since FY 1990 offers ample evidence of its willingness to provide a significant measure of self-help in achieving its most critical budget goals.

Three operating budget objectives must be addressed for FY 1997:

- The University's paramount budget need remains adequate salaries for faculty and staff. The sections which follow document the competitive ground which must be covered. The slow but sure progress achieved in the last two years must be extended, and, if at all possible, accelerated for the coming year.
- Funds must be secured to cover mandatory obligations and unavoidable support costs. Federal Medicare and State sick leave payout costs will rise in FY 1997, along with increases in Workers Compensation claims. To the extent these unavoidable costs are not covered by incremental funds, they will require further reallocation. The University has not had a general price increase since the taxincrease budget of FY 1990, with losses to inflation eroding the academic support base by tens of millions of dollars.
- Academic program advances must be achieved to continue the progress of recent years in strengthening undergraduate instruction, particularly by restoring the teaching capacity created by faculty losses. Expanded student and faculty access to technology, especially in new modes of computer-based learning must be provided. Additional funds to expand and improve the academic programs at the University Illinois at Springfield will be a special focus for the FY 1997 budget request.

Budget Request Summary

Table 2 summarizes the individual components of the University's operating budget request for Fiscal Year 1997. Almost 80% of the request is devoted to "continuing" components—those elements of the budget which must be addressed simply to maintain the current level of support for the academic programs now in place. That figure reflects the serious erosion of the support base caused by lack of price increase support for more than half a decade, and by the paramount need to address salary competitiveness. Funds for the latter item alone comprise more than half of the total request and are extended by three other unavoidable payroll-related budget requirements.

Additional funding for the support base is held to inflationary projections for the coming year, but the need to halt inflationary losses grows with each passing year. Partial-year funding for several new building projects at Chicago and Urbana-Champaign complete the continuing components request.

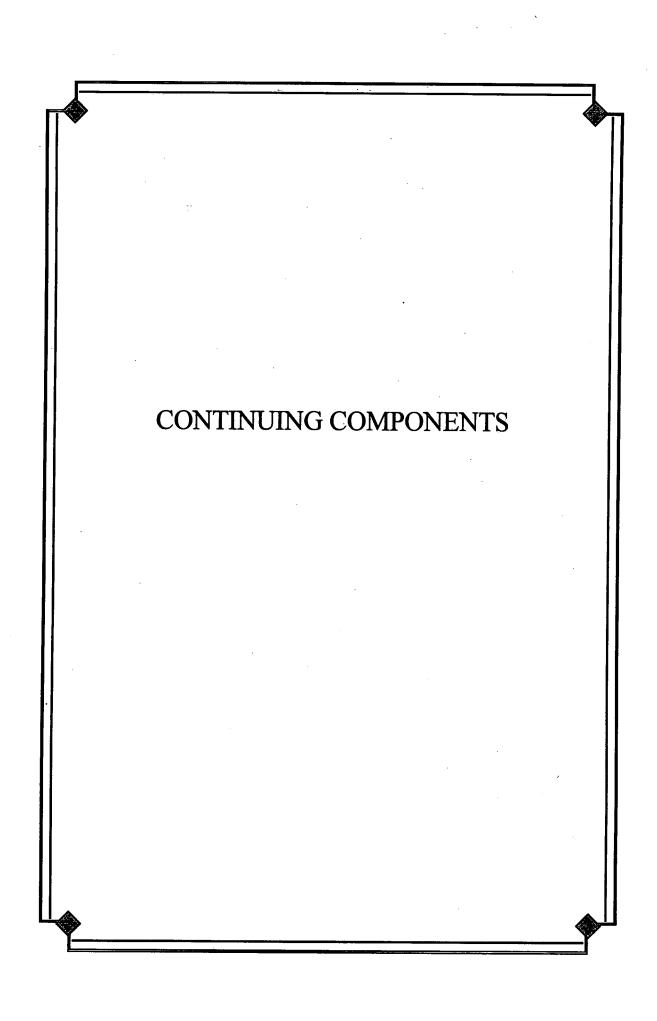
Academic program advances are organized around five major themes: strengthening the academic base, investing in instructional technology, enhancing diversity, extending the academic development of the University of Illinois at Springfield, and creating Partnership Illinois, a new initiative at Urbana-Champaign to bring the resources of the campus more

completely to the service of the State. A special request for funds derived from enrollment increases at Springfield and Urbana-Champaign is also identified for FY 1997. These funds will be important additions to the program improvement resources that would otherwise be available to each campus for the coming year. At both campuses these increments will cover additional staff needed to accommodate growing numbers of students.

Overall the FY 1997 operating budget requests seeks \$49.9 million in new appropriations, a 6.2% increase over the current year's operating budget. If fully funded, the request would bring the University's total operating budget from State appropriations to \$854.6 million.

TABLE 2
FY 1997 OPERATING BUDGET REQUEST
(Dollars in Thousands)

I. CONTINUING COMPONENTS % of FY 1996 Base *			\$39,728.1 4.94%
A. Salary Improvements - 4.5%		\$26,673.7	
B. Other Payroll Costs		\$2,328.4	
1. Sick Leave	900.0		
2. Medicare	602.7		
3. Workers' Compensation	825.7		
C. Price Increases		\$8,140.4	
1. General Price Increases - 4.0%	4,336.0		
2. Utilities Price Increase - 3.0%	1,390.0		
3. Library Price Increase - 20.0%	2,414.4		
D. O & M New Areas		\$2,585.6	
1. Chicago Projects	1,399.6	•	
2. Urbana Projects	1,186.0		
II. ACADEMIC PROGRAM INITIATIVES			\$9,300.0
A. Strengthening the Academic Base	4,120.0		ŕ
B. Investing in Instructional Technology	3,090.0		
C. Enhancing Diversity	790.0		
D. Springfield Campus Development	1,000.0		
E. Partnership Illinois	300.0		
III. STATUTORILY MANDATED PROGRA	MS	•	\$950.0
County Board Matching			475010
IV. TOTAL REQUEST % of FY 1996 Base *			\$49,978.2 6.21%
V. SPECIAL ENROLLMENT-BASED INCR	REASES		\$1,600.0
A. LAS 2000 (Year 2)	1,100.0		φ1, 000.0
B. UIS Enrollment Increase	500.0		
D. Old Emoliment increase	500.0		
+ TT 140 / B 400 / TT /			



SALARY AND BENEFITS INCREASES (\$26,673,000)

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

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

In FY 1995 the University received a salary increment of 3.5%, a most welcome boost from the 0.7% increment in FY 1994 and zero increments for the two preceding years. At the same time, inflation grew by more than 3% in both FY 1994 and FY 1995 while the University's primary competitors averaged 4% salary growth in each year. When inadequate incremental funding threatens the University's competitive position, generating additional support for faculty and staff salaries through internal reallocation of resources becomes a high priority. Internal reallocation coupled with increased State funding in FY 1995 enabled the University to improve its competitive position for the first time in four years. Progress was made toward strengthening faculty salaries, and the competitiveness of staff salaries also improved significantly vis-à-vis their State employee counterparts.

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

As discussed in greater detail below, faculty salary standing is a concern throughout the University. Two campuses, Chicago and Springfield, have barely achieved competitive rankings at the medians of their peer groups. A median ranking is not sufficient for the quality achieved

at the University of Illinois. Furthermore, the composition of the peer group for the Springfield campus reflects neither the nature nor the quality of that institution in the context of its standing within the University of Illinois.

The salary standing of the Urbana-Champaign campus has deteriorated alarmingly in the past four years, to the point at which its competitiveness has become a critical concern. The improvements achieved in FY 1995 and expected in FY 1996 are positive and encouraging, but considerable ground must be made up simply to elevate UIUC to the mid-point of its peer group. Faculty salary concerns have become paramount for the Urbana-Champaign campus. Recovering competitiveness for UIUC and sustaining and improving it for UIC and UIS must be the University's top priority for the coming year.

The outlook for University Civil Service staff is more positive. The University has made substantial progress in pay rate parity between University Civil Service employees and their State counterparts, as called for in the 1992 General Assembly Joint Resolution 141. University minimum rates are now generally competitive with the State, and University maximum rates for most classes continue to exceed maximum rates for State employees.

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.

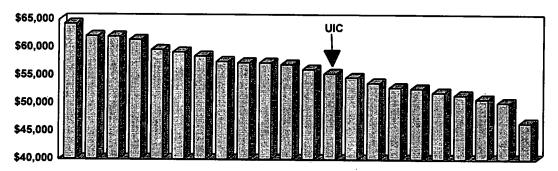
Faculty Salaries

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 current peer group for the Springfield campus is no longer appropriate. Therefore,

reference to comparisons with this peer group will be general until a new peer group more suitable to Springfield's evolving academic mission is established.

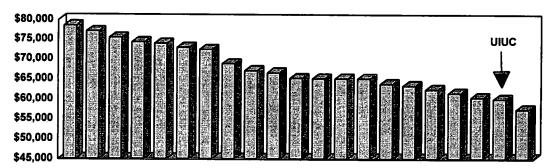
The competitive standing of each campus indicates how well faculty salaries have fared relative to their peers in the IBHE comparison group. FY 1995 found faculty salaries at UIC and UIS ranked near the middle of their peer groups. Figure 7 illustrates UIC's intermediate competitive position relative to its IBHE comparison group.

FIGURE 7
FY 1995 COMPETITIVE STANDING AMONG IBHE PEERS
CHICAGO CAMPUS



Ranked with the nation's most competitive institutions, budget reductions and inadequate incremental funding in prior years brought severe faculty salary decay at UIUC. A strong budget in FY 1995 halted the decay and some progress towards restoring faculty salaries was made; similar improvement is expected this year. Still, faculty salaries at UIUC remain dangerously uncompetitive. Salaries for faculty at UIUC rank next to last among its comparison group. Figure 8 illustrates UIUC's weak competitive position relative to its IBHE peer group.

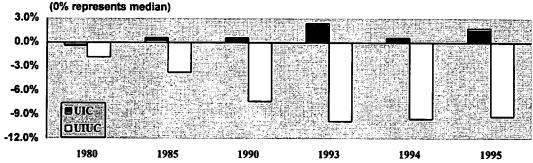
FIGURE 8
FY 1995 COMPETITIVE STANDING AMONG IBHE PEERS
URBANA-CHAMPAIGN CAMPUS



The weighted median salary of each comparison group also serves as a benchmark to assess competitiveness within the national market. Except for FY 1993, salaries for faculty at UIS have been at or above its IBHE peer group median. Again, however, the UIS peer group will need significant revision to reflect its new standing within the University of Illinois.

As shown in Figure 9, faculty salaries at both UIC and UIUC were slightly below their comparison group medians in FY 1980. In FY 1985 faculty salaries at UIC become more competitive compared to its IBHE peer group, rising slightly above the group median and remaining above the median in FY 1995. Through FY 1993, faculty salaries at UIUC steadily deteriorated compared to its peer group, showing slight improvement in FY 1994 and FY 1995.

FIGURE 9
DISTANCE FROM IBHE PEER GROUP MEDIAN
UIC AND UIUC



Current projections indicate that the University will continue modest salary improvements in FY 1996. The budget passed by the General Assembly and approved by the Governor provides 3.0% in incremental funding for faculty and staff salary increases. In comparison, inflation increases are projected over 3% and the University's top competitors are expected to average over 4% for faculty salary increases. The University will again redirect existing funds to augment the State increment, aiming first to avoid any loss of the competitive gain achieved in FY 1995, and then to continue its improvement.

Greatly concerned by the steady erosion of faculty salary competitiveness among its IBHE peer group, senior officials at the Urbana-Champaign campus completed further analytical work on the salary data summarized in the IBHE study. They examined changes in salary standing of UIUC faculty by academic rank, focusing upon the marketplace for full professors (the senior strength of the faculty) and assistant professors (the "new blood" most likely to sustain an institution's academic quality in the future). The results of this more detailed examination of the IBHE peer group situation are displayed in Figures 10 below.

FIGURE 10 RANKED SALARIES AMONG THE IBHE COMPARISON GROUP FOR URBANA-CHAMPAIGN

William.

Full Professors

1980		1985		1990		1994	
Columbia	\$ 38.2	Yale	\$ 55.8	Yale	\$ 77.5	Yale	\$ 92.8
Yale	36.6	CalifBerkeley	54.3	Penn	73.3	Chicago	89.4
Johns Hopkins	35.9	Chicago	53.4	Chicago	72.5	NYU	88.7
CalifBerkeley	35.8	Columbia	53.3	CalifBerkeley	72.4	Columbia	88.2
Penn	35.4	Penn	52.5	Columbia	71.6	Penn	88.1
Chicago	35.2	NYU	52.2	NYU	71.2	Northwestern	86.0
CalifSan Diego	34.5	CalifUCLA	51.7	Duke	70.6	Duke	85.4
CalifUCLA	34.7	USC	50.8	CalifUCLA	70.1	USC	80.2
Northwestern	34.4	CalifSan Diego	50.4	USC	69.3	Johns Hopkins	79.8
USC	33.9	Johns Hopkins	50.4	Northwestern	69.2	WashSt. Louis	78.2
Michigan -Ann Arbor	33.8	Northwestern	49.6	Johns Hopkins	68.5	Michigan -Ann Arbor	77.7
ŊYU	33.6	Duke	49.1	CalifSan Diego	68.5	CalifBerkeley	76.4
UNC -Chapel Hill	33.3	Michigan -Ann Arbor	48.1	Michigan -Ann Arbor	67.3	Brown	75.2
utic .	32.7	Rochester	47.6	Rochester	66.5	Rochester	74.7
Washington -Seattle	32.0	Brown	47.5	Texas -Austin	65.2	CalifUCLA	74.1
Duke	31.8	UIUC	47.0	Brown	64.5	Texas -Austin	73.2
Rochester	31.6	UNC -Chapel Hill	46.2	UNC -Chapel Hill	62,7	CalifSan Diego	72.3
Brown	31.3	WashSt. Louis	45.7	WashSt. Louis	62.5	UNC -Chapel Hill	70.1
Texas -Austin	31.0	Texas -Austin	45.5	UIUC	61.8	Washington -Seattle	68.3
WashSt. Louis	30.7	Washington -Seattle	40.8	Wisconsin -Madison	56.9	VIUC	68.2
Wisconsin -Madison	30.6	Wisconsin -Madison	39.5	Washington -Seattle	56.8	Wisconsin -Madison	66.6

Assistant Professors

1980			1985		1990	1990 199		
Penn	s	20.5	NYU	\$ 30.5	Penn	\$ 44.0	Penn	\$ 53.2
Calif Berkeley		20.0	Penn	30.4	NYU	42.0	Chicago	51.5
UNC -Chapel Hill		19.8	USC	29.7	Michigan -Ann Arbor	41.8	NYU	50.7
Chicago		19.7	Northwestern	29.7	Northwestern	41.7	Northwestern	49.6
Johns Hopkins		19.7	CalifBerkeley	29.6	Chicago	41.4	USC	48.4
USC		19.5	Chicago	29.6	USC	41.0	Michigan -Ann Arbor	46.0
DIDC:		19.5	Michigan -Ann Arbor	29.5	Rochester	40.6	Duke	45.9
CalifUCLA		19.3	UUC	29.0	CalifBerkeley	39.9	Columbia	45.2
Michigan -Ann Arbor		19.2	Columbia	28.7	Duke	39.8	WashSt. Louis	45.1
CalifSan Diego		18.9	CalifUCLA	28.7	CalifUCLA	39.7	Yale	44.4
NYU		18.9	CalifSan Diego	28.5	UTUC"	39.2	Wisconsin -Madison	43.9
Washington -Seattle		18.9	Duke	28.0	Columbia	38.4	Johns Hopkins	43.5
Northwestern		18.9	UNC -Chapel Hill	27.8	CalifSan Diego	38.4	Rochester	43.4
WashSt. Louis		18.8	Texas -Austin	27.1	Johns Hopkins	37.7	CalifBerkeley	43.3
Columbia		18.7	Rochester	27.0	Texas -Austin	37.4	Brown	43.3
Wisconsin -Madison		18.7	WashSt. Louis	26.8	Brown	36.9	Texas -Austin	43.2
Duke		18.2	Yale	26.7	Yale	36.8	CalifUCLA	42.1
Rochester		18.1	Johns Hopkins	26.5	UNC -Chapel Hill	36.6	Washington -Seattle	42.1
Texas -Austin		17.9	Wisconsin -Madison	25.9	WashSt. Louis	36.4	UIUC	42.1
Yale		17.2	Brown	25.8	Wisconsin -Madison	36.4	UNC -Chapel Hill	41.0
Brown		16.9	Washington -Seattle	25.8	Washington -Seattle	35.9	CalifSan Diego	40.1

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Figure 10 illustrates the decline of salary competitiveness for full professors at UIUC. In general it follows the trends for faculty salaries as a whole for the campus, moving from a ranking of 14 out of 21 institutions in FY 1980 to 20 out of 21 in FY 1994. More alarmingly, the trends evident for assistant professors in Figure 10 show an even more precipitous decline. UIUC assistant professors have dropped from 7 out of 21 in FY 1980 to a tie for 17 out of 21 in FY 1994. Other results of this more detailed study include the following:

- In FY 1994, UIUC's average full professor salaries lagged the mean of the IBHE comparison group by 15.4%.
- The average salary for assistant professors at UIUC was 7.1% behind the IBHE comparison group.
- The current gap, weighted over the two ranks, is 11.9%.
- In the period from FY 1985 to FY 1990, UIUC was able to provide annual raises to full professors that were 1% per year smaller than the average of the IBHE comparison group. From FY 1990 to FY 1994 the gap widened to 1.4% per year.
- From FY 1980 to FY 1994 UIUC's full professors lost more than \$10,000 against the average of the IBHE comparison group. Almost half the loss came after FY 1990.

Faculty Salaries By Discipline

Another mechanism by which to gauge faculty salary standing is to examine salaries by discipline from FY 1987 through FY 1995, years in which salary levels were affected dramatically by funding fluctuations. This review identifies areas of growing difficulties for both the Chicago and Urbana-Champaign campuses. Competition for top quality faculty has become particularly intense in high demand disciplines at both campuses. The University has experienced increased difficulty attracting and retaining key faculty in these high demand areas, as well as in areas of lesser demand.

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

Institutions included in the AAUDE study are:

Arizona

Maryland

1.00

Washington

Colorado

Minnesota

Wisconsin

Indiana

Missouri

Virginia

Iowa

Nebraska

Iowa State

North Carolina

Illinois-Chicago

Ohio State

Illinois-Urbana-Champaign

Oregon

Kansas

Penn State

Michigan

Purdue

Michigan State

Texas

Tables 3 and 4 summarize average salary data by discipline reported for FY 1987 (prior to the "no salary increase" policy of FY 1988), FY 1989 (the year immediately after), and FY 1995. Also summarized is the University's comparative ranking relative to other AAUDE institutions for each year of the study. For each discipline category, only those institutions reporting data in all three years of the study are included. Table 3 displays data for 14 disciplines at the Chicago campus. Table 4 displays comparable data for 19 disciplines at the Urbana-Champaign campus.

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

WEIGHTED TO UIC DISTRIBUTION OF FACULTY FY 1987 TO FY 1995

	Number	FY 19	987	FY 19	FY 1989		995	Change	
	of Schools	UIC Salary	Rank	UIC Salary	Rank	UIC Salary	Rank	In Rank	
Architecture	18	\$34,233	16	\$38,135	16	\$52,730	10	6	
Business	21	45,451	10	51,362	14	72,998	12	-2	
Education	22	33,773	10	37,602	11	48,887	6	4	
Engineering	19	47,921	2	51,635	7	64,662	8	-6	
Foreign Language	22	33,250	10	36,239	12	46,159	13	-3	
Letters	22	34,622	11	38,295	13	47,914	13	-2	
Life Sciences	22	42,794	3	47,944	4	62,534	1	2	
Mathematics	22	42,184	12	46,840	17	59,157	20	-8	
Philosophy	22	41,405	4	42,607	5	54,368	6	-2	
Physical Sciences	22	42,846	6	46,071	13	57,860	18	-12	
Psychology	22	41,351	9	45,962	12	52,055	17	-8	
Social Sciences	22	37,882	13	41,535	16	53,669	17	-4	
Social Work	15	36,274	8	37,289	11	48,893	11	-3	
Visual & Perf.	22	33,340	7	35,326	11	46,254	9	-2	

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

WEIGHTED TO UIUC DISTRIBUTION OF FACULTY FY 1987 TO FY 1995

	Number	FY 19	987	FY 19	989	FY 19	995	Change
	of _.	UIUC		UIUC		UIUC		In
	Schools	Salary	Rank	Salary	Rank	Salary	Rank	Rank
Agriculture	14	\$40,698	5	\$44,356	7	\$57,041	9	-4
Architecture	18	38,858	8	41,661	12	48,459	14	-6
Business	21	52,341	3	55,543	14	77,597	6	-3
Communications	21	36,213	6	40,189	5	51,375	2	4
Computer & Info.	20	50,285	7	53,986	11	69,126	6	1
Education	22	41,424	5	43,767	7	53,892	9	-4
Engineering	19	53,995	2	56,316	5	71,189	4	-2
Foreign Language	22	38,917	6	41,137	7	51,614	11	-5
Home Economics	14	32,947	6	35,881	9	47,554	8	-2
Law	17	69,147	3	71,327	5	91,000	9	-6
Letters	22	35,365	7	38,298	14	48,797	14	-7
Life Sciences	22	43,427	9	46,177	13	57,377	9	0
Mathematics	22	46,480	11	49,127	17	61,258	14	-3
Philosophy	22	33,758	12	35,970	16	46,818	21	-9
Physical Sciences	22	51,512	1	54,429	4	69,732	1	0
Psychology	22	44,929	3	51,132	2	64,427	3	0
Social Sciences	22	41,945	9	44,330	16	56,759	13	-4
Social Work	15	38,342	6	39,883	9	45,817	11	-5
Visual & Perf.	22	36,360	7	38,945	12	44,120	17	-10

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 FY 1995 enabled a degree of recovery in most disciplines, many still remain at a competitive disadvantage.

At UIC, Architecture, Education, and the Life Sciences improved their FY 1987 ranking. However, salary rankings lag FY 1987 levels for most disciplines. Hardest hit areas include Mathematics, the Physical Sciences, and Psychology. Whereas UIC held three "top five" rankings in FY 1987, only the Life Sciences ranks in the top five in FY 1995.

At UIUC, Communications and the Computer and Information Sciences improved their FY 1987 ranking. However, 17 of the 19 disciplines lag their FY 1987 levels of competitiveness. Hardest hit areas include Visual and Performing Arts, Architecture, Law, and Philosophy. Whereas UIUC held seven "top five" rankings in FY 1987, only four disciplines rank in the top five in FY 1995.

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

Faculty Benefits

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 and a vision care plan was implemented in FY 1995, several components of the University's fringe benefits package remain behind its competitors. Results from a recent analysis of fringe benefits find the University lagging its competitors in employer contributions to retirement and dependent health insurance and in the percent of salary ensured under the long term disability plan.

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 1995 brought positive and encouraging improvements, the University remains vulnerable to an erosion of competitiveness. Incremental funds totaling \$26.3 million are requested in

FY 1997 for faculty and staff salary increases to match inflation projections and to continue to overcome the deterioration of competitiveness.

Staff Salaries

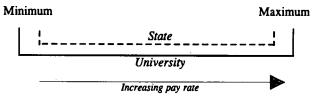
Each year, internal studies compare salaries of University staff employees with those of State agencies as well as with other employee groups in State and regional markets. Comparisons to State agency pay rates use benchmark positions as a basis for parity comparisons, while market comparisons use data from recognized regional and statewide sources to gauge salaries, pay range increases and related trends.

Parity With State Comparison Groups

In 1992, the General Assembly passed Joint Resolution 141, calling for parity in pay between University Civil Service employees and their State counterparts. Since 1992, the University has made significant progress and can now demonstrate that parity in pay ranges has been reached for most salary classes. University actions related to parity have included: a systematic assessment of deficiencies, adjustments to the salaries of employees paid below State rates, extensive changes in pay plan structures to better align pay scales and the establishment of a 37.5 hour work week for Open Range employees and employees in selected contract classes.

The current status is that University Civil Service pay ranges for most classes are now comparable with State ranges. Where gaps still exist, they have been substantially reduced and continue to receive attention. Note that special efforts to achieve parity are directed largely toward negotiated contract employees rather than employees assigned to the Open Range pay plan. Pay rates of Open Range employees generally meet those of their State counterparts.

University efforts have focused on equalizing the ranges (minimums and maximums) of comparable employee categories. In 1992, University pay ranges were generally "wider" than comparable State ranges--University minimums tended to be lower than State minimums while University maximums tended to exceed State maximums, as suggested below:



After three years of adjustments, University and State pay ranges are converging.

University minimums have increased to levels comparable with State minimums, which are

frozen as part of a three year contract. Similarly, State maximums are scheduled to increase in the next two years, drawing closer to University maximums.

The table below compares pay ranges for selected University classes and their State counterparts.

Salary Comparisons Among State Comparison Groups For Selected University of Illinois Classes							
		University of Illinois FY 1995		State of Illinois July 1995		% Over / Under State Class	
	Minimum	<u>Maximum</u>	Minimum	Maximum	Minimum	Maximum	
Chicago Campus							
Secretary Transcribing	\$20,993	\$28,733	\$19,920	\$25,860	5.11%	10.00%	
Staff Nurse II	33,779	64,314	29,712	41.568	12.00	35.37	
Accountant I	23,928	38,307	24,744	33.012	-3.41	13.82	
Storekeeper I	14,297	24,523	17,328	21,816	-17.10	11.04	
Urbana-Champaign Campus							
Secretary III	\$18,809	\$27,840	\$19,188	\$24,792	-2.01%	10.95%	
Storekeeper II	24,794	26,208	21,432	27,888	13.56	-6.41	
Accountant I	23,930	38,315	24,744	33.012	-3.40	13.84	
Kitchen Laborer	16,099	22,402	17,328	21.816	-7.63	2.62	

For FY 1996, the University received incremental funds sufficient to provide a general pay increase program of 3.0% for all employee groups, with additional internal reallocation to address special merit, market, or equity concerns. In comparison, the State of Illinois contract provides for a 3.0% general pay increase and step increases to eligible employees in FY 1996. In general, the University anticipates that increments for staff will keep pace with those for State employees in FY 1996.

Market Comparisons

Of particular concern to employees in recent years are the actual market salary comparability of their pay and the buying power of their earnings. Changes in market salaries are monitored annually using survey data obtained from recognized regional and statewide sources (Pay Data Service and American Compensation Association). Purchasing power comparisons are made using data from the Bureau of Labor Statistics, including sources such as the Employment Cost Index (ECI) and the Consumer Price Index (CPI). The ECI indicates the percent that employers in the market place budget for overall increases to employees' wages and

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salaries. The CPI reflects the change in resources required to offset the effects of inflation in purchasing a similar quantity and quality of goods and services.

The following table compares University FY 1995 pay increases to market <u>range</u> changes, market <u>actual salary</u> increases and relevant indexes from the CPI and the ECI.

Narket Data	<u>FY 1995</u>	FY 1996
ECI (Midwest)**	2.4 %	Projected N/A
ECI (Local and State Govt Workers)**	2.9	N/A
Market Range Increases*	3.0	2.7 %
CPI (North Central Region)	3.0	3.5
University of Illinois	3.5	4.5+
CPI (Chicago-Gary-Lake Counties)	4.0	3.7
Market Actual Salary Increases*	4.1	4.0

As indicated in the above table, FY 1995 funding levels have provided relief from the decline in salary competitiveness experienced in prior years. The University program was generally competitive with market range increases and will keep pace with inflation. A similar outcome is expected for FY 1996.

For FY 1997, the University seeks funding to remain aligned with competitive markets, focusing particularly on areas of lingering deficiency when compared to State agencies. The University also requests funding to keep employee pay increases in line with those being granted in the general employment market, thus preserving the purchasing power of University employees.

Staff Benefits

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

generally competitive with other employers. Concerns include a continued weakness in disability insurance coverage, which is under review in FY 1996, and an awareness that enhancing benefits does place an increased cost-sharing burden on University employees (a trend seen in the U.S. general market.) Furthermore, the competitiveness of retirement benefits continues to be of primary concern.

State Universities Retirement System

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

It should be understood, however, that while achieving adequate funding for SURS remains a key concern for FY 1997 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 (\$8,020,100)

Introduction

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

General Price Increase

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

Utilities Price Increase

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

Library Price Increase

Price increases for library acquisitions have been particularly severe in recent years, far outpacing general inflation. In particular, the steep increases in the prices of U.S. periodicals and college books have caused a precipitous drop in the Libraries' purchasing power. The State has recognized the need for a differential library price increase with special funding in 6 of the last 10 fiscal years. Despite these efforts, the Libraries of the University of Illinois are struggling to maintain the current quality of their collections.

Other Payroll Costs

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

these unavoidable expenditures. For FY 1997, the University's Workers' Compensation appropriation will need to increase to cover faculty and staff at the University of Illinois at Springfield.

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

General Price Increase (\$4,336,000)

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

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

Gross National Product (GNP) Implicit Price Deflator

Defines that portion of the overall GNP growth which is attributable to factors other than real growth in the production of goods and services in the economy.

Consumer Price Index (CPI) (Less Energy)

Measures the change in actual prices paid by urban households for items such as food, housing, and transportation. Energy costs are excluded since a separate utilities cost increase request is defined in the following section.

Higher Education Price Index (HEPI)

Measures changes in the level of general expenditures made by colleges and universities from current funds for items supporting instructional programs and departmental research activities. Sponsored research and auxiliary enterprise expenditures are excluded from the HEPI.

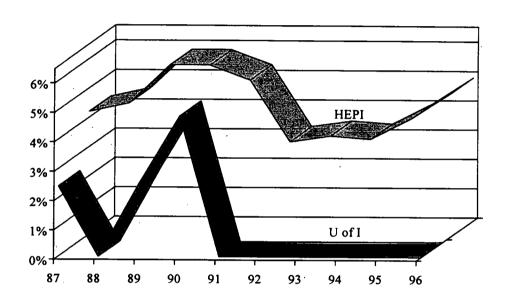
A comparison of University funding levels to these measures shows a strong positive relationship among these inflation indices, and considerable differences between the price increases estimated by these indicators and University appropriations over the last decade.

Specifically, the University has received no general price increase funding in seven of the past

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ten years. Since FY 1988, the University has received only two general price increases and in no year has the general price increase exceeded the HEPI, as shown in Figure 11.

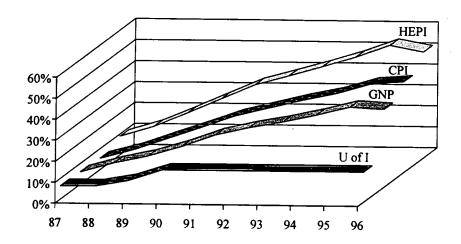
FIGURE 11
ANNUAL INFLATION INCREASES
VERSUS GENERAL PRICE INCREASE APPROPRIATIONS



Over the past six years the University has received no general price increase increment. The disparity between State appropriation levels and the University's price increase needs has widened dramatically during this period. Budget recisions in FY 1988, FY 1992, and FY 1993, combined with zero general price increase support in seven of the last ten years, none since FY 1990, have seriously eroded the academic support base of goods and services which underpin the University's instructional and research activities. While internal reallocation has been used to cover unavoidable increases in the most pressing of these goods and services, the University's academic support base has been seriously eroded and now has reached a gap of \$21.7 million, as increased against the Higher Education Price Index.

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 1987 through FY 1996. The University estimates a FY 1997 increase of 3.1% (CPI) and 2.4% (GNP deflator). For FY 1997 the general price increase segment of the budget request seeks to obtain funding sufficient to prevent further losses to inflation. Based on these projections a general price increase of 4% or \$4,336,000 is requested.

FIGURE 12 CUMULATIVE INFLATION INCREASES VERSUS GENERAL PRICE INCREASE APPROPRIATIONS



Utilities Price Increase (\$1,390,000)

The FY 1997 utilities funding requirements are formulated from expected costs for the individual components which comprise the total utilities budget of the University of Illinois. These projected commodities and utilities rate increases yield a composite increase of approximately 3.0%, a \$1.39 million increment above the University's FY 1996 direct utilities base. This increment request includes all the campuses of the University of Illinois system.

The University's utilities budget is comprised of two differently characterized components: 1) fuels and services provided through a deregulated market, and 2) those that operate under a regulated forum. Natural gas, coal, and fuel oil are obtained competitively, and the costs in the budget year are expected to experience very little growth (in the range of 2% to 3%). Because of its size and dual fuel capabilities, the University is able to obtain competitive

pricing for these fuels. With the ability to utilize multiple fuel sources, the University is then protected from pricing peaks in any one fuel.

While vigilant in its search for low cost energy supplies that can be obtained competitively, the University also endeavors to protect itself from disadvantageous unilateral actions by monopolized utilities. At this time, the University is responding through regulatory processes to cost and service change requests from 1) Illinois Power regarding its fuel adjustment costs, 2) Peoples Gas regarding the tariff for customer transported gas, 3) Northern Illinois Water Corporation regarding a general rate increase request, and 4) a rate increase request from Commonwealth Edison, which is in appeals.

The electric generation industry is beginning to experience the shifts of deregulation and the expansion of competition that the gas production/transportation sectors experienced over the last decade. The University is beginning to explore the resultant opportunities for further cost avoidance. Electric generation, fueled by coal and natural gas at Urbana-Champaign and natural gas at Chicago, is at its highest level. The cost avoidances allowed by this operating condition protect the University from higher regulated unit costs for electricity from local utility companies.

Purchased electricity, currently a fully regulated commodity, is obtained from the local distribution companies for each campus: Illinois Power; Commonwealth Edison; and City Water, Light and Power in Springfield. Price increases for purchased electricity are projected to be 3%. This rate represents fuel adjustment costs attributable to increases in the costs of the fuels used by the electric generating companies. It is expected that during FY 1997 purchased electricity costs related to fuel adjustment costs from the utilities will increase approximately 3%. Purchased electricity accounts for almost 56% of the total University expenditure for utilities.

The last major expenditure component of the utilities budget is water and sewer service, which accounts for approximately 9% of total expenditures. During FY 1997, increases in water and sewer service prices are expected to be approximately 4%. Northern Illinois Water Company, the service provider at Urbana, consistently requests an approximate increase of 8% to 10% every two years. The University consistently intervenes or negotiates to reduce the level of impact. For example, in the last rate increase request the University argued successfully before the Illinois Commerce Commission that rate increases should follow cost of service. As the University is Northern Illinois Water's largest customer, it has an inherent economy of scale

within its service profile representing minimal metering, billing, and other administrative costs. The cost of servicing the University is less than for smaller customers; therefore, the rate increase it pays should be proportionately scaled.

The University received a 3.0% rate increase for utilities in FY 1996, the first such increase since FY 1990. That increment will be sufficient to meet expected cost increases during the coming year.

Where possible the University uses its purchasing power to obtain the most economical supplies of competitively priced fuels and services. Where subject to regulatory authority determining price and service outcomes, the University makes every effort appropriate to minimize service cost increases. In summary, the projected commodities and utility rate increases described above yield a composite increase of approximately 3% for FY 1997, a \$1.39 million increment above the University's FY 1996 direct utilities base.

Library Price Increase (\$2,414,400)

The University of Illinois Libraries serve scholars and students both on each of the University's three campuses and throughout the State. The Libraries' collections, built for decades by expert staff, are a point of pride for the University and a singular attraction in the recruitment of the best faculty and students. Adequate resources must be found to preserve and expand these collections to support local and statewide research and instruction.

Limited financial support has prevented the University from offsetting inconsistent State funding during the past decade. The State provided zero increases in funding during FY 1988, FY 1991, FY 1993, and FY 1995. In FY 1992 when the State increased library material funding by 5%, the average price increase for books and periodicals published by the Higher Education Price Increase Index (HEPI) was 6.3%. These factors, when combined with recent postal rate increases, double digit increases in the cost of paper, and a precipitous decline in the value of the U.S. Dollar have resulted in the serious erosion of the Libraries' purchasing power.

Measures taken by the Libraries to live within this pattern of inconsistent and deficient funding have resulted in an unacceptable number of serial cancellations. Over the last nine years the Libraries have canceled 725 titles at Chicago (UIC) and 7,604 at Urbana-Champaign (UIUC), worth \$218,700 and \$1,302,000 respectively. Over the last decade the number of periodical subscriptions at Springfield (UIS) has declined from 2,945 to 2,561.

While the campuses have redirected funds to internally help stop this downward spiral, one of the most damaging effects of serial price inflation is that the Libraries have been forced to fund high serial costs at the expense of monographs. In FY 1996 price projections for monographs (books) are expected to reach 8% for domestic monographs and 16% for foreign monographs. Between FY 1988 and FY 1994 the number of monographs purchased decreased by over 9,000 (28%) at UIC and 27,500 (22%) at UIUC. Books are a significant part of the Universities' on-site instructional mission. They provide the main mechanism by which research results are consolidated for future scholars, and they play a critical role in making the knowledge base of one discipline accessible to another, especially for the undergraduate student.

The three Libraries of the University of Illinois must respond to the needs of a diverse clientele ranging from 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 special collections with historic significance. They also are the primary resource for both on-site and remote users of the State's vast interlibrary loan system.

The UIC Library, which serves the largest university in the Chicago area, holds approximately 1.8 million volumes including 16,000 serials. UIC's Library houses materials ranging from the history and development of the city of Chicago, to the Corporate Archives of the Chicago Board. The Library of the Health Sciences, one of the largest such units in the nation, is the regional library for 2,325 medical libraries in 10 states.

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

The UIUC Library with more than 15 million items, including 8.5 million volumes and 91,000 serial titles, is the third largest academic library in the country, behind only those at Harvard and Yale. This Library supports an institution which in FY 1994 granted the second largest number of doctoral degrees in the nation and received \$136.7 million in federal research and development funds. While the Library is strong in all areas of academic study, of particular note among the Library's special collections are its volumes by and about Milton, Shakespeare, Proust, Carl Sandburg, Lincoln, H.G. Wells, and rare first editions and memorabilia of Mark Twain.

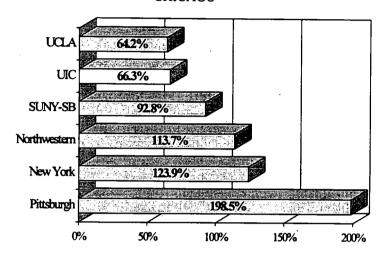
The Libraries also realize the importance of efforts to form partnerships and establish virtual collections that are linked electronically. The UIC and UIUC Libraries, through a grant from the National Science Foundation, are two of the thirteen libraries participating in the Committee on Institutional Cooperation's initiative to develop the Virtual Electronic Library. The Libraries are active participants in the Illinois Library Computer Systems Organization (ILCSO), a computerized network composed of 45 libraries linked with 14 regional library system offices which in turn serve every citizen in Illinois. These programs place extraordinary interlibrary loan demands on their collections. The UIC and UIUC Libraries have consistently ranked among the top Association of Research Libraries (ARL) in items loaned. In spite of their national leadership in resource sharing the Libraries ranked 63 and 14 among member libraries in materials expenditures. It is most unfortunate that libraries with such a commitment to leadership rank so low in materials expenditures.

While other institutions face similar problems, it is alarming that University of Illinois Libraries continue to lose ground to their peers. Figure 13 illustrates this loss over the period from FY 1984 to FY 1994. The differential in cumulative funding in actual dollars as shown ranges from a low of \$215,000 (92.8%) at SUNY-Stony Brook to a high of \$2,826 (198.5%) at Pittsburgh when compared to UIC, and from \$357,000 (64.2%) at UCLA to a high of \$3,928,000 (161.2%) at Yale in comparison to UIUC. The Springfield campus is evolving in academic scope and is in the process of redefining its peer group.

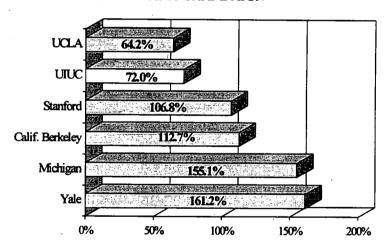
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FIGURE 13 LIBRARY MATERIAL EXPENDITURE PERCENTAGE INCREASE FY 1984 - FY 1994

CHICAGO



URBANA-CHAMPAIGN



For the Libraries to meet their local and Statewide missions in FY 1997 an increase of 20% is necessary to address continuing inflationary pressures and to begin to offset the most damaging effects of the past decade's erosion in the University's most significant academic support base.

Other Payroll Costs (\$2,328,400)

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

Medicare and Social Security Contributions

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

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

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

APPROPRIATIONS AND EXPENDITURES FOR MEDICARE AND SOCIAL SECURITY COSTS FY 1987 to FY 1996 (Dollars in Thousands)					
	Appropriations	Expenditures	% Change in Expenditures		
FY 1987	\$ 620.0	\$ 407.9	0.0%		
FY 1991	1,718.0	2,261.7	454.5		
FY 1994	3,492.0	4,277.3	89.1		
FY 1995	4,417.3	4,850.0	13.4		
FY 1996	5,967.3	6,187.3 (est.)	27.6		

The FY 1996 appropriation is \$5,967,300 for the combined Social Security and Medicare requirements. In FY 1997 expenditures are expected to rise to \$6,569,000. An increment of \$602,700 is requested to bring the FY 1997 appropriation to this level. Because it is a federal mandate, this is truly an unavoidable increase for the University.

Sick Leave Payout

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

Under the final allocation for FY 1996, incremental funding available to the public university sector of higher education provides for no increase to meet these costs. As reflected in the following table, that funding will cover approximately 16% of anticipated FY 1996 expenditures.

APPROPRIATIONS AND EXPENDITURES FOR SICK LEAVE PAYOUT FY 1987 to FY 1996 (Dollars in Thousands)					
	<u>Appropriations</u>	Expenditures			
FY 1987	\$ 0.0	\$1,331.6			
FY 1991	760.0	2,834.4			
FY 1994	751.6	3,734.2			
FY 1995	751.6	4,204.2			
FY 1996	751.6	N/A			

Workers' Compensation

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

For the last several years, the University has utilized the assistance of an actuarial firm to establish an appropriate level of funding for Workers' Compensation. The firm's methods for estimating projected claims and resulting outlays have proven to be very accurate. Actual claims for FY 1995 were \$3,291,000 while the State appropriation was \$2,986,300 creating a deficit of \$304,700. For FY 1996, expected claims are projected to reach approximately \$3,500,000 while State funding remained stagnant at \$2,986,300, which would produce a shortfall of \$513,700. Actuaries have projected payments for FY 1997 to be \$3,700,000. Additionally no State funding was provided for the costs associated with the transition of the University of Illinois-Springfield. Expected claims for Workers' Compensation at UIS in FY 1996 is projected to be \$107,000. For FY 1997, actuaries are projecting claims to be \$112,000. If the appropriation remains at the current level and with the inclusion of UIS, the projected deficit will be \$825,700. An increment of \$825,700 is therefore requested to fund increases in FY 1997.

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APPROPRIATIONS AND EXPENDITURES FOR WORKERS' COMPENSATION FY 1987 to FY 1996 (Dollars in Thousands)

		•	
	<u>Appropriations</u>	Expenditures	% Change in
			Expenditures
			<u> Pybenannez</u>
FY 1987	\$1,593.1	\$1,640.3	Δ 00/
1 1 1/01	Φ1,333.1	\$1,040.3	0.0%
FY 1991	2 (05 0	A *** A	
LI 1991	2,685.0	2,665.0	65.5
**** * * * * * * * * * * * * * * * * *			
FY 1994	2,986.3	3,001.1	12.6
		2,001.1	12.0
FY 1995	2,986.3	2 201 0	
1 1 1775	2,700.3	3,291.0	9.7
T37 1007	0.006.0		
FY 1996	2,986.3	3,500.0(est.)	6.4 (est.)
		~,~~	V., (V.)
\$	1900 00 00 00 00 00 00 00 00 00 00 00 00		

OPERATION AND MAINTENANCE FOR NEW AREAS (\$2,585,600)

When new or remodeled facilities are brought into use, it is important to secure adequate operation and maintenance funds so that new space does not begin its useful life with a built-in deficiency. Given the continuing need to provide adequate facilities to support academic programs at three campuses, operation and maintenance costs for new space have been and will remain an important budget component. In FY 1997, funding requirements to support new areas total \$2,585,600.

Seven projects, comprising approximately 680,000 gross square feet (GSF) of new space, require either full or partial funding of the annual costs of operation and maintenance. Each project is described in the following narrative and is listed in the cost summary shown in Table 5.

TABLE 5 OPERATION AND MAINTENANCE REQUIREMENTS TO SUPPORT NEW AREAS						
Project	GSF	Total Annual Cost	\$/GSF	Date of Occupancy	Months	FY 1997 Amount
Urbana-Champaign						
Chemical Sciences/Life Sciences Laboratory	229,994	\$2,733,600	\$11.89	12/95	5	\$1,139,000
Office of Admissions and Records Building	30,766	186,000	6.05	5/97	2	31,000
Domer Drive Retention Pond	0	16,000	-	7/96	12	16,000
Subtotal						\$1,186,000
Chicago						
Molecular Biology Laboratory	212,000	\$2,619,000	\$12.35	9/95	2	\$436,500
Public Safety/Transportation Facility	51,000	300,150	5.89	3/96	8	200,100
Student Services Building	64,430	632,000	9.81	7/96	12	632,000
Campus Storage Facility	92,900	131,000	1.41	1/96	12	131,000
Subtotal					:	\$1,399,600
TOTAL						\$2,585,600

Urbana-Champaign Campus

Chemical Sciences/Life Sciences Laboratory

On schedule for completion in fall 1995, the Chemical Sciences/Life Sciences Laboratory is the Urbana-Champaign campus's newest facility for scientific and technological multi-disciplinary cooperation. Funded for seven months of support in FY 1996, the FY 1997 operation and maintenance support request is to fund the final five months at a cost of \$1,139,000.

Office of Admissions and Records Building

Originally programmed into vacated space in the old campus bookstore in the Arcade Building, the campus later determined that the most appropriate action to consolidate the five separate facilities of OAR is to build a new facility. Scheduled to be located to the south and east of Levis Faculty Center, this cost effective solution is the most practicable, also, the east side of campus is used intensively during new student orientation and prospective student activities. The FY 1997 operation and maintenance support request is to fund the first two months at a cost of \$31,000.

Dorner Drive Retention Pond

Part of the campus flood control project, 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, reducing the storm water flooding problem along Lincoln Avenue. Lighting and grounds and pond maintenance costs comprise most of the request, which at a full year's support totals \$16,000.

Chicago Campus

Molecular Biology Laboratory

This highly specialized facility will bring to the Chicago campus the tools through which to meet the major campus goal of expanding interdisciplinary molecular biology research. Funded for ten months of support in FY 1996, the FY 1997 operation and maintenance support request is to fund the final two months at a total cost of \$436,500.

Public Safety/Transportation Facility

This facility will meet the administrative, operations, and storage needs of the Physical Plant Transportation Section and the University Police Department. Funded for four months of support in FY 1996, the FY 1997 operation and maintenance support request funds the final eight months at a total cost of \$200,100.

Student Services Building

The east wing of the Student Services Building now houses many offices related to student needs. Safeway Insurance occupied this space until September 1994, and it was not until May 1995 that the space was made available for the consolidation of the following offices into that space; Dean of Student Affairs, Vice Chancellor for Student Affairs, Counseling Center, Career Services, Office of the Ombudsman, Conference Center, and testing services. The project is now complete and the FY 1997 operation and maintenance support request is to fund the full year's support request of the east wing of the Student Services Building, the west wing having received final funding in FY 1994. The additional space of approximately 64,000 GSF requires \$632,000.

Campus Storage Facility

Located at the southern perimeter of the east side of the Chicago campus is this soon-tobe acquired storage facility. Notification was forwarded to the Board of Higher Education about the University's intent to purchase this property. Owning a property

that can provide storage makes good economic sense as it replaces the current rental of warehouse space which is separate from the campus and not in good condition. Of the seven warehouse floors, four will be used by the University, a total space allotment of 92,900 GSF. The three other floors are occupied by tenants. Operation and maintenance requirements to support the four floors are minimal. Anticipated to be available for the University's use in January 1996, the FY 1997 operation and maintenance support request funds a full year's cost, a total of \$131,000.

ACADEMIC PROGRAM **INITIATIVES**

STRENGTHENING THE ACADEMIC BASE (\$4,120,000)

In recent years, the University of Illinois has undertaken a number of important initiatives to improve the quality of the undergraduate experience. The following programmatic changes are just a sample of recent program accomplishments:

- Implemented/Improved Core Curriculum UIUC instituted a revised general
 education program assuring that all students will be offered rigorous courses in
 writing, quantitative reasoning, and other core areas of undergraduate education. At
 UIC, funds were reallocated to ensure that more students who wanted to register for
 core classes were able to take the course in the desired semester.
- Helped Faculty Improve Teaching UIC implemented a faculty summer curriculum technology development grant program to support special initiatives to improve classroom instruction. UIUC provided faculty the resources to improve the teaching/ learning process through the application of computer technology.
- Helped Assistants Improve Teaching UIUC intensified training of teaching assistants. This fall UIC will offer formal training for teaching assistants from all academic programs to improve their effectiveness in the classroom.
- Supported Freshman At UIC, a comprehensive two-day orientation for incoming
 freshmen has been implemented and Freshman Success Seminar will be offered in
 Fall 1995. Both programs are designed to better prepare students for academic and
 campus life. UIUC introduced an improved orientation program and enhanced
 retention programs for students at risk of noncompletion.
- Instituted Cultural Diversity Course Requirements In an effort to prepare students for life in a multi-cultural society, all new beginning UIC freshmen and transfer students are required to complete one course on cultural diversity from a list of courses approved by the UIC Senate. Similarly, all UIUC students will have the opportunity to broaden their understanding of the human condition through the study of other cultures as part of their core curriculum.

To give priority to instruction in recent years, the University has had to make difficult choices. Due to severe State funding constraints, reallocation became the primary means to sustain the faculty necessary to provide instruction. For example, UIUC was forced to reallocate funds for faculty salary increases to reduce the rate at which salary levels were falling below those found at peer institutions. As a result of major reallocations and budget reductions, the campus has lost 167.00 FTE tenure-system faculty positions since FY 1986, and section and class sizes have increased.

To sustain and improve the quality of undergraduate education, the University has sought means to increase contact and interaction between students and their instructors. This kind of active learning environment is widely held to be superior to the more passive, lecture-dominated environment so common in large research universities. Four routes to this end have been identified and form the basis for additional funds requested for FY 1997:

- Initiate a First-year Discovery Program to provide more opportunities for new students to study with faculty members in highly interactive settings.
- Lower class size and respond to student demand by providing discussion sections, particularly for general education courses currently taught in large lecture format.
- Enhance the quality of the academic experience for upper level students by providing more capstone courses and increasing opportunities for faculty/student interaction in a research setting.
- Strengthen or initiate programs in selected colleges to increase the quality of instruction.

Initiate a First-Year Discovery Program

The Discovery Program, which provides small faculty-taught, highly interactive courses to freshmen, was initiated in FY 1995. The Program has become extremely popular, as indicated by a huge student demand for more course offerings. During FY 1997, the campus will expand the Discovery Program and, in particular, increase the number of Discovery courses which are designed to meet general education requirements. This form of expansion will respond to student demand for general education Discovery courses, which were by far the most popular of the Discovery offerings for Fall 1994, and which, as a result, were in short supply. With the addition of faculty members in departments that are short on instructional resources and in which there are commitments to deliver general education courses in the Discovery Format, more than 1,000 additional students will be reached per year.

Lower Class Size Through Additional Sections

UIUC will lower undergraduate class sizes in carefully targeted fashion to assure that key courses in students' majors are taught in a format that will support greater faculty-student interaction. The Colleges of Commerce and Business Administration, Engineering, Communications, and Liberal Arts and Sciences have experienced heavy enrollment pressure in recent years, along with budgetary retrenchment. As a result, some courses for majors have

grown to a large size. Some of these large lecture courses are offered without discussion or quiz sections to provide a small-group learning environment. One hundred ten small sections of courses should result from the addition of new faculty, affecting approximately 3,000 students. By carefully selecting the departments and courses to be enhanced, the campus administration can assure that key courses in majors, which are currently under heavy enrollment pressure, will be significantly enhanced.

A primary goal of the UIC College of Liberal Arts and Sciences (LAS) is to deliver high quality foundation components of an undergraduate education to all undergraduates at UIC. The College plans to ensure the delivery of these fundamental elements of the curriculum by increasing the number of sections offered in entry level courses and by reducing the number of students in introductory sections of foreign language and Course Distribution Credit (CDC) courses. During the past two years UIC LAS has used new and reallocated funds to expand access to English Composition courses and to add 850 new places for freshmen mathematics courses. The College plans now to complete the strengthening of the core undergraduate courses with support for teaching assistants in Chemistry, Physics, the humanities, and the social sciences.

In the UIC College of Architecture, Art and Urban Planning (AAUP), the department of the History of Architecture and Art (HAA) offers courses to approximately 2,000 students each academic year. Almost half of these students are non-AAUP undergraduate students registered in 100-level HAA courses. These figures represent significant growth in registration, particularly for non-AAUP undergraduate students. One reason for this growth in registration is that all of these courses meet the course distribution requirement established by LAS. Many of the HAA department programs also meet the Campus' Cultural Diversity requirement. In order to meet this growing demand, the College will add teaching assistantships and further develop the Laboratory for the Interactive Study of Images. The added teaching assistantships will minimize the impact of the large lecture classes and increase the quality of the learning experience for students. Development of the Laboratory for the Interactive Study of Images will also improve the learning environment by providing students with computer-assisted learning in much the same way that the language laboratory serves students who are developing their language skills.

The College of Associated Health Professions School of Kinesiology offers Human Physiological Anatomy I and II--requirements for Physical Therapy, Occupational Therapy,

Human Nutrition and Dietetics, Nursing, Pharmacy and students in the School of Biomedical and Health Information Sciences. The two courses are also taken by many pre-medical and predental students. In FY 1994, these courses were offered to 500 students. Due to budget cutbacks during the last fiscal year, the school was able to offer the courses to only 320 students, leaving 270 students on the waiting list. Many students on the waiting list had to turn to community colleges to complete their anatomy/physiology requirement. Next year, the budget will be reduced even further, enabling the school to serve only 180 students. While support has already been offered and committed by the Office of the Vice Chancellor for Academic Affairs and the College of Associated Health Professions, additional recurring funding will be required to address the demand for these core courses. The funds would be used for additional teaching assistantships, returning the number of students served to the original 500.

In recent years, UIS enrollment increased even as the faculty base was eroded by statewide budget reductions, resulting in larger classes and too few sections of required courses. Internal reallocation has only partially addressed the situation. The campus seeks recurring funds to decrease class size by rebuilding the faculty base for instruction in required courses.

Provide Capstone Courses and Research Opportunities for Upper-Level Students

The University will implement a special focus on the educational experiences of its upper-level student. The goals will be to enhance the quality of the major experience, to provide closer faculty-student interaction, and help students integrate the undergraduate learning experience while preparing for in-depth for work or further study.

UIUC has identified a number of majors without sufficient faculty members to serve upper-level students in these very important, but demanding, endeavors. With the addition of new faculty, the campus plans to develop additional capstone courses and provide further opportunities for guided undergraduate research projects.

UIC will initiate an Undergraduate Research Program that would enable students to participate in the many outstanding research opportunities on the campus. Currently students are discouraged from participation due to the time-consuming nature of research projects and competition from part-time work. The coordinated effort of an Undergraduate Research Program would begin to remedy this situation. Students in good standing will be matched with a faculty mentor who will provide guidance, close supervision, and appropriate research space. The program will support 50 students annually with fellowship costs and research expenses.

UIC plans to add a research support center on the West campus to work with departments to obtain, maintain and support scientific research equipment. A similar facility on the East campus has proven invaluable in providing access for many investigators to shared equipment, instrumentation and services. These same services are expected to facilitate student success in research.

UIS seeks to improve the academic experiences of its upper-level student body in two major areas. First, the campus will focus directly on instruction, making changes in curricula, expanding use of new technology and developing programs to improve teaching. Second, the campus will increase the graduate assistant stipend rate through a combination of new funds and internal reallocation. The quality of graduate teaching assistants has a considerable impact on the learning experiences of undergraduates. Currently, UIS graduate assistant stipends are far below national medians for first-year graduate assistants. The increase will enhance the campus' ability to compete for, and retain, high quality assistants.

Strengthen or Initiate Programs in Selected Colleges

The Jane Addams College of Social Work at UIC will strengthen and support the reaccreditation of the undergraduate Bachelor of Social Work program. Graduates of the program work with, and on behalf of, the poor and other at-risk urban populations in public and not-for-profit organizations in diverse fields including child welfare, public aid, mental health, criminal justice, aging and health youth centers. The demand for social workers in these types of settings is great in the Chicago metropolitan area. Changes in accreditation standards adopted in 1992 call for significant revisions in the undergraduate curriculum, new required courses, the assignment of a core group of tenured and tenure-track faculty to the program, and the designation of more administrative and clerical support. These changes, though required by the new accreditation standards, are consistent with the College's new mission statement. The College will reallocate existing resources to provide administrative and clerical support and seeks funds for two tenure-track faculty lines to maintain accreditation. The program is accredited through June 1996.

With few notable exceptions, academic programs at UIS have sought accreditation within their fields. The exceptions have reflected judgments about the cost of accreditation or the particular stance of an accrediting agency. Within the recent UIS strategic planning process, the campus has made a commitment to explore accreditation in all remaining programmatic areas for which it would be appropriate. To that end, UIS is seeking support for accreditation

efforts already underway in the College of Business Administration and the School of Social Work.

The UIC College of Business Administration (CBA) has recently taken on responsibility for a core undergraduate course requirement entitled Managerial Communication, BA 200. This course, previously provided by the English department, was developed in CBA as a pilot during the 1993-94 academic year and has attracted an enrollment of approximately 700 students. The goals of the course are to provide undergraduates with essential written and verbal communication skills; to focus training of business undergraduates for business cultures; to be attentive to the needs of a diverse student population; and to be responsive to the demands of the marketplace. Course faculty are diverse and bring private sector experience and academic expertise to the classroom. In addition, the CBA program at UIC is unique in encouraging this applied communication skills focus as a priority at the undergraduate level. The College requires funds to supplement internally reallocated funds so that this very successful pilot may be continued.

The College of Engineering at UIC continues its commitment to strengthen its academic program by recruiting better qualified undergraduate students. The best mechanism for future success is recruitment through the Engineering Honors program, which provides financial support and a stimulating academic environment for participants. Building this cadre of students will mean increasing the base of funds available for direct student support.

The University is proud of the progress made to date in improving undergraduate education through internal reallocation. Funding of the above initiatives will allow the University to take some very important further actions to protect and enhance the quality of the teaching and learning environment.

INVESTING IN INSTRUCTIONAL TECHNOLOGY (\$3,090,000)

Technological development has permeated the mode of instruction in virtually every academic discipline. Each week brings advances in computer, video and telecommunications capabilities. These changes, as well as the emergence of technological hybrids like the World Wide Web, clearly show that a technology revolution is at hand.

As an academic leader in computing, the University has an obligation to prepare students for a work world that is increasingly technology oriented. Employers will expect graduates to be proficient in the use of, and perhaps the adoption of, newer technologies. To respond to these challenges, the University must invest in a technology-supportive environment where students can learn with, and about, computer-based technology.

The technology revolution will touch almost all levels of the institution, including the classroom, the curriculum and the faculty. Some of the anticipated changes listed below have already begun to occur.

- Microcomputers and networks will give students access to self-paced instruction from residence halls, libraries and computer laboratories, supplementing traditional classroom instruction.
- Classrooms will be physically upgraded to take advantage of multimedia presentations and computer networking.
- Faculty will supplement their skills by learning to work with a multimedia curriculum and to teach via extended electronic conversations with their students.
- Students will use online library reference sources to extend the scope of information they can access.
- Instruction will move beyond the physical classroom as instruction and services become accessible through new networking systems.

A transformation of this magnitude requires a significant update in infrastructure and investment of resources. An integrated response is required; for example, it's not feasible to purchase equipment in one year and delay faculty training until the following year. The proposed FY 1997 initiatives outlined on the following pages will support the University's ongoing, multi-level approach to technology in instruction.

Investing In Equipment, Support and Software

Up-to-date equipment and software are essential ingredients of successful technology use. Also critical is adequate technical support to maintain new and existing systems.

At UIC, the campus leadership and academic community have become increasingly concerned about improving student access to computing through general purpose computer laboratories. These vital learning tools are becoming, and in many disciplines have already become, the standard mechanism of communication. These facilities will be expanded to serve an increased number of students.

Given the pace of technological change, upgrades to equipment and software are a fact of life for any computer user. For many years, UIUC has worked to build up the number of faculty desktop computers, primarily through one-time grants from vendors or special campus allocations. Now, many of these original machines are too old to support incremental upgrades and must be replaced to run newer instructional and networking software. The campus will create a two-thirds matching program for a phased in replacement of faculty desktop computers, with one-third support coming from other sources. In the first year, the campus will purchase computers for approximately one third of the faculty, including software and maintenance. In subsequent years, additional computers will be upgraded.

Increased use of server-based networked instruction and distance education at UIUC has exceeded the capacity of the campus to provide the support necessary to fully capitalize on these technologies. The campus plans to set up a number of User Support Centers in teaching colleges across campus. Studies demonstrate increased effectiveness of support centers located near to, and affiliated, with instructional centers. The funds would provide technical support staff needed to operate the centers.

UIS will update a variety of systems that support students outside the classroom. Plans call for: a new degree audits program to improve monitoring of student progress towards a degree; upgrades to the student admissions and records system; and purchase of adaptive electronic equipment for students with disabilities.

Investing In the Classroom Setting

The traditional classroom, with a blackboard, desks and perhaps a lectern, is being updated to make use of new methods of presentation such as projection from computers. An updated classroom might also include access to the campus network or video equipment. As

faculty make use of technology to enhance their meetings with students, there will be an increasing demand for updated physical facilities.

In FY 1994 and FY 1995, UIC upgraded several major Lecture Centers with new presentation equipment and access to the campus network. The renovations encouraged faculty to use technology in their presentations, leading to greater demand for updated classrooms. At this time, the need for updated classrooms still far exceeds the supply. With additional funding in FY 1997, the campus will update additional lecture halls and smaller classrooms with high resolution projectors, screens and fixed and moveable instructional equipment.

Instructional equipment and facilities at UIS are becoming seriously outdated with respect to the possibilities offered by new technologies. Most urgently needed are updates to those areas affecting direct instruction. Funds are sought to expand the number of computer-enhanced classrooms, upgrade the general purpose computer lab and make networking capability available to all faculty. Support will also be increased for distance learning efforts and other special purpose computer needs.

At UIUC, the increased use of instructional technology in the classroom has created an ongoing expense in software purchases, licenses and development, as well as the need to regularly update presentation equipment to match new software requirements. An Instructional Technology Software Fund will be set up to help faculty develop and use software for educational purposes.

Investing In Faculty Training and Instructional Development

Preparing students for the work environments of the 21st century rests in part upon a faculty prepared to use, and to train students in the use of, the latest computer-based communications, design, collaboration, and computation software.

A Center for Instructional Development at the UIC campus will offer faculty guidance and training in instructional technology, including computer-aided instruction and video programming. Through the Center, those in need of assistance would be paired with faculty mentors who have used information resources successfully in their own work and who are willing to assist their faculty colleagues. Professional instructional development staff will also be available in the Center.

At UIUC new training programs and support materials, such as online and printed software user guides, will be purchased to facilitate use of networked and multimedia

instructional materials among faculty. Faculty will also receive support for summer training programs in these areas.

Investing In the Online Library

The Library is central to the educational mission of the University. In the past ten years, libraries at the University have broadened their scope to include a variety of electronic resources, including online catalogs, automated loan services and access to commercial data bases.

The next step at UIUC is to create an online version of the traditional library reserve used by faculty to make supplementary materials available to students. By using networking software such as Mosaic, students can have access to text, graphics, video and sound materials at a computer station. The Digital Library Reserves will be available online wherever students have access to networks capable of utilizing Mosaic-type software. Off campus students will have the same access as on campus students to library reserve materials. As faculty members increasingly utilize electronic resources in their teaching, electronic reserve materials will replace traditional library reserves. UIUC has also committed itself to an instructional environment where library materials will increasingly be shared electronically across institutions. To further these goals, the campus will employ specialized library staff and acquire equipment and software to digitize and use multi-media materials.

UIC is also making print information available in electronic format. A successful Electronic Reserves project is already in place, as is online access to the library catalog and external online data bases. The critical need at UIC is for recurring support to upgrade software and maintain access to existing online data bases.

Investing In Instruction Beyond the Campus: Developing Distance Learning

Distance learning may appear to be a relatively dated concept, given the long history of public broadcasting and coursework delivered through educational television stations; however, true interactive distance learning programs involve much more complex learning environments and relationships. The UIC Colleges of Medicine and Pharmacy will implement two distance learning programs that vividly illustrate the level of sophistication these programs can attain in structure and function. Once established, these networks will provide limitless possibilities for joint university-community teaching and learning collaboration.

INTERMED Illinois - The Interactive Medical and Health Sciences Education for Illinois (INTERMED Illinois), is a program to establish a telecommunications network linking the health sciences colleges of the University of Illinois at Chicago's four major statewide sites at Chicago, Peoria, Rockford, and Urbana, their affiliated hospitals, and the Quad Cities Graduate Study Center. In addition, the dental schools of Northwestern University and Southern Illinois University would join with UIC's College of Dentistry to establish a cooperative relationship as a part of INTERMED Illinois. In keeping with the recommendations of the Illinois Board of Higher Education to expand educational opportunities in the health professions throughout the state, it is the goal of INTERMED Illinois to bring to other regions, especially in underserved areas, the combined educational and professional development programs and public services of the University's health professions. Further, as a part of this network, the University of Illinois at Chicago proposes to enter into joint ventures with other colleges and universities and the state's regional consortia, where the appropriate programs and services of the University's health education colleges can best be applied. The potential of INTERMED Illinois would open entirely new opportunities for enhancing health professions education in the State of Illinois.

The proposed network will enable these institutions to coordinate their academic and professional expertise in order to develop cooperative initiatives designed to address the critical need for health care programming around the state; to facilitate the sharing of resources to accomplish INTERMED Illinois' goals; to promote research initiatives among health professionals; to share cutting edge clinical practices and applications; to improve the quality of educational and informational offerings; to utilize community resources to enrich the University's programs; to reduce the isolation of health care professionals in rural areas; to improve communication and administrative functioning among the identified sites; and to improve productivity and reduce costs in the delivery of health professions education programs.

Pharmacy Network - This program requires the development of interactive communication networks between the College of Pharmacy and major external clerkship sites which are not in close proximity to the campus. The professional program in the College requires entry-level students to complete seven clinical clerkship rotations during their final year, an experience that can be likened to student teaching. The College must maintain close, continuing relationships with multiple external clinical teaching sites, including in-patient institutional settings, managed care, and community based ambulatory care facilities. These external institutions and organizations contribute to the professional teaching program by

providing on-site patient care experiences to help students develop their professional skills and expertise. The College has a major commitment of faculty and student FTEs invested in external clinical education.

The College has made a major investment in developing instructional technology applications and has the expertise and the desire to expand. This network would make use of two-way, video-teleconferencing technology and interactive computing which would assist in: early clinical experience via teleconference to enhance professional didactic instruction, the bridging of college and off-site instruction, basic administrative communications application, and community outreach and recruitment.

ENHANCING DIVERSITY (\$790,000)

As part of its mission to prepare students for life in a multicultural world, the University continues to be committed to enhancing the diversity of its faculty, students and staff. Over the past ten years, many new initiatives have been developed, with promising results. The challenge now is to sustain that commitment by expanding particularly successful efforts and identifying areas of continued need.

The success of the UIC Minority Faculty Recruitment Program, established in 1989, is well documented. The Spring 1994 headcount of 98 minority faculty represents a 46% improvement over the Fall 1988 headcount of 67. The campus would like to build on this success by recruiting 20 additional minority faculty per year. Funding is requested to provide the dollar-for-dollar matches by the Provost's Office for recruitment offers.

Cultural diversity course requirements implemented in recent years ensure that undergraduate students take at least one course that will prepare them to interact more effectively in a multicultural environment. Although a number of colleges that offer these courses must serve more students, the College of Liberal Arts and Sciences (LAS) carries the heaviest responsibility at UIC for delivering courses in this area. Nearly 3,400 students will require cultural diversity courses but current faculty staffing levels can serve only one-half. In order to meet the demand, UIC seeks additional faculty positions to teach cultural diversity courses. Furthermore, the College of Business Administration (CBA) seeks funding for additional faculty and assistants to teach a new course specifically designed to introduce students to the multicultural environment of the business world. This course will meet the cultural diversity course requirement for undergraduate CBA students.

As units become more sophisticated in working with cultural diversity issues, they increasingly recognize the needs of special populations. The Office of Women's Affairs (OWA) at UIC is only two years old, but has already identified women who are returning to student life after extended absence as a group requiring further attention. A recent survey revealed that these students often lack knowledge of university resources, encounter difficulty obtaining financial aid, experience social isolation and are forced to juggle multiple roles. These factors impede their progress towards a degree. The goal of the OWA is to improve the retention rates for women who are returning students through a special program. The program will provide a newsletter, a support group, educational programs and training in Internet networking. The

OWA would also expand its hours of operation to accommodate the evening and weekend schedules of this student group.

The College of Associated Health Professions at UIC has identified a need for special attention to the applicants in two of its departments. The departments of Occupational Therapy and Physical Therapy serve two of the fastest growing health professions. However, national research shows a lack of racial/ethnic diversity within these professions that is exacerbated by a lack of qualified applicants. These departments have developed an aggressive outreach plan for minority student recruitment and have requested a minority recruitment coordinator, support staff, outreach teachers, and tutorial fees. Some funding has been identified for the program, but additional funds are needed to implement it.

UIS seeks state funding to expand two successful minority student achievement programs. The Minority Leadership in Public Service program is a scholarship program for minority students transferring to UIS from a community college. The Whitney M. Young Fellowship program provides graduate assistantships and internships to African-American and Hispanic-American students.

UNIVERSITY OF ILLINOIS AT SPRINGFIELD ACADEMIC PROGRAM DEVELOPMENT (\$1,000,000)

Once legislation was enacted transforming Sangamon State University into the University of Illinois at Springfield (UIS), campus and University officials began a review of academic program areas and support services which represented prime candidates for early development within the changed context of the campus's position within the University of Illinois. A more thorough and deliberate process of academic planning has now been established through which faculty and staff will produce a development plan for UIS for the next several years. The plan will proceed from the following assumptions, or will explain how and why it diverges from them:

- UIS, like all campuses of the University of Illinois, will perform the three traditional university functions of teaching, research, and public service.
 UIS will place primary emphasis on teaching and secondary emphasis on research and public service. It is not desired that UIS become a Research I university, nor will it emphasize doctoral education.
- 2. UIS will expect some growth, but at moderate pace and with a specified limit. Its character as a comparatively small campus will be preserved.
- 3. UIS will seek new clarity of focus and concentration in its offerings. In the near future the character and programs of UIS should be consolidated and focused on a rejuvenated mission of the campus as part of the University of Illinois. New initiatives will be pursued only as adequate resources become available.
- 4. Whatever UIS does, it will be expected to do those things extremely well, and the range of endeavors will be limited accordingly.

The plan is expected to address a number of broad academic issues, such as:

- defining the academic vision and principal foci for UIS, including helping to determine what the UIS distinction will be within the University of Illinois and the State.
- considering whether UIS should move to a four-year status, and if so, at what
 parameters (size, programmatic emphases, timing and phase-in, relationship to
 existing upper division programs).

- considering in particular, on a discipline-by-discipline basis, the potential for collaborations in teaching, research, and public service between and among UIS and the other University of Illinois campuses.
- considering the areas of off-campus programs, non-degree instructional programs, research programs and public service programs, their priorities within the campus' overall mission, and their costs and benefits.
- using the vision and mission concepts developed above as well as market surveys to be conducted, considering an analysis of which academic programs should be strengthened or enlarged, which kept at a steady state, added, suspended, transferred or phased out.

The work of this development group will provide the context for the redirection of existing resources and the allocation of new funds. While most of the work of the group remains to be completed, it is clear even at this point that some resource needs are apparent. For example, upgrade and expansion of instructional computing and other instructional equipment will be critically important to virtually every existing or new program identified by the planning group. Providing opportunities for faculty to adapt new technology to the curriculum will be equally important, as will other faculty development opportunities. It is highly likely that the planning group will identify opportunities to expand the campus' involvement in distance learning applications for a variety of audiences, particularly in collaboration with the other University of Illinois campuses. And while specific program emphases remain to be defined, it is likely that additional faculty and support staff will be required to reach the level of program scope, size and quality expected of the University of Illinois at Springfield in the future.

PARTNERSHIP ILLINOIS (\$300,000)

A strategic planning process completed in 1994-95 identified seven important themes, and many particular steps, for strengthening the University of Illinois at Urbana-Champaign and enhancing its ability to serve the people of Illinois. UIUC will reinvigorate its outreach by establishing <u>Partnership Illinois</u>, a new initiative to bring faculty expertise to bear on the technological, economic, social, and cultural challenges facing Illinois and the broader society.

The goal is to bring about better coordination of the campus's current outreach activities, so that improved effectiveness can be obtained from existing programs and new resources can be directed in a designed manner to activities where the greatest benefits can be realized. The effort will be guided by a Partnership Illinois Council, chaired by the Chancellor and having access to new analytical capabilities for assessing the costs and benefits of outreach activities.

The Council will be organized according to large sectors of public interest, including food and fiber, manufacturing and service industries, business management practice, K-12 education, technology transfer, information technology, social welfare, health and wellness, culture and the arts, lifelong learning and continuing education, local and state government, the environment, and sports and athletics.

Project funds will support the coordination of Council activities, analytical capability for assessment of effectiveness and new faculty who can be strategically placed to improve particular outreach activities in the near term.

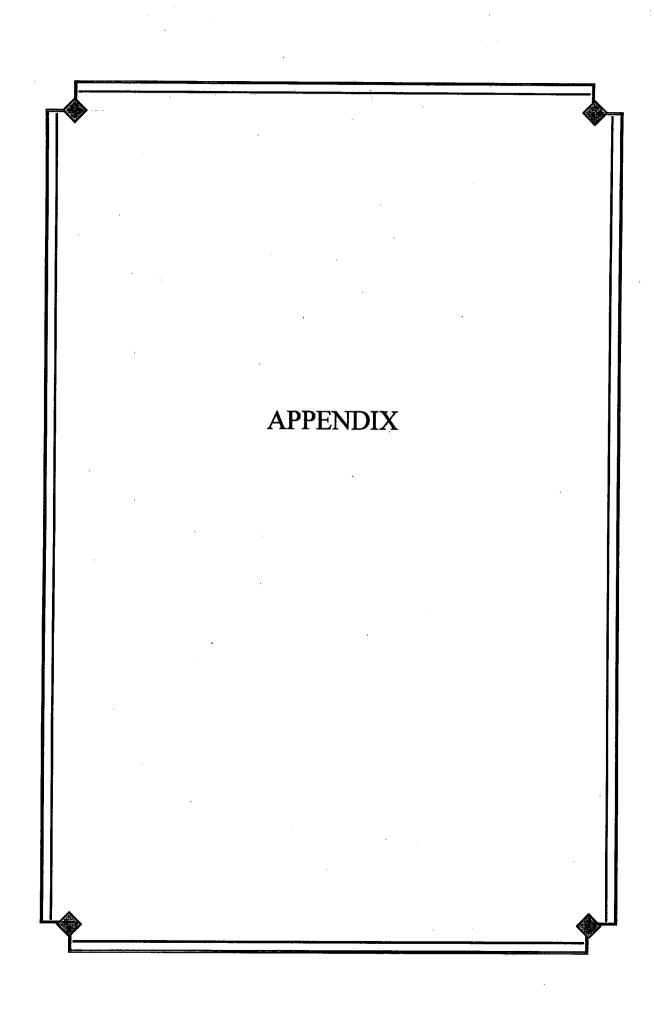
STATUTORILY MANDATED **PROGRAMS**

COUNTY BOARD MATCHING (\$950,000)

The County Cooperative Extension Law of 1962, as amended, makes provision for the State, through the University of Illinois, to match allocations from county sources in support of Cooperative Extension Service (CES) work. The State is expected to supplement locally raised funds on a dollar-for-dollar matching basis.

County or multi-county Extension Councils are established according to guidelines approved by the University of Illinois Board of Trustees. These councils assist in developing budgets that cover the costs of having Extension staff headquartered in their area of the State. The locally approved budgets are submitted to the Director of the Illinois Cooperative Extension Service for review and approval. Budgets include a combination of locally raised money and matching State funds. Local resources are forwarded to the University of Illinois upon receipt and are then expended by the University in accordance with the previously approved budgets. Costs covered by these budgets include such items as office rent and utilities, travel, program materials, and selected salaries. CES currently maintains approximately 100 Extension offices. Approximately 72 counties now provide financial support to CES from property taxes levied specifically for that purpose. Over time, it is expected that additional counties will pass tax referendums, providing a more stable source of local support to CES.

At this time, the Cooperative Extension Service estimates that it will need an increase of \$950,000 in FY 1997 to match net local funding. Providing the 100% match, as contemplated by the Illinois County Cooperative Extension Law, has been and should continue to be a priority of the General Assembly and the State of Illinois. The local funding and its state match are essential in maintaining a strong local presence of the University of Illinois Cooperative Extension Service.



RETIREMENT

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

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

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

In FY 1995, again there was movement towards an improved level of retirement funding. Enactment of Senate Bill 533 provides that the State's five pension systems achieve a level of 90% of full actuarial funding in 50 years and includes a continuing appropriation provision. This legislation should strengthen the financial condition of the Retirement System and should help preserve funding stability for pension systems despite fiscal constraint in the rest of the State budget.

It is a matter of long-standing policy of the University of Illinois that the request for incremental funds for Retirement be set at the amount needed to achieve the statutory funding level. The University's FY 1996 Retirement appropriation is \$42,028,800. According to SURS actuaries, the estimated required contribution at this time for FY 1997 is approximately \$55,000,000, based on the funding plan contained in Senate Bill 533. Therefore, an increment of \$12,971,200 over FY 1996 funding levels is required to meet this target for FY 1997.

SPECIAL ENROLLMENT-BASED INCREASES (\$1,600,000)

As outlined in the introduction to this document, the FY 1997 operating budget request includes revenue derived from two planned enrollment increases which are described in more detail below.

LAS 2000 Enrollment Expansion

The College of Liberal Arts and Sciences (LAS) at Urbana-Champaign has experienced large shifts and increases in student demand. At the same time, the University has been faced with reduced State support. To ensure that sufficient sections of courses are available to meet this increased demand, the College began an ambitious seven year reallocation plan in FY 1994. The College has proposed a gradual increase in admissions over a five year period beginning Fall 1995. The College will admit an additional 400 students per year, and approximately 30% to 40% of these students will be non-residents, with the remaining students Illinois residents. This modest increase in the campus' overall enrollment of out-of-state students will help diversify the student body while not limiting in any way the enrollment of Illinois residents.

These new enrollment targets would generate an additional \$1,100,000 in FY 1997. Approximately 65% of the funds would be used to provide additional faculty, with an additional 20% for teaching assistant salaries. The remaining 15% would be used for operating costs and support staff. This program would provide for an increase in the number of sections offered, both by faculty and teaching assistants, helping to improve the quality of instruction throughout the College.

UIS Enrollment Expansion

On July 1, 1995 Sangamon State University became the University of Illinois at Springfield. With this change student interest has increased dramatically. The campus is projecting an increase of approximately 10% in enrollments in FY 1997. Funds from this increase will be used to provide adequate faculty and staff to accommodate the larger number of students and to upgrade instructional support services such as computer labs and library access available to all students. These new enrollment levels will generate an additional \$500,000 in FY 1997.

CAPITAL BUDGET REQUEST FOR FY 1997

BACKGROUND AND CONTEXT

To begin consideration of the 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. For example, as buildings age through their normal life cycles, it is critically important to address minor repair and renovation needs continually. Failure to do so accelerates deterioration of a facility and leads to more 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 needs.

Based on numerous analytical studies, it has been estimated that an institution of the size and age of the University of Illinois should be spending approximately \$20 million per year on this type of minor repair and renovation. (In this case individual "minor" remodeling projects have a typical cost range from \$100,000 up to \$1,000,000.) For the last ten years, a request for so-called "R&R" funds has headed the University's capital budget request.

Building components 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 each facility constructed on every campus of the University, and every annual capital budget request will contain a share of major remodeling projects, usually in the cost range of \$1 to \$15 million dollars. Major remodeling projects can also result from the need to enlarge the capacity of a building to change its functional use to upgrade, or extend campus-wide infrastructure systems. For example, as technological advances have accelerated over the past two decades and as 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 for the same type of space.

Page 2

From time to time the University will require construction of completely new facilities, to replace outmoded buildings that have gone beyond their useful lives, expand significantly the scope of an existing program, or to begin new program initiatives. Land acquisition needs also fit this category. Due to the extraordinary length of time required to move from initial determination that a new facility is required, through the 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.

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

FY 1996 Capital Budget Outcome

In this context in which the availability of funds to address facility improvement requirements on a regular basis is vitally important, the University's experiences with the FY 1996 capital budget request have been quite disappointing. The State budget adopted by the General Assembly and approved by the Governor last spring included neither an increase in capital bond fund authorization nor an increase in capital appropriations. All progress has been halted on facilities initiatives funded by State capital funds for the current year.

At the time the spring legislative session adjourned, four University of Illinois projects were included in the Governor's budget recommendations for higher education. Since the General Assembly adopted the Governor's budget for operating funds for higher education in its entirety, the University was optimistic that its capital projects would also be appropriated. They included the following:

Repair and Renovation, all campuses - \$8.2 million dollars

Boneyard Creek Improvements (UIUC) - \$6.0 million dollars

Core Campus Renovation, Phase 2 (UIC) - \$5.9 million dollars

South Access Roadway (UIS) - \$0.45 million dollars

At this time it is expected that the General Assembly may consider a FY 1996 bond authorization increase and the subsequent capital appropriations in the fall legislative session. In the unfortunate scenario that no funding is provided for FY 1996, these four projects will be incorporated into the FY 1997 request. While the final outcome of the FY 1996 capital budget remains unclear, the University is hopeful that its four projects will be approved and funded.

Recent Capital Project History

Table 1 provides a history of actions on capital budget requests from FY 1991 through the FY 1995 appropriation, and Table 2 provides the status of on-going State funded capital projects. Together, these tables establish the framework for identifying the University's top capital priorities for FY 1997. With the completion of several major new construction projects in the relatively near future, the University's primary emphasis for FY 1997 is upon renovation of existing facilities, improvement of the basic infrastructure for facilities support, and beginning two new construction initiatives, one for agriculture, the other for medicine.

TABLE 1 HISTORY OF RECENT CAPITAL BUDGET ACTIONS FY 1991 - FY 1995 (Dollars in Thousands)					
	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Campus Requests					
Chicago	\$ 83,872.3	\$48,635.6	\$ 40,309.9	\$25,231.0	\$ 61,819.7
Urbana-Champaign	96,980.3	46,597.4	77,895.6	32,698.0	56,255.3
Springfield	5,720.2	4,036.4	2,390.1	4,115.9	2,728.5
TOTAL	\$186,572.8	\$99,269.4	\$120,595.6	\$62,044.9	\$120,803.5
IBHE Recommendations					
Chicago	\$ 51,996.8	\$28,116.8	\$ 22,989.9	\$15,594.0	\$ 23,783.7
Urbana-Champaign	81,346.3	21,448.9	26,110.0	19,060.0	14,771.3
Springfield	3,854.4	1,652.7	1,154.2	462.1	1,697.9
TOTAL	\$137,197.5	\$51,218.4	\$ 50,254.1	\$35,116.1	\$ 40,252.9
Regular Capital Appropriations					
Chicago		\$ 7,100.0	\$ 8,722.5	\$ 4,114.9	\$ 22,752.0
Urbana-Champaign	\$ 8,412.0	4,824.4	11,079.0	7,807.1	7,750.0
Springfield	1,863.6	1,416.1	1,036.2	236.0	1,201.7
TOTAL	\$ 10,275.6	\$13,340.5	\$ 20,837.7	\$12,158.0	\$ 31,703.7
Appropriations for Special Projects	s				
Asbestos Abatement	\$ 4,050.0				
Energy Conservation	777.4				
Build Illinois R & R	15,668.0				
Build Illinois - Science & Tech	107,407.3				
Underground Storage Tanks	62.0				
Americans With Disabilities				\$19,168.9	
TOTAL	\$127,964.7			\$19,168.9	
TOTAL APPROPRIATION	\$138,240.3	\$13,340.5	\$ 20,837.7	\$31,326.9	\$ 31,703.7

TABLE 2
STATUS OF STATE FUNDED CAPITAL PROJECTS
(Dollars in Thousands)

(Donars in Thousands)					
	Fund	Fiscal	Project	Est.	Project
PROJECT NAME	Source	Year	Budget	Compl.	Status
Chicago				-	
Remodel Floors 4-14 Clinical Sciences Bldg.	CDB	89	\$ 9,814.9	Jul-96	Const.
Remodel Alumni Hall - South	CDB	91	5,004.4	Jan-97	Design
Renovate Service Area and Driveway	CDB-BI	91	153.9	Aug-95	Const.
Renovate Core Campus	CDB	92	8,624.5	Sep-95	Const.
Remodel Room 3209 for Organic Chemistry Laboratory	CDB-BI	92	640.3	Dec-95	Const.
Remodel Faculty Offices and Labs Pharmacy	CDB-BI	92	1,484.4	Oct-96	Const.
Remodel for Clinical Research Center	CDB-BI	92	3,848.3	Jul-96	Const.
Remodel for Electronic Visualization Laboratory	CDB-BI	93	212.0	Mar-96	Design
Remodel for Kinesiology	CDB-BI	93	128.1	Dec-95	Const.
Construct Molecular Biology Research Facility	CDB	93	53,808.4	Oct-95	Const.
Repair Roof Computer Center	CDB-BI	93	259.8	Jan-96	Schem.
Remove Asbestos Containing Materials Clinical Science	CDB-BI	93	25.7	Jul-96	Const.
Renovate North Tower - Phase II Neuropsychiatric	CDB	93	5,500.0	Jun-96	Const.
Site Development South Campus	CDB	94	9,669.0	May-96	Const.
ADA Compliance Modifications	CDB	94	210.2	Dec-96	Const.
ADA Compliance Modifications	CDB	94	5,394.7	Dec-96	Design
ADA Compliance Modifications	CDB	94	4,724.5	Dec-96	Design
Renovate and ADA Compliance - Lecture Center	CDB-BI	95	1,251.9	Aug-96	Design
Remodel Studios and Offices Architecture Art Lab	CDB-BI	95	770.0	Aug-96	Design
Police and Transportation Facility	CDB	95	8,159.3	Feb-97	Design
Repair Masonry and Windows	CDB-BI	95	110.0	N/A	N/A
Remove Asbestos Neuropsychiatric Institute	CDB	95	29.0	Dec-95	Const.
Urbana-Champaign					
Chemical & Life Sciences Lab	CDB	91	\$60,992.9	Nov-95	Const.
Law Building Ventilation Improvements	CDB-BI	91	555.0	Oct-95	Contract
Music Library Remodeling	CDB	92	266.0	Dec-95	Bidding
Chemistry Annex Remodel-Room 101	CDB	94	922.0	Jan-96	Contract
Concrete & Restroom Modification - Bid Package G	CDB	94	141.2	Sep-95	Bidding
Elevator Installation - Bid Package C	CDB	94	769.9	Feb-96	Contract
Elevator Installation - Bid Package E	CDB	94	785.2	Sep-95	Contract
Gregory Hall Room 123 Remodel	CDB	94	135.0	N/A	Contract
Horticulture Field Lab Remodeling	CDB	94	937.7	Jun-96	Schem.
Noyes Laboratory Remodeling	CDB-BI	94	3,170.0	Dec-95	Const.
Rehabilitation Center Basement Remodel	CDB	94	385.0	N/A	Schem.
Restroom Modifications - Bid Package F	CDB	94	817.1	Jan-96	Contract
Animal Sciences Laboratory 4th Flr/Basement	CDB	95	672.0	May-96	Design
Davenport Hall Classroom Remodel	CDB	95	350.0	Sep-95	Contract
Education Building Basement Remodel Phase 2	CDB	95	300.0	N/A	N/A
Noble Hall Remodeling	CDB	95	600.0	N/A	A/E Award
Roger Adams Laboratory Room 116	CDB	95	300.0	May-96	Program
Springfield					
Repair and Renovation Projects	CDB-BI	94	\$ 236.0	Sep-95	Const.
Building A-B-C Roof Replacement				•	
Building A Remodeling - Health Services					
Repair and Renovation Projects	CDB-BI	95	275.0	Nov-95	Const.
Building I Remodeling - Visual Arts Laboratories					j
McClelland House Remodeling					ļ
ADA Compliance Modifications	CDB	94	524.0	Dec-95	Const.
Chiller Retrofit and Energy Conservation	CDB	95	965.7	Jun-96	Const.
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SUMMARY OF FY 1997 PRIORITIES

The University's FY 1997 Capital Budget Request is comprised of 15 projects at a total cost of \$81.3 million. Table 3 represents a priority listing of the proposed projects for FY 1997 by campus.

	TABLE 3 FY 1997 CAPITAL BUDGET REQUEST SUMMARY BY PRIORITY AND CAMPUS (Dollars in Thousands)					
Priority	Project	Chicago	Urbana- Champaign	Springfield	Total	Cumulative
1	Repair and Renovation	\$ 5,220.0	\$ 6,380.0	\$ 400.0	\$12,000.0	\$12,000.0
2	Agriculture Library		7,875.0		7,875.0	19,875.0
3	College of Medicine	4,045.0			4,045.0	23,920.0
4	Campus Chiller		9,500.0		9,500.0	33,420.0
5	UIS Road Improvements			2,252.5	2,252.5	35,672.5
6	Clinical Sciences Remodeling	15,000.0			15,000.0	50,672.5
7	SURS Building Acquisition		1,571.0		1,571.0	52,243.5
8	Mechanical Engineering Lab Remodeling		5,960.0		5,960.0	58,203.5
9	School of Public Health	4,000.0			4,000.0	62,203.5
10	Freer Hall Remodeling		6,345.0		6,345.0	68,548.5
11	English Building Classroom Remodeling		5,170.0		5,170.0	73,718.5
12	Campus Site Improvements and Repair			819.3	819.3	74,537.8
13	College of Business Administration	2,000.0			2,000.0	76,537.8
14	Classroom Office Building			1,511.3	1,511.3	78,049.1
15	Incinerator		3,270.0		3,270.0	81,319.1
	TOTAL	\$30,265.0	\$46,071.0	\$4,983.1	\$81,319.1	\$81,319.1

Consistent with the long-standing importance of providing annual attention to protection of existing facilities, priority one emphasizes reinvestment in the existing infrastructure through repair, renovation and other upgrades to bring current facilities into line with modern standards and academic program requirements. Priority two highlights an opportunity to leverage State funds on a dollar-for-dollar basis with private gifts to the benefit of both the University and the State, while addressing an important need to expand library and information center capacity in the College of Agriculture. Priority three reflects the need for further investment in high quality teaching and research space in the College of Medicine. Continued renovation of existing facilities is neither efficient nor timely.

Priority four will provide a central source of cooling for a number of buildings on the east side of the Urbana-Champaign campus. Here too, timing becomes critical. Without attention to these central needs now, more costly solutions will have to be pursued. Priority five will provide the Springfield campus with road improvements that enhance vehicle access and circulation to and around the campus. Priority six reinvests in existing infrastructure for the College of Medicine at Chicago, completing the conversion of a former hospital/patient-care facility into a modern instructional and research facility. Priority seven would provide for operating efficiencies associated with the acquisition of centralized administrative computer space for the University as a whole. Priorities eight through fifteen reflect the need for further investment in high quality teaching and research space. A more detailed discussion of the top seven priorities is found below.

The first priority is a \$12,000,000 Repair and Renovation request which is comprised of nine projects at the Chicago campus, fourteen projects at the Urbana-Champaign campus, and two projects at the Springfield campus. These projects address smaller scale renovation needs, not large enough to compete with major remodeling requests, but which in aggregate represent a critical priority for capital funding. The Repair and Renovation request is vital for the continued renewal of existing University facilities, 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 26.

The second priority, the Urbana-Champaign Agriculture Library and Information Center, will provide new space to allow the Agriculture and Home Economics library holdings to be consolidated into one site. The building will also provide space for a centralized computer center and much needed meeting and conference rooms serving students and staff in the College of Agriculture. The \$7,875,000 in State support requested for this project will be matched dollar-for-dollar by private gifts which are now in hand.

The third University priority provides \$4,045,000 for planning a new College of Medicine (COM) Building. This building will provide 200,000 GSF of modern research and instructional facilities for the Basic Medical Sciences departments of the College of Medicine. A new building is critical to increasing research activity as well as enhancing faculty, staff, and student performance by providing state of the art instructional and research laboratories. Based on recent experiences with the Clinical Sciences Building, renovation of existing facilities is more costly, less efficient, and far less timely than construction of a new building.

The fourth University priority provides \$9,500,000 for a Central Campus Air Conditioning Center at the Urbana-Champaign campus. This request will directly enhance the functional capabilities of the instructional and scientific research laboratories along the "science corridor" in the east-central portion of the campus. This project is also a very time-sensitive one. If it cannot be undertaken at this point, more costly, less efficient smaller separate cooling solutions will have to be pursued on an individual building-by-building basis. Such an outcome will have a recurring negative impact on the University's operating budget.

The fifth University priority provides \$2,252,500 for roadway improvements at the Springfield campus. The project consists of two initiatives which would solve most of the current traffic engineering problems faced by the campus. \$601,100 will be used to match federal, state, and city funds for the 11th Street Extension, creating a major traffic corridor from the central urban area of Springfield. The remaining \$1,651,400 would be used to complete the Ring Road which currently only partially surrounds the campus. The completion of the Ring Road will enhance vehicular circulation traffic, alleviate traffic congestion, and give definition to the boundary of campus.

The sixth University priority is \$15,000,000 to complete remodeling of the Clinical Sciences Building. This project represents the final phase of the Clinical Sciences Building Remodeling project list initially funded in 1982. Several floors will be remodeled to provide improved heating, air conditioning and electrical power. Interior labs and offices will be renovated to meet the needs of the Departments of Medicine, Pediatrics, and Surgery, among others.

The seventh University priority would provide \$1,571,000 for the acquisition of a facility which once served the State University Retirement System. The acquisition would allow for the consolidation of the University's administrative computing functions, and for improved working conditions and operating efficiencies.

Priorities eight through fifteen are outlined in Table 3 above. Table 4 summarizes the projects by category and campus. Table 5 lists the future funding implications of the proposed projects, and Table 6 lists the cost per square foot anticipated for new buildings and major remodeling projects requested for FY 1997. In the next section are detailed project descriptions for the fifteen projects which comprise the University's capital request for FY 1997.

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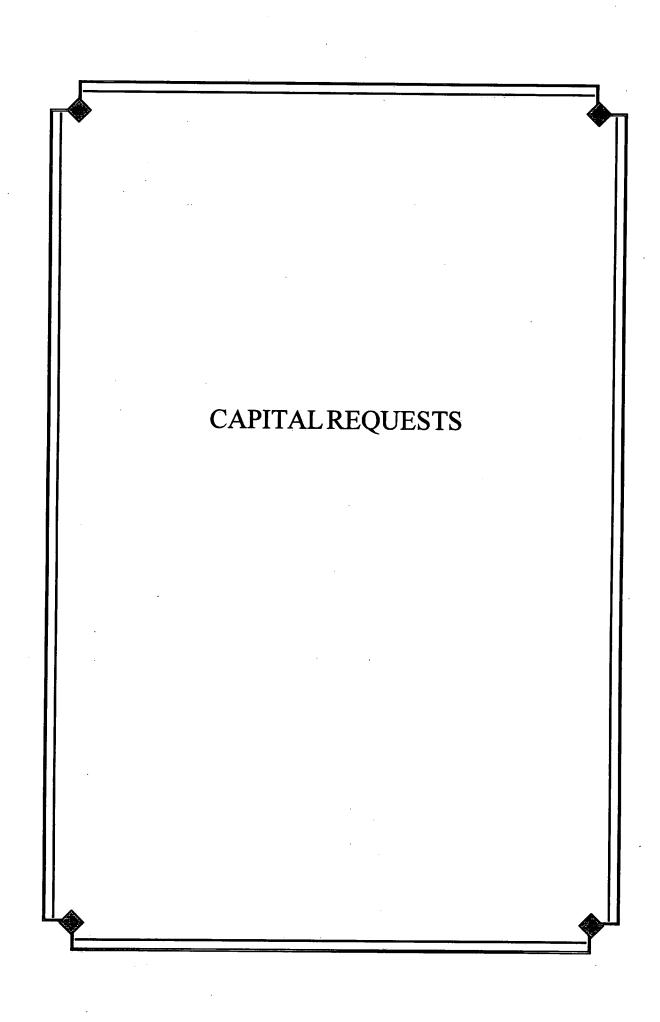
SUMMARY BY	TABLE 4 PITAL BUDGET 1 Y CATEGORY AN Ilars in Thousands	ND CAMPUS	
Category	Chicago	Urbana-	Springfield

			Urbana-		
Priority	Category	Chicago	Champaign	Springfield	Total
1	Building, Additions, and/or Structure	\$ 10,045.0	\$11,145.0	\$ 1,511.3	\$22,701.3
2	Land Acquisition		1,571.0		1,571.0
3	Utilities		9,500.0		9,500:0
4	Remodeling	20,220.0	23,855.0	400.0	44,475.0
5	Site Improvements			3,071.8	3,071.8
	TOTAL	\$30,265.0	\$46,071.0	\$4,983.1	\$81,319.1

TABLE 5
FY 1997 CAPITAL BUDGET REQUEST
FUTURE FUNDING IMPLICATIONS
(Dollars in Thousands)

PriorityProjectCategoryFY 1997FY 19981Repair and RenovationRemodeling\$12,000.02Agriculture LibraryBuilding7,875.03College of MedicineBuilding4,045.0\$65,500.04Campus ChillerUtilities9,500.04,860.05UIS Road ImprovementsSite2,252.5	
1 Repair and Renovation Remodeling \$12,000.0 2 Agriculture Library Building 7,875.0 3 College of Medicine Building 4,045.0 \$65,500.0 4 Campus Chiller Utilities 9,500.0 4,860.0	Cost for 1998
2 Agriculture Library Building 7,875.0 3 College of Medicine Building 4,045.0 \$65,500.0 4 Campus Chiller Utilities 9,500.0 4,860.0	and Beyond
3 College of Medicine Building 4,045.0 \$65,500.0 4 Campus Chiller Utilities 9,500.0 4,860.0	
4 Campus Chiller Utilities 9,500.0 4,860.0	
•	
5 UIS Road Improvements Site 2.252.5	
6 Clinical Sciences Remodeling 15,000.0	
7 SURS Acquisition Land 1,571.0	
8 Mechanical Engineer, Lab Remodeling 5,960.0	
9 School of Public Health Building 4,000.0	
10 Freer Hall Remodeling 6,345.0	
11 English Building Classroom Remodeling 5,170.0	\$4,520.0
12 Campus Site Improvements and Repair Site 819.3	
13 College of Business Administration Building 2,000.0	
14 Classroom Office Building Building 1,511.3	
15 Incinerator Building 3,270.0	_
TOTAL \$81,319.1 \$70,360.0	\$4,520.0

		TABLE 6					
	FY 1997 CA	PITAL BUDG	GET REQUEST				
COS	T PER SQUA	RE FOOT O	NEW BUILDE	NG &			
M.A	JOR REMOD	ELING PRO	JECTS BY CAN	IPUS			
	(Do	llars in Thou	sands)				
	Project Gross Net Assignable Efficiency						
	Cost	Square Feet	NASF/GSF	NASF/GSF	\$/GSF	\$/NASF	
CHICAGO							
New Buildings (Planning)							
College of Medicine	\$ 4,045.0						
School of Public Health	4,000.0						
College of Business Admin.	2,000.0						
Major Remodeling							
Clinical Sciences	\$15,000.0	108,315	64,859	60%	\$138.48	\$231.27	
URBANA-CHAMPAIGN							
New Buildings							
Agriculture Library	\$15,750.0	65,370	42,700	65%	\$240.94	\$368.85	
Incinerator	3,270.0	8,000	7,000	88%	408.75	467.14	
Major Remodeling							
Mechanical Engineering Lab	\$ 5,960.0	67,677	41,312	60%	\$ 88.07	\$144.27	
Freer Hall	6,345.0	62,585	40,680	65%	101.38	155.97	
English Building	5,170.0	28,800	17,280	61%	179.51	299.19	
SPRINGFIELD							
New Buildings							
Classroom Office (Planning)	\$ 1,511.3						



CAPITAL REQUESTS

PRIORITY 1: REPAIR AND RENOVATION \$12,000,000 - ALL CAMPUSES

The need for annual attention to repair and renovation requirements ranks as the University's top capital priority for FY 1997. A total of \$12.0 million is requested for the 25 individual projects outlined in the table below. Detailed descriptions of these projects are found at the end of this section of the budget document request.

Chicago Projects	Amount
Classroom Remodeling, Phase III	\$ 800,000
CMW Masonry Repair/Window Replacement	750,000
LHS Medical Informatics Laboratories	750,000
PEB Roof Replacement, Phase I	906,000
College of Nursing Lecture Center Room 165	465,500
Campus Key and Lock System, Phase I	616,500
AHPB Heating System, Phase I	500,000
A & A Upgrade Industrial Design Studios	186,000
AHPB Window Replacement, Phase III	246,000
TOTAL	\$5,220,000
Urbana-Champaign Projects	Amount
Gregory Hall, Remodel Space Vacated by WILL Radio	\$ 535,000
Engineering Hall, Replace Heating and Cooling System	500,000
Burrill Hall, Remodel Vacated Space for Instructional Labs & Library	1,162,000
Veterinary Medicine Teaching Hospital, Remodel ICU Area	150,000
Veterinary Medicine Double-Ended Boiler, Replace Chiller, Phase II	530,000
Convert CFC Chillers to Non-CFC Chillers, Five Locations	540,000
Veterinary Medicine Large Animal Clinic, Flat Roof Replacement	300,000
Armory HVAC Improvements, Phase II	600,000
Fire Alarm System Upgrade, Phase V	590,000
Instructional Laboratory Accessibility Improvements, Phase IV	200,000
Asbestos Abatement/Project Planning	333,000
Noyes Laboratory, Remodel Vacated Space for Chemistry Library	400,000
North Campus Chiller Plant, Replace Absorption Chiller	300,000
Burrill Hall, Instructional Labs 246, 413, and 523	240,000
TOTAL	\$6,380,000
Springfield Projects	Amount
Building L Roof Replacement and Classroom Renovation	\$ 275,000
Water and Gas Line Replacement	125,000
TOTAL	\$ 400,000

PRIORITY 2: AGRICULTURE LIBRARY \$7,785,000 - URBANA-CHAMPAIGN

The current Agriculture and Home Economics Libraries house a remarkable collection of books, periodicals, and other materials that serve as a center for scholarly research and study. The holdings cover all areas of agriculture and home economics, with special strengths in agricultural economics, biotechnology, foods and nutrition, forestry, textiles and apparel, international agriculture, animal sciences, horticulture, and soil sciences. The College of Agriculture ranks as one of the finest in the world in instruction, research, and public service. However, the information retrieval systems upon which it depends are antiquated and inadequate to support the College into the next century.

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

Estimated Total Project Cost	\$15,750,000
Estimated Bond-Eligible Funds Required in FY 1997	\$ 7,875,000
Total Non-State Funding for which the Project is Eligible	\$ 7,875,000
Gross Square Feet	65,730
Net Assignable Square Feet	42,700
Building Efficiency	65%

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

Included in the project is room for all the current holdings of the College plus anticipated growth space for library material in the stack areas. Patrons will more easily find a place to sit and study after the completion of this building. The new Agriculture Library will also provide up-to-date computer facilities for the College as well as a large meeting room and several small conference rooms.

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

Room Type and US Office of Education Code NASF Laboratory (220) 3,000 Office (310, 315, 350) 7,250 Stack (410, 420, 430, 440) 27,470 Exhibition/Lounge (620, 630, 680, 685, 690) 4,980	***************************************	
Laboratory (220) 3,000 Office (310, 315, 350) 7,250 Stack (410, 420, 430, 440) 27,470 Exhibition/Lounge (620, 630, 680, 685, 690) 4,980	Room Type and US Office of	Fducation Code NASE
Office (310, 315, 350) 7,250 Stack (410, 420, 430, 440) 27,470 Exhibition/Lounge (620, 630, 680, 685, 690) 4,980		
Stack (410, 420, 430, 440) 27,470 Exhibition/Lounge (620, 630, 680, 685, 690) 4,980	Laboratory (220)	3,000
Exhibition/Lounge (620, 630, 680, 685, 690) 4,980	Office (310, 315, 350)	7,250
momit .	Stack (410, 420, 430, 440)	27,470
MOTAL I	Exhibition/Lounge (620, 630,	680, 685, 690) 4,980
1U1AL 42,700	TOTAL	42,700

Total project costs of the Agriculture Library are listed below:

Cost Items	Estimated Total Project Cost	Requested For FY 1997
Basic Building Cost	\$15,750,000	\$7,875,000*
Utilities	(\$ 1,572,000)	(\$ 86,000)
Planning	(\$ 1,586,900)	(\$ 793,450)
TOTAL	\$15,750,000	\$7,875,000

PRIORITY 3: COLLEGE OF MEDICINE \$4,045,000 - CHICAGO

The University of Illinois College of Medicine (COM) is the country's largest medical school, educating some 1,500 students and approximately 1,600 residents and interns annually. One in every six doctors practicing in Illinois attended the University of Illinois. In addition, the College of Medicine generates more than 40% of the externally supported research activity for the UIC campus, by far the largest single college contributor to the UIC total. COM research awards have grown from \$25.5 million in FY 1990 to \$33.9 million in FY 1994, while the number of grant proposals submitted by COM faculty grew from 530 to 706 during the same period. At the same time faculty and staff from the College also serve as staff in the University Hospital, which itself generates nearly \$200 million in revenue each year while delivering patient care to thousands of Illinois citizens.

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

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

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

The proposed COM Building will provide state-of-the-art laboratories, offices and teaching facilities for the Departments of Anatomy, Biochemistry, Microbiology, Pharmacology and Physiology. Preliminary planning suggest that approximately 130,000 assignable square feet of space will be required. Planning funds of \$4.045 million are sought for FY 1997, with an additional \$65.5 million for project construction in FY 1998.

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

PRIORITY 4: CAMPUS CHILLER \$9,500,000 - URBANA-CHAMPAIGN

The Chiller Center project involves construction of a chilled water plant, installation of chilled water distribution piping, and modifications to part of the existing chilled water distribution system on the Urbana campus, thus providing the central campus area with an efficient source of cooling for a number of buildings in the vicinity of the Quad.

This project will provide for the chilled water needs of the proposed Roger Adams

Laboratory Renovation project by replacing 27 year old chillers which are near the end of their expected life. The Chiller Center will also provide chilled water for anticipated renovation projects to upgrade Davenport Hall, Noyes Laboratory, and the Natural History Building, all

three of which are predominantly instructional laboratory and classroom buildings. Morrill Hall, a research laboratory, will also be provided for in the project's capacity load profile. The project will provide capacity to supply chilled water for anticipated renovations to Lincoln Hall and the planned development of the area east of Krannert Center for the Performing Arts. The Center's structure will be designed for future expansion beyond the initial 7,500-tons of chiller capacity to be able to take on the loads of the older centers as their efficiencies decline. The Chiller Center will provide operational flexibility in emergency situations to back up part of the demand on the Library Air Conditioning Center (serving Bevier Hall, Busey-Evans, Music Building) and the Student-Staff Air Conditioning Center (serving Burrill Hall, Medical Sciences Building). The Urbana-Champaign Campus has found that the diversity created by regional air conditioning centers is much more beneficial than separate chillers for each building, because the centers provide redundancy not available with stand-alone building chillers in the event of failures during the cooling season.

In summary, the Chiller Center project will include construction of a facility sized to house approximately 7,500-tons of steam absorption and electric chillers with required auxiliary equipment, with the option for expansion. The immediate needs of Roger Adams Laboratory will be met by the installation of approximately 3,600-tons of chiller capacity with auxiliary equipment and necessary cooling towers, along with utilities and chiller water distribution piping. An additional 3,900-tons of chiller capacity will be installed with auxiliary equipment, cooling towers, and valving/piping interconnections necessary to redistribute loads and connect other relevant loads.

PRIORITY 5: UIS ROAD IMPROVEMENTS \$2,252,500 - SPRINGFIELD

This project includes \$601,100 for the construction of a roadway and \$1,651,400 for the completion of an existing road. The 11th Street connector will provide a new point of access to the University, while the Ring Road Completion will improve traffic patterns around the campus.

This project includes the construction of a roadway from the Springfield campus to the proposed 11th Street Extension. Federal, state, and city funds have been made available for the long-awaited 11th Street Extension, which will provide a new corridor for vehicular access to the southeast sector of Springfield and to the University and community college campuses. This

major new traffic accessway represents a dramatic improvement, providing long-range traffic access that will stimulate development opportunities for the University and the entire southeast section of the community. Engineering studies for the 11th Street Extension have already begun, with preliminary order and design and environmental studies well under way. Construction is scheduled to begin in October 1995, with an estimated project completion date sometime in 1997. It is essential that the University connect its existing roadway system to this new facility.

The 11th Street Extension will create a major traffic corridor from the central urban area of Springfield to the University of Illinois at Springfield, Lincoln Land Community College, and the Capital Area Vocational Center. This project was approved in both FY 1995 and FY 1996 by the Board of Higher Education and subsequently deferred.

The planned alignment of 11th Street will require the University to build an access road of approximately 1,334 linear feet in order to connect existing campus roadways to 11th Street. This connector will begin at the northwest principal entrance drive, extending from the Ring Road, and will intersect 11th Street on the west side of the campus.

The Springfield campus is presently only partially surrounded by the circular access road which is referred to as Ring Road, a handsomely landscaped boulevard which borders the central campus. All academic facilities and related parking are located within Ring Road.

The Ring Road portion of the FY 1997 capital budget consists of constructing 4,600 linear feet of two-lane roadway around the west and south sides of campus. The completion of Ring Road will enhance vehicular circulation traffic, alleviate traffic congestion, and give definition to the boundary of the campus.

The campus Master Plan outlines an important traffic access pattern and significant architectural identity consisting of a complete circular perimeter access road (Ring Road) with adjacent parking lots inside the circle. The major concept guiding this design is a separation of pedestrian traffic from vehicular traffic. The partially completed version that exists today has created a number of problems. Ring Road is very heavily traveled and serves both University traffic and through-traffic going to Lincoln Land Community College, the Capital Area Vocational Center, and nearby residential areas. Conflict between higher speed through traffic and slower University traffic has created a confusing and dangerous circulation pattern.

The main access to Ring Road from the south is Shepherd Road. Access from the north is along West Lake Drive. Upon completion of the 11th Street Extension, new access to Ring Road will be provided from the west. The campus intends to connect its roadway system to 11th

Street with the 11th Street Connector Project, which will greatly improve traffic access to the campus; however, vehicular circulation on the southwest part of campus will still be limited to travel on the south access roadway. In addition to improving access to the campus, the Ring Road completion will be necessary as the University develops the south quadrant of campus with the transition from open farm land into an integral part of campus. The completed Ring Road will also establish a spatial sense of campus enclosure.

PRIORITY 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 the Hospital units relocated to their new facility, CSB was made available for scientific research, medical education and clinical facilities.

Converting this facility from its intended use/design to a more current and functional University facility has been an ongoing effort. In a previously approved capital project, the first phase of remodeling took place: 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 through 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: SURS BUILDING ACQUISITION \$1,571,000 - 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 \$1,571,000.

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PRIORITY 8: MECHANICAL ENGINEERING LAB REMODELING \$5,960,000 - 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 of the building, major remodeling is required to upgrade it to modern standards for teaching, research, and office space. The basic structure of the Mechanical Engineering Laboratory is acceptable, but much of the interior space needs upgrading.

A major remodeling project which renovated 36,000 of the 53,000 existing GSF was completed in 1992. In the remaining portion of the building, which is the subject of this remodeling project, a new second floor will be created in existing high-bay space 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 1,000-2,000 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 for good interaction with the students. In addition, approximately six research laboratories of 300-500 square feet size will be developed.

As a corollary to this project, an addition to the west side of the building is planned, using nearly \$2 million in privately raised funds. This addition, which borders on the east side of the Grainger Engineering Quadrangle, will form a new main entrance and foyer on the west side of the building and will contain four student galleries and a conference room, adding 11,000 GSF to the building. The four large (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 award-winning 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 old internal gutter system that has been abandoned. The existing skylights in the saw-tooth portion of the roof will be removed and replaced with smaller windows and energy efficient panels. A new chiller for comfort cooling will be integrated with the existing chiller to improve efficiency; this configuration will also provide redundancy in the event of equipment failure. There will be an equipment request in future years to support this remodeling request.

PRIORITY 9: SCHOOL OF PUBLIC HEALTH \$4,000,000 - CHICAGO

The University of Illinois School of Public Health (SPH) is the only accredited public health school in Illinois and five surrounding states. The School provides leadership in public health research, policy, and practice. It is a major resource for health policy and planning for the state of Illinois and places a strong emphasis on the public health concerns of the region's urban communities, while providing a high quality education for more than 500 students.

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

As a result, the school's classroom and office building (a 21,000 gross square foot facility which originally served as St. Mary's Convent) is severely overcrowded, with inadequate space for faculty offices, conference space, study areas, and classrooms. The School shares a

second facility with the State Department of Public Health to gain access to laboratory facilities. But the extreme lack of office space requires that some of the labs be used as offices instead of more productive research space.

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

For FY 1997 the University seeks \$4 million for acquisition of the site for the new School of Public Health facility and to plan the new building.

PRIORITY 10: FREER HALL REMODELING \$6,345,000 - URBANA-CHAMPAIGN

The College of Applied Life Studies (ALS) is currently accommodated in Huff Hall, Freer Hall, and the Armory. Although decentralization is a problem, Huff Hall in particular presents the College with conflicts involving incompatible activities: administrative and academic activities in uncomfortably close proximity to the gymnasium. By creating an infill floor in Freer Hall and converting the first floor from office space to classrooms and computer laboratories, it will be possible to consolidate ALS into this facility and allow the College to vacate all permanently assigned space in both Huff Hall and the Armory.

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

The total remodeling cost is estimated to be \$6,345,000. There will be an equipment request in future years to support this remodeling request.

PRIORITY 11: ENGLISH BUILDING CLASSROOM REMODELING \$5,170,000 - URBANA-CHAMPAIGN

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

The fourth phase of the work, proposed for FY 1997, involves the renovation of the north section of the building on all floors (21,000 GSF) as well as the east side of the third floor (7,000 GSF). The remodeling will involve the complete gutting and the construction of new floors in 10,000 GSF of the area to be remodeled. A total of 28,800 GSF of space will be converted into seven classrooms and modern office space as a result of this project. There will be an equipment request in future years to support this remodeling request.

PRIORITY 12: CAMPUS SITE IMPROVEMENTS AND REPAIR \$819,300 - SPRINGFIELD

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

Many of the paved surfaces which serve the campus, both vehicular and pedestrian, have fallen into disrepair in recent years. Several factors contribute to the deterioration of the surfaces, most of which can be attributed to age, frequent and heavy use, and the weather extremes of Central Illinois. Funding in this project allows for the resurfacing of several service drives, a service yard, and replacement of pedestrian walkways.

Additionally, this project provides funds for access and site improvements to the central plaza and landscaping for the south quadrant. The central plaza was originally designed to be the

academic core of the campus. Unfortunately this has not occurred as the academic core of buildings is yet to be completed and the central plaza area has not been fully integrated into the building schemes. The University plans to enhance the central plaza area by providing the following access and site improvements: a lighted exterior stairway leading from the plaza area down to the lower terrace area which connects to the cafeteria and concourse; repair of water leaks in the concourse and conference center areas which are located below the plaza area; relocation of Spaulding Fountain from the Brookens Library area to the plaza area; addition of built-in benches and exterior lighting; extensive landscaping both in green areas and with planters; and installation of an irrigation system in the central plaza area. Presently the south quadrant of campus is essentially undeveloped and is badly in need of a transition from open farm land into an integral part of the campus. Landscaping this area with trees and perennials will improve the aesthetic quality of the campus and will provide an appropriate sense of physical completion. This landscape design will closely parallel and reinforce the architectural design of the campus.

PRIORITY 13: COLLEGE OF BUSINESS ADMINISTRATION \$2,000,000 - CHICAGO

The College of Business Administration is comprised of six academic departments, a number of research and instructional centers, and undergraduate and graduate degree programs with 3,158 students and 95 FTE academic staff in FY 1993. The graduate program has grown from 21 masters degree students in FY 1975 to 507 in FY 1993. In FY 1993, there were 58 doctoral students and 2,650 undergraduate students enrolled in the college.

These developments have occurred in the absence of adequate facilities to support the growth of the College. The College has moved forward over the past 10 years in anticipation of new and expanded facility resources. There are many program activities that cannot be considered for implementation or growth at this time due to a lack of space. Faculty office and research space is now being acquired by conversion of conference rooms and by leasing of commercial space. The College occupies four floors in University Hall and one floor in a converted classroom building. Its total allocated space is currently 26,000 NASF. There are no feasible means of accommodating the College's expansion needs in its assigned space.

To meet the needs of the College, a building of approximately 80,000 NASF is planned. This building will eliminate the severe overcrowding in the existing space. Another benefit will be the opportunity to apply new technology and improve the instructional programs offered by the College. The proposed facility would consist of the following space types:

Room Type and US Office of Education Code	NASF
Classrooms (110, 115)	22,100
Class Lab and Service (210, 215)	4,600
Non-Class Lab and Service (250, 255)	9,232
Office (310, 315, 350, 355)	34,930
Library and Study (410, 420)	4,500
Special Use (530, 535)	2,950
Support (730)	2,330
TOTAL	80,642

Funds for construction of this building would be requested upon completion of a private fund raising campaign. Construction of the new facility will be financed in part by State funds, and by private contributions. This building program will eliminate existing deficiencies and will accommodate expansion of research and graduate activities beyond a 10 year period.

As a by-product of this building program, the College of Business Administration will vacate its present space in University Hall to the benefit of the College of Liberal Arts and Sciences and other colleges with major space needs.

PRIORITY 14: CLASSROOM OFFICE BUILDING \$1,511,300 - SPRINGFIELD

This request is for planning funds to construct a classroom/office building which will provide 167,000 gross square feet of classroom, laboratory, and office space for existing academic programs presently housed in the pre-engineered metal buildings on the east side of campus, in Brookens Library on level 3, and in the Public Affairs Center. Occupancy of this building will allow the University to complete the consolidation of all academic programs into permanent buildings in the central campus, to provide the additional classroom and office space required for the anticipated student growth during the transition to the University of Illinois system, to relocate several administrative departments presently housed in the metal buildings

into the Public Affairs Center, and to substantially upgrade the academic quality of the educational environment. This facility will also provide classroom space that will be needed as the library's book collection expands into the classroom/office portion of Brookens Library, requiring the conversion of classrooms into space for bookstacks.

The completion of the Health and Sciences Building in January 1992 and its occupancy by the health, science, mathematics, and computer systems academic programs has dramatically enhanced those programs and substantially improved the overall educational environment. Occupying this building has meant that most of the academic programs are now relocated into permanent accommodations. However, the University urgently needs to relocate the remaining academic programs still housed in the metal buildings into permanent facilities in the central academic core of the campus. The centralization of all programs will improve the overall academic experience of students and will replace existing classrooms and laboratories located in the inadequate metal buildings. The University plans to have support services occupy space in the metal building vacated by the academic programs.

PRIORITY 15: INCINERATOR \$3,270,000 - URBANA-CHAMPAIGN

The Incinerator project will improve operator safety, provide for continued safe handling and treatment of certain campus waste streams, and ensure continued compliance with air emission standards and other environmental regulations. Regulatory and legislative changes have accelerated the need for this proposed project.

Details of the Incinerator project are listed below.

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The Federal Clean Air Act Amendments of 1990 (CAAC) and Illinois Public Act 87-752 affect how several campus waste streams may be handled because of new regulatory requirements on incinerators and incineration programs. First, the CAAC proposed changes in the emissions requirements for incinerators of the size used by the University. Second, there will

be no "grandfather clause" for existing incinerators. As of January 1, 1994, IL Public Act 87-752 prohibited the incineration of potentially infectious medical wastes (PIMW) "at an incinerator in existence on the effective date of this Title in violation of emission standards established for these incinerators under Section 129 of the Clean Air Act (42 USC 7429), as amended."

The proposed Incinerator will be designed to meet or exceed the known emissions requirements for incinerators of this type and size as regulated by the above acts, probably utilizing both burn-length time and scrubbers. In addition, features that will ensure the safety of the operator(s) will be included that address deficiencies in the current unit.

Wastes currently incinerated on-site by the University include clinic and laboratory wastes now categorized as PIMW (IL Public Act 87-752), laboratory wastes identical to the regulated PIMW (i.e. look-alike wastes), animal carcass wastes, and some low-level radioactive wastes. No hazardous chemical wastes are incinerated on-site at this time, and there are no plans for the incineration of hazardous chemical wastes in the proposed facility.

The Incinerator project will contain the following types and amounts of space:

	US Office of Education	
Service Lab (730)		
TOTAL		

Estimated costs for the Incinerator project are:

Cost Items	Estimated Total Project Cost	Requested For FY 1997
Basic Building Cost	\$3,270,000	\$3,270,000*
Including Fixed Equipment, Utilities,		
Professional Fees, and Movable Equipment		
Utilities	(\$ 165,800)	(\$ 165,800)
Included in Basic Building Cost above		
Planning	(\$ 479,200)	(\$ 479,200)
Included in Basic Building Cost above	· ·	`
TOTAL	\$3,270,000	\$3,270,000

DESCRIPTIONS FOR REPAIR AND RENOVATION PROJECTS

Chicago Projects

Listed below are detailed descriptions of the nine repair and renovation projects requested for the Chicago campus.

Classroom Remodeling, Phase III - \$800,000

Financed through a combination of internal reallocation and new State resources, renovation of classroom facilities began in 1994. Lecture Center buildings B and E were completed for Fall 1994 term. Lecture Center C will be completed in FY 1995. Lecture Center D will be completed with requested FY 1996 Capital Repair and Renovation funds and campus funds. The FY 1997 request for renovation Lecture Center A is a continuation of the classroom renovation plan. The design will not change the basic lecture room structure of the building but will improve seating, acoustics, climate control and install light reducing devices for multimedia presentations. This work is based on the assumption that lecture activities will take place in 604A and the distribution of all major communication systems to the lecture halls will be completed in Phase I - Campus Core Renovation.

CMW Masonry Repair/Window Replacement - \$750,000

The College of Medicine-West (908 Building) was completed in 1935. It is a five story building, rectangular in shape, and measures approximately 54' x 144'. On the east and west sides, two wings have been added and are considered independent buildings. The College of Medicine-West contains approximately 49,600 GSF of floor area. The building is used as classroom, office, and laboratory space. Exterior masonry is severely spalled, chipped, and loose, allowing moisture penetration which further accelerates the process of deterioration. Numerous windows throughout the building have lost their sealing capabilities, allowing moisture and cold air to enter the building resulting in damage to the building.

LHS Medical Informatics Laboratories - \$750,000

The Library of the Health Sciences (LHS), completed in 1975, contains 118,950 GSF (89,624 ASF) distributed over three stories and a basement. The building serves as a medical library and document center and maintains extended working hours. The peak occupancy occurs during regular class hours. An area in the basement will be divided into three areas to serve as medical informatics laboratories. One lab will be for research and development of knowledge management products, the second for development of Computer Assisted Instructional software, and the third will serve as a test site for multimedia applications. Since there are no similar labs on the west side of campus for faculty and students, the project will serve to enhance the educational and service missions of the University.

PEB Roof Replacement, Phase I - \$906,000

The Physical Education Building (PEB), completed in 1970, is a three story building with a basement. The roof is of typical construction, consisting of steel decking, rigid

insulation, and built up roofing. Clerestory windows are located around the entire roofline of the structure. The existing roof sections are beyond normal life expectancy and must be replaced. Phase I will address the most critical areas; Phase II will complete the project.

College of Nursing Lecture Center Room 165 - \$465,500

The College of Nursing Building opened in 1969 and is composed of two rectangular units, a two story low-rise and an eleven story high-rise. The building contains 160,104 GSF and is used primarily for classroom, laboratory and administrative offices for the College of Nursing. The College of Nursing and the west campus have a great need for large undergraduate classrooms (50 plus students) with increased presentation capabilities. Currently room 165 is the largest available classroom space in the College, but its size and shape severely limit its usefulness. The requested renovation will increase the capacity of room 165 and provide state-of-the-art audio visual equipment, sound and light systems.

Campus Key and Lock System, Phase I - \$616,500

The University of Illinois at Chicago owns 90 buildings, 43 on the east side of campus and 47 on the west side of campus. Most buildings have an antiquated key and lock system linked to a key and dead bolt. The lock system varies from building to building. Although master keys are issued to authorized users, this system is difficult to monitor, and periodic replacement of locks is necessary to maintain security. While lock replacement protects departmental equipment, it also prevents access to space by police, fire, physical plant and administration. Security could be increased, unauthorized locks eliminated and installation and maintenance costs reduced by installation of a high security lock system which prevents duplicating keys. Phase I would provide funds to purchase key system equipment, including locks and keys, and would complete installation into first priority buildings such as classrooms, research labs and new buildings. Installation of such a system will better secure the assets of the University and protect its employees.

AHPB Heating System, Phase I - \$500,000

The University of Illinois acquired the Associated Health Professions Building (AHPB) in 1975. The eight story building, constructed in 1952, has a GSF area of 183,149 and utilizes the original 1954 heating equipment. Occupancy of the building includes classrooms, labs, offices and clinics. The building is heated by steam from UIC's steam plant system. This project will provide funds to remove the inadequate heating equipment in the AHPB building. Existing equipment will be modified by adding pneumatic controls and associated piping to convector radiators. Pneumatic air will be run to each floor and individual units providing a more efficient heating system in the AHPB building.

A&A Upgrade Industrial Design Studios - \$186,000

The Art and Architecture Building was programmed and designed to be constructed in three phases; however only the first phase was built. The second and third phases, 60% of the planned space, would have included faculty offices, seminar rooms, classrooms, a resource center, special use spaces and additional instructional laboratory space. The programs in art, design and architecture have doubled in size; graduate programs have

been added; and the number of students and faculty have grown. As a result, areas of the building are serving as substandard studios for undergraduate and graduate programs. At present a lack of floor space, poor acoustics and poor lighting all hamper use of these classrooms. This project will reconfigure and fill in a large opening between vertically stacked open areas between the second and third floors. The reconfigured area will contain classrooms, seminar rooms, a graduate studio, a faculty office, conference and storage areas.

AHPB Window Replacement, Phase III - \$246,000

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The University of Illinois acquired the Associated Health Professions Building (AHPB) in 1975. The building's exterior is brick with surrounding double hung wood sash windows. Normal life expectancy of this type window for this geographic location is 30 to 40 years, assuming a normal paint maintenance cycle of 5 to 6 years. The windows have exceeded their expected life cycle and are deteriorated beyond repair and are not providing adequate insulation from the cold and heat. In this phase, windows on floors 5 and 6 (approximately 120 windows per floor) will be removed and replaced with new energy efficient windows.

Urbana-Champaign Projects

Listed below are detailed descriptions of the 14 repair and renovation projects requested for the Urbana-Champaign campus.

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

WILL Radio will vacate nearly 5,000 square feet in Gregory Hall on the second floor when its new building is completed. This space has been used over the years for radio broadcasting studios, control rooms, and some office space. The vacated space will allow the College of Communications to relocate the Institute of Communications Research into Gregory Hall, which serves as home for the College. Many of the Institute's faculty members teach undergraduate courses for the College. New offices for faculty and endowed professorships will be created in this reclaimed space. Also a multimedia seminar room, with capacity for 30 to 40 participants, will be included and made available for use by the entire College.

Engineering Hall, Replace Heating and Cooling System - \$500,000

The heating system in Engineering Hall is an inefficient and obsolete single-pipe radiator system with no temperature controls. It has numerous steam traps that cause constant banging of the steam pipes. Many of the interior offices have no direct heat source and are forced to rely on radiant heat from the surrounding areas. Conversely, in many of the outer offices, windows are opened during the winter months to temper the excessive heat being provided by this antiquated heating system. This project will remedy this lack of capability by providing a reliable source of heat that can be controlled, similar to any modern radiator system found in use today. Engineering Hall has no central cooling system. The segment of the building that is cooled uses several small, low-efficiency, regional units supplemented by window air conditioners. The third floor classrooms and

a number of the offices have no cooling capacity, while others lack controls for temperature regulation. All of the occupants of Engineering Hall will benefit from the overdue upgrade of the building's heating and cooling system.

Burrill Hall, Remodel Vacated Space for Instructional Labs and Library - \$1,162,000 Burrill Hall will have over 18,000 square feet available for refurbishment when the new Chemical and Life Sciences Laboratory is occupied in early 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. The School of Life Sciences will reprogram these areas into instructional laboratories, support space, and expansion of the Biology Library. These new instructional laboratories will support various undergraduate programs, thereby addressing the School's 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 School of Life Sciences instructional programs by renovating space to a condition that will be effective for the next 20 to 30 years.

Veterinary Medicine Teaching Hospital, Remodel ICU Area - \$150,000

This project will create a new Intensive Care Unit (ICU) room and four examination rooms for the Small Animal Clinic. The current ICU is too small for instruction of more than six veterinary students. With multiple cases present in the ICU, there is invariably pronounced crowding due to the presence of students, faculty and technical support personnel. The proposed ICU will effectively handle groups of ten or more and will permit regular hospital activities to continue at the same time. Because of the ever-changing case load and expanding specialty areas such as dermatology and oncology, additional examination rooms are also required. The proposed remodeling will provide that additional examination space at minimal cost. The new ICU and examination rooms will create an environment that is less congested, and therefore safer, reducing the risk of injury to students and animal patients.

Veterinary Medicine Double-Ended Boiler, Replace Chiller, Phase II - \$530,000

The configuration of the cooling equipment at the Veterinary Medicine Boiler Plant consists of one 1,500-ton electric machine and two absorption machines of 738-tons and 628-tons respectively. This configuration places the plant in a precarious position. If the 1,500-ton machine fails, there is inadequate capacity in the remaining absorption machines to serve the complex. In addition, one of the absorption machines has deteriorated to a state that is considered unreliable. The deteriorating absorption machine will be replaced during calendar year 1995 with a 750-ton machine. A second absorption machine of approximately 750-tons is required to provide the needed redundancy should the 1,500-ton machine fail during the cooling season. This project will also provide a cooling tower to support the new chiller and remove an existing boiler.

Convert CFC Chillers to Non-CFC Chillers. Five Locations - \$540,000

Legislation has been passed that removes Chloro-Fluorocarbon (CFC) refrigerants from the marketplace at the end of 1995. This project is part of a phased program to convert

or replace the existing CFC chillers to non-CFC chillers. The locations where CFC conversions will occur are: North Chiller Plant (Two 1,000-ton machines), Animal Sciences Laboratory (One 250-ton machine), Hazardous Materials Laboratory (one 200-ton machine), Veterinary Medicine Boiler Plant (one 1,600-ton machine), and Student Staff A/C Center (one 1,200-ton machine).

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

2243-1274-2,342-2

This built-up roof has not had any major repair work since it was constructed in 1975. It has deteriorated to the point that leaks are occurring frequently and roof failure is imminent. The leaks endanger the well-being of the large animals housed in the hospital as well as staff and students. This project will remove the existing damaged roof and replace it with insulation to improve energy efficiency, along with a rubber membrane roofing system. This replacement will eliminate the current problem while providing another 20 or so years of good service.

Armory, HVAC Improvements, Phase II - \$600,000

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

Fire Alarm System Upgrade, Phase V - \$590,000

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 undergoing remodeling or renovation. This project will equip the affected buildings with a fully supervised state-of-the-art Pyrotronics fire alarm system, including smoke/heat detection, audible/visual evacuation alarms, and manual pull stations where needed. The alarm systems installed will comply with the UIUC Building Standards for New Construction and Remodeling as well as the most current edition of NFPA 72. The buildings to be upgraded with this request are Burrill Hall, the Child Development Laboratory, Noble Hall, and Roger Adams Laboratory.

Instructional Laboratory Accessibility Improvements, Phase IV - \$200,000

The Americans with Disability Act funding to date has extended accessibility to assure program access to critical rooms; however, access to and within instructional laboratories can be particularly difficult for students and faculty with disabilities. The thrust of this project is to make improvements to instructional laboratories that are heavily used by undergraduate students. The renovation work will include: changing door widths, hardware, closer force, and instructional stations (lab bench and fume hood heights); installing assistive listening devices when necessary; and removing any obstacles on the

floor. Considering the age of many campus buildings and the broad scope of the improvements required by the ADA legislation, the Urbana campus anticipates many similar requests in the future.

Asbestos Abatement/Project Planning - \$333,000

This project will provide the funds necessary to remove asbestos in order to implement six of the FY 1997 repair and renovation requests. The amounts will average approximately \$10,000 per project. In addition to asbestos abatement, there are five deferred maintenance projects and three programmatic requests that require planning in FY 1997 in order for them to be accomplished in the summer of 1998 as FY 1998 requests.

Noyes Laboratory, Remodel Vacated Space for Chemistry Library - \$400,000

The completion of the Chemical and Life Sciences Building will free up space in Noyes Laboratory that can be reconfigured for new uses. One of the first reconfigurations will provide more space for the Chemistry Library in Noyes Laboratory. This project will increase the size of the Chemistry Library by 4,000 square feet to a total of 10,000 square feet. The added space should provide seating for 100 additional patrons and shelving for 10,000 more volumes within the expanded library. Remodeling work will involve upgrading the electrical, lighting, HVAC, and networking systems in the added space, along with some relocation of walls. In addition, it is anticipated that minor renovation work will be necessary on the existing 6,000 square feet of Chemistry Library space in order to accommodate changes resulting from the addition of new space.

North Campus Chiller Plant, Replace Absorption Chiller - \$300,000

The Chiller capacity is in very serious jeopardy since one of the three 700-ton absorption chillers at the North Campus Plant has already failed. Another chiller is already on the verge of total failure. This project will provide one 700-ton absorption chiller for this regional plant.

Burrill Hall, Instructional Labs 246, 413, and 523 - \$240,000

The Urbana-Champaign campus is implementing a plan to renovate and upgrade instruction laboratories that are heavily used for undergraduate education. These three Burrill Hall rooms are used by Microbiology, Cell Structural Biology, and Physiology with a total of 1,500 weekly student hours. The rooms are scheduled an average of 30 hours per week, which is excellent instructional laboratory utilization. These rooms are in need of renovation due to the wear and tear they have experienced since they were originally constructed approximately 25 years ago, as well as teaching methods that have changed over the years. The improvements include lighting, electrical, networking, and HVAC system upgrades or modifications, along with base cabinet refurbishment, wall cabinet installation, and fume hood replacement. Ideally, this work will be accomplished during a summer session to avoid interrupting classes.

Springfield Projects

Listed below are detailed descriptions of the two repair and renovation projects requested for the Springfield campus.

Building L Roof Replacement and Classroom Renovation - \$275,000

These repair and renovation funds will be used to replace the roof membrane and renovate interior classroom and corridor space in Building L. The roof on Building L leaks. Classroom and corridor areas in Building L need to have carpet and ceiling areas replaced. This project will allow the University to continue to address important deferred maintenance needs.

Water and Gas Line Replacement - \$125,000

The University's underground water and gas lines that serve the metal buildings are approximately 25 years old. They are deteriorating and beginning to corrode. During the past few years, workers have discovered that the water and gas lines have deteriorated to the extent that additional line failure is very probable. Water leaks have been found to result from line failure due to corrosion, with additional likely within the near future. These lines therefore require replacement.