



## Preface

This document presents the University of Illinois operating and capital budget requests for incremental State support for Fiscal Year 2000. Since Illinois follows an annual appropriations cycle, yearly budget requests tend to take on the character of business as usual, no matter how varied their individual components. In contrast, requests in years announcing a new decade naturally focus special attention on their underlying themes and priorities. And it is inescapable that those heralding the close of a millennium demand not just an opportunity to take stock of year-to-year needs, but a broader assessment of context and institutional missions and goals.

So what do we know about the context for higher education at the eve of a new millennium?

- We know that the world has entered the information age-an era that places a premium on access to information and ideas. Creation of new information occurs at a dizzying pace, much of it coming directly from major research universities. Organizations that can secure access to that ever-increasing global flow of information, analyze it, understand its implications and act swiftly to incorporate it into their operations will gain an advantage over those that cannot.
- At the same time, there has never been a greater need for institutions that can assimilate new information and turn it into knowledge. We must better understand how the information age is changing our organizational, social and political landscapes on a global scale. Our colleges and universities are the best-prepared institutions to undertake such critical examinations.
- We know the economic value of a baccalaureate degree to an individual continues to grow. The economic returns alone for today's college degree make investing in one the single most valuable action individuals can undertake on their own behalf.
- We know that the citizens of Illinois expect the University of Illinois to deliver top-quality instructional programs, especially to undergraduates. This expectation implies two fundamentally important factors to be addressed as we assess our instructional mission. First, we must continually improve our under-graduate programs, assuring that they offer our students both top-quality content and a breadth of experiences which will enable them to understand the global nature of our world today and to be active and effective learners throughout their adult lives. Second, we must ensure that our undergraduate programs remain affordable to all who can benefit from them.
- We know that major research institutions like the University of Illinois are powerful economic development engines for our states and nation. Such institutions attract hundreds of millions of dollars in federal and corporate research support and join with all of higher education to produce the skilled workers needed to succeed in the information age.

- We know the need for learning now spans a lifetime. Businesses of the 21<sup>st</sup> century need workers skilled in today's state-of-the-art but capable of adapting as the state-of-the-art changes tomorrow. We need new opportunities to learn in the workplace and in our homes as well as in classrooms, and we need them throughout our society.
- We know that technology has changed the way our world operates. As a new millennium approaches, we are on the threshold of mind-boggling advances in biotechnology that hold great promise for attacking disease, producing food and even changing the nature of life. Whole new disciplines of study are being created. At the same time we must examine the equally daunting moral and ethical challenges such technologies present.
- Finally, advances in technology and the need for continuous learning will change the organization of higher education. We are on the brink of being able to deliver top-quality education on an anytime, anyplace basis, opening opportunities to those previously unable to access traditional on-campus experiences. Such options will extend higher education's reach, not replace residential programs. But they also present an array of structural and competitive issues to be addressed. New partnerships are possible among institutions of higher education, among colleges and universities, the corporate sector and among the states (as with the Western Governors University). While essential for students bound by time or place, new modes of delivery can enhance traditional classroom and laboratory instruction as well. The challenge, as always, will be to test rigorously, examine continuously and choose wisely among exciting new prospects to make higher education more broadly accessible while preserving essential elements of a system widely acknowledged as the world's best.

Where does the University of Illinois fit in this mix of forces shaping higher education as the millennium approaches? Perhaps the simplest answer is, right in the midst of the maelstrom. The University continues to play a nationally prominent role in many of the areas fueling the advance to the age of information and technology. From the post-World War II days of our creation of the ILLIAC series of computers, to the revolutionary release of the first Internet browser, Mosaic, the University of Illinois has been at the forefront of information technology development. Our longstanding strengths in engineering, agriculture and health care have provided prominence in biotechnology as well. As a major research university we bring some \$300 million in federal research and development funds to Illinois each year. And demand for admission to all three University of Illinois campuses has never been stronger, reflecting not only the quality of our academic programs but the realization on the part of the young people of Illinois that a college degree is an essential component for most information-age career choices.

At the same time the University has taken an active leadership role in the development and application of new learning technologies which can make the delivery of high-quality educational programs in an anytime, anyplace mode a reality. Supported by resources from private foundations, including multiple grants from the Sloan Foundation, by state grants through the Higher Education Cooperation Act and by resources reallocated within the University's base budget, we have created UI-OnLine. UI-OnLine makes the expertise of U of I faculty skilled in the development of online courses available both to students unable to undertake on-campus programs and to faculty at other colleges and universities across the state.

UI-OnLine offers one of the most vivid examples of how the strengths of the University of Illinois in instruction, research and service can be combined into a single activity. It opens new opportunities for partnerships within Illinois higher education, especially between the University of Illinois and community colleges across the state, as well as between the University and the Illinois Board of Higher Education.

In short, I believe the University is well attuned to the major factors confronting higher education as the millennium draws near. The themes upon which our FY 2000 operating and capital budget requests are based align well with the complex issues confronting American society at this exciting point in its history. While the array of our needs is broad, we understand that we must find an equally broad array of ways in which to address them. We remain committed to a careful and continuous analysis of priorities, operations and the re-investment of existing resources to our highest priority needs. While those needs are numerous, we can focus attention most sharply on those of greatest import. For example:

- The lifeblood of all great universities is its faculty. The University of Illinois at Urbana-Champaign is one of this nation's most distinguished institutions due predominately to the strength of its faculty. While that strength remains solid, the campus has lost some 10% of its faculty over the past decade, including a significant number of positions lost during the financial stress of the early 1990s. As a result, the campus suffered a disproportionate loss of those who would be coming into positions of senior faculty standing and leadership just as the millennium arrives. To rebuild this strength, the University seeks a total of \$10 million to create a Faculty Excellence fund to attract approximately 175 new faculty members to the Urbana campus. Most of these new faculty would be at mid-career and therefore proven scholars, teachers and researchers who could overcome the loss of senior faculty earlier this decade. This need represents an extraordinary priority for the University for FY 2000.
- Similarly, the University of Illinois at Chicago has strengthened its research productivity over the past decade and a half. Now acknowledged as a major research institution and ranking among the nation's top 70 in attracting federal research and development funds, UIC's continued research development, especially in the basic medical sciences, is seriously inhibited by the lack of modern research facilities. There is no question that health-related investigation will be a cornerstone of this nation's research agenda for decades to come. UIC is poised to continue its steady climb to standing among the country's most respected research institutions, and by so doing increasing its economic development potential for the City of Chicago and the State of Illinois. But it is essential that UIC's aged and outmoded research

infrastructure be renewed. For FY 2000 the University seeks \$93 million in capital development fundsthe balance of a \$100 million investment in state-of-the-art medical research facilities.

• The U of I's newest campus, the University of Illinois at Springfield, pursues a mission that emphasizes the public affairs context in all of its activities. UIS seeks to add a modestly scaled lower division program tailored to those students seeking to experience the benefits of a smaller, more intimate educational environment than its larger sister campuses offer. UIS has also embarked on exciting new initiatives in the delivery of online courses, including the initial development of an online baccalaureate completion program, which should be attractive to many students with an associate's degree, and an online version of its master's degree in Management Information Systems.

And all three U of I campuses have emphasized the need for additional resources for technology development in their FY 2000 budget requests. U of I students at all levels need access to computers geared to handle the speed and load of today's information-rich educational environment. U of I faculty need similar access, as well as continued exposure to the latest advances in the application of technology in the delivery of instruction.

There are other needs, to be sure. We must continue to strengthen our instructional programs for undergraduates. We can never lose sight of the need for competitive salaries, especially for faculty in very high demand areas. Our libraries and other strategic research support facilities and equipment must be improved. We must find additional ways to make our research results known more broadly and more quickly. We need adequate facilities in which to house our instructional and research programs, and a basic infrastructure that can withstand the rigors of supporting a vast teaching and research enterprise.

At the same time, we take seriously the need to maintain the affordability of a University of Illinois education, especially for undergraduates. Our general tuition increases have been modest for nearly a decade, and approximate the inflation rate since 1990. But we must also help students and their families understand that maintaining affordability does not necessarily mean simply keeping tuition low under all circumstances, especially if that arbitrary act causes academic program quality to suffer. We could, for example, follow a direction taken some time ago by our colleagues in private colleges and universities and move our tuition higher so long as it can be matched by a student assistance program providing adequate support to all students with demonstrated financial need. Perhaps the wisest course would be for the University to expand its own student assistance programs, complementing those of the Illinois Student Assistance Commission to insure the accessibility of a U of I education for students of all economic backgrounds. Our needs are many, and we recognize that they cannot all be met through additional State resources. We shall continue to shift funds from lower to higher priority programs. But at the same time, the value to the State and to its citizens of increased support for higher education has never been clearer. Nor has the value of the unique contributions to the State that only the University of Illinois can make ever been more visible or linked more directly to the economic and social imperatives of the coming decades.

The Fiscal Year 2000 budget for the State of Illinois will be assembled by a new administration, and, perhaps, by a substantially new General Assembly. For the past five years, the Governor and General Assembly have sustained a bi-partisan record of support which has brought much-needed stability to the fiscal footing on which Illinois higher education is built. With the State's economy near an all-time high on most performance indices, we seek not only to continue that level of support, but to extend it modestly. The returns on such an investment will pay dividends for generations to come.

James J. Stukel President

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#### **Overview**

Buoyed by one of the strongest economies Illinois has ever experienced, new appropriations for the current fiscal year grew by nearly \$1.5 billion, or 7.9%. Even with this very substantial increase, the end-of-year balance available in the State's general revenue fund is projected to be the largest ever. Special attention focussed on elementary/secondary education, for which new funding commitments were written into statute last fall, and which found its incremental State support growing by more than 12% for Fiscal Year 1999. Resolution of this long-standing issue is welcome news for all.

The University of Illinois has enjoyed half a decade of budget stability achieved by the combination of modest tax and tuition increases along with redirection of existing resources from lower to higher priority programs. For the fifth consecutive year, the Illinois Board of Higher Education (IBHE) developed FY 1999 budget recommendations for Illinois's colleges and universities which were positive yet modest and which took cognizance of the intense competition for scarce State resources. For the fifth year in a row as well, the Governor's budget as presented to the General Assembly fully incorporated the IBHE recommendations. The shift to a more restrained set of budget recommendations accompanied by a solid demonstration of higher education's willingness to redirect existing resources to areas of high priority have combined to improve the credibility with which the IBHE's operating budget recommendations have been received by the Governor since the advent of the Priorities, Quality and Productivity (P·Q·P) initiative four years ago.

For the first three years of the P·Q·P initiative, the General Assembly concurred with the Governor's budget recommendations and appropriated funds to enact the IBHE budget recommendations in their entirety. For FY 1998, however, the General Assembly chose a slightly different course, making changes in appropriation recommendations for several components of the higher education budget. FY 1999 saw a return to past practice as the General Assembly concurred with the IBHE's and Governor's budget proposals. In fact, the strong economy and robust balance of state tax revenues permitted the General Assembly to add funds above the level recommended by the IBHE. In total, higher education appropriations rose 7.1%.

#### Key budget advances for the current year included:

- \$6.7 million to improve undergraduate education
- \$3 million to address technology upgrades
- addition of \$1.4 million to continue to address the huge backlog of deferred maintenance needed at all campuses

As was the case a year ago, the FY 1999 budget for the University of Illinois is characterized by moderate but critically important growth in State tax support, general tuition increases approaching the rate of inflation and significant internal reallocation to augment increases in tax and tuition support. By far the most significant program support was \$6.7 million provided for the improvement of our undergraduate programs. These resources will enable us to add new faculty, expand programs directly assisting students in their first year and add new sections to courses most heavily in demand by students. These funds will permit us to begin to recover some measure of the instructional capacity lost during the severe fiscal stress of the early 1990s.

Second, an increment of just over \$3 million is available for expanded support for instructional technology. Student access to computers can be improved. Replacement of outmoded equipment will be accelerated. New instructional computing labs and a larger number of staff to support them will be possible.

And third, the FY 1999 operating budget recommended by the IBHE and the Governor and adopted by the General Assembly includes a second year's growth for a precedent-setting component by providing \$1.4 million in additional funds for deferred maintenance and repair/renovation needs. The University has long sought recognition of this growing problem. Given the recent uncertainty over annual capital appropriations and the presence of significant backlogs of deferred maintenance needs, provision of recurring operating budget support to attack the backlog is a major accomplishment.

Finally, one very significant budget increment of import to the University was added outside of the University's own operating budget. A new appropriation of \$10 million was provided to the IBHE to inaugurate a program of matching grants for largescale federally funded research projects that carry a required institutional contribution. Federal research competition has increasingly required institutional matching contributions, straining already tight University resources and reducing the uses to which reallocated resources might be put. The University of Illinois was an

active participant in the creation of the matching grant program, and the University stands to benefit from the availability of these new funds.

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

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

### A New Budget Framework

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

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

## FY 1999 Budget Outcomes

For Fiscal Year 1999 this mix of positive improvement in budget sources has produced solid progress on the University's most important funding objectives. Tax support for the University increased, although growth was below the average increase for higher education and the State as a whole. Additional tuition revenues were derived from two sources: general increases for all students and a set of special-purpose increases from which all income was specifically dedicated to improvement of instructional programs largely at the professional level. In total, the \$38.5 million in incremental appropriated funds and new tuition provided growth of 4.4%.

As was the case a year ago, significant internal reallocation accompanied this increase in State support. A total of \$11.4 million was redirected, the equivalent of another 1.3% budget increase. The reallocations accomplished since FY 1995 are outstanding examples of program advances that are possible when incremental tax and tuition revenues are coupled with significant internal reallocation.

Achieving salary	
competitiveness for	Introduction
all employees	
all employees remains a top priority for redirected funds.	As in most years, reallocated funds were added in largest measure to help address the serious competitive salary gap facing faculty and staff at all three campuses. While final data for peer institutions won't be available for several months, projections indicate that competitive gains have been achieved for both faculty and staff. With the availability of the special increment for faculty salary competitiveness, significant gains are expected for UIUC. In addition to the program increments for NCSA and for facilities renovation, academic program support was targeted to the addition of class sections in areas of high student demand; to technology improvements, especially in access to computers for students and staff; and to expanded minority fellowship support. Additional resources were required to meet unavoidable cost increases in Workers' Compensation, employee sick leave payments, inflationary rises in utilities and library price increases. Additional funds were also made available to
Budget Trends in Perspective: Tax Support	open new facilities in Chicago and Urbana-Champaign. The following tables and graphs illustrate the changes in funding which the Univer- sity has experienced in the recent past. Funding improvements for the State's edu- cational 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 appro- priations, 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. For FY 1999, the share for elementary/secondary education grew substantially, following the legislative decision last fall to adopt funding re- forms. And although appropriations for higher education grew by a solid 7.1% for FY 1999, higher education's share of the total budget actually declined slightly to 11.2%.

State of Illinois General Tax Appropriations (Percent Share of the Total)					
Year	Elementary/ Secondary	Higher <u>Education</u>	DCFS, Human Services, & Corrections	Public Aid	All Other
1980	28.8%	12.9%	10.7%	33.8%	13.7%
1989	24.9%	12.0%	12.3%	31.5%	19.3%
1990	26.7%	13.1%	12.9%	30.7%	16.6%
1991	25.8%	12.9%	13.8%	31.5%	16.0%
1992	24.4%	11.9%	13.8%	33.1%	16.8%
1993	24.7%	11.8%	14.7%	33.1%	15.7%
1994	24.3%	11.5%	16.0%	33.5%	14.7%
1995	23.6%	11.2%	15.9%	35.4%	13.9%
1996	23.5%	11.2%	18.8%	35.6%	11.0%
1997	24.1%	11.3%	18.8%	22.4%	23.4%
1998	25.1%	11.3%	29.1%	21.9%	12.6%
1999	26.2%	11.2%	27.2%	22.4%	13.0%

Table 1

During the same period budget shares for other human or social services have risen sharply. Just prior to the 1989-1990 tax increase, the State invested almost identical shares of its budget in higher education (13.1%) and the combined set of major human service agencies, which includes children and family services, human services and corrections (12.9%). By FY 1998 that relationship had changed dramatically. The three human service agencies together have climbed to a share of 29.1%, growth of nearly 125%, while higher education has fallen to 11.2%, and a decline of about 13%.

Changes in tax support among State agencies are further demonstrated by the trends shown in Figure 1, which illustrates tax funding shifts for State agencies since FY 1990 after appropriations are adjusted for inflation. Elementary/secondary and higher education support has exceeded that for most State agencies, which as a group, have seen the real value of their appropriations decline by more than 3.5%. The significant boost to elementary/secondary education for FY 1999 has brought its budget experience nearly to the statewide average, after several years of below-average experience. And FY 1999 represents the first year since 1990 that higher education has experienced positive growth after adjustment for inflation.



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

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



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

> Yet as strong a trend as ISAC has shown, the most significant factor highlighted in Figure 2 is the dramatic growth experienced in SURS funding between FY 1995 and FY 1999. Responding to new legislation setting out a 50-year plan to bring SURS support in line with its obligations to employees who are or will retire from the State's public colleges and universities, SURS received more than one-third of all new tax funds made available to higher education last year.

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

### **Budget Trends** in Perspective: **Reallocation**

As has already been emphasized, the University responded to its decline in budget share primarily through a comprehensive review of academic and support programs, priorities and a corresponding reallocation of existing funds. Since FY 1990 more September 1998

than \$160 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 15% 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**



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

redirected to augment salary increases, academic and support programs.

and new freshmen together in small class settings early in the students' programs. Faculty recruitment and retention efforts have captured another 6% of the reallocation pool, including special salary initiatives, laboratory remodeling and upgrades, equipment purchases and so on. As reflected in Figure 4, library initiatives and minority student recruitment and retention efforts round out the major categories of program reallocations.



### Budget Trends in Perspective: Tuition

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

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



The University's FY 2000 operating budget request includes three broad categories. First is a modest "continuing components" section which includes salary and cost increases, funds to meet unavoidable cost increases related to mandatory payroll items and additional resources to operate and maintain new facilities. A second section of the request identifies academic program initiatives which would strengthen the academic base, increase the availability and application of technology for students and faculty, increase the University's links to the State of Illinois and strengthen the operational infrastructure. A final section documents the need to expand operating budget support for facilities renovation needs. Sustaining competitive salaries for faculty and staff remains the University's paramount budget requirement and commands some 40% of the total increment sought for FY 2000. Continuing internal reallocation efforts along with steady State support over the past four years have yielded discernible improvement in salary competitiveness for both faculty and staff. For FY 2000 a 4% increase is sought for employee salary increases, an amount which would not only match the projected rise in inflation but would permit continued modest improvement in competitiveness. It is likely that additional reallocation

## Summary of the FY 2000 Budget Request

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

would accompany this incremental advance, since competitive gaps still remain for faculty and other employee groups.

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

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

In his Preface, President Stukel highlights several key academic program priorities for the FY 2000 request. He stresses, in particular, the need to continue the recovery of faculty capacity at the Urbana-Champaign campus following the loss of some 200 faculty positions over the last decade, particularly during the period of fiscal stress in the early 1990s. As new positions are added, they can be targeted to areas of greatest instructional and research need, with special emphasis on areas such as biotechnology, engineering, business and others.

At UIC the President places special emphasis on the programmatic implications of the University's highest-priority capital project, a new research facility for the College of Medicine. A new facility is critically important to the College's–and, indeed, to the campus'–ability to continue to increase their research productivity. Aged and outmoded facilities are by far the single biggest inhibitor to that growth. A new facility will strengthen the College's ability to attract and retain top-quality faculty, who will enhance not only the College's research capacity, but also its instructional quality.

Many of the academic program initiatives center on bolstering the University's ability to preserve and extend the lifeblood of all major academic enterprises: its faculty. The President also highlights the UIS campus' focus on a new initiative to add a small-scale lower division program, as well as an expansion of its online program in Management Information Systems. These two initiatives will help focus UIS role within the University of Illinois system.

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

Support for facilities renovation continues to require a stable, secure place in the Operating Budget.

New resources must

blunt the impact of

nearly a decade of

academic support

base due to inflation.

erosion in the

be found to help

The FY 2000 request continues the precedent set in FY 1998 to augment support for facilities renovation from the uneven and uncertain status in the capital budget with a more stable, secure component in the operating budget. A growing backlog of deferred maintenance projects combined with the need to address normal deterioration in building systems, the need for functional alteration of space as academic programs change and the pace of technological progress grows more rapid annually make it critical that a reliable source of funds is available. Several Illinois institutions have elevated this concern near the top of their priorities and the University of Illinois joins in the call to continue to address this need in the operating budget.

Finally, the operating budget request includes an addendum describing developments affecting the Cooperative Extension Service (CES). Following the report of the Chancellor's Commission on Extension, the University acknowledges that additional resources are required if CES is to fulfill it mission to the maximum. At the same time the University strongly endorses the Commission's principle that funds to improve the statewide mission of CES "...should not be put in competition with budget priorities of the campuses of the University of Illinois...." (Report of the Chancellor's Commission on Extension, December 11, 1996, page iv.) To this end, the discussion of the Commission's funding recommendations are addressed separately.

The full FY 2000 operating budget request is outlined in Table 2 which follows.

Table 2FY 2000 Operating Budget Request					
I.	<b>Continuing Components</b> % of FY 1999 Base *			<b>\$37,945.6</b> 4.20%	
	A. Salary Improvements - 4.0%		\$26,998.3		
	<ul><li>B. Other Payroll Costs</li><li>1. Medicare</li><li>2. Workers' Compensation</li></ul>	\$315.2 173.3	\$488.5		
	<ul> <li>C. Price Increases</li> <li>1. General Price Increases - 3.0%</li> <li>2. Utilities Price Increase - 3.0%</li> <li>3. Library Price Increase - 10.0%</li> </ul>	\$3,607.5 1,450.0 1,389.6	\$6,447.1		
	<ul><li>D. O &amp; M New Areas</li><li>1. Chicago Projects</li><li>2. Urbana-Champaign Projects</li></ul>	\$3,423.2 588.5	\$4,011.7		
II.	Academic Program Initiatives **			\$27,530.0	
	<ul><li>A. Strengthening the Academic Base</li><li>B. Investing in Instructional Technology</li><li>C. Increased Links to the State of Illinois</li><li>D. Operational Infrastructure</li></ul>	\$16,827.0 8,134.0 1,460.0 1,109.0			
III.	Facilities Renovation Support			\$2,250.0	
* **	<b>Total Request</b> % of FY 1999 Base * All numbers are dollars in thousands. FY 1999 Base: \$904,227.3 See Addendum II for discussion of a \$1.4 million funding request for	or the U of I Cooperative E	xtension Service.	<b>\$67,725.6</b> 7.49%	
*	<i>FY 1999 Base:</i> \$904,227.3 <i>See Addendum II for discussion of a \$1.4 million funding request fo</i>	or the U of I Cooperative E	ixtension Service.		





## Salary and Benefit Increases (\$26,998,300)

#### Overview

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.

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

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

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

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

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

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tional support for faculty and staff salaries through internal reallocation of resources is a high priority. In FY 1995 internal reallocation in concert with increased State funding enabled the University to improve its competitive position for the first time in four years, and in each year since, it has allowed the University to make further improvements. In FY 1998 progress was made toward strengthening faculty salaries relative to their peers and sustaining the competitiveness of staff salaries vis-à-vis their State employee counterparts.

Clearly, this duo of internal reallocation in harmony with strong State support can be effective. The degree to which it is successful depends upon the extent to which the pooled resources outmatch those of chief competitors. In FY 1998, the University received a 3% increment for faculty salaries at all three campuses. In addition, the Urbana-Champaign campus utilized \$4.8 million from new program and tuition resources to target its most severe faculty competitiveness needs. But the FY 1998 increment and reallocation, while very favorable, had a lower impact on faculty salary competitiveness than expected. Initial expectations of a large boost to competitiveness were based on the assumption that the market for faculty salaries among the University's peers would increase by less than 4%. In reality, the market increased by almost 5%. Similarly, the University welcomed the FY 1999 increment of 3% for faculty salaries, but its impact on competitiveness may be offset by increases in the market among the University's peers. The University is committed to building its competitive position through ongoing internal reallocation, but real progress can be achieved only if State budget allocations are adequate to keep pace with the market now and in the future.

The impact on competitiveness of faculty salary increases depend upon the market among the University's peers. Real progress can only be attained when allocations are adequate to keep pace with the market.

Continued progress towards rebuilding As discussed below, faculty salary standing is a concern throughout the University. Two campuses, Chicago and Springfield, have barely achieved competitive rankings near the medians of their peer groups. A median ranking is not sufficient for the quality achieved at the University of Illinois. Furthermore, the composition of the peer group for the Springfield campus reflects neither the nature nor the quality of that institution in the context of its standing within the University of Illinois. The salary standing of the Urbana-Champaign campus deteriorated alarmingly in recent years, weakening its ability to attract and hold faculty of world-class stature and hindering its efforts to gain a competitive edge. Fortunately, additional funds to

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support UIUC's "retaining critical faculty" initiative were provided by the State in FY 1998. The funds were used differentially to relieve the vulnerability of those faculty in competitive areas who are top-quality and unquestionably under compensated. Although the boost had a very favorable impact upon UIUC's salary standing, the severity of the decay is such that it will require continued attention over the next several years. The campus is dedicated to reestablishing its competitive position and will continue aggressively reallocating internal resources. Strong State support now and in the future is crucial for the success of this goal. Continued progress towards rebuilding UIUC's competitive position and sustaining and improving it for UIC and UIS is essential for the coming year.

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

### Faculty Salaries

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 on similar characteristics, including enrollment levels, types and numbers of degrees conferred, funding levels and detailed faculty characteristics. With the merger of Sangamon State University and the University of Illinois, the old peer group for the Springfield campus is no longer fully appropriate. However, this peer group will be used until a new peer group more suitable to Springfield's evolving academic mission is established.

The competitive standing of each campus indicates how well faculty salaries have fared relative to their peers in the IBHE comparison group. In FY 1998, faculty salaries at UIC and UIS ranked near the middle of their peer groups. Figure 6 illustrates

**Salary and Benefit Increases** 

UIC's and UIS's intermediate competitive position relative to their IBHE comparison groups.





Ranked among the nation's most academically competitive institutions, budget reductions and inadequate incremental funding in prior years brought severe faculty salary decay at UIUC. Strong budgets in recent years halted the decay and some progress towards restoring faculty salaries was made; greater improvement is expected this year. Yet salaries for faculty at UIUC remain mired near the bottom among its comparison group. Figure 7 illustrates UIUC's weak position relative to its IBHE peers.

FY 1998 found faculty salaries at UIC and UIS ranked near the middle of their peer groups.

#### **Salary and Benefit Increases**

Salaries for faculty at UIUC remain near the low end among its IBHE comparison group.



The weighted median salary of each comparison group also serves as a benchmark to assess competitiveness within the national market. Figure 8 displays the weighted average faculty salaries at each campus as a percentage of the weighted median salary of each peer group. In general, salaries for faculty at UIC and UIS have been near their IBHE peer group medians, while those at UIUC have been far below its peer group median.

Specifically, faculty salaries at both UIS and UIC were slightly above their comparison group medians in FY 1985, while those at UIUC were below. Since FY 1990 faculty salaries at UIC have remained above the group median, rising slightly through FY 1997 before slipping back toward the median in FY 1998. At UIS faculty salaries fell below its comparison group median in FY 1990, and continued falling through FY 1997 before recovering slightly in FY 1998. Faculty salaries at UIUC steadily deteriorated compared to its peer group in the early 1990s, showing slight but steady improvements in the last few years.



Current projections indicate that the University will continue very modest salary improvements in FY 1999, again redirecting existing funds to augment the State increment.

Current projections indicate that the University will continue salary improvements in FY 1999. The budget passed by the General Assembly and approved by the Governor provides 3% in incremental funding for faculty and staff salary increases. In comparison, inflation increases are projected to exceed 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 recent years and then to continue its improvement.

## Faculty Salaries by Discipline

Another way to gauge faculty salary standing is to examine salaries by discipline from FY 1987 through FY 1998, years in which salary levels were affected dramatically by funding fluctuations. This review identifies areas of growing difficulties for both the UIC and UIUC campuses. Competition for top quality faculty has become particularly intense in high demand disciplines at both campuses. The University has experienced increased difficulty attracting and retaining key faculty in these high demand areas, as well as in areas of lesser demand.

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

AAUDE serves as a consistent reference group for which detailed salary data by discipline are available and by which changes in salary competitiveness over time can be gauged. Institutions included in the AAUDE study are:

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

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

Table 3 summarizes average salary data by discipline reported for FY 1987 (prior to the "no salary increase" policy of FY 1988), FY 1994 (the last year of the "no or low salary increase" period of FY 1991 to FY 1994) and FY 1998. Also summarized is the University's comparative ranking relative to other AAUDE institutions for each year of the study. For each discipline category, only those institutions reporting data in all three years of the study are included. Table 3 displays data for 14 disciplines at the Chicago campus and comparable data for 19 disciplines at the Urbana-Champaign campus.
#### Table 3 Faculty Salary Study by Discipline FY 1987 to FY 1998

#### University of Illinois at Chicago and AAUDE Institutions

	Weighted to UIC Distribution of Faculty							
	Number	FY 19	87	FY 19	94	FY 1998		Change
	of	UIC	2	UIC	2	UIC		in
	Schools	Salary	Rank	Salary	Rank	Salary	Rank	Rank
Architecture	17	\$34,233	14	\$49,772	12	\$54,777	9	5
Business	21	45,451	11	67,143	16	85,266	14	-3
Education	22	33,773	10	46,915	12	59,995	3	7
Engineering	19	47,921	2	61,272	11	74,583	5	-3
Foreign Language	22	33,250	11	44,041	14	52,414	7	4
Letters	22	34,622	10	46,259	12	52,490	10	0
Life Sciences	22	42,794	3	59,093	3	65,776	3	0
Mathematics	22	42,184	12	55,408	21	66,749	16	-4
Philosophy	22	41,405	4	51,430	6	52,846	7	-3
Physical Sciences	22	42,846	6	55,116	18	63,323	13	-7
Psychology	22	41,351	9	50,655	17	57,007	12	-3
Social Sciences	22	37,882	14	50,991	17	58,884	16	-2
Social Work	15	36,274	9	45,621	11	53,922	10	-1
Visual and Performing Arts	22	33,340	7	43,318	10	51,572	7	0

#### University of Illinois at Urbana-Champaign and AAUDE Institutions

Weighted to UIUC Distribution of Faculty

	Number	FY 1987		FY 1994		FY 1998		Change
	of	UIUC		UIUC		UIUC		in
	Schools	Salary	Rank	Salary	Rank	Salary	Rank	Rank
Agriculture	15	\$40,698	6	\$54,879	9	\$66,584	7	-1
Architecture	17	38,858	7	45,797	13	56,665	9	-2
Business	21	52,341	3	73,695	6	92,663	5	-2
Communications	20	36,213	5	48,426	4	60,605	3	2
Computer & Info	19	50,285	7	66,216	8	85,600	2	5
Education	22	41,424	5	51,435	12	61,836	3	2
Engineering	19	53,995	2	66,284	7	82,776	3	-1
Foreign Language	22	38,917	6	48,333	11	55,626	7	-1
Home Economics	15	32,947	6	44,503	10	62,498	1	5
Law	17	69,147	3	87,844	6	99,551	7	-4
Letters	22	35,365	7	46,674	16	57,781	7	0
Life Sciences	22	43,427	9	53,122	14	65,338	6	3
Mathematics	22	46,480	11	58,921	17	70,694	9	2
Philosophy	22	33,758	11	43,797	20	54,902	10	1
Physical Sciences	22	51,512	1	66,529	3	76,780	1	0
Psychology	22	44,929	3	60,715	3	70,949	7	-4
Social Sciences	22	41,945	9	54,067	15	64,352	8	1
Social Work	15	38,342	7	45,200	11	53,396	13	-6
Visual & Performing Arts	22	36,360	7	43,019	17	49,570	11	-4

As clearly shown by the data, budgetary constraints have had a detrimental impact on the competitiveness of University of Illinois salaries for many disciplines. Although strong State funding beginning in FY 1995 enabled a degree of recovery in most disciplines, many still remain at a competitive disadvantage due to severe funding constraints imposed in FY 1991 to FY 1994.

At UIC, three disciplines (Architecture, Education and Foreign Language) improved their FY 1987 ranking. However, salary rankings lag FY 1987 levels for 8 of the other 11 disciplines. Hardest hit areas include Mathematics and the Physical Sciences.

At UIUC, eight disciplines (Communications, Computer and Information Sciences, Education, Home Economics, the Life Sciences, Mathematics, Philosophy and Social Sciences) improved their FY 1987 ranking. However, 9 of the 19 disciplines lag their FY 1987 levels of competitiveness. Hardest hit areas include Visual and Performing Arts, Law, Psychology and Social Work.

It is clear past declines in State funding have hurt the University's ability to remain competitive for high quality faculty and staff, although this impact has been greater in some disciplines than in others. Many disciplines 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. Gains made in the last few years can be quickly eroded if strong State support cannot be sustained for FY 2000.

## Faculty Benefits

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

Several components of the University's fringe benefits program remain seriously behind its competitors. In particular, there are two major weaknesses in the long-term disability plan: lack of coverage to new employees for two years except as disability occurs from an accident; and coverage of only 50% of salary for a period and 35% for permanent disability. Although a new employee optional program offered since spring 1997 fills the two year gap and wraps around SURS coverage to provide 66% of salary, the plan places an increased cost-sharing burden on participating employees.

Contributions to retirement are also a concern. Fortunately there were three enhancements to the SURS package approved in 1997. The improvements included changing the years of service formula to a flat 2.2% per year rather than a graduated formula, gradually changing from 35 years to 30 years of service when an employee can retire under the service formula with no penalty regardless of age and increasing the maximum pension from 75% to 80% of final 4 years average salary. However, there were also two benefit "give-backs." The reductions included ending the compensable sick leave program and retiree cost sharing of health insurance. The cost of the benefit enhancements is estimated to be 2.4% of payroll while the "give-backs" generate only 0.8% of payroll. The differential will be made up mostly from savings generated through increased participation in the newly-available Optional Retirement Program. Under that program, SURS participants can choose from among one defined contribution plan (the "Self-Managed Plan") and two defined benefits plans (the "Traditional" and the "Portable" Benefits Plans).

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 1999 brought positive and encouraging improvements, the University remains vulnerable to erosion of competitiveness. Incremental funds totaling \$20.3 million are requested in FY 2000 for faculty and staff salary increases to keep pace with the market and avoid any loss of competitive gain. Another \$6.7 million in funds are requested to recapture some of the competitiveness lost in the early 1990s. These two increments together represent a 4% increase program. In addition, to address the serious competitiveness problems faced by faculty at the Urbana campus, the University's programmatic request includes an additional \$1.3

Continued efforts to improve salary competitiveness is an essential annual budget priority.

Continuing Comp	oonents			Sa	lary and l	Benefit In	creases	
	million for targeted add disadvantage.	litional incr	eases for f	faculty at th	e greatest c	competitive	2	
Staff Salaries	The goal of the University of Illinois salary program for Civil Service employees is to be competitive with State of Illinois counterparts and local markets. Each year, the University conducts internal studies comparing salaries of University staff with those of State agencies as well as other employee groups in State and regional markets.							
State Comparisons	<ul> <li>The University continues to maintain parity in pay ranges with State counterparts for most salary classes. Continuing actions related to parity include:</li> <li>systematic assessment of deficiencies,</li> <li>adjustments to salaries of employees paid below comparable State rates; and</li> </ul>							
	Table 4 illustrates pay ranges for selected University classes and their State counterparts.							
	Table 4Salary Comparisons among State Comparison GroupsFor Selected University of Illinois Employment Classes							
		University	of Illinois	State of	Illinois			
		FY 1	998	Julv 1.	1997	% Over/	Under	
	Chiesese Compute	Minimum I	Maximum	Minimum I	Maximum I	Minimum N	<i>l</i> laximum	
University and state	Secretary Transcribing	\$22,272	\$30,480	\$19.920	\$27,444	10.6%	10.0%	
	Staff Nurse II	35,152	60,819	36,120	45,876	-2.8%	24.6%	
pay ranges continue	Accountant I	25,137	43,503	24,744	35,028	1.6%	19.5%	
to converge.	Library Clerk II	17,392	22,885	17,364	23,244	0.2%	-1.6%	
	Urbana Campus							
	Secretary III	\$19,570	\$28,965	\$19,188	\$26,304	2.0%	9.2%	
	Storekeeper II	27,086	28,665	21,432	29,592	20.9%	-3.2%	
	Accountant I	25,141	43,512	24,744	35,028	1.6%	19.5%	
	Kitchen Laborer	18,491	25,189	17,328	23,148	6.3%	8.1%	
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For FY 1999, the University received funds sufficient to provide a general pay in-
crease program of 3% for all employee groups, with additional internal reallocation
to address special merit, market or equity concerns. In comparison, the State of Illi-
nois contract provides for a 3% increase. In FY 1999, the University will continue to
monitor State comparability.

Market	The University uses data from recognized regional and statewide sources as a point
Comparisons	of comparison for employees in the Open Range pay plan. Changes in market sala-
	ries are monitored annually using survey data from sources such as Pay Data Service
	and Mercer Information and Technology Survey. In FY 1998, the University pro-
The University	gram (3% average) for staff was generally competitive with market range increases
remains generally	(2.89% to 3.93%). A similar outcome is expected for FY 1999.
competitive with	
market increases for	Purchasing power comparisons are made using data from the Bureau of Labor Sta-
staff employees.	tistics, including sources such as the Employment Cost Index. The compensation
	costs for civilian workers (not seasonally adjusted) were up 3.3% for the year ending
	March 1998. The compensation costs for State and local governments increased
	2.5% for the year ending in March 1998. The University increase of 3% compares
	favorably with the Employment Cost Index increases.
Staff Salary	For FY 2000, the University seeks funds for a salary program of 3% to remain
Summary	aligned with competitive markets and another 1% to recover ground lost during the
	early 1990s. The University also requests funding to keep employee pay increases in
	line with those being granted in the general employment market, thus preserving the
	purchasing power of University employees.
Staff Benefits	Benefits for staff employees are monitored for comparability with the private sector,
	top quality institutions and local employers. In the past several years, State of Illi-
	nois benefits enhancements, such as improved dental coverage, have produced a
	benefits level that is generally comparable with other employer provided benefits.
State	The health of the State Universities Retirement System (SURS), as well as the Uni-
Universities	versity's relative competitiveness among peer institutions with respect to retirement
Retirement	September 1998 Page 2

System

benefits, has been a matter of prime concern for many years for both individual employees and for leaders within higher education institutions and the SURS system. Any discussion of fringe benefits improvements for higher education in Illinois must include a strong call for adequate funding of the SURS program to ensure that existing benefits will remain secure. Action taken in FY 1995 by the General Assembly and the Governor to implement a long-term funding plan to strengthen pension funding for all State employees is a most welcome improvement. Increases for SURS are now mandated by law. FY 1999 is the 4<sup>th</sup> of a 15 year span of increases necessary to compensate for past funding deficiencies. For this year, SURS received an increment of \$19.2 million. Addendum I contains a more complete discussion of the SURS funding situation.

It should be understood, however, that while achieving and maintaining adequate funding for SURS remains a key concern for FY 2000 and beyond, 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 moves forward on both fronts. The adequacy of SURS fiscal support must be assured. So, too, must improvements in the University's competitive position in total compensation be achieved.

# Price Increases (\$6,935,600)

## Overview

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

#### • <u>General Price Increases</u>

Although the State has sometimes recognized the impact of inflation upon the costs for goods and services, appropriations for this purpose have been non-existent over the last decade. Inflation forecasts drive the request for a general price increase. Although inflation has abated in recent years, general price increase funding, which has not been provided since FY 1990 lags inflation by a wide margin, putting increased pressure on the University's ability to support its instructional and research programs adequately. Inflation has eroded the University's budget by \$26.2 million in the 1990s.

#### • <u>Utilities Price Increases</u>

Marketplace fluctuations continue to drive costs for utility components. New incentives for natural gas pipeline expansion coupled with electricity deregulation at federal and state levels continue to demand aggressive energy management.

#### • <u>Library Price Increases</u>

Price increases for library acquisitions have been particularly severe in recent years, far outpacing general inflation. In particular, continuing steep increases in the prices of U.S. periodicals and college books have caused a precipitous drop in the Libraries' purchasing power. As more information resources become available in electronic formats a significant additional financial burden is placed upon the libraries. 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. Despite significant cost reduction

Inflation has eroded the University's budget base by more than \$26 million since 1990. Although inflation has been low, price increase support from the state has been absent for a decade.

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

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

## General Price Increases (\$3,607,500)

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

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

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

In the last decade, the University has received only one general price increase. 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 nine of the past ten years, the most recent being in FY 1990. In FY 1990 the general price increase did not exceed the Higher Education Price Index, as shown in Figure 9.



Budget recisions in FY 1988, FY 1992 and FY 1993, combined with zero general price increase support since FY 1990, have seriously eroded the academic support base of goods and services which underpin the University's instructional and research activities. While internal reallocation has been used to cover unavoidable increases in the most pressing of these goods and services, the University's academic support base has been seriously eroded and now has reached a gap of \$26.2 million, as measured against the Consumer Price Index shown in Figure 10.

Even with relatively low recent inflation experience, the University has lost over \$26 million to the impact of inflation since 1990.



#### **Price Increases**

For FY 2000 the general price increase segment of the budget request seeks to obtain funding sufficient to halt further losses to inflation. Based on this, a general price increase of 3% or \$3,607,500 is sought.

## Utilities Price Increases (\$1,450,000)

Utilities funding requirements are formulated from expected costs for the individual components that comprise the total utility budget of the University of Illinois. For FY 2000 these projected commodities and utilities rate increases yield a composite price increase of approximately 3%, a \$1,450,000 increment above the FY 1999 direct utilities base for all the campuses of the University of Illinois system.

To avoid shortfalls in the Utility budget, it is imperative that the IBHE returns to full funding of new areas utilities costs. It must be recalled that historically the IBHE restricts this budget request component to increases in the prices charged for commodities or contractual services, and does not allow the inclusion of expense for increased usages based on growth, weather extremes or unfunded utility costs for new areas. This last item is of particularly recent concern. As noted in the FY 2000 narrative for operation and maintenance of new areas, in FY 1998 and FY 1999, the IBHE did not recommend full funding of the utilities requirements of approved new areas facilities. The resulting deficiency, along with that incurred from projects not recommended for support at all, has been transferred to the utility base. While strategic management activities have usually been able to offset such increases, it is certain that additional deficiencies cannot be accommodated.

The University of Illinois has taken an aggressive and proactive approach to the management of its energy needs, highlighted by the following examples. Savings related to contracts include successful negotiation with Northern Illinois Water Corporation (Urbana campus) that allows for bundling of its main water deliveries into one rate block grouping; obtaining the services of a second interstate natural gas transportation pipeline company at rates approximately 16% below that of the current carrier; entering into a natural gas supply contract with prices almost flat relative to the index price; and successful negotiation for a single point of service delivery for purchased electricity. Utilizing a new physical inter-tie, this last provision will allow both sides of the Chicago campus demand to be combined into one rate block grouping.

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Savings related to commodity rate increases, for example the prices paid for units of electricity, natural gas, fuel oil and coal, are still closely affected by market forces and regulatory intervention. It is difficult for one user to gain much influence over the variability of speculation and legislation. Opportunities for cost avoidances are still obtained by the University through competitive bidding processes, market timing the purchase of commodities and exploitation of the dual/triple fuel switching capabilities of the University's power plants.

Through aggressive management of existing resources the University has been able to offset the lack of past energy price increase support. The above relates the methods through which the University has managed to meet growth in costs and usages during the long period of relatively stagnant direct utilities base allocations. Only 3 utility request increments have been received during the last 13 years. The modest percentages of increment, 5%, 3% and again, 3%, provided in effect, less than 1% of an average annual percentage rate increase. Responsive management has been demonstrated many times and many ways. However, as noted in last year's utility request narrative, "There is no management miracle that can help the University's utility budget recover from multi-million dollar shortfalls that could result from under-funded new areas utilities costs."

The two largest areas of utility budget expense are for electricity and natural gas. As pure commodities, the base price for a kilowatt of electricity or a therm of natural gas, the two share many of the same characteristics affecting price. Deregulation efforts have brought unpredictable market forces into play. Taking a look at electricity first, the most important factor in its future pricing in Illinois is the Governor's signing into law of HB 362 in December 1997. The major electric restructuring legislation provides generally for the unbundling of electricity supply from transmission and distribution. Concepts included within the legislation are the separation of electricity consumers into classes (non-residential, commercial, governmental and residential) and associated time frames for access to delivery services. Initial rate reductions, application of transition charges for the recovery of stranded costs, revisions to the methods of municipal taxation and the option for elimination of the purchased fuel adjustment are a few other significant provisions. Seemingly benign, the last provision likely contains the most opportunity for cost increases in the long

run. No longer must contractual savings or costs experienced by a utility be directly passed on to the consumer in a fuel credit or charge; rather the base commodity price is tied more to actual market pricing of the commodity. Any strategic activity by the utility to lessen these costs is not automatically passed on to the consumer. Increased volatility of price is an expected outcome of this change. It is expected, however, that once a truly competitive market for electricity is established, some cost avoidance's will once again be shared by utilities in order to retain or recoup a customer. Under the class definitions, the University of Illinois will have the opportunity to try to access a choice of electric suppliers on or before October 1999. If achieved, transition charges will be applicable until 2006. It is possible that this initial cost will be offset in the future through access to competitive commodity prices. Since a truly competitive national marketplace is most likely a decade away, for FY 2000, price increases for purchased electricity are projected to be 3%.

As a pure commodity, the most significant characteristic attributable to the purchase of natural gas is its price volatility. Three years ago, a daily ten-cent price swing in the cost of the traded commodity was highly unusual. Presently, it is no longer surprising to see occasional daily price swings of up to 20 cents. Increases in price of the commodity overall have been affected by increased market demand spurred by expanded use of cogeneration technologies, a declining reserve to production ratio and extreme weather. It was noted last year that new pipeline expansions adding capacity to the Midwest market area in the fall of 1998 were expected to enhance competition for the price of transportation. The University has exploited this opportunity by gaining a lower cost transportation contract for a major balance of its gas needs. However, this is only a portion of the delivered price of natural gas and this base gain will be in place for the winter of 1998-1999. The commodity increase in the price of natural gas for the period from FY 1999 to FY 2000 is expected to increase from between 2 and 3%. The major factors influencing this commodity cost increase is the forecast for extreme winters in the northern central plains and upper Midwest, associated declining storage levels, and constraints on the imports of low priced Canadian natural gas.

An offset to the rising and fluctuating price of natural gas is the buyers' market for #6 fuel oil. This fuel oil is used at the Chicago campus, and its use provides a remarkable opportunity to witness the dual fuel capability protection against price increases in other boiler fuels (natural gas). Increased use of #6 fuel oil has offset the more costly priced natural gas, thereby helping to mitigate expenditures for heating and cooling. While price increases for this commodity have remained fairly stable in the last few years because of high world petroleum stock levels, implementation of significant production cuts by the major world oil suppliers contributed to a price spike in FY 1998. It is anticipated that an additional increase of 2 to 3% will be experienced in the budget request year.

At the Urbana campus, a similar fuel switching benefit is obtained by consuming as much coal as is reasonably practicable based on equipment limitations at Abbott Power Plant. FY 1997 witnessed a coal burn of 67,774 tons; FY 1998 saw a coal burn of 81,000 tons. With increased prices for natural gas, it is economical to consume as much coal as the equipment ratings will allow. It is expected that for FY 2000, prices for coal will be relatively flat, certainly no more than 2%. Demand is expected to drop due to continuing recovery of gas-fired generation and partial recovery of nuclear powered generation. A major example of this is the recent announcement (July 1998) that ComEd will sell off most of its coal-fired generation assets and seek to become "…one of the most effective generators of nuclear power…" (Unicom, parent of ComEd). This does not mean that the company's coal-fired generation capacity will be shut-in, simply that the major entity in the Illinois electric generation market will no longer need coal. The effect will be to mitigate prices regionally.

The third major component of the University utility budget is for water and sewer services. At the three campuses, costs for these components are expected to range between 4 and 5%. An exception is for sewer service at the Urbana campus. The Urbana-Champaign Sanitary Waste District proposes an almost 11% rate increase for sewerage treatment services. Regarding water service at the Urbana campus, although there will be cost avoidances due to the contractual restructuring of the billing of water delivery to the campus, it is expected that a rate increase will be

Although projected energy-related price increases are modest,

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experienced in the cost of supply. The University expects to mitigate the level of increase through, again, demonstrating to the Illinois Commerce Commission that increases should reflect the cost of service, thereby limiting the exposure of price increase to the University. As Northern Illinois Water Company's largest customer the University, through the economies of scale, costs the utility very little for the provision of almost 180,000,000 cubic feet of water.

In conclusion, it must be repeated that the University of Illinois has employed many proactive solutions to offset rising utility costs, increased usages and increased deficiencies attributable to unfunded new areas costs. But again, operating costs for utility services can not be deferred and must be met on demand. If these expenses are not addressed through a utility rate increment and new areas utility support funding, it is uncertain how the University will continue to meet all of its obligations.

## Library Price Increases (\$1,389,600)

The Libraries of the University of Illinois are requesting a 10% increase to their materials budget in FY 2000. The increase is needed to insure that the Libraries are able to maintain the quality of their collections in light of the following considerations. First, the cost of library materials has increased at a rate far exceeding inflation. Second, new funds are needed to accommodate the burgeoning number of electronic resources that have become vital to the teaching and research needs of the campus. Third, a modicum of support is needed to begin to reverse the erosion of the collections that has occurred over the past fifteen years. Figure 12 shows the inconsistent increases in State funding over the last decade, when compared to annual increases in the Higher Education Price Index for books and periodicals.



The Chicago (UIC) Library, which serves the largest university in the Chicago area, holds nearly 2 million volumes including 15,624 serials. UIC's Library houses materials ranging from the history and development of the city of Chicago, to the Corporate Archives of the Chicago Board of Trade. The Libraries of the Health Sciences, one of the largest such units in the nation, is the regional library for 861 medical libraries in 10 states.

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

The Urbana-Champaign (UIUC) Library is a major educational and cultural resource for the University and the State of Illinois. With a collection of more than 17 million September 1998 Page 38 items, including 9 million volumes and 90,985 serials, it is one of the world's great university libraries. Strong and unique collections have been a hallmark of the UIUC Library. Distinguished collections exist in areas as diverse as engineering, Slavic languages and literature, music, mathematics and English literature. Numerous special collections are well known for adding depth to the Library's research holdings, including John Milton, William Shakespeare, Marcel Proust, Carl Sandburg, H. G. Wells and Mark Twain. Within the past decade, the collections have expanded to include many of the latest electronic resources for indexing and abstracting.

The Libraries are committed to maintaining the strongest collection possible to meet the diverse needs of their users. They are equally committed to providing access for users to collections not owned through both the traditional means of interlibrary borrowing and by the newer options of electronic resources and article delivery services. Sustaining these resources, however, has become increasingly difficult. The cost of purchasing materials for the Libraries continues to rise dramatically every year. Several factors contribute to these increases, including escalating production costs, rising cost of paper, unfavorable exchange rates for foreign currency, and unusually high inflation on many foreign scientific and technical journals. In addition, the Libraries are seriously compromised by an eroding materials budget that is no longer comparable to their peer institutions. In FY 1985, the UIC and UIUC Library materials expenditures ranked 12<sup>th</sup> and 2<sup>nd</sup>, respectively, among the 13 Committee on Institutional Cooperation (CIC) member libraries, with the UIUC Library trailing the University of Michigan Library by less than \$11,000. As shown in Figure 13, the UIUC Library now ranks 7<sup>th</sup> behind Michigan, Penn State, Minnesota, Indiana, Ohio State and Wisconsin, while the UIC Library continues to rank 12<sup>th</sup>. The disparity between the University of Michigan's materials budget and the UIUC's budget is now \$5.8 million. Among members of the Association of Research Libraries (ARL), the UIUC Library now ranks 23<sup>rd</sup> in library materials expenditures. It was just over a decade ago (FY 1986) that the UIUC Library ranked 8<sup>th</sup> in the ARL.

#### Figure 13 CIC Library Material Expenditures

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For more than a decade, the UIC and UIUC Libraries have undertaken journal cancellation projects, attempting not only to balance the journal budget in the face of extraordinary inflation, but also to preserve some materials funds for monograph and electronic acquisitions. In FY 1998 and FY 1999 the UIUC campus found it necessary to allocate additional funds to the Library to curtail the cancellation of needed serials. Figure 14 shows that in spite of these measures, the UIC and UIUC Libraries' ability to purchase new books and important electronic products and services is in steady decline. Although the importance of monographs and electronic products varies by discipline, books in general tend to be heavily used by students across campus curricula. The acquisition of new monographs is essential to keep pace with curricular demands. Inflation is becoming a wild card, and high inflation in a given year could devastate the monographic budget.



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

The special values of the Libraries' collections lie in the unique strengths of their holdings to students and scholars. Now and in the future, continuing and stable financial support is critical to answer the educational and scholarly needs of the campus community, to reposition their buying patterns, to enhance access to collections in other libraries and to exploit the potential of electronic information. In addition, the Libraries play a significant role in the Illinet Online system that connects 45 Illinois Libraries. To meet these challenges successfully, the Libraries require an increase of 10% in FY 2000 to offset expected continued inflation, to keep pace with

As more information resources become available in electronic formats a significant additional financial burden is placed upon the libraries to keep their leadership position.

the demands of its users and to begin to recover a small portion of the ground lost over the past 15 years.

## Other Payroll Costs (\$488,500)

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

#### Medicare and Social Security Contributions

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

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

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

Table 5
Appropriations and Expenditures
for Medicare and Social Security Costs

	Fiscal			% Change in
-	Year	<b>Appropriations</b>	Expenditures	Expenditures
	1990	1,718.0	1,740.5	0.0%
	1991	1,718.0	2,261.7	29.9%
	1992	2,743.7	3,323.5	46.9%
	1993	3,473.7	3,644.0	9.6%
	1994	3,492.0	4,277.3	89.1%
	1995	4,417.3	4,850.0	13.4%
	1996	5,967.3	5,982.0	23.3%
	1997	5,967.3	6,086.6	1.8%
	1998	6,141.5	6,267.3	3.0%
	1999	6,302.7	6,455.3 (est.)	3.0%

The FY 1998 appropriation is \$6,141,500 for the combined Social Security and Medicare requirements. In FY 1999 expenditures are expected to rise to \$6,455,300. An increment of \$315,200 is requested to bring the FY 2000 appropriation to expected needs. Because it is a federal mandate, this is truly an unavoidable increase for the University.

#### 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. Table 6 details the State appropriation to the University compared to actual expenditure claims. From FY 1986 to FY 1989, claims held relatively constant and it was not necessary to secure incremental appropriations for cost increases in those years. But several times in the last seven years the University has been forced to reallocate funds to cover increased claims. Strenuous efforts to control costs have helped reduce the impact of cost increases, but the University continues to face growing exposure in this area.

Table 6									
Appropriations and Expenditures for Workers' Compensation									
(Dollars in Thousands)									
Fiscal % Change in									
<b>Appropriations</b>	Expenditures	Expenditures							
\$ 1,670.2	\$ 2,343.9	0.0%							
2,685.0	2,665.0	13.7%							
2,087.9	2,087.9	-21.7%							
2,193.5	2,193.5	5.1%							
2,986.3	3,001.1	12.6%							
2,986.3	3,291.0	9.7%							
2,986.3	4,258.6	29.4%							
3,365.0	3,598.9	-15.5%							
3,365.0	3,727.0	3.6%							
3,466.0	3,838.8 (est.)	3.0%							
	Appropriations \$ 1,670.2 2,685.0 2,087.9 2,193.5 2,986.3 2,986.3 2,986.3 3,365.0 3,365.0 3,466.0	Table 6ons and Expenditures for Workers (Dollars in Thousands)AppropriationsExpenditures $\$$ 1,670.2\$2,685.02,665.02,087.92,087.92,193.52,193.52,986.33,001.12,986.33,291.02,986.34,258.63,365.03,727.03,466.03,838.8 (est.)							

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 1997 were \$3,598,900 while the State appropriation was \$3,365,000 creating a deficit of \$233,900. For FY 1998, expected claims are projected to reach approximately \$3,727,000 while State funding is staying at \$3,365,000, which would produce a shortfall of \$362,000. Actuaries have projected payments for FY 1999 to be \$3,838,800. The University has created extensive programs and incentives to control and reduce costs in the last several years. The University would propose a two year program to eliminate the shortfalls in this area. For FY 2000 the University requires a 5% increase, \$173,300 for workers' compensation.

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

## **Operation and Maintenance of New Areas** (\$4,011,700)

### Campus Levels: *UIC* (\$3,423,200) *UIUC* (\$588,500)

It is extremely important to secure adequate operation and maintenance funds so that new space does not begin its useful life with a built-in deficiency. Given the continuing need to provide adequate facilities to support academic programs at the three campuses, operation and maintenance costs for new space are an important budget component. Unfortunately, support typically has been recommended only for a subset of the requested facilities and the required costs for specific facilities are supported at generalized rates. There is a long-standing practice for the IBHE to recommend that the State fund all non-utilities operations and maintenance costs statewide at one rate. In FY 1990 the rate was \$3.77/GSF; in FY 1999 it was \$4.28/GSF; a 13.5% increase over 9 years. Over this same time period the Consumer Price Index increased 31%.

Funding new areas support at average costs creates a builtin deficiency for any facility with aboveaverage maintenance needs and this practice should be eliminated. Additionally, for the second successive budget year, FY 1999, the State did not employ its long-standing prior practice of fully funding utilities. Rather, the IBHE chose to use campus specific averages applied uniformly to all facilities. In FY 1999 for the approved facilities this created a utilities funding shortfall of \$182,406. This deficiency has now been transferred to the utility base. If this same practice is employed in FY 2000, an additional utilities cost deficiency of \$177,400 will result (calculation based on the weighted average FY 1999 allocation rate of \$2.00/GSF applied to FY 2000 facilities with a utilities unit cost greater than \$2.00/GSF). If a similar calculation is performed to anticipate the deficiency attributable to "other" support, almost \$481,000 will result from unfunded facilities that have a unit cost greater than \$4.28/GSF.

The University strongly requests that for FY 2000, the State fully fund utilities and other costs appropriate to each specific new or significantly remodeled facility. There are new facilities across the State, including some at the University of Illinois, which have a support request of a combined unit cost less than the FY 1999 cost per gross square feet (GSF) of \$6.28. Reviewing the University's FY 2000 request list, the weighted average annual cost per GSF of all facilities is slightly under \$6.50.

Presumably, lower cost facilities throughout the State could yield the additional funds required by facilities with higher unit costs.

The requirements to support the operation and maintenance of new areas in FY 2000 total \$4,011,700. Fourteen projects, comprising over 700,000 GSF of new or significantly remodeled space, require either full or partial funding of the annual costs of operation and maintenance. Each project is described in the following narrative and is listed in the cost summary shown in Table 7.

### Table 7 FY 2000 Operation and Maintenance **Requirements to Support New Areas**

		Total				
		Annual		Date of		FY 2000
Project	GSF	Cost	\$/GSF	Occupancy	Months	Amount
CHICAGO						
Outpatient Care Center	62,500	\$ 825,000	\$13.20	7/99	12	\$ 825,000
ISPI (Psychiatry & School of Public Health)	318,652	2,066,600	6.49	11/97	12	2,066,600
Campus Services Facility - Additional	49,315	374,800	7.60	4/96	9	281,100
Student Services Building - Tower	64,430	375,750	5.83	3/96	8	250,500
Subtotal						\$3,423,200
URBANA-CHAMPAIGN						
WILL Broadcasting and Teaching Facility	44,142	\$ 342,600	\$ 7.76	12/98	2	\$ 57,100
Engineering Hall Renovation	80,850	145,500	1.80	5/00	2	24,250
Material Science Lab Remodeling	3,336	27,000	8.09	1/99	12	27,000
Smith Memorial Hall-Instructional Labs	6,000	8,820	1.47	9/99	10	7,350
Hallene Gateway	-	38,100		8/98	12	38,100
Rodent Quarantine Facility	3,500	14,143	4.04	12/99	7	8,250
Spurlock Museum	52,350	630,300	12.04	1/00	6	315,150
Main Library-Fourth Floor Remodeling	10,000	12,500	1.25	8/99	12	12,500
Japan House and Arboretum Ponds	3,200	86,000	26.88	6/98	6	76,100
Bevier Hall Fourth Floor Remodeling	15,534	22,700	1.46	8/99	12	22,700
Subtotal						\$ 588,500
TOTAL						\$4,011,700

TOTAL

## Chicago Projects

#### **Outpatient Care Center**

The Outpatient Care Center of the University of Illinois at Chicago Medical Center will provide 250,000 GSF of clinical and instructional space to the campus and community. The groundbreaking ceremony in May 1997 witnessed the beginning of an effort that will yield expanded ambulatory care services at the Chicago campus. The new facility will improve operational efficiency and patient flow through the use of a series of second-story enclosed walkways connecting to the hospital, Eye and Ear Infirmary, Neuropsychiatric Institute and the Wood Street parking garage.

Services to be located in the new Outpatient Care Center include Centers of Medicine, Surgery, Dermatology, Women's Care Center, Family Practice, Children and Adolescents, Pharmacy, Musculoskeletal, Pre-Admission Testing, an Ancillary Diagnostic/Therapy Center and three Magnetic Resonance Imaging labs (MRI).

With high standards for continuous janitorial services, high levels of security needs for personnel, clients, equipment and materials and special handling requirements of medical waste, operationally the facility has some unique costs. Special air handling and conditioning requirements, MRIs and electron microscopes and high-load capacity elevators all contribute to high demands for heating, cooling, lighting and power.

The facility is sized at 250,000 GSF. The operational funding arrangement that was made when the facility was approved is that the University would seek State support for the operation and maintenance costs attributable to that portion of space utilized for instruction of residents, undergraduate medical students and other health professions students. It is estimated that the corresponding portion of space is 25%, or 62,500 GSF. The UIC College of Medicine is the nation's largest medical school. It produces the largest number of primary care physicians and of underrepresented minority physicians nationally. It is the state's largest supplier of physicians, with nearly half of its graduates practicing in Illinois.

For these reasons, for FY 2000, the University seeks a full year's operation and maintenance support for 25% of the facility's space, which totals \$825,000.

#### <u>ISPI</u>

The former Illinois State Psychiatric Institute and now The School of Public Health and Department of Psychiatry Building will provide 318,652 GSF of additional space to the Chicago campus. The facility was transferred to the University in December 1997 from the Department of Human Services. Of the assignable space, approximately 65% will go to the School of Public Health; 35% to the Department of Psychiatry. Of the total assignable space, approximately 70% will be devoted to programmatic activities in teaching, research, community outreach and service.

The building will allow all academic functions of the School of Public Health to come together into one facility. These programs are Community Health Science, Public Health Administration, Epidemiology and Bio-Statistics, Environmental and Occupational Health Sciences, Great Lakes Center and Administration. In addition, the activities of the Health Research and Policy Centers, which are currently located off campus, will be relocated to the building. These centers employ students to do significant work in the areas of violence prevention programs in Cook County schools. The School expects to develop and make available to the State a clearinghouse of violence-prevention solutions.

The Department of Psychiatry will gain the consolidation of Clinical Research. This factor is important because it anticipates the expansion of clinical visits with the Neuropsychiatric Institute and the Institute for Juvenile Research. This consolidation will prevent a potentially serious outcome, since numerous faculty members, with grants in hand, do not have sufficient on-campus clinical research space. This funding could be revoked if, ultimately, there is no permanent location for their research.

The renovated ISPI facility will provide many opportunities for research, community outreach and service to resolve some of the most pressing problems within the city and the state. Students will benefit from the increase in quality of high technology classrooms, improved instructional laboratory space, a redesigned computer laboratory, a combined library and archive and a shared student services area within the support areas of the first floor. Overall, the centralization of programs will bring

students and faculty together for counseling, collaboration and employment opportunities. Substantial occupancy of the facility is expected by July 1999; therefore, the total annual operation and maintenance support requirement is being requested for FY 2000, at a total cost of \$2,066,600.

#### **Campus Services Facility - Additional**

For FY 1999, the University requested a full year's support of the operation and maintenance requirements of this facility. The IBHE adjusted this request by recommending the funding of three months of the annual request. UIC support services for Central Receiving and Shipping, Mail Service and Publications utilize the space. With initial funding recommended for the current year and given this facility's functional importance and need for support, the University is requesting for FY 2000 the final nine months of operation and maintenance support, a total cost of \$281,100.

#### **Student Services Building - Tower**

For FY 1999 the University sought a full year's support of the operation and maintenance requirements of this space. Similar to the Campus Services Facility, the IBHE adjusted the request by recommending the funding of a part of the year's request, four months. Recall that the tower houses many offices related to student needs. The Counseling Center and Career Services are two examples. Again, with the demonstrated advocacy from the IBHE of the functional importance of this space, the University is requesting for FY 2000 the final eight months of operation and maintenance support, a total cost of \$250,500.

## Urbana-Champaign Projects

#### WILL Broadcasting and Teaching Facility

This project was funded for ten months of support for FY 1999. The building, now complete and occupied, houses a 3,000 NASF TV studio as well as TV work areas, radio stations and administrative offices to support the broadcast functions of WILL. In addition, the project includes a 2,975 GSF teaching studio immediately south of the new building. The final two months of operation and maintenance support totals \$57,100 for this 44,142 GSF of new space.

#### **Engineering Hall Renovation**

Engineering Hall is over 100 years old and no longer meets the programmatic and space needs of the College of Engineering. The renovation to the exterior of the building will include tuckpointing and new doors and windows. Under the interior renovation, some 80,850 GSF will be remodeled to meet current operational needs with new plumbing, HVAC and electrical systems. Reconfiguration will provide space for computer labs, student activity functions, distance learning labs and administrative offices. Scheduled for completion in May 2000, the operational and maintenance support incremental request totals \$24,250 for two months.

#### Material Science Lab Remodeling (Kiln House)

The second floor of the Kiln House will be remodeled to increase energy efficiency. The project also includes instructional laboratories, laboratory support, additional toilet facilities and janitorial space. Additionally, a secondary egress will be enhanced and a handicap accessible entrance ramp will be installed. With this 3,336 GSF project scheduled to be complete in January 1999, the University requests a full year's incremental operation and maintenance support, a total cost of \$27,000.

#### Smith Memorial Hall-Instructional Labs

Smith Memorial Hall houses part of the School of Music. The space in the basement of Smith Memorial Hall, used for practice rooms and instructional laboratories, has seen very little updating over the past 30 years, and is in desperate need of refurbishing. This project will provide new wall finishings, ceilings, lighting, flooring and ventilation for 6,000 GSF of space. Scheduled for completion in September 1999, ten months of incremental operation and maintenance support is required, a total cost of \$7,350.

#### Hallene Gateway

The project was not supported for FY 1999. A reiterated request, hopefully with the need more clearly identified, is being put forward for FY 2000. Recently completed, this project has constructed a major new physical entryway to the University of Illinois at the corner of Lincoln Avenue and Illinois Street. The Gateway focuses the

reception of students, parents and visitors as they attend the events at the Office of Admissions and Records, Levis Faculty Center, Krannert Center for the Performing Arts and Illinois Street Residence Buildings. The east side of the campus is quickly becoming a heavily traveled area for new and prospective students and their parents. The Gateway's impact, focussed through a plaza and pathways to the entrance to the Office of Admissions and Records Building, creates an excellent first impression of the University of Illinois. Landscaping, site furnishings, lighting, a portal feature (restored stonework saved from the former entrance to University Hall, the University's first classroom building), are the main elements of the design requiring annual operation and maintenance support. With the project complete, twelve months of support is requested at \$38,100.

#### **Rodent Quarantine Facility**

Presently, there is no campus facility to quarantine mice brought to the University from other institutions for research projects. This enhances the danger of spreading infections to existing colonies of mice. The University will renovate existing lab animal space at the Veterinary Medicine Basic Sciences Building to create a new quarantine facility. The facility will establish a segregated area, which will enable mice arriving to the UIUC research community to be sequestered. This renovation is necessary to establish a secure perimeter for the new activity in order to isolate it from the other lab animal space. The location of this quarantine facility within an existing lab animal space will require architectural and mechanical renovation of the existing building. Since the existing facility is already an animal holding center, most of the rooms are already established within the criteria for sanitary conditions and high humidity. However, there will be some minor architectural modifications for moved walls and equipment modifications and built-in furnishings. For example, interior concrete block masonry walls must all be extended to the structural slab above the existing ceiling to prevent loose animals from moving between labs, also, corridors to the new perimeter must be provided with foyers with inter locking doors and card access locks. Other examples of isolation will include the entire existing mechanical ventilation system; the existing vent system must be totally isolated for the new quarantine facility and be placed on an independent air-handling unit. These modifications should be minimal, since the intent is to occupy the existing floor plan

"as is" and complete the functional program requirements with movable equipment. The University requests funding to cover seven months operation at \$8,250.

#### Spurlock Museum

The 52,350 GSF facility will preserve and exhibit the collections of the present World Heritage Museum, illustrating the cultural heritage of people throughout the world. The contents of the museum are typically allocated to several kinds of museums: history, ethnography, technology and art. The World Heritage Museum contains approximately 45,000 artifacts and reproductions of artifacts produced by cultures in many parts of the world. The facility will contain five to seven galleries; public areas, including a museum store; administration offices; and support space. The Museum will be open to the public year-round. To ensure protection of the valuable collections displayed within, the facility will employ security personnel and utilize security-monitoring equipment. The facility is scheduled to be complete in January 2000. A total of \$315,150 is requested for six months of operation and maintenance support.

#### Main Library Fourth Floor Remodeling

This project is part of an effort to improve the logical arrangement and quality of the spaces occupied by various departmental libraries located on the second and fourth floors of the Main Library. Currently, the fourth floor houses four departmental libraries. This remodeling will move these units to the second floor and shift technical processing activities and administration from the second floor to the fourth floor. The shift will move departmental libraries into closer proximity with each other and the Main Library Reference Room. The remodeling of 10,000 GSF will enhance the quality of space for the libraries. In particular, computer wiring, electrical wiring and lighting will be upgraded to respond to the demands of new technologies. In the last decade the development of electronic information resources has revolutionized the academic library. The reconfiguration of space and improved technological capabilities of the space will allow the Main Library to deliver information, by both traditional and electronic formats, more effectively to the students and faculty of the University. Scheduled to be complete in August 1999, a full year of incremental operation and maintenance support is requested, a total cost of \$12,500. September 1998

#### Japan House and Arboretum Ponds

On June 19, 1998 a celebration was held on the Urbana campus to honor the completion of the Japan House and Arboretum Ponds. The facility provides space for Japanese art and culture courses. The new building includes an informal tearoom, two formal tearooms, classroom and workshop space and instructional kitchen and offices. The size of the structure itself is 3,200 GSF. But this is not where the primary costs of operation and maintenance reside. Rather it is in the adjoining grounds and ponds and the associated landscaping, lighting, pond maintenance and general upkeep of the site and its furnishings. For FY 1999, the IBHE recommended the funding of six months of support for this facility at the average rates, not at the request level. For the FY 2000 request, the University emphasizes that the majority of the facility's costs are not for upkeep of interior space, but for the exterior highlights; a tea garden, two strolling gardens and three ponds.

For FY 2000, the remaining operation and maintenance support requirements of this very unique structure and almost three acres of accompanying grounds total \$76,100.

#### **Bevier Hall Fourth Floor Remodeling**

Most of the instructional and research laboratories on the fourth floor of Bevier Hall remain unchanged from the time of original occupancy in 1956. Both the instructional and research programs have changed significantly over the years to more precision-oriented experimentation requiring more sophisticated laboratory space. The current laboratories no longer meet program needs due to outdated physical arrangements of space. Also, overloaded electrical circuits and failed plumbing systems have increasingly become common occurrences in these four-decade old laboratories. This remodeling of 15,534 GSF will upgrade the electrical and plumbing systems, reorganize some of the spaces and in general, modernize the laboratories. One very large laboratory will be divided into a wet chemistry laboratory and a food-processing laboratory. These two laboratories are not safely compatible in the same room. The remodeling will include new lighting, air conditioning and heating control improvements. Scheduled to be complete in

August 1999, a full year's incremental operation and maintenance support is requested, a total cost of \$22,700.



# Strengthening the Academic Base (\$16,827,000)

#### **Overview**

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

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

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

## Faculty Excellence

The strength of the University of Illinois at Urbana-Champaign (UIUC) is in its faculty. Traditionally, academic units have been able to build and maintain their strength through hiring junior faculty, many of who go on to develop national and international reputations as leaders in their fields. In order for this strategy to work, however, there must be a constant renewal of faculty through hiring new assistant professors to replace their retiring senior colleagues.

The Faculty Excellence Initiative will bring proven talent to Illinois to establish or reinforce high academic standards.

Since 1988, the size of the tenured and tenure-track faculty at UIUC has been reduced by 10%, from 2,050 to 1,850. This reduction was unavoidable, in the absence of new revenue, to enable the institution to recruit and retain a faculty of the excellence that has typified the campus since its earliest days. However, the cost has been high. UIUC has lost capacity in all areas of its mission. Fewer faculty are available to teach the student body; fulfill their research mission; and transfer both enduring and pioneering knowledge to the people of Illinois. This has diluted students' direct personal access to faculty; reduced the ability of the State of Illinois to compete strongly for federal and corporate research dollars; and compromised the ability of the campus to provide effective outreach to the citizens.

The reduction in faculty size over the past decade has multiple sources. Essentially, whenever a position became vacant, whatever the reason, it was likely to remain vacant so that the funding could be used in an effort to regain salary competitiveness with peer institutions. Thus, when senior faculty retired, their positions frequently went unfilled; when mid-career faculty left for other opportunities, their positions likewise often remained vacant. In a steady-state faculty, these professors would have been replaced at the same rank or perhaps by assistant professors. Because this was not occurring, a significant number of junior faculty who now would have been entering senior ranks simply were not hired in the first place.

By strategically investing the dollars that were obtained in this way, UIUC was in a position to pay competitive salaries to a smaller number of outstanding young faculty very early in their careers, and to retain many senior full professors with a lifetime investment in this institution. It was much more difficult to withstand recruitment raids of mid-career faculty by other institutions, which hired many of our young stars just as they were approaching academic maturity. This has left a leadership gap among the ranks of associate professors and young full professors, who, had they remained here, would just now be rising to prominence both on the campus and in their professions. It is no exaggeration to say that our inability to retain these individuals also has cost the State of Illinois hundreds of millions of dollars in economic returns that the most successful faculty in many disciplines generate through competitive federal and corporate grants.

In many disciplines the loss of a single professor has a domino effect, with graduate students, postdoctoral fellows, research associates and technicians also leaving. We lose the experience, talents, knowledge, energy and relationships all of these people brought to the State of Illinois. We lose grant-generating capacity and the relationships the professor has established with people in other institutions, agencies,

While striving to remain competitive in attracting junior faculty and retaining senior faculty, UIUC was seriously hampered in its ability to retain mid-career faculty just reaching maturity in their academic careers. organizations and firms. These relationships are profoundly important because they generate students, grants, gifts, contracts, cooperative efforts, technology, complementary science, and many other benefits. They permit us to tap enormously valuable resources outside of our institution.

Over the past four to five fiscal years, we have focused our resources and attention on restoring the competitiveness of faculty compensation, which was identified in the *Framework for the Future* as our single most pressing priority. We have made steady progress, by redirecting all incremental tuition dollars, forgoing new programs, reducing faculty size and raising private funds to support endowed chairs. After having slipped badly during the 1980s and early 1990s, we have been able to regain third position in the Big Ten. During this same period, Illinois-Urbana had a less favorable experience than the eight public peers in its IBHE comparison group (and much less favorable than the private institutions in the group).

We face this situation in spite of massive reallocations for salaries and a significant downsizing in the faculty. UIUC has spent \$82.6 million on academic salaries since 1988. Of this amount, \$47.7 million was made available through the state salary program and another \$35 million came from internal reallocations. The amount of reallocations (\$35 million) is greater than the combined total of the \$28.6 million we received from the income fund (above the IBHE-recommended tuition increase) and the net \$4 million we received in new program funds. While internal reallocation in accordance with institutional priorities has become part of the way we do business, internal resources simply are not adequate to address a problem of the dimensions we face today. Support of the Excellence Fund at the \$10 million level would put us in a position to halt the erosion and begin to restore the strength of the faculty in a strategic manner, yielding significant benefits—both direct and indirect—for the people of Illinois.

While we cannot undo the losses we have experienced, at a \$10 million level the Excellence Fund will provide us with a means to replace some 150 key faculty in areas of historic strength, in areas where we have prospects for establishing world-class comparative advantage, and in areas that face the greatest pressure on enrollment and
public service capacity. This fund would put us in a position to achieve a renewal of strength at the middle ranks, complemented by strategic junior and senior hires. For FY 2000, an increment of \$5 million is sought, to allow UIUC to recruit up to 75 new faculty members. The balance of the Faculty Excellence Fund will be sought for the FY 2001 budget.

Deployment of individual faculty recruited through the Faculty Excellence Fund will be based on areas of historic academic strength, areas with current or projected enrollment demand, or areas where new program growth is clearly warranted. Areas likely to receive attention in the initial allocation of new positions include Agriculture, Consumer and Environmental Sciences (down 16% in state-supported faculty), Liberal Arts and Sciences (down more than 10%), Engineering (down more than 9%), and Accountancy (legislatively mandated to increase the requirements for the CPA examination by 20%).

#### UIUC Faculty Excellence in Biotechnology

Through its diverse programs, the University of Illinois at Urbana-Champaign has many of the elements required to participate successfully in the biotechnology revolution. However, it presently lacks the critical mass of faculty (and the concomitant infrastructure) to compete effectively for public, foundation and commercial sector funding opportunities and to build new research, education and training programs. Some of the benefits that can be expected from the successful development of this area include active research programs in new areas of basic and applied sciences, new sources and programs of funding, commercial liaisons and new company startups, new programs for education and training, and the potential for new economic development and improvements in agriculture and health care. We expect to be able to fund \$1.6 million in recurring costs for 12 biotechnology faculty positions within the \$10 million Excellence Fund.

## UIS Faculty Excellence Program

UIS's academic vision calls for maintaining the campus' tradition of relatively small classes and extensive student-faculty interaction, as well as supporting development of a faculty who are active scholars. The goals for the campus also include concentrating additional faculty resources in programs having the potential for national distinction. The campus has made some progress toward increasing the size of the *September 1998* Page 58

faculty base, but wishes to continue to make gains in this area with a target level of approximately 15 FTE students to each full-time faculty member. Based upon current student enrollments, achieving the 15:1 student-faculty ratio would require increasing the number of faculty from the AY 1998-1999 level of 162 to 170. Strengthening colleges' ability to support faculty is also central to achieving the level of academic excellence sought by the campus. UIS' colleges need increased support to meet their growing responsibilities in academic planning, faculty oversight and budget control.

The University of Illinois at Urbana-Champaign is requesting funding in FY 2000 toward the goal of regaining competitiveness with its IBHE peer institutions in faculty compensation. UIUC must offer salaries that attract and retain the most talented faculty thereby preserving the quality of education for its students.

In 1980, faculty salaries at UIUC were within 2 percentage points of the median among IBHE peer institutions. Slippage began during the 1980s and accelerated in early 1990s. By 1994, UIUC had fallen to 19<sup>th</sup> for Full Professors and 18<sup>th</sup> for Assistant Professors among the 20 institutions in its national comparison group.

A concerted program to reverse this trend began in 1994 with the aim of returning to the comparison group average. With increased state support and a determined program of internal reallocation, some ground has been gained. By 1998, UIUC moved into 17<sup>th</sup> position for Full Professors and 14<sup>th</sup> for Assistant Professors. Clearly, the campus remains well below the salary target.

The challenge of regaining lost ground has been made more difficult by rapid growth in faculty compensation nationwide. In 1997, UIUC moved aggressively with an average increase in faculty compensation of 4.7% only to find that the comparison group average increase was 4.6%; therefore, little ground was gained. Today, at the full professor rank UIUC remains 10% behind the peer group average. Our assistant professors' salaries stand nearly 4% below the group average. It would take nearly \$11 million to close this gap for faculty. Such deficits render it very difficult to re-

Recovering National Competitiveness for the Best Faculty cruit and retain the best faculty in the national pool, yet institutional quality hinges on the ability to do so.

The University of Illinois at Urbana-Champaign remains determined to preserve quality by competing for the best faculty. Internal reallocation will be pursued, but neither cutting more faculty positions nor tuition increases far in excess of inflation are realistic options. Achieving the goal will require the partnership of the State, and an increment of \$1.3 million is sought for FY 2000 to continue progress toward faculty salary competitiveness. This fund will supplement the normal raise pool. The supplement constitutes the next step in a disciplined and methodical attack on an issue of fundamental importance to UIUC.

Interdisciplinary Centralized and Special Strategic Research Facilities Centralized research facilities have been of strategic importance for attracting the best students and faculty to the Urbana-Champaign campus for several decades. They are important to the education of students who are able to train with state-of-the-art equipment, preparing them for the best careers in their chosen fields. They are also critical to the building of a superb faculty and internationally competitive programs. Strategic investments over the past two decades have supported the development of centralized facilities that provide equipment for interdisciplinary research areas and avoid unnecessary duplication of resources. The facilities are multi-disciplinary in that they serve faculty and students who may come from any department and need access to the services or equipment of the facility.

A Study of Centralized Research Facilities was conducted in FY 1998. The provost charged a committee to develop an institutional strategy concerning facilities and to consider a process by which any new funds could be applied in support of research facilities. Approximately 50 centralized facilities were identified. Such facilities may be found in every college and are as important to the research and teaching mission of faculty in engineering and sciences as they are to faculty in art and design. The report recommended that a campus Facilities Committee be appointed which would report to the Vice Chancellor for Research, have authority for review of facilities, determine priority application of the new funds and ensure that policies governing campus-wide facilities effectively served the campus user base.

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The current equipment inventory in campus centralized facilities is approximately \$100 million. A realistic goal of replacing 5% of the equipment every year would require an annual budget of \$5 million. However, the campus can expect to fund a significant percentage of this amount through leveraging of federal grant requests. As an example, the present value of equipment available in the Materials Research Laboratory is approximately \$30 million. The equipment has been purchased over a period of 25 years, and much of it should be replaced by modern technology. A state-of-the-art Energy-Filtered Transmission Electron Microscope costs \$1.8 million. MRL has submitted a proposal to NSF for \$1 million toward the purchase of this microscope; however, NSF requires that the total cost be leveraged 40% with University funds. Every equipment-intensive facility on campus is in a similar situation, trying to maintain state-of-the-art equipment, including microscopes, computing equipment for theater design facilities, observation and recording equipment for a primary school for gifted children that is used for research and classroom observation by students and faculty in several colleges and departments, and on and on.

Incremental State funds are required to address replacement of equipment in essential support facilities and to leverage proposals to federal agencies for major equipment items to be placed in centralized facilities.

In addition to these needs facing existing facilities and equipment, there is a growing need for resources to renovate and equip laboratories for new faculty at the time of their recruitment. Particularly in areas such as newly-emerging programs in biotechnology, where the state-of-the-art changes at a dizzying pace, it is essential to have resources necessary to create the environment in which faculty can conduct leading-edge research. As the Faculty Excellence Fund is created and new faculty are recruited, it will be imperative to provide them with adequate facilities and equipment.

For FY 1999, an increment of \$1.5 million has been allocated to begin to address the needs of centralized facilities. After a thorough review in FY 1998 of the needs and management of the library, clearly the most widely used centralized facility on campus, a major portion of the new funds will be added to the library budget to address the critical problems of a recurring nature associated with increasing technological demands and changes in the mode of service delivery. Additional resources will be provided to the Materials Research Laboratory, the Biotechnology Center, and to the Office of Laboratory Animal Care to recruit a new Director and to

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strengthen the animal care facilities on campus. The commitments for FY 1999 will address only the most immediately critical recurring facilities needs. Yet, many of the remaining unmet needs of the centralized facilities are chronic problems which need to be addressed over a period of years with funds applied on a nonrecurring basis. Advancing technology has made existing equipment in many facilities obsolete or new technology has been invented that simply did not exist a few years ago. Additional incremental resources are clearly required for FY 2000.

As an urban campus serving many commuter students, it is especially important for The University of Illinois at Chicago (UIC) to meet basic student academic needs. It is very likely that for many students, classroom interaction comprises the bulk of the contact a student has with the campus. It is because of this reality that it is even more critically important that the campus does everything in its power to ensure that those meetings offer students a substantive, quality learning experience. Teaching Assistants bear a heavy responsibility in a number of academic areas pursued by students in their early experiences at UIC in the College of Liberal Arts and Sciences. It is therefore essential that LAS attract the very best graduate students possible. One major concern is that assistants' stipends at UIC are lower than competitors. Over a three-year period, LAS requests funds to increase all TA stipends by 30%.

The quality of undergraduates in LAS has improved dramatically in the past few years; the GPPA Program has contributed to the phenomenon. However, more students are enrolling in advanced science courses and that trend has exacerbated the reality that equipment in many laboratories is outdated and must be replaced. LAS therefore seeks additional state funds to distribute to the science departments and psychology in proportion to the number of students enrolled in laboratory courses, allowing the replacement of scientific equipment over 5 or 6 year periods which is the natural lifetime of scientific equipment in an undergraduate laboratory.

In order to meet accreditation standards, funds are requested to support tenure-track faculty positions in the College of Business Administration. New positions would be established in the Departments of Information Decision Sciences and Accounting.

## Meeting Student Academic Needs

The College would like to establish six more tenure-track faculty lines and will combine the salaries of two non-tenure-track full-time lines to support one of them.

The College of Dentistry strategic plan calls for the development of satellite clinical facilities for the enhancement and improvement of clinical instruction. With the closure of Northwestern University Dental School, the College decided to accelerate the plan. If implemented, its proposal would improve clinical instruction, address increased enrollment in a modest way, increase the visibility, reputation and services of the Medical Center. The plan calls for the creation of satellite dental clinics in suburban areas of metropolitan Chicago in order to gain access to a more diverse patient population for clinical education and research programs as well as to accommodate an enrollment expansion which is inhibited by the size of the current clinical facilities. Without additional space to accommodate an enrollment increase, research and clinical programs would be jeopardized. Implementation of this proposal would expand the predoctoral DDS and advanced general dentistry program enrollment and would allow for the assignment of current senior dental students to satellite clinics. The campus is requesting funds from the state for a model site. Support for additional sites will be requested in future fiscal years.

The College of Pharmacy wishes to implement faculty recommendations for change in the interdisciplinary learning sequence related to the delivery of primary pharmaceutical care in the urban community setting. The Enhanced Pharmaceutical Care Laboratory Instructional Program—Phase I request is directly related to Pharmacy's revised curriculum. The College seeks to provide the structure and environment for learning—both onsite and at external experiential training sites—and for fostering the development of skills, attitudes, and behaviors that will enable their graduates to become caring, informed, empathetic caregivers in our multicultural society. To enhance its educational program, the College proposes changes in instruction which would integrate the basic pharmaceutical and applied sciences, a redesigned learning laboratory environment, effective use of instructional and functional technology in the laboratory setting and the development of interactive-communication networks between the College of Pharmacy and major external clinical clerkship sites. The College has designed a two-year phase-in for the program. In year one, the College would implement the onsite laboratory initiative and will request support for the external outreach component in year two.

The campus annually receives a substantial number of requests for one-time resources from its units to fund basic student academic needs. An example is a request to support the Building Science Resource Center in the College of Architecture and the Arts which supports graduate and undergraduate instruction. The historical deficiency of the Architecture Library has been noted repeatedly by the National Accrediting Board. New resources are needed to support faculty–release time to assemble a collection of samples of building materials, CD-ROMs and books. Similarly, funds have also been requested by the UIC Library to fund the purchase of microfilm for serials and equipment for digitizing of microfilm images.

In other cases, funds are needed for the renovation of existing instructional and research labs to bring them to the current state-of-the-art in technology and other infrastructure systems. At the time of UIC's original construction, the campus was seen as serving predominately an undergraduate population. As a result most labs were constructed as large undergraduate teaching labs. Those facilities do not adequately serve today's UIC with its larger graduate student population and much more intensive research environment.

Finally, UIC seeks additional funds to respond to new program growth demands from enrollment pressures in several areas. Those with particularly pressing needs for additional faculty include Liberal Arts and Sciences, computer science, management information sciences and a variety of areas linked to biotechnology, including the biological and chemical sciences.

## Improving Graduate Education

In keeping with the UIS Vision Statement, the campus intends over the next several years to "strengthen its graduate programs to meet the criteria of quality and distinction." Enhancement of the faculty base is integral to this effort. In addition, improving graduate education will be achieved by strengthening the governance of graduate education and by improving the administrative processes supporting graduate education and the graduate assistantship programs. Graduate assistantships can

	be used by universities to attract non-local, high caliber students to their programs. This request includes funds to complete a three-year program to raise graduate stu- dent stipends with the aims of attracting students from a wider geographic area and enhancing program quality. The doctorate in public administration will further en- hance the campus' strong efforts in the public affairs arena and will also strengthen associated master's degrees in political studies and other related disciplines.
First-Year Discovery Program	The UIUC First-Year Discovery Program, introduced in Fall 1994, was designed to promote greater interaction between faculty members and first-year undergraduate students. Discovery sections are offered in many formats and disciplines, but all have in common the goal of helping freshmen make the transition to the intellectual life of the campus. Enrollment in all sections is limited to no more than 20 freshmen. Discovery courses are offered in a variety of formats, from seminars to field courses. Regardless of format, all Discovery sections are small, interactive and faculty-taught.
	The program has been evaluated by students each semester since its inception. The Discovery courses are consistently rated very positively on all items, including the extent to which the students believe the course provides a valuable learning experience; the extent to which the course provided a model of how they would like to interact with all their professors in the future; and the extent to which they would recommend the Discovery course to other freshmen.
	The program currently serves approximately 65% of the freshman class. Funds are requested to expand the program so that 75% of entering freshmen will be able to enroll in a Discovery course during their first year on campus.
Strengthening Student Retention	Improving undergraduate instruction can best be accomplished through improved student recruitment and retention services. The following UIC programs have been identified as key components of that initiative. Important programs include those that enhance graduate assistantships, stipends, training and undergraduate instruction.

The Office of the Vice Chancellor for Research (OVCR) has requested funds to support a four-year implementation of the recommendations of the Task Force on Graduate Assistantships and Fellowships. Funds have been requested to provide stipend increases for targeted assistantships and fellowships, as well as to increase the number of fellowships. One goal is to increase stipends for state-funded assistant-ships at an average rate of \$1,000 per assistantship.

In the College of Architecture and the Arts, it is necessary to offer teaching assistantships to attract and retain outstanding graduate students. In order to compete successfully for highly qualified Ph.D. students, the Department of Art History must offer 50% teaching assistantships. The School of Art and Design is in a similar situation, having reallocated \$23,000 from retired faculty members' salaries to support graduate teaching and research assistantships. However, the School must continue to increase the level of funding in order to compete with the increasing number of institutions that are able to offer financial packages that cannot be matched here.

One way to improve student services for undergraduates is to provide better access to quality opportunities for graduate work and in particular, access to major scholarships and fellowships. The Honors College provides academic opportunities and enhanced learning experiences for talented and motivated undergraduates and acts as the main campus recruiting and retention unit for this category of students. The College offers honors core classes, one-on-one advising, academic, research and financial/scholarship opportunities. Since the Honors College's conversion from an honors program to a collegiate unit in 1982, it has served as the UIC representative for most national and international fellowship programs. The establishment of a new position, a Major Scholarship and Fellowship Coordinator would work, with the support of a graduate assistant, to aggressively identify potential award applicants for major scholarships, fellowships and maintain regular contact with major award-selection programs.

The College of Liberal Arts and Sciences (LAS) proposes a new program to improve the quality of advising services to help assure the academic success of undergraduates. The enhanced advising center would assign each student to a particular advisor who would work with the student during his/her entire career at UIC. This would provide intensive proactive advising for freshman with follow-up continuity for the entire degree program. A mandatory advising requirement would be implemented for freshmen. Group meetings would be assembled to address a variety of issues such as scholastic difficulty, selecting majors and degree requirements. Advisors would be accountable for tracking the academic performance of the students in their cohort over the period of enrollment in LAS. The College believes that this proactive advising of LAS undergraduates would significantly increase the retention and graduation rates of undergraduate students.

A unit of the Vice Chancellor for Student Affairs, the Counseling Center's Academic Center for Excellence offers a learning enhancement program designed to target the most difficult, high-risk courses for freshman. The Supplemental Instruction (SI) sessions, which are taught by graduate students, strive to improve the grades of students in courses where SI is offered, decrease the drop out rate of students in highrisk courses and increase overall student retention. Freshman students who attend SI sessions have significantly higher grades for the content courses that those who do not. The campus requests support for more SI leaders as well as a senior level academic skills specialist to coordinate the recruitment, training and supervising of the SI leaders on an ongoing basis. Additionally, the training and supervising of SI leaders provides an important and unique in-service teacher-training experience for graduate students.

The UIC Library is ranked 53 out of 109 research libraries in the Association of Research Libraries in the acquisition of new materials and second to last among CIC libraries. New state funds are needed simply to maintain the status quo by enabling the Library to retain its current level of acquisition of books and serials in the face of inflation, increasing monograph purchases in targeted areas and replacing selected serials. The funds would also enable the acquisition of new electronic-based information sources. The Library proposes to increase monographs in those areas of the humanities and social sciences with greatest need. Funds are requested to reinstate selected serials as well as to minimize cancellations. As faculty integrate use of the network into their teaching, funds are needed to support the increase in demand for networked-based information resources. Finally, the Library would like to purchase microfilm and backruns of some periodicals in an effort to preserve materials and conserve space.

#### Targeting Academic Strengths

The UIC School of Public Health is the only program of its kind in the State of Illinois. The School's reaccredidation review targeted online courses, the need for development and support of administrative and student data management systems as well as the support of research development and management systems. To maintain accreditation and quality of programs, the Dean's office self study and restructuring process mandated the creation of a new position for an Associate Dean. The new Associate Dean would focus on the relationships between the School, the University and the external community and government constituents. The self study also recommended that funds address the Environmental and Occupational Health Sciences Program. The site visit team reported that this program be updated and recommended faculty recruitments, laboratory equipment updates and the hiring of a fulltime laboratory manager. Together, these recommendations would strengthen and expand the academic program, facilitate research, enhance the educational experience for students and provide the much-needed integration between the research and academic activities.

During the past academic year, the division of Epidemiology and Biostatistics has undergone two site visits to review its two academic programs. The review team concluded that the enhancement of the methodologic aspects of the Biostatistics academic and research programs be given high priority. The discipline of Epidemiology is changing with more focus being placed on the molecular and biologic/clinical aspects of research. To provide the appropriate education for their students and be competitive in acquiring outside funding, it is crucial that the program have expertise in molecular and biological/clinical epidemiology. Two other areas, where having expertise would allow for more interdisciplinary research that would address the problems common to a large urban area, cancer epidemiology and reproductive epidemiology, have been identified and targeted for FY 2001 requests. The School requests funds for the Great Lakes Center, which supports two academic units, Environmental and Occupational Health Sciences and Epidemiology and Biostatistics. Funding is needed to support the administrative functions which are not supported by the indirect costs associated with research and training grants.

Realizing that knowledge has become the key resource in our global economy, the College of Nursing is focusing on developing 'leading edge' learning environments. As one of its current showcase initiatives, the College is planning a Center for Learning Excellence which will support all current and emerging programmatic areas and is designed to meet the pressing need to develop and test models teaching and learning for the information age. Today's clinicians must have excellent analytical, decision-making and communication skills in addition to scientific knowledge and technical skills. The Center will allow for an increased capacity to address the needs of a diverse body of learners, the development and evaluation of innovative teaching methods and technologies, the development of students' critical thinking skills, orientation to lifelong learning and increased effectiveness and efficiency of professional practice learning.

The Office of Vice Chancellor for Academic Affairs requests support for units serving special needs, in particular targeting units that are especially strong in their concentration areas, but that need increased support to serve their constituencies. The Study Abroad Office seeks funds to support their Collaborative Project to Expand Study Abroad Opportunities. The Office of Women's Affairs would like to establish an Associate Director position which would oversee a Women in Science and Engineering Initiative as well as an Undergraduate Research Program. These programs would provide research and work-study opportunities. Operating increases for the African American Cultural Center and the Latino Cultural Center would support program development.

#### Management Information Systems Program Expansion

Concerns about the adequacy of the workforce available to meet this country's escalating demands for information technology workers have been raised in numerous reports and in the national press. In July 1998, the IBHE issued an analysis of the implications for Illinois higher education of the national dialogue about information technology workforce preparation. This analysis indicated that although national studies show somewhat conflicting conclusions about the scope of the shortage of information technology workers, they generally agree about the significance of the demand and the shortage of supply for trained information technology workers. For example, national growth in employment for people in computers, mathematics and operations research–the three core occupational classifications in information technology–is projected to be 98% between 1996 and 2006. Statistics for Illinois mirror the national trends. The Illinois Department of Employment Security projects Information Technology workforce demand to be approximately 5,400 jobs annually through 2006. In contrast, Illinois public and private colleges and universities graduated about only 4,200 students from computer and information technology programs in FY 1997.

The University of Illinois at Springfield recently embarked on an innovative project to increase student access to graduate education in this burgeoning field. The project will develop an online version of the campus' master's degree in management information systems, which will make the degree program available to students throughout the state and avoid the need to relocate.

The overall objective of the MIS degree is to bridge the gap in organizations between those who have technical knowledge and those who have organizational knowledge and leadership responsibilities. Graduates are expected to have a working knowledge of computer technology, database design and administration, distributed processing and telecommunications, expert systems technology, and systems analysis and design. However, graduates are also to have an understanding of the management decision-making process and employ their technical understanding in solving organizational information needs related to decision-making.

The degree requirements for the online course will be identical to those of the oncampus program. All courses will be developed and taught by full-time MIS faculty. The online courses will follow UIS' normal 16 week format. Weekly assignments, delivered using latest internet technology, will include reading or listening to instructors' lectures, participating in electronic discussions, doing problems and exercises, taking quizzes and taking part in small group work. Initial support for the development of the MIS Online program was provided by UI-Online, a university wide umbrella organization whose aim is to foster online course and program development on all three campuses. Additional resources are required to implement and sustain the full program.

The requested funds will provide additional faculty and staff support to speed up development of the online courses and will furnish a recurring source of funds to ensure continuous delivery of the complete program. Specifically, the funds would permit the hiring of three additional faculty and additional staff to provide administrative support for the program, as well as providing additional resources for nonpersonnel expenses associated with delivery of the program.

## UIS Strengthening Undergraduate Education

The UIS campus vision calls for achievement of excellence in the traditional liberal arts areas of undergraduate education complemented by a lively extracurricular intellectual, social, and cultural life. The Capital Scholars program continues to offer an important contribution toward the ultimate achievement of that goal by enhancing academic programs in the liberal arts programs in liberal arts and sciences, attracting capable new students and moving the campus toward a critical mass of residential students. Incremental state funds, in combination with additional tuition income from a modest enrollment growth plus reallocations of existing resources will enable UIS to initiate this important new program.

# Investing in Instructional Technology (\$8,134,000)

#### **Overview**

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

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

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

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

technology revolution. To prepare the instructional environment for the 21<sup>st</sup> century, we must accelerate efforts to improve the physical instructional environment, to expedite the use and delivery of multimedia instructional tools and to provide an instructional development support system for our faculty. While technology has quickly become one of our closest partners in education, research and public service, enabling us to reach further, faster and more independently, its abundant array of uses could quickly exhaust resources. Setting priorities, therefore, is key to maintaining focus and productivity. Even with those in place, the need for funds for technological support continues to exceed the available resources of the University of Illinois. The unique nature of technological need requires initial capital investments, namely, the hardwiring of campuses and the establishment of campus networks. Subsequent investments are required for the purchase and planned replacement and upgrading of hardware and software. And while there is a recurring nature to computer and systems support at the campus level, the burden of large nonrecurring investments required on regular schedules has also presented itself to units, and via them, the University.

The University of Illinois is currently concentrating on supporting instructional technology infrastructure and is requesting funds to be allocated for content development (educational technology and electronic information resources); infrastructure development (hardware and software) and personnel development (technical support). This request outlines the University's need to provide students with greater access to computers, to support technologically up-to-date classrooms, as well as the recurring costs involved in managing technology in education. Included are requests for labs and lab equipment, new learning centers and databases as well as funds for instructional technology management. However, in each of these instructional technology thematic areas, the University has accepted requests for large nonrecurring investments from units, grouped them together, and has asked for a portion of the total nonrecurring costs as a supplement to support this portion of such costs each year. Establishing a central fund to meet technological needs and to be allocated on an as-needed basis is the most cost-effective way to meet this unique type of recurring/non-recurring breed of investment. Such an investment will enable the University to address these nonrecurring needs in light of campus priorities. This direction represents the University's response to the rapidly evolving nature of technology and the consequent need for technical infrastructure in the classroom and on campuses. In its FY 2000 request, the University has identified a number of projects required to enhance its instructional technology infrastructure. These are described below.

#### Technology Development

For several decades the University of Illinois has been a national leader in incorporating cutting-edge information technology in its instructional, research, public service and administration support activities. Continuing to incorporate and make use of new state-of-the-art technology in all facets of its operations remains a very high priority. Past successes have raised the expectations of students, faculty and administrators who want to continue to take advantage of the latest technology in providing new ways of teaching, interacting with students, providing public service, doing research and supporting administrative activities.

#### UIUC Technology Development Goals

The primary focus of the UIUC campus in its efforts to develop and utilize new technology continues to be on acquiring the personnel and operational infrastructure to support learning enhanced by technology, etc., in a context of pervasive use of networked computers for all aspects of campus activity. The primary expenses involved are for hiring people to develop and support new kinds of teaching material and for delivery systems of networks and computers that developers and students use. Even as more students own personal computers, there is sharply increasing demand for communications networks and information services to support that ownership.

Like UIUC, most companies, colleges and universities are faced with an increased demand for personnel with the expertise required to take full advantage of the new technology that continues to appear on the horizon. The shortage of qualified personnel is particularly significant in the areas of networking, multimedia development and end-user support. A recent U.S. Department of Commerce study referred to the shortage as a serious deficit in the nation's manpower pool. Salaries for persons with the required technical skills have risen rapidly, and it is clear that universities like UIUC have an important role of training the next generation of technical per-

#### **Academic Program Initiatives**

sonnel that will be able to advance learning, usage and development of evolving technology.

The primary needs of UIUC relating to technology development fall into four major categories:

- 1. <u>Competitive Salaries</u>: Special salary increases are needed to increase the salaries of existing technical staff at UIUC to market levels. At present, salaries for many of these valuable employees are not competitive with those offered outside the institution. Many excellent technicians have left to accept better-paying positions elsewhere.
- 2. <u>Computer Access and Renewal</u>: More technical experts are needed in units throughout the University to recommend, install and maintain new personal computers; to develop and maintain networks; to insure that proper software is purchased and that the personnel in the units know how to use it; and, to be available to those who have special problems with the technology. It has become obvious over the past decade that personal computers and associated networks represent recurring costs and not just one-time investments. The technology is evolving very rapidly and to use the best available software, the current technology must be available.

For instance, today one can display graphical information which simply could not have been displayed on earlier systems. In the next two years it is expected that sound and video material will be a part of the evolution.

3. <u>Network Access</u>: As the campus network has become available to everyone, connections to the worldwide Internet have become critical to those with personal computers. Access to the vast amount of information on the Internet has expanded everyone's horizons and has simplified and broadened communication tremendously.

UIUC has been recognized as one of the best "wired" campuses, and it must continue to expand its network access. Current leadership at UIUC in projects like Internet2 and the Illinois Century Network stem from past investments which need to be repeated now.

4. <u>Common Software</u>: By selecting standard software, UIUC can realize large savings at the time of initial purchase, and it is possible to acquire automatic updates of the software as new releases appear on the market. Standardizing software reduces confusion on the part of users making the interchange of information much easier.

UIC Expanding and Enhancing Student Computer Access The UIC Campus request for funding student computer labs would provide funds for allocation on an annual basis to the Colleges to support public computer labs. Priority projects include: undergraduate computer upgrades for the School of Art and Design and the Department of Performing Arts; computers for use in the College of Architecture and the Arts Slide Library/Visual Resources Collection; computer equipment for the Informatics Learning Center of the School of Biomedical Health and Information Sciences; and support for Library workstations, scanners, printers, computers, software and output devices.

## Content Development and Learning Technologies

One of the areas of instructional technology requiring additional investment involves providing support for the development of course material using new instructional technologies. There is a substantial body of evidence that suggests students feel learning is enhanced through the use of interactive technology which enables them to learn on their own time, and, in many cases, with feedback that is almost immediate. To date, many faculty members across the three U of I campuses have taken the initiative to develop such materials for their own courses; the majority of faculty however, do not yet possess enough technical knowledge to develop courseware on their own. The campuses need to provide training for faculty and graduate students in using the new learning technologies as well as support for courseware development

Funds requested at UIUC would be used to develop training programs for faculty and teaching assistants, by discipline, so that they can more easily understand how various instructional technologies could be used in their courses. Further, funds will be used to provide technical assistance for faculty in instructional materials development.

In FY 2000, funds to support learning technologies at UIC will be used to support the increasing number of faculty members using computers and networks in effective and appropriate manners for teaching on-and off-campus students. The focus will be on the use of interactive tools whereby students can interact with faculty members teaching the courses at any time and any place. While the new learning technologies permit increased levels of interaction in larger classes, provide active class assignments and access to educational resources worldwide, they require stable and

#### **Academic Program Initiatives**

reliable environments of support. Educational technology support centers on the campus and in the colleges that will support both on-and off-campus instruction from design and development to delivery support and student services. The funds requested will be used in the following ways:

- to assist faculty with course design and development,
- to provide summer salary support for course development,
- to provide support for delivery of online instruction, and
- to support evaluation and create standards for the off-campus online academic programs.

#### **Technology in** the Classroom

The UIC School of Biomedical Health and Information Sciences in the College of Health and Human Development Sciences requests funds for an Informatics Learning Center which will serve as a classroom/demonstration laboratory site, as well as, promote and enhance healthcare informatics, which is the application of computer science and information science to the field of healthcare. The Informatics Learning Center would support undergraduate and graduate education by fostering competencies ranging from the use of electronic mail and bibliographic referencing software, to clinical, financial and administrative information systems. The Learning Center would also support computer-aided instruction, distance learning and online training as well as the development of a multimedia repository simplifying the use of and access to multimedia material, including sound, animation, 3-dimensional data and high-resolution images. Such a repository will include medical imagery and image processing tools essential for online training in hematology, histology, pathology, radiology, etc. The storage capacity provided by this repository will be used to make large digital image-data sets and diagnostic imagery readily available to students and faculty. The Learning Center builds upon an interdisciplinary training concept and will serve as a site for the University of Illinois intra- and inter-campus multi-disciplinary informatics, education and research efforts.

Currently, UIC has 18 multimedia classrooms on campus; by FY 2000, there will be 24. In order to maintain the multimedia classroom equipment, the Office of the Vice September 1998

Chancellor for Academic Affairs requests funding for a five year program for the retrofitting and update of equipment in five rooms per year. Additionally, the campus requests recurring funds to support a multiple year purchasing cycle of other classroom technology equipment.

## UIS Instructional Technology

UIS's goal is to create a technology intensive learning environment and the campus is currently engaged in a very successful effort to incorporate information technology into its academic programs. During the past decade the campus has made great strides in strengthening the technological base related to computing. The UIS campus now has a new state-of-the-art campus network, an Office of Technology-Enhanced Learning, a growing array of sophisticated classrooms and laboratories and an expanding fund for the regular replacement of computers across campus. At this stage, UIS needs to augment these successful efforts. As use of computer-based instructional technology multiplies, the campus needs to add staff positions to support the growing number of special purpose labs, to respond to the increasing numbers of faculty and student users and to maintain the campus network. The number of labs needs to be increased to meet peak demand. Also, additional classrooms with fixed computer projection equipment are needed. Finally, revolving funds for purchasing and maintaining computer equipment should be further increased.

#### Managing Instructional Technology in Education

The Chicago Imagebase Project aims to provide online access to the full range of information about the contemporary and historic "built environment" of the Chicago area through development of an electronic research and retrieval system. This proposal supports two activities essential to building the proposed system: the development of a GIS-based indexing system which will manage the interconnection of the different forms of data; and the continuing acquisition of archiving, web-based presentation of images and textual material. The primary need of the Imagebase Project is funding for a technical manager to coordinate faculty research and development. Because this will be a faculty-driven project, funding is also needed for release time for faculty from participating units which include: Art History, Architecture, Art and Design, Urban Planning, Anthropology (Geography), the UIC Library and others who may join as the project develops. In addition, the project will employ graduate research assistants and student workers, and will require modest funding for administrative management. Funding will also support upgrades of computer capacity for faculty on the project, additional software, acquisition and processing of materials for the Imagebase, miscellaneous supplies and communications.

Past educational technology initiatives at the university, campus and college level have provided the opportunity for the UIC College of Education to develop the capacity for fundamental technology education of future teachers, administrators, education researchers and policy developers. However, the continued technological advances of the external environment challenge the College of Education to move to a new level of competency and interconnectivity in the use of educational technology. The College has focused its efforts in four areas:

- 1. Preparing the next generation of education professionals to use technology with a facility that ensures the creative and effective enhancement of learning in pre-school through post-secondary level classrooms;
- 2. Ensuring that Education faculty are able to model the use of technology for future education professionals;
- 3. Preparing education researchers to investigate the effective uses of technology in all education settings; and
- 4. Providing educational technology resource support for schools and other learning environments.

In order to meet those objectives, the College of Education requests funding to support the ongoing upgrade of educational technology laboratory equipment, the maintenance of peripherals, access to a library of educational software, the provision of a mechanism for annual licensing and a clinical faculty member to provide assistance regarding the critical junctures between technology and pedagogy.

The School of Public Health Information Technology Management Program is essential for its reaccredidation efforts. Funding will permit the School to serve and maintain its computer labs, provide instructional support for the development and management of online courses and web-based course materials, provide technical development and support for administration and student data management and support research development and management. New state funds will support the cost of a director, programmer, graduate assistants and equipment replacement.

#### Campus-Based Support for UI OnLine

UI OnLine, the University's computer-based instruction program has won praise statewide and nationally. Initial funding for the Health Professions OnLine Initiative was provided in 1997 by a grant from the Sloan Foundation. As a part of that initiative, 4 Health Science Colleges developed 32 online courses thus meeting market forces for professional education that were already creating the need to modify inclass course offerings. The majority of the students affected by the Health Professions OnLine Initiative are mature adult learners whose employers permit them a choice of educational alternatives.

The School of Biomedical Health and Information Sciences (BHIS) in the College of Health and Human Development Sciences received funds to move its six informatics courses from its traditional classroom format to a mix of online learning with seminars. BHIS has invested heavily to ensure that every faculty member has a networked multimedia desktop computer and is completing its computer strategy plan that will provide for the replacement of one-third of its computing power (both faculty and student) every year. The School has already invested in training faculty with the basic productivity tools and will support costs of a system administrator/webmaster, marketing software licenses, course evaluation, faculty travel and support staff. BHIS will offer online courses to both undergraduates and graduates and hopes to convert a total of 14 courses to the online format and needs additional funds to support their development and maintain the online format. The College of Pharmacy has a strong record of successful grant funding for instructional technology initiatives and has made a significant internal contribution to the Sloan initiative. Because the College is implementing year one of a four year professional curriculum for their traditional full time students, all positions requested are cost-shared by the College according to allocation of effort between UI OnLine and the traditional curriculum. Pharmacy will need additional funds to support faculty release time to devote to keeping the material current, enhancing course deliv-

ery, as well as, equipment replacement on a three year cycle. Graduate assistants will support faculty by managing student inquiries and assisting with course material

updates. College funds will support a new position, Director of Information Technology, which has been created to lead the College with a vision for applying technology to the Pharmacy Professional Education Program as well as to oversee all computer-related services and operations. In addition, Pharmacy will fund faculty development and training related to curriculum, technology applications and curriculum capabilities, a programmer position and clerical staff.

The College of Nursing plans to convert four courses per year to the online format. Recurring dollars will fund release time for faculty coordinators and course developers, instructional media technicians, graphics designer, graduate assistants, as well as, equipment and furniture replacement. Additional expenses include servers, hubs, associated software, workstations, security and fiber optic system. Other infrastructure requirements include grad assistants for the help desk, web master, resource coordinator, distance learning and software/licenses.

The School of Public Health plans to develop six online degree credit courses and four continuing education courses. The six degree credit courses are required of all Masters of Public Health students and will also be marketed as a Public Health Certificate Program for public health workers throughout Illinois and surrounding states. Included in the request are maintenance costs to run the Sloan funded courses and the costs of expanding the certificate program to a full online Masters of Public Health degree. Such a program would serve as an executive MPH program for working professionals who are unable to return to the traditional classroom. Unquestionably one of the world's greatest library collections, the University Library of the University of Illinois at Urbana-Champaign (UIUC) is unique in its commitment to providing open access to its resources not only for faculty and students on campus, but also for other individuals throughout the State, the nation and the world. This commitment is a natural outgrowth of the progressive library system developed by the State of Illinois, linking virtually all of its publicly supported libraries so that their resources are available to any citizen of the state. In FY 1997 over 80% of the 65,031 items loaned off-campus by the UIUC Library went to libraries within the State of Illinois. As more information resources become available in electronic formats, academic libraries are committed to developing the technological capacity to

Electronic Information Resources: A Library Improvement Program provide services and access to resources in this new environment. While these new technology-based information resources do not replace a continued commitment to the predominantly print-based format of educational and scholarly information, they do add a significant financial burden on libraries without releasing comparable resources that can be reallocated. Over the next five years, several new initiatives will drive the budget for the UIUC Library: electronic information resources; infrastructure for electronic information resources; and instructional support for the new electronic information resources environment.

#### Electronic Information Resources

The UIUC Library is planning significant advances in providing electronic information resources on a broader scale in order to keep pace with the needs of its students and faculty, and as a longterm defense against double-digit inflationary costs of printed scholarly and research information. Since 1988, the UIUC Library has canceled more than \$1,300,000 in serial subscriptions, primarily due to the rapidly escalating costs of such subscriptions. Because other libraries are in substantially the same position, there are real limitations to the standard alternative of borrowing from other collections. It is anticipated that many scholarly and research journals will be available in electronic formats in the near future. In addition, many other reference and scholarly resources are currently available as online databases or on CD-ROM disks. Subscription prices for many electronic information sources can be negotiated at consortium discounts that are more cost effective than individual institutional subscriptions.

Currently, the collection development budget for the UIUC Library does not provide for the acquisition of electronic information resources in many of the primary areas of research and teaching of the University. These new electronic resources provide significantly better information in all formats and are widely accepted as fundamental services in research libraries. Lacking the ability to acquire these products, the Library and the University lose their competitive edge in attracting premier students and scholars.

Two types of materials are essential for the UIUC Library to make the transition to a more technologically advanced environment. First, a wide array of electronic indexing, abstracting and current awareness tools provide access to primary electronic

information resources as well as printed materials. Second, primary full-text electronic information resources, including research journals and other primary sources (e.g., newspapers, literary texts) need to be acquired to support the essential teaching and research areas of the University. In addition, the Library needs to contract for the delivery of individually requested journal articles that appear in journals to which the UIUC Library does not subscribe and which are not readily available from other libraries.

Complementing the commitment to augmenting general electronic information resources is an initiative to improve access to non-textual electronic resources. Access to these resources is highly complex and requires intensive mediated instruction for individuals to use these important emerging technologies successfully. In particular, the UIUC Library intends to enhance access to digital cartographic resources. However, in order to display, manipulate and analyze these vast amounts of spatial information, an electronic infrastructure known as GIS (Geographical Information Systems) is required. Digitized maps provide much greater flexibility than previously was possible with paper formats. This flexibility permits spatial analysis of data drawn from a variety of sources. Through this project, Library patrons will be able to produce maps which reflect individualized research and will no longer be dependent upon what may or may not be available on paper. The program will have a positive impact upon undergraduates who otherwise would have virtually no access to these resources.

Another aspect of the GIS initiative will be to improve access to the historical resources of one of the nation's largest academic map collections. These unique holdings, which include rare and historic Illinois maps, need to be converted to digital format to make them more accessible to scholars and students. The digitized maps will provide an important instructional and research resource for historians, social scientists and environmental researchers, furthering the work of many agencies that are involved in developing the economy of the state.

In addition, the Library intends to provide enhanced access to its unique collection of archival materials through digital imaging. Digitization provides the opportunity

both to preserve materials and to make them more accessible both on campus and over the Internet. In particular, the Library is engaged in a project to make the vast collection of primary and secondary Marcel Proust materials available. At the heart of the collection are 5,000 letters of Proust and 40,00 index cards which represent the core of the eminent Proust scholar Phillip Kolb's 50 years of research on Proust and his contemporaries. These resources will provide a panorama of French culture at the turn-of-the-century by means of hypertext links to persons, events and literary works to which reference is made in the letters from and to Proust. The on-going digitization of these resources will serve to preserve this unique base of knowledge of the period. The project is exemplary in that it serves as a model for organizing electronic primary and secondary materials for research in the humanities.

Infrastructure for<br/>Electronic<br/>InformationIn the summer of 1998, the UIUC Library will implement the largest and most ex-<br/>tensive systems upgrade since the original introduction of the online catalog in 1978,<br/>the first comprehensive technology infrastructure for the Library. The \$1.3 million<br/>initial cost of the hardware (staff and public workstations, servers, bar coders and bar<br/>code readers, etc.) has been financed partially by grants from HECA and the State<br/>Library. The campus will have to finance the balance over the next several years.

Workstations will be available in 1998, and over 4 million items in the collections will be bar coded for automated circulation. The infrastructure required to maintain the integrated library management system that the State has acquired from Digital Research Associates (DRA) and to continue to upgrade and replace the initial hard-ware would be substantial. The improved functionality of the system and the openness of its design will allow access not only to the online catalog but also to the campus network and external information resources from the Internet. This will undoubtedly stimulate an increase to the more than 50 million logons to the online catalog and the bibliographic databases the Library recorded in FY 1998. Additional personnel support will also be required to operate the new system.

Instructional Services for Electronic Information The complexities of the new electronic information resources environment will require the development of a more substantial instructional program than the UIUC Library has been able to maintain in the past. In the campus report, "A Framework for the Future," an expanded instructional role for the University Library is expected. The student component will be based in the Undergraduate Library. Although the emphasis of the instructional program will be on undergraduates, a component aimed at graduate students and faculty will be based in the General Reference Department of the Library, using the instructional facilities being developed for the Undergraduate Library. In addition, the UIUC Library sponsored Advanced Information Technologies Group (AITG) will serve as the primary agency responsible for advanced instruction and research for information technologies. To carry out these charges will require an improved instructional program with a concomitant complement of staff.

An Information Mall has been proposed that will provide high-level computing equipment, labs for group instruction and space for AITG on the upper level of the Undergraduate Library. The Mall will be directly responsive to a wide array of information needs of undergraduates, including self-instruction packages for basic and advanced skill development. The Mall will enable the UIUC Library to respond to rapidly changing formats for undergraduate instruction and research. Working closely with other campus units, instructional activities designed to enhance undergraduate student information-seeking skills will include:

- 1. information-seeking strategies;
- 2. how to navigate the Internet;
- 3. how to evaluate information;
- 4. uses of specialized information sources, e.g., image databases; and
- 5. how to organize and format information.

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

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#### UIC Library Technology Needs

For nearly three decades, technology has been used by the UIC Library to provide access to information. For example, the online catalog provides access to a print book and journal collection, and various systems search citations for individual journal articles. More recently, technology has been used to access electronic information, e.g., census data and electronic journals, and to deliver print information more quickly by converting it to electronic format. With the establishment of the InfoTech Arcade, the Library is moving into a new phase which includes the creation of electronic information in conjunction with faculty initiatives. The "first generation" of faculty users of the InfoTech Arcade are maturing as the technology continues to change. The UI OnLine initiative will increase an already rising demand for these services. The InfoTech Arcades (East and West) need to be expanded, updated and staffed more fully. New equipment to provide storage and faster retrieval is required. The Library plans to implement a large scale pilot project to test wireless technology in the Main Library. The Library requests funds to support personnel; memory and storage costs; hardware; software to digitize print and graphic information, convert to different formats and deliver information to the desktops of the library users. To support the wireless initiative, the Library will pay for the purchase and installation of the network and will reallocate staff to support the creation of electronic reserves that will then be available over the wireless network.

#### **UI-OnLine**

For decades the University of Illinois has delivered distance instruction through various media, from postal correspondence courses to videotape, television, two-way video and satellite. The advent of broad access to the Internet has created a new medium for distance education and new opportunities for place-bound learners. UI-OnLine, a University-wide umbrella organization, was established in January of 1997 to provide coordination and support to the three campuses of the University of Illinois as they expand and transform their off-campus educational and public service offerings to take advantage of this new, highly interactive medium.

Over the last year and a half, UI-OnLine has provided development grants and technical assistance for four online degree programs, four post-baccalaureate certificates and several professional development sequences. Funding for these initiatives has come from non-recurring University sources and a grant from the Alfred P. Sloan Foundation.

Faculty interest in Internet-based instruction is growing rapidly. To ensure continued growth and success of the UI-OnLine initiative, the University must invest regularly in the development of promising, new online academic programs, develop centralized technical support to keep all University courses current with the latest technologies and advance ongoing assessment mechanisms unique to online instruction. To meet these recurring needs will require new program funds beyond those grants and internal allocations we can anticipate.

Development grants cover the one-time costs of converting an existing program to online format or creating a new online program. These costs often include faculty release time, employment of graduate and undergraduate assistants, compensation of programmers and/or technical support staff during the development phase and purchase of hardware and software. All supported programs must have a business plan for recovering the ongoing delivery costs after the initial award is depleted. Additional funds are needed to keep up with the growing need for development grants.

We can also no longer keep up with the demand for technical support. Technical assistance, instructing faculty on the latest in online technology, is not only required in developing new courses but in revising current courses as well. Internet technology changes daily and today's chatroom will be tomorrow's virtual reality classroom. We will need to revise our online efforts with the latest technologies appropriate to each program. In addition to technical assistance, support will often require the purchase of new hardware and software unique to a new innovation.

Another priority of the UI-OnLine initiative is promoting effective online pedagogy and assisting units with assessing the quality and effectiveness of their online programs. Developing comprehensive assessment mechanisms is critical in meeting the full expectations of our students as well as our own confidence in new technologies. With new program funds, we will be able to employ a fulltime staff member to serve as a University-wide expert and resource in the evaluation of online programs.

In the proposed budget, the bulk of the request is in program development funds, with a smaller amount allocated to technical support. As more and more programs come online, less will be needed for program development and more for technical support. Over time, we will shift resources away from program development to upgrading existing online programs to take full advantage of future technologies that prove themselves to be effective in online instruction.

# Increased Links to the State of Illinois (\$1,460,000)

#### **Overview**

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

In 1995, UIUC initiated Partnership Illinois to bring faculty expertise across the University to bear on the technological, economic, social and cultural challenges facing Illinois. Partnership Illinois goals are to raise awareness of current UIUC services and to respond to current and developing state needs in an efficient and coordinated manner.

#### UIC Great Cities Educational Focus

As a unit of a public, urban land grant institution, more than ever before, UIC's College of Education is taking the leadership role in promoting change in teacher preparation at both city and state levels. The critical need for excellent teachers is obvious–particularly in metropolitan areas. The long-standing state and national trumpeting about quality teacher education is now leading to concrete action.

The College of Education, largely known for its research productivity and outreach initiatives, has identified teacher education as a top priority. As such, the College has already invested substantially in this area including: the newly launched Council on Teacher Education, participation in the UIC College of Education-Illinois State Board of Education Task Force on Teacher Preparation, faculty partnership with the Chicago Public Schools and the Chicago Teachers Union on the curriculum and implementation of a new system-wide teacher induction program.

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To continue this level of involvement with teacher-preparation programs without adversely affecting other program areas the College of Education will require additional financial resources. The college needs to add both faculty and support staff. Increased funding would enable the College to maintain its important leadership roles, without compromising its quality programming, as well as its research productivity. Funding for this program will be distributed over a four-year period.

UIUC Partnership Illinois Initiatives

The Partnership Illinois strategic initiative was first undertaken in 1995 to link University resources more effectively to external constituent needs. This campus-wide initiative continues to raise the visibility of and to improve access to University resources through partnerships with schools, businesses, government agencies and private organizations. Currently, more than 400 programs and services link UIUC to the needs of Illinois citizens.

To focus the impact of these programs in FY 2000, Partnership Illinois will concentrate new resources on achieving 5 Strategic Partnership Illinois Initiatives by linking knowledge and technical resources with the organizational capacity and leadership of external organizations and agencies:

- 1. To enhance the performance of state, local and municipal governments.
- 2. To build the capacity of education, social service and health agencies and organizations to serve children, youth and families.
- 3. To expand ways by which Illinois communities can explore cultural and artistic opportunities.
- 4. To extend the education and knowledge base required to produce and to consume safe and healthy food and to be assured a safe water supply and clean air.
- 5. To increase community vitality and promote economic development.

	The requested Partnership Illinois funds will be used in the following ways:
Provide Small Grants to Seed Projects	Small grants in the \$15,000 range distributed through a competitive proposal process will seed new relationships with external partners for the purpose of achieving the Strategic Partnership Illinois Initiatives. The seed grants will help catalyze new ave- nues for making the knowledge resources of the University available to organizations in the state which are committed to meeting the Strategic Partnership Illinois Initiatives.
Expand Services of Existing Programs	Successful programs seeded by the small grants will require recurring support to continue to deliver services. An example is the replication of the principles of the East St. Louis Action Research Program in Champaign-Urbana through the C-U Exchange that makes technical knowledge available to poor neighborhoods. Other examples include the newly emerging partnership with the Chicago Public Schools and the partnership with the Illinois Municipal League to establish an "Academy for Municipal Excellence" which provides short courses for public officials across Illinois.
Involve Undergraduates in Public Service	Increasingly, undergraduate students learn about neighborhoods, schools and other institutions of a democratic society through service projects. Volunteers in the school and in neighborhood development programs attract more and more students each year. Through service learning, undergraduates gain direct experience in communities in order to test their interest in particular fields of study and to apply their knowledge in practical settings. Resources will be used to advise students and to guide their learning as well as to develop a community resource center.
Masters of Arts in Public Administration (MAPA) Program	The University of Illinois at Urbana-Champaign has developed a proposal for reacti- vating the Master of Arts in Public Administration Program. The nation and the State of Illinois face increasingly complex problems of public policy and manage- ment. These issues of governmental efficiency and effectiveness are the subjects of vigorous scholarship, and some of the most prominent scholars of public policy and public administration are members of the UIUC faculty. However, there is currently no educational program in those fields at the UIUC. The MAPA Program will build
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on the national and international reputation of the faculty and programs of the UIUC campus to produce a nationally distinguished training program in public affairs for local, state, national and international leaders.

The focus of the MAPA Program at UIUC will be on pre-service students who have not yet begun their careers in the public arena. The existing graduate programs in public administration in Illinois, including those at the University of Illinois at Chicago and the University of Illinois at Springfield, target in-service students and focus on public administration, not policy.

MAPA students will be admitted in cohorts of up to 25 students. Initially, one cohort will be recruited per year, but if there were both sufficient demand and resources, two or more cohorts could be admitted in future years. With a proposed program length of 2 years, the goal will be to achieve a steady enrollment of approximately 50 students within 4 years.

# **Operational Infrastructure** (\$1,109,000)

#### **Overview**

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

Meeting student, faculty and staff needs and doing so efficiently and safely means that the University's infrastructure must be able to support a host of activities. Eliminating obstacles and creating opportunities for development enable current services to operate more effectively and provide resources to expand existing service levels. The following request represents priorities for improving the operational infrastructure and illustrates the broad range of activities supported. The initiatives that follow highlight some of the most pressing support needs of the University of Illinois.

## Improving Operational Efficiency

The potential for development of partnerships with the private sector and for the potential revenue stream associated with those partnerships offers strong incentive to invest now toward a longterm return. Over the last two decades, the environment within which university technology transfer programs operates has changed markedly. The UIC Intellectual Property Office (IPO) is responsible for protecting and commercializing intellectual property (e.g., patentable or un-patentable inventions and copyrightable works such as software and trademarks) through a proactive program. The IPO provides the services necessary to manage UIC intellectual property for the benefit of society, UIC and inventors. The goals of the IPO are to manage an increased number of invention disclosures, attract more commercially sponsored research funding from UIC's current licensees, optimize the technology transfer process, increase UIC's participation and visibility on the national technology
transfer scene and improve communication with UIC faculty on IPO issues and processes.

## Safety and Security Enhancements

A feeling of safety and security on campus is essential in the competition to attract and retain students, faculty and staff. To improve current security, the Office of the Vice Chancellor for Administration and the University Police Program request funds for Technology to Support Security, a program consisting of 24 hours a day monitoring of key areas on campus by trained personnel via video cameras. Each video camera can be controlled and programmed to act as an alarm system allowing for continuous and episodic recording of events. The system requires a PC-based management system and an extension of fiber optics network to each camera site as well as the installation of video servers at selected sites along the fiber optics backbone. Equipment will be replaced on a three to four year cycle.

# Improving Services to Students and Staff

The Office of the Vice Chancellor for Academic Affairs requests funds to establish Faculty Development Programs to improve research, teaching and service as well as retain faculty. Proposed programs include promotion and tenure workshops; workshops for new administrators, department heads and chairs; and programs for new faculty such as orientation, mentoring and receptions.

The UIC Children's Center requests funds for a Flexible-care Program to support parents who are not on a regular four- or five-day schedule, but need on-campus child care during the week. Parents of 20 enrolled children ages 3 to 5 years would be allowed to sign up for specific days and hours each month. This program would benefit parents with part-time schedules.

As UIS develops a more residential campus, it is critical to improve the array of student services and enhance the quality of student life on campus. These needs will be intensified with the addition of new student housing. Funds are requested to bolster the administration of student affairs, increasing its capacity to provide a rich assortment of student life activities, its ability to respond quickly to student concerns and its resources for provision of counseling and disability services. Each of these steps will not only improve the quality of student life for residential students, but will improve the quality of services for non-residential students as well.

# UA System Development Needs

The University of Illinois is nearing completion of a strategic planning project to establish an enterprise-wide direction and approach for managing processes, systems and organizational relationships that comprise the University's administrative function. Much of the value of strategic planning results from completing a disciplined analysis of the organization and its environment i.e., charting a direction, before operational plans are formulated to manage the enterprise. The process of developing a strategic plan provides the foundation on which operational plans for action can be built. The ultimate outcome of the planning process will be recommended actions to implement the strategy.

The strategic plan will focus on administrative functions and related processes that span the University's organizational boundaries. A significant component of the plan will address the application of new technology to the business processes which undergird operations at all levels of the organization regardless of how the units are funded or what roles they play in fulfilling the University's mission. Academic units, administrative units supporting the academic enterprise, auxiliary units, hospital and clinics, research centers, and public service units are included in the organizational scope of the project.

Technological advances are not only changing the academic landscape but the administrative landscape as well. Technological changes, coupled with the addition of UI-Online and the Springfield campus have increased the urgency of developing new, more responsive business systems. The project's operational scope encompasses all aspects of administrative processes including front-end workflow, backend processing, reporting, control, process interfaces, procedures and rules, judgement and accountability, and scheduling. To implement these changes, the University will need to add a cadre of new staff, familiar with the latest technology and skilled in the application of that technology to a diverse set of business operations.



# Facilities Renovation Support (\$2,250,000)

#### **Overview**

Stated most simply, physical facilities are a critically important component of the academic support structure necessary to conduct instructional, research and service activities in any institution of higher education. Academic facilities constructed and operated with State funds for the University of Illinois have a replacement cost of \$3.8 billion. Most of these facilities were built to "institutional standards" in construction materials and techniques, meaning that with proper maintenance and regular renovation of components which have exceeded their useful lives, the facility can have a nearly infinite life. Toward this end the University has attempted to create a consistent funding source to service its facilities infrastructure. FY 1998 began the initial phase of a multi-year funding request that was included as part of the Universities operating budget request. Though funding has not met the requested level of \$8.8 million, almost \$2.5 million has been allocated for this program. For FY 2000 the University seeks to build on this modest but essential start. Steady and sustainable revenue streams are crucial to maintain the University's physical assets. A variety of University of Illinois programs are today housed satisfactorily in buildings more than 100 years old and that experience can continue if adequate facilities funds are available.

### The Need

If replacement of worn-out building systems is not completed on a timely basis, significant back-logs of deferred maintenance projects arise. Three factors contribute to the need for annual attention to the configuration and quality of the physical facilities supporting any academic program:

- <u>Replacement Needs</u> Normal use inevitably causes wear and tear on building systems and components to the point at which their useful lives are exceeded and they must be replaced. This process is frequently described as depreciation and is universally recognized. If proper annual maintenance is not available for building systems, their useful lives are shortened. If replacement of worn-out building systems is not completed on a timely basis, significant backlogs of deferred maintenance needs arise, eventually resulting in larger and more costly major remodeling requirements.
- <u>Realignment Needs</u> The needs of academic programs vary over time. As enrollments shift among fields of study, space needs change with them. As the state of the art within fields of study changes, so too, do the facilities needed to support new activities.

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#### **Operating Budget**

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

• <u>Renewal Needs</u>

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

Several types of funding are required to meet the range of facilities operating, maintenance, renovation and replacement needs which universities confront annually. In Illinois, day-to-day operations and maintenance costs are funded through the annual operating budgets of colleges and universities. Major remodeling and new construction funds come from capital budget appropriations with annual sales of bonds which customarily carry 25 year debt retirement obligations. At this time, funds to address minor remodeling needs most often associated with the factors outlined above also come from capital budget sources. Optimistically, the University hopes to continue the multi-year program started in FY 1998 and continued in FY 1999 maintaining a sustainable source of funds for facilities renovation.

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

- 1. Public colleges and universities in Illinois have accumulated backlogs of deferred maintenance projects reaching tens of millions and in some cases hundreds of millions of dollars per campus. The State's investment in college and university facilities is at risk.
- 2. Once fully implemented, an operating budget based facilities renovation program would permit institutions to plan, schedule and complete minor remodeling projects more rapidly, more efficiently and less expensively than the present capital budget based program permits. Funding such projects from annual operating budgets would enable the State to devote its bond-funded activities to major remodeling and new construction needs.
- 3. The capital budget offers an uncertain and uneven level of support for renovation projects, which must compete with other capital needs for major remodeling and new construction. The entire capital budget process has recently been delayed with no funding in two of the past four fiscal years, significantly increasing the deferred maintenance backlog.

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

# Space Realignment, Renewal and Replacement (SR<sup>3</sup>)

Approximately twenty years ago the University of Illinois defined the need for an operating budget based source of funds to address annual space renovation requirements. Using historical reviews of the useful lives of all building components, the University developed a formula based approach to provide an estimate of the annual expenditures which an institution would need for regular replacement of components which had exceeded their useful lives (such as roofs, heating, ventilating and cooling systems and so forth) and which could also address the annual need for reconfiguration of space to address new functional requirements brought on by changes in academic programs. This approach was termed Space Realignment, Renewal and Replacement or SR<sup>3</sup>.

The University has devised a formulabased approach to determine the annual investment necessary to keep facilities in adequate condition. The SR<sup>3</sup> formula is based on the assumption that certain building components (foundation, superstructure and exterior skin) have an infinite life, while other components need replacement on a predictable life cycle of normal use. Providing an annual allocation of one-half of one percent of the replacement cost of the facility is sufficient to address these needs. In addition, however, for academic facilities some provision must be made to address the need for functional changes in space and other programmatically driven space reconfiguration requirements. Adding these needs to the building component replacement requirements raises the annual amount necessary to meet SR<sup>3</sup> requirements to two-thirds of one percent of the building's replacement cost.

The SR<sup>3</sup> approach thus requires that an institution keep an accurate inventory of the space it has and that it compute the replacement costs of all of its facilities by type of space. Fortunately in Illinois, the Capital Development Board and Board of Higher Education have worked together to provide institutions with construction cost estimates for the various types of space which colleges and universities require and with inflation estimates needed to escalate those costs for future construction timetables. Summing the SR<sup>3</sup> requirements for all the facilities on a campus establishes the amount which an institution should spend each year to make certain that its academic facilities are functionally appropriate for the programs it offers. For the three cam-

## **Operating Budget**

	puses of the University of Illinois for Fiscal Year 2000, the SR <sup>3</sup> requirement is \$29.7 million.
SR <sup>3</sup> Proven Effective	In 1979 the University of Illinois undertook a major restructuring of the debt for its
	auxiliary facilities and created an entity known as the Auxiliary Facilities System.
	An integral part of the debt restructuring was the initiation of an annual space re-
	newal and replacement component in the operating budgets of all auxiliary facilities.
	Since auxiliary facilities do not face the same need for functional reconfiguration of
	space to meet changing academic program needs that academic facilities must ad-
	drass, the ennuel Auxiliary Englities System space renewal and replacement re
For two decades the	dress, the annual Auxiliary Facilities System space renewal and replacement re-
University has	quirement equals one-half of one percent of the facilities' replacement costs. This
demonstrated the	requirement represents a <u>first dollar</u> operating budget commitment for all University
effectiveness of SR3	of Illinois auxiliary facilities. It has been in place for nearly 20 years and it provides
in keeping its	the best documentation possible for the effectiveness of the SR <sup>3</sup> philosophy and ap-
auxiliary facilities in	proach to effective facilities maintenance. As a group, University of Illinois auxil-
good working	iary facilities today are significantly better maintained than the University's
condition.	academic buildings.
	The Illinois Board of Higher Education (IBHE) has endorsed many of the principles
	embodied in the Space Realignment, Renewal and Replacement approach. For more
	than a decade IBHE has recommended and the General Assembly and Governor have
	supported a capital budget based Repair and Renovation (R & R) program which
	uses the SR <sup>3</sup> formula approach to allocate funds among institutions for minor remod-
	eling projects defined with considerable flexibility by the institutions. Unfortunately
	the capital R & R initiative has been funded at approximately one-third of the annual
	need which the $SR^3$ formula prescribes for each institution. A backlog of critically
	important P & P projects is growing to near crisis proportions, amphasizing dra
	important K & K projects is growing to near crisis proportions, emphasizing dra-
	matically the need for regular, recurring attention to facilities renewal, realignment
	and replacement requirements.
FY 2000	The need for an operating budget based program which can address a variety of fa-
Onerating	cilities needs facing the University of Illinois has grown to the point that its priority

FY Operating Budget **Request for Facilities** Renovation

the University of Illinois has grown to the point that its priority cilities nee ds facing matches the need for new or expanded academic program funds. For FY 2000 the

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Operating Budget	Facilities Renovation Support
	University of Illinois will continue the program and will seek to add incremental funds necessary to fund the SR <sup>3</sup> formula. For FY 2000 the University seeks \$2.25 million for the third year of this multi-year initiative. Funds provided under this program would be used to meet facilities needs arising in three distinct areas:
	<ol> <li>To accelerate the attack on a burgeoning backlog of deferred maintenance projects centered on building system components well beyond their useful lives.</li> <li>To address functional changes in space configuration caused by program changes or state of the art changes in instruction and research. Upgrading class laboratories would be a significant element in this category.</li> </ol>
	<ol> <li>To address continually changing infrastructure needs to accommodate changes in technology.</li> </ol>
	The University strongly believes that the SR <sup>3</sup> formula approach is the most effective mechanism to implement an operating-budget-based facilities renovation program.
	The SR <sup>3</sup> approach offers numerous advantages, which include the following: $(2 - 3 R)^3$ is the left of the second seco
SR <sup>3</sup> is simple, straightforward,	• SR' is simply defined and easily understood. Its components (amount of space maintained with State funds, space inventory by type, replacement costs) can be easily computed by all colleges and universities and are elements which institutions, the Board of Higher Education and legislative and executive agency staff are very comfortable and have dealt with for a number of years.
equitable, comprehensive and cost effective.	<ul> <li>SR<sup>3</sup> is easy to implement. All of its components are already in place at all public colleges and universities participating in the capital budget R &amp; R program.</li> <li>SR<sup>3</sup> is equitable to all institutions regardless of size or complexity.</li> </ul>
	• SR <sup>3</sup> effectiveness and impact is demonstrable, since it has been in place for the last 20 years in the University of Illinois Auxiliary Facilities System.
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- SR<sup>3</sup> is less costly than the current capital budget system, since it improves efficiencies in project planning, scheduling, completion and it requires no debt service.
- SR<sup>3</sup> is easily audited through a review of individual projects planned and completed.

With two years of funding secured the transition period to fully implement an operating budget based program has begun. A period of several years will be required to adapt to annual spending on facilities improvement projects on the order of magnitude provided by the SR<sup>3</sup> approach. In addition, some reappropriation mechanism will eventually be needed to ensure that funds made available for facilities improvements in the early years of the program could be fully expended on projects which might require several months of planning and up to one year after that to complete. As the program becomes fully operational, it is expected that a portion of each year's appropriation would be devoted to planning and design for future projects, which would allow construction to start as soon as the new fiscal year began.

Finally, it is still desirable that an operating budget based facilities improvement program would complement the existing capital budget based R & R program while the existing backlog of deferred maintenance projects is reduced. Once the SR<sup>3</sup> program is fully implemented in the annual operating budget at an appropriate level of support, it could be expected that it would replace the capital R & R program. The capital budget could then be devoted to major remodeling projects and new construction initiatives.



# Addendum I Retirement

#### **Overview**

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

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

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

In FY 1995, again there was significant movement towards an improved level of retirement funding. Public Act 88-593 mandates that the State's five pension systems achieve a level of 90% of full actuarial funding in 50 years and includes a continuing appropriation provision to enable the State to reach that goal. This legislation will strengthen the financial condition of the Retirement System and should help preserve funding stability for pension systems despite fiscal constraint in the rest of the State budget. In FY 1999 SURS received an increment of \$19.2 million in General Revenue Funds. A mandated new valuation methodology and a new set of actuarial assumptions will alter, to some degree, the future annual increments necessary to fund SURS required by PA 88-593. Under new Governmental Accounting Standards Board (GASB) guidelines, SURS assets as of June 30, 1997 will be valued at market rather than book. This change alone significantly increased the funding ratio of assets to liabilities; and, the new set of actuarial assumptions adopted in December 1996 will increase the funding ratio even further by lowering projected future liabilities. It is estimated that the combination of lower growth in SURS liability for benefits and higher rates of growth in its assets will reduce future State contributions requirements from the steep "ramp up" levels which PA 88-593 required. The FY 2000 increment is currently estimated at \$18.8 million.

# Addendum II Protecting Illinois' Investment In Extension

#### Background

The mission of the

Extension System is

to help people help

themselves through

an educational

needs.

process that uses

scientific knowledge focused on issues and

*Cooperative* 

The University of Illinois Cooperative Extension Service is a vital part of the University's outreach and education programs providing essential information for people across the State of Illinois. U of I Cooperative Extension Service has the unique responsibility to link the people of Illinois with the research and information resources of the land-grant university system. This responsibility makes U of I Cooperative Extension Service a fundamental part of the University's outreach mission as well as a significant statewide asset.

The Cooperative Extension System was created by the Federal Smith-Lever Act in 1914 as a partnership among federal, state and local governments. Extension was originally designed to share, or "extend," information from colleges of agriculture and home economics. Throughout the century, as the needs of the country's people have changed, U of I Cooperative Extension Service has evolved to address the increasingly complex issues related to modern agriculture, urban communities, youth and families.

The mission of the Cooperative Extension System is to help people help themselves through an educational process that uses scientific knowledge focused on issues and needs. But this statement of purpose, unbounded by discipline, audience or geography, is too broad to achieve. No university or state has the resources to address all needs or solve all problems. The almost unlimited need for information and expertise has stretched a necessarily limited budget, creating a gap between needs and resources. During the past decade, this gap was widened by declining public resources for the land-grant university system and reductions in university faculty and U of I Cooperative Extension Service staff.

On January 2, 1996, the Chancellor of the University of Illinois at Urbana-Champaign, appointed a Commission on Extension to study and make recommendations on programming, structure and the future of the Cooperative Extension System, College of Agricultural, Consumer and Environmental Sciences. The Commission was given a six-point charge by the Chancellor:

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Addendum II	Cooperative Extension Service
The Commission on Extension Six Point Charge	<ul> <li>To identify Extension's strengths and suggest ways to build upon them; and to identify organizational weaknesses and suggest how to address those weaknesses;</li> <li>To address the question of mission, what are the most important and least important Extension functions;</li> <li>To address the question of structure, what adjustments should be made to Extension's structure to make it cost-effective and able to achieve its mission;</li> <li>To address how Extension can become a financially sound organization;</li> <li>To examine Extension's relationships with other organizations and the possibility of duplication of services; and</li> <li>To identify changes Extension needs to consider taking full advantage of technology currently available or coming online in the future.</li> <li>After 11 months of study, the Commission found very strong evidence that U of I Cooperative Extension Service is and can continue to be relevant and critical to the people of Illinois. The challenge is how to define and organize the system to serve effectively into the 21<sup>st</sup> century in an environment of ever-lasting changes, more competition for scarce public funds and expanding demands for research-based education and information.</li> </ul>
Commission on Extension Recommendations	<ol> <li>The report issued by the Commission made a number of recommendations which included the following:         <ol> <li>Invest additional funds to secure modern connectivity and access to the information super highway through digital information and communications infrastructure for the local U of I Cooperative Extension Service offices. (\$600,000 was included in the FY 1999 budget to fund this.)</li> </ol> </li> <li>Additional funding for professional development and training programs for the more than 1,600 local council members, 24,000 local volunteers and 200 local U of I Cooperative Extension Service professionals.</li> <li>An additional investment to secure minimum subject matter expertise concluded to be necessary for minimum effective program scope and quality in the four program areas. The four core program areas are agriculture and natural re-</li> </ol>

#### Addendum II

sources, youth development and 4-H, family and consumer sciences, and community and economic development.

Funding has already been provided for item 1 in the University's FY 1999 budget. For FY 2000 the University seeks \$1.4 million to address items 2 and 3.

Of the 21 faculty positions, 1 will be at the associate professor or full professor rank to provide leadership to the professional/staff development program and the remaining 20 will be at the assistant professor rank in the various academic departments to provide much needed research based expertise to help field staff provide relevant and current programs to the citizens of Illinois.

Two of the academic professional positions will be used to provide subject matter support and expertise to the 4-H youth program. The remaining position will provide important support to the professional staff and development activities.

The 6 staff will be Secretary III positions. One will be assigned to professional and staff development; the rest will support the new faculty/academic professional positions. Wage funds will be used to provide back up and to supplement clerical support to the professional staff development activities.

Expense funds will be used to support activities of the new faculty support activities. These positions will require significant travel and support costs, particularly for the professional and staff development activities and 4-H professionals.



# **Background and Context**

## Overview

Regular, sustained attention to facilities needs on a recurring basis is critical. To begin consideration of the University's capital budget request, it is important to recall that an institution of the size, scope and complexity of the University of Illinois faces a recurring array of facilities related needs every year. As buildings age through their normal life cycles, it is important to address minor repair and renovation needs as they occur. Failure to do so accelerates deterioration and leads to costly major remodeling requirements more quickly than would be necessary if prudent attention to annual repair and renovation were possible. Changing programmatic emphases in academic units also create the need for relatively small remodeling projects which can be addressed quickly to make existing space more useful for emerging academic priorities. Based on numerous analytical studies, it has been estimated that an institution the size and age of the University of Illinois should be spending approximately \$29.7 million per year on this type of minor repair and renovation. (In this case individual "minor" remodeling projects have a normal cost range from \$100,000 to \$1.5 million.) The annual repair and renovation request has therefore led the Universities capital budget request list for the last decade.

Buildings and the infrastructure systems which support them have finite useful lives. Roofs deteriorate; heating, ventilating and cooling systems wear out; masonry decays; and so on. At a certain point major remodeling is required to extend the useful life of every University facility constructed and every annual capital budget request will contain a share of major remodeling projects, usually in the cost range of \$1 to \$15 million. Major remodeling projects can also result from the need to enlarge the capacity of a building to change its functional use, or to upgrade or extend campus wide infrastructure systems. For example, as technological advances have accelerated over the past two decades and computers now permeate the conduct of almost every phase of instruction and research activity, the need to expand electrical and cooling capacity for individual buildings and for entire campuses has grown dramatically.

At times buildings may outlive their usefulness for the purposes for which they were originally constructed, but with remodeling and renovation can be refitted for other,

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usually less complex uses. This is particularly true for research facilities more than 40 or 50 years old. The cost to upgrade building systems to current state of the art standards for today's research and instructional programs is usually greater than new construction costs for the same type of space.

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

It is important to reemphasize the recurring nature of these crucial facilities-related budget requirements which must be addressed on an annual basis. When that is not possible, a backlog of unfunded projects grows quickly and accelerates the cycle of deterioration in facilities which, if not addressed, leads inevitably to deterioration of academic programs and loss of key faculty and students. Over the last several years the regular legislative capital funding cycle has been interrupted. In three of the last four years there were no regular capital appropriations at the close of the spring legislative session. The FY 1999 capital budget passed by the General Assembly was the first passed as part of the regular legislative cycle in four years. The University welcomes this return to the normal annual cycle for capital appropriations so that regular, steady progress can be made on the wide range of annual facilities needs which sound stewardship of state assets and prior investment requires.

Deterioration of facilities effects academic program and faculty migration. University projects recommended for funding by the General Assembly and approved by the Governor as part of the FY 1999 budget include the following:

- Repair and Renovation, all campuses \$5.6 million
- College of Medicine Planning, UIC \$6.9 million
- Mechanical Engineering Lab Remodeling, UIUC \$7.4 million
- Road Improvements, UIS \$2.4 million
- Clinical Sciences Building Remodeling, UIC \$15 million

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

# **Capital Budget**

Table 1History of Recent Capital Budget ActionsFY 1994 - FY 1999(Dollars in Thousands)							
	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	
Campus Requests	/ / /			/ / /		/ / / /	
Chicago	\$ 25,231.0	\$ 61,819.7	\$ 51,567.0	\$ 30,265.0	\$ 51,350.0	\$ 69,350.0	
Springfield	4,115.9	2,728.5	3,827.6	4,983.1	5,212.8	3,670.4	
Urbana-Champaign	32,698.0	56,255.3	42,837.0	46,071.0	42,962.0	73,920.0	
TOTAL	\$ 62,044.9	\$120,803.5	\$ 98,231.6	\$ 81,319.1	\$ 99,524.8	\$146,940.4	
IBHE Recommendations							
Chicago	\$ 15,594.0	\$ 23,783.7	\$ 17,500.0	\$ 19,100.0	\$ 21,560.7	\$ 18,280.4	
Springfield	462.1	1,697.9	1,110.0	2,525.5	3,245.9	2,629.5	
Urbana-Champaign	19,060.0	14,771.3	23,700.0	29,881.0	26,475.8	15,741.3	
TOTAL	\$ 35,116.1	\$ 40,252.9	\$ 42,310.0	\$ 51,506.5	\$ 51,282.4	\$ 36,651.2	
Regular Capital Appropriation	ons						
Chicago	\$ 4,114.9	\$ 22,752.0		\$ 11,594.1	\$ 5,280.4	\$ 24,384.6	
Springfield	236.0	1,201.7		883.6	216.8	2,575.3	
Urbana-Champaign	7,807.1	7,750.0		12,963.9	13,480.3	10,350.2	
TOTAL	\$ 12,158.0	\$ 31,703.7		\$ 25,441.6	\$ 18,977.5	\$ 37,310.1 *	
Special Projects Appropriation	ons						
Americans with Disabilities	\$ 19,168.9						
Planning Funds				\$ 3,000.0			
TOTAL APPROPRIATION							
	\$ 31,326.9	\$ 31,703.7	\$ 0.0	\$ 28,441.6	\$ 18,977.5	\$ 37,310.1	
* Does not include \$11.9 million for Natural History Research Center or \$4.5 million for ISPI.							

# **Capital Budget**

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

Project Name	Fund Source	Fiscal Year	Project Budget	Est. Complete	Project Status
Chicago					
ADA Compliance Modifications	CDB	94	\$ 1,560.0	10/98	Construction
Campus Core Improvements - Phase II	CDB	97	5,900.0	11/98	Construction
College of Medicine - (Planning)	CDB	97	8,924.0	N/A	A/E Selection
Daley Library - Install Compact Shelving	CDB	98	754.0	TBD	A/E Contract
NPI Renovate North Tower Phase III	CDB	93	1,079.0	07/99	Design
PEB Replace Roof	CDB	97	970.1	10/98	Construction
SES HVAC Upgrade	CDB	97	900.1	TBD	Design
Clinical Sciences Remodeling*	CDB	99	15,000.0		
Repair and Renovation*	CDB	99	2,460.3		
Springfield					
Pub. Affairs Ctr, Brookens Library, Bldgs E&L	CDB	98	\$ 534.4	12/98	Design Development
Road Improvements*	CDB	99	2,412.0		
Repair and Renovation*	CDB	99	162.6		
Urbana					
ACES Library, Information, and Alumni Center	CDB	97	\$ 21,000.0	11/00	Contract Documents
Campus Flood Control	CDB	97	6,000.0		
Mechanical Engineering Lab Remodel*	CDB	99	7,365.0		
Repair and Renovation*	CDB	99	2,985.2		

\*Denotes projects appropriated but not released

#### **Sources of Funds**

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

# **Summary of FY 2000 Priorities**

#### **Overview**

The University's FY 2000 Capital Budget Request includes two components. Following the appropriation of nearly \$7 million in planning funds in Fiscal Year 1999 for a major new research facility for the College of Medicine, the University seeks a special initiative to provide the balance of \$93 million needed to construct this essential facility. The College of Medicine research building is critically important to the University's ability to sustain the growth rate for sponsored research at the University of Illinois at Chicago. It is vitally important to our long-term ability to attract and retain top-quality faculty who will strengthen not only the research capacity in the College, but its instructional programs and clinical efforts as well.

This new facility can be a major contributor to the ongoing revitalization of the nearwest side of the City of Chicago and it will enhance the world-class reputation of the Illinois medical district, the largest collection of medical teaching, research and clinical delivery services in the world. The research potential the new facility offers will provide a major economic boost not only to the City, but the entire State of Illinois.

The scope and scale of this project makes it the largest single project undertaken for higher education, and one of the largest for the State's capital program as well. The project also carries a unique funding partnership between the University and the State. The University proposes that because of favorable financing mechanisms available to the State, the State sell the entire \$100 million in capital development bonds needed to plan, construct and equip the facility. In turn, the University pledges to cover one-half of the debt service for the project, utilizing increased indirect cost support from the growth in federal research grant and contract activity that the new facility will provide.

Given the unique nature of this project, the University presents it as a special initiative for funding in FY 2000. Its size and scope alone dwarfs all other projects presented by the University and every other public college and university. Its unique funding arrangement is one available only to the University of Illinois. The presence

#### **Capital Budget**

of this project and its special funding mechanism should not, in effect, force every other capital need for the University and the rest of higher education to a future year's capital budget. Thus, the University presents its request for \$93 million in construction funds for the College of Medicine research facility as a separate initiative for Fiscal Year 2000.

The second component of the University's "regular" FY 2000 Capital Budget Request consists of 10 projects at a total cost of \$121,880,400. Table 3 represents a combined priority listing of the proposed projects for this year.

# Table 3FY 2000 Regular Capital Budget Request Summary<br/>by Priority and Campus\*

Priority	Project	Chicago	Springfield	Urbana	Total	Cumulative
1	Repair and Renovation	\$4,350.0	\$ 330.0	\$ 5,320.0	\$ 10,000.0	\$ 10,000.0
2	Urbana Campus Chiller			45,275.0	45,275.0	55,275.0
3	Classroom Office Building Planning		1,256.2		1,256.2	56,531.2
4	Freer Hall Remodeling			16,000.0	16,000.0	72,531.2
5	SURS Building Acquisition			1,911.0	1,911.0	74,442.2
6	Lincoln Hall Remodeling			9,500.0	9,500.0	83,942.2
7	Chemistry Building Planning	4,000.0			4,000.0	87,942.2
8	Campus Improvements		2,553.2		2,553.2	90,495.4
9	Incinerator			5,750.0	5,750.0	96,245.4
10	Library Seventh Stack Addition			25,635.0	25,635.0	121,880.4
	TOTAL	\$8,350.0	\$ 4,139.4	\$109,391.0	\$121,880.4	\$ 121,880.4

\* This list excludes the College of Medicine research facility, which is described in a separate section.

The first "regular" priority is a \$10,000,000 Repair and Renovation request which is comprised of 7 projects at the Chicago campus, 4 at the Springfield campus and 14 at the Urbana-Champaign campus. As in years past, these projects address smaller scale renovation needs not large enough to compete with a major remodeling request, but which in aggregate represent a critical priority. A high priority on renovation and renewal must be maintained by institutions with facilities the size, scope, complexity and age of the University of Illinois. The Repair and Renovation request is vital for the continued renewal of existing University facilities, provision of up to date support for academic programs and protection of the State's investment in capital facilities. More detailed descriptions of these projects are provided in the sections following this overview.

The second priority provides \$45,275,000 for a Central Campus Air Conditioning Center at the Urbana-Champaign campus. This request will directly enhance the functional capability of the instructional and scientific research laboratories along the "science corridor" in the east-central portion of campus. This regional chiller facility will provide replacement capacity for several chillers which have reached the end of their useful lives in addition to providing emergency backup capability. Moving to a smaller number of chillers and a central chilled water "loop" will also help reduce long-term operating costs.

Priority three seeks \$1,256,200 to plan a Classroom Office Building on the Springfield campus. The building will provide classroom, laboratory and office space for consolidation of academic programs and student services functions in the central core of campus.

The fourth priority provides \$16,000,000 to remodel Freer Hall on the Urbana-Champaign campus. This remodeling will allow for the consolidation of faculty and staff in the College of Applied Life Studies into a single location.

The fifth priority would provide \$1,911,000 for the acquisition of a facility which once served the State University Retirement System. This facility allows the

University to consolidate administrative computing functions into a single location to improve working conditions and enhance operating efficiencies.

The sixth priority is \$9,500,000 to remodel Lincoln Hall on the Urbana-Champaign campus. This project will allow for the first major remodeling of this building since it was constructed in 1911. This project will add instructional space and rehabilitate existing classroom space to meet the instructional need for classroom space on the Quad.

The seventh priority is \$4,000,000 to plan a Chemistry Building at the Chicago campus. This request for planning funds envisions a facility dedicated to research lab functions in Physical, Analytical, Organic and Inorganic Chemistry and Biochemistry.

The eighth priority would provide \$2,553,200 for the Springfield campus. This project consists of several repair, remodeling and renewal projects that will improve interior lighting quality in the permanent campus buildings and renew selected areas in Brookens Library and the Public Affairs Center. In addition this project proposes several site improvements that will repair the service drives, maintenance yards and walkways on the east side of campus; enhance the central plaza area; and improve the landscape design throughout the campus grounds.

The ninth priority is the construction of an Incinerator at the Urbana-Champaign campus requiring \$5,750,000. This project will allow the University to provide safe handling of environmental waste and comply with federal and state regulatory requirements.

The tenth priority would provide \$25,635,000 for the Urbana-Champaign campus. This project will provide storage space for the rapidly increasing University General Library book collection in the Library Seventh Stack Addition.

Table 4					
FY 2000 Capital Budget Request Summary					
by Category and Campus					
(Dollars in Thousands)					

	Urbana-					
Category	Chicago	Springfield		Champaign	TOTAL	
Building, Additions, and/or Structure				\$ 31,385.0	\$ 31,385.0	
Land Acquisition				1,911.0	1,911.0	
Utilities				45,275.0	45,275.0	
Remodeling	\$ 4,350.0	\$	330.0	30,820.0	35,500.0	
Site Improvements			2,553.2		2,553.2	
Planning	4,000.0		1,256.2		5,256.2	
Total	\$ 8,350.0	\$	4,139.4	\$ 109,391.0	\$121,880.4	

#### Table 5 FY 2000 Capital Budget Request Future Funding Implications (Dollars in Thousands)

			FY 2000	FY 2001
Priority	Project	Category	Request	Cost
1	Repair and Renovation	Remodeling	\$10,000.0	
2	Urbana Campus Chiller	Utilities	45,275.0	
3	Classroom Office Building Planning	Planning	1,256.2	\$24,571.9
4	Freer Hall Remodeling	Remodeling	16,000.0	
5	SURS Building Acquisition	Land	1,911.0	
6	Lincoln Hall Remodeling	Remodeling	9,500.0	
7	Chemistry Building Planning	Planning	4,000.0	60,000.0
8	Campus Improvements	Site	2,553.2	
9	Incinerator	Building	5,750.0	
10	Library Seventh Stack Addition	Building	25,635.0	

**Summary of FY 2000 Priorities** 

## **Capital Budget**

#### Table 6 FY 2000 Capital Budget Request Cost Per Square Foot of New Building & Major Remodeling Projects by Campus (Dollars in Thousands)

	Project Cost	Gross Square Feet	Net Assign. Square Feet	Efficiency NASF/GSF	\$/GSF	\$/NASF
Chicago						
Chemistry Building	\$ 4,000.0					
<b>Springfield</b> New Building (Planning) Classroom Office Building	\$ 1,256.2					
<b>Urbana-Champaign</b> New Building						
Library Seventh Stack	\$25,635.0	110,000	80,000	73%	\$ 233.0	\$ 320.4
Major Remodeling						
Freer Hall	\$16,000.0	62,585	40,680	65%	\$ 255.7	\$ 393.3
Lincoln Hall	\$ 9,500.0	166,763	103,859	62%	\$ 57.0	\$ 91.5

![](_page_135_Picture_0.jpeg)

# **Priorities**

## College of Medicine Priority

#### \$93,000,000 - Chicago

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

The largest single project undertaken for higher education, the University seeks a special initiative to fund a College of Medicine facility. Unfortunately, this strong record of educational productivity and research strength is imperiled by a poor physical plant. Aged and technologically outmoded research facilities are by far the greatest impediment to extending the College's research capacity, and represent a significant deterrent to attracting and retaining top-quality faculty scholars. In response, the UIC Health Sciences Center (HSC) has developed a strategic plan to overcome the effects of inadequate facilities and to enable the COM to maintain a leadership role in medical education, patient care and research. The foundation of this plan is to revitalize teaching and research facilities, recruit and retain top-quality faculty scholars, and deliver primary, secondary, tertiary and quaternary care within an integrated system.

As part of the HSC strategic planning process, space and facility needs were assessed and prioritized. Eighty percent of the COM research space is housed in 6 buildings, only one of which is less than 50 years old. (The exception, the Medical Sciences Building, was constructed in 1964.) Approximately 40% of the research space is housed in buildings more than 70 years old. The assessment process included a review of the adequacy of existing facilities and various construction and renovation scenarios for facilities improvement. Results of infrastructure analysis showed that current COM buildings are seriously deficient in several areas. The electrical, HVAC and data transmission systems are all obsolete. Many other building systems

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#### **Capital Requests**

including safety/code compliance, roofing, windows, masonry, plumbing, fume hoods and elevators are in dire need of repair or replacement. A significant amount of general remodeling and space reconfiguration would also be required to create an environment conducive to state of the art research in the 21st century. Based on current studies, it is estimated that renovation would approximate \$238 per square foot, just marginally less than the \$267 per square foot for new medical research buildings. Beyond the inadequacy of existing space, the COM has a space deficiency of more than 55,000 square feet when measured against typical space standards for research universities. In the final analysis, it is clear that a new building is the most cost effective and timely solution to providing adequate instructional and research space for College of Medicine faculty and students.

Currently, the development of a comprehensive backfill plan is nearing completion. Once complete, the benefits for the whole campus will be readily evident. The College of Engineering has recently expanded its Bioengineering program and can utilize space on the west side of campus in closer approximation to units such as Genetics and Microbiology. The College of Pharmacy also seeks to expand programs in Pharmaceutical Care, Forensic Science and Molecular Therapeutics, which when combined drive a need for over 10,000 square feet. Other possibilities for vacated space include an expanded computer center; additional classroom and research space as well as much needed office space. There are no shortages of deserving programmatic uses once a new College of Medicine facility is complete and additional space is made available for other units.

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

improve UIC's ability to attract and retain top-quality faculty, strengthening every dimension of the instructional, research and patient care activities of the health sciences.

This initiative will

some difficulty in competing successfully for such programs due to inadequate facilities for these programs.

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

The proposed COM Building will provide laboratories, offices and teaching facilities for the Departments of Anatomy, Biochemistry, Microbiology, Pharmacology and Physiology. Preliminary planning suggest that approximately 150,000 assignable square feet of space will be required, at a cost of approximately \$100 million. Approximately \$7 million in planing funds were appropriated for FY 1999 to initiate the project. The University seeks the remaining \$93 million dollars in State capital funds in FY 2000, with the pledge to pay one-half the debt service through federal indirect cost reimbursements for research grants and contracts.

# Priority 1: Repair and Renovation

#### \$10,000,000 - All Campuses

As in years past, the University's top priority is attention to annual repair and renovation. A total of \$10,000,000 is requested for the 25 projects outlined in Table 7. Detailed descriptions of these projects are found in the Repair and Renovation project descriptions, following this Priorities section.

Table 7
<b>Repair and Renovation Projects by Campus</b>

Chicago Projects	Amount
Electronic Visualization Remodel and HVAC Distribution	\$750,00
SBHIS Informatics Learning Center	300,00
Organic Chemistry Teaching Lab Renovation	1,000,00
ISPI Remodel	1,000,00
ECSW Electrical Upgrade and Lighting	350,00
College of Nursing Renovate Learning Center	600,00
IIDD Infrastructure Upgrade, Phase II	350,00
TOTAL	\$4,350,00
Springfield Projects	Amount
Sangamon Auditorium Improvements	\$191,40
Carpet Replacement Various Sites	34,00
"Smart" Classroom	69,70
TV Studio Improvements PAC	34,90
TOTAL	\$330,00
Urbana-Champaign Projects	Amount
Bevier and Mumford Halls Remodel Vacated Space	\$725,00
Education Building Remodel, Phase III	400,00
Law Building Remodel Academic and Student Areas	375,00
Noyes Laboratory Roof	150,00
Materials Research Lab Parapet Wall Repair	200,00
English Building Replace Electrical Load Center #5	480,00
Gregory Hall Replace Electrical Load Center #4	430,00
Education Building HVAC Improvements	435,00
Loomis Laboratory Replace Cooling Coils and Drain Pans	175,00
Fire Alarm Upgrade, Phase V	500,00
	350,00
Agricultural Bioprocess Lab Replace Elevator	50,00
Agricultural Bioprocess Lab Replace Elevator Krannert Center for the Performing Arts Accessibility Planning	
Agricultural Bioprocess Lab Replace Elevator Krannert Center for the Performing Arts Accessibility Planning Armory Renovation Room 101, Phase II	600,00
Agricultural Bioprocess Lab Replace Elevator Krannert Center for the Performing Arts Accessibility Planning Armory Renovation Room 101, Phase II Burrill Hall Renovate Instructional Laboratory	600,00 450,00

Priority 2: Campus Chiller

At present the central cooling needs of the UIUC campus are served by 60 steam absorption chillers totaling 21,000 tons of capacity as well as 29 vapor compression chillers totaling an additional 18,000 tons of capacity. The majority of these chillers are located in individual buildings with a smaller percentage located in regional plants. As of spring 1998, 83% of the installed tonnage of steam absorption

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equipment had reached an age of 30 years or older, and is expected to fail within the next 5 years. Of the remaining installed tonnage, 50% is expected to fail within the same time frame due primarily to equipment quality deficiencies. The result is an array of equipment with severely degraded performance that no longer reliably satisfies the cooling needs of the campus. Coupled with this problem is the exponentially rising cost of maintenance and replacement of this equipment. A recently completed campus cooling master plan study that included an extensive life cycle cost analysis, clearly indicates that the timely installation of a new central chilled water system to serve the entire campus is both the best and the least expensive response to this situation. Thus, a project to install such a system is being aggressively pursued. The need for this project is nearing crisis proportions.

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

Included in this initial project will be the connection of approximately 40 "priority" buildings to this new system. They are considered priority because these buildings are served by cooling equipment that is the closest to operational failure. Connection of these buildings will involve the installation of the necessary branch distribution piping as well as the conversion of each building's chilled water system to make it compatible with the new system. The aging cooling equipment that is presently serving these buildings will then be taken out of service.

The overall system will be sized and configured to support an ultimate future connected load of 50,000 tons to meet and serve the projected 20 year campus load growth. The central system design approach will take advantage of load diversity to allow this ultimate load to be served by just 35,000 tons of installed capacity in the 2 plants combined. The initial project will support 28,000 tons of load demand with 20,000 tons of installed capacity (15,000 tons of new capacity in the central plant plus the existing 5,000 tons in the north plant). The balance of the required cooling capacity will be added over the next 20 years to meet load growth as new buildings are constructed and as existing buildings are connected to the system as the cooling equipment that now serves them reaches the end of its life.

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

The planning of this project, the construction of the new central chiller plant, revisions to the north chiller plant, installation of a chilled water loop and building laterals and the associated revisions and renovations to the existing distribution system constitute an FY 2000 capital request of \$45.275 million.

# Priority 3: Classroom Office Building Planning

#### \$1,256,200 - Springfield

This request is for planning funds to construct a classroom/office building which will provide 110,200 GSF of classroom, laboratory and office space for existing academic programs presently housed in the pre-engineered metal buildings on the east side of campus, academic programs presently housed in Brookens Library on levels 3 and 4 and several student services departments presently housed in metal building F. Occupancy of this building will consolidate almost all-academic programs into permanent buildings in the central core of campus and relocate important student services operations to the center of campus. This new facility also provides needed classroom space as the library's book collection expands into the classroom/office portion of Brookens Library, requiring the conversion of existing *September 1998* Page 17

classrooms into space for bookstacks. In addition, this facility will help alleviate the current space deficit that now exists on campus, provide additional classroom, lab and office space required for modest student and program growth, and substantially upgrade the academic quality of the educational environment with the addition of new "smart" classrooms to the campus.

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. Building occupancy has meant that most of UIS academic programs are now relocated into permanent buildings. However, the campus urgently needs to relocate the remaining academic programs still housed in metal buildings into permanent buildings in the central academic core of the campus. The centralization of all programs will improve the overall academic experience of students and replace existing classrooms and laboratories located in inadequate metal buildings. The campus plans to have support services occupy space in the metal buildings vacated by the academic programs.

#### \$16,000,000 - Urbana

The College of Applied Life Studies (ALS) is currently accommodated in Huff and Freer Halls and in the Armory. While decentralization is a problem, Huff Hall in particular presents the College with severe problems. The conduct of teaching, research, service and administrative services conflicts with the public use of a major arena in close proximity. By creating an infill floor in Freer Hall and converting the first floor from office space to classrooms and laboratories, it would be possible to consolidate ALS in this facility and allow the College to vacate all permanently assigned space in Huff Hall and the Armory.

Conceptually, the remodeling of Freer will involve removing the main dividing wall between the third floor gymnasium and constructing a fourth floor. To effectively isolate dissimilar activities, the first floor will be modified to accommodate hightraffic public spaces-classrooms and seminar rooms. New first floor spaces will include 9 classrooms (4 at 500 square feet, 3 at 350 square feet and 2 at 800 square September 1998

# **Priority 4: Freer Hall** Remodeling

feet). The office space now on the first floor will be moved to the upper floors in the facility.

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

Since very large gross motor instructional space will be lost in this facility (due to the gymnasium infill) construction of the next phase of the Campus Recreation Center east will be required for some ALS instruction. This will include constructing a 14,500 GSF facility comprised of gymnasium area for 2 basketball courts, connecting link, locker room and restrooms. There is an equipment portion in this remodeling request of \$1,650,000.

# Project 5: SURS Building Acquisition

#### \$1,911,000 - Urbana

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 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 \$1,911,000.
# Project 6: Lincoln Hall Remodeling

# \$9,500,000 - Urbana

With the completion of the Spurlock Museum of World Cultures, almost the entire fourth floor of Lincoln Hall will be vacated for other uses. This space, which is approximately 15,000 square feet, will provide surge space for a major remodeling effort to occur in this building. The only significant construction effort associated with this building since it was built in 1911, was an addition that added the west half and theater to Lincoln Hall in 1930. Consequently, Lincoln Hall is in need of a master plan and renovation to bring the building up to classroom and office standards that are current with the needs of today and the future.

This project will ultimately concentrate as much of the instructional space as possible on the first two floors and place offices on the upper floors. Much needed teaching assistant areas will be created on the fourth floor of this centrally located Quad building. The reconfiguration of space in Lincoln Hall will provide a variety of classroom sizes for the classes that are taught in this portion of the campus. Space reconfigurations will be helped by taking out the backstage area of the theater, which has not been used for some time due to the relocation of the Theater Department to the Krannert Center for the Performing Arts some 20 years ago. This space affects Lincoln Hall on all four floors and when taken out will allow the placement of two classrooms on the first floor, along with a double-loaded corridor on the west end of the second, third and fourth floors, thereby making more efficient use of existing outmoded space.

Work associated with this project will include upgrading lighting, electrical, HVAC and networking systems, along with new flooring, ceilings, wall treatments and other items related to code issues.

Priority 7:	\$4,000,000 - Chicago
Chemistry	This request for planning funds proposes a Chemistry Research Building with a total
Building Planning	of about 120,000 NASF resulting in a 175,000 GSF building. Currently, the Chem-
	istry Department has a severe shortage of suitable research space. Growth in re-
	search funding and graduate student numbers has demanded that the Chemistry
	Department split faculty into two buildings, creating markedly less interaction be-
	tween groups and fewer collaborative efforts. Replacement of retiring faculty and
	hiring of additional new faculty in the next 10 years will increase research laboratory
	space needs by 24,000 square feet plus substantial increases in research office and
	support space. Transfer of the entire Chemistry Department research efforts to a sin-
	gle modern facility will enhance interdisciplinary work. In addition, a new facility
	will allow the University of Illinois at Chicago to continue its drive toward becoming
	an AAU institution.
Priority 8:	\$2,553,200 - Springfield
Campus	This project consists of several repair, remodeling and renewal projects that will im-
Improvements	prove interior lighting quality in the permanent campus buildings and renew selected
	areas in Brookens Library and the Public Affairs Center. In addition, this project
	proposes several site improvements that will repair the service drives, maintenance
	yards and walkways on the east side of campus, enhance the central plaza area and
	improve the landscape design throughout the campus grounds.
	There are eight parts to this project. The first part proposes to retrofit existing light-
	ing with new high efficiency lighting in library stack areas, the majority of campus
	classrooms and selected office areas. The second part of the project proposes to in-
	stall energy efficient variable frequency drives on selected fans in the Health & Sci-
	ences building. The third part of the project proposes to replace 20 year old, worn-
	out carpet throughout Brookens Library's stack areas, reader study areas and
	classrooms. The fourth part of the project includes floor covering and ceiling im-
	provements to the conference center, carpet replacement in the auditorium and floor
	covering throughout the concourse and cafeteria area. The fifth part of the project
	includes renovation of the auditorium offices located on the third level of the Public
	Affairs Center. The sixth part of the project includes longterm improvements to the
	Sangamon Auditorium located in the Public Affairs Center. The seventh part of the
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project proposes various improvements which includes repair and resurfacing of selected service drives and maintenance yards, replacement of deteriorated walkways, replacement of selected water and gas lines which are showing signs of deterioration and landscaping improvements throughout the campus grounds. The eighth part of the project includes landscaping and architectural improvements that will greatly enhance the Central Plaza which is located in the central area between the campus' permanent buildings.

# **Priority 9:** Incinerator

#### \$5,750,000 - Urbana

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.

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 has led to 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 P.A. 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 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 laboratory wastes identical to the regulated PIMW (i.e., look-alike wastes), animal carcass wastes and some low-level radioactive September 1998

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.

#### \$25,635,000 - Urbana

Priority 10: Library Seventh Stack Addition

This project will provide urgently needed storage space for the continuously growing University General Library book collection. To meet the instructional and research needs of students and faculty, the University Library adds approximately 120,000 to 150,000 bound volumes per year to its collections, as well as an additional 50,000 items of other Library materials such as maps, photographs, sound recordings, music scores, audio-visual cassettes, microtexts, newspapers, etc. The University Library also serves as the main book repository for the State Library System and is both a state and national resource.

The Main Library bookstack, which houses approximately 80% of the collection of over 13,000,000 items, is 100% full. The 34 departmental libraries, which house the remaining 20% of the collection, have reached capacity and can no longer transfer their less frequently used materials to the main bookstacks to make room for new material in their working collections. This severe over-crowding has occurred in spite of the fact that the Library has been conducting an extensive program of weed-ing the collections to eliminate unnecessary duplication.

During FY 1990, the University Library requested that the University lease space at a remote location in order to house Library books and journals it no longer could shelve in the Main Library bookstacks. This need represented about 500,000 volumes in FY 1991 and continues to grow at a rate of approximately 200,000 volumes per year. The use of remote storage for Library books and journals is both expensive and inefficient. To provide service for a remote location puts a severe strain on the Library's already over-taxed budget and staff. Inaccessibility of material in remote storage is a handicap to faculty and students alike.

The proposed Library Seventh Stack Addition will alleviate the present overcrowded conditions and improve the operating efficiency of the entire Library. The project's *September 1998* Page 23

Capital Requests	Pr	iorities
	planned 80,000 NASF will accommodate 3,000,000 volumes (growth beyond year 2000).	the
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# **Repair and Renovation Project Descriptions**

# Chicago Projects (\$4,350,000)

## Electronic Visualization Laboratory/HVAC Distribution - \$750,000

This project will rehab over 2,000 square feet of space on the third floor of Alumni Hall North and include a complete remodeling and renovation which includes vertical HVAC distribution and telecommunications upgrade. Remodeling will include new walls, floor surfaces, ceiling, new power and lighting circuits for individual room switching, new conduit and raceways for data and voice, new lighting fixtures and painting.

This project complements previous repair and renovation requests for a new chiller and air handling equipment in Alumni Hall North. Vertical distribution to the third and fourth floors will be included as part of this project scope.

# **SBHIS Informatics Learning Center - \$300,000**

The School of Biomedical and Health Information Sciences will renovate two large classrooms (approximately 7,200 square feet) and undeveloped adjacent space on the second floor of the Allied Health Professional Building as the site for the Learning Center. This capital budget request is for expansion and refinement of existing facilities within SBHIS to form an Informatics Learning Center with the specific goal being university-wide promotion and enhancement of healthcare informatics. Informatics is the application of computer science and information science to the field of healthcare. The scope of the proposed work will include electrical and HVAC upgrades. Also included in the project: demolition and removal of non-essential physical features, (such as built-in storage cabinets), lighting, flooring and ceiling replacement, patching, painting, new doors and window coverings, upgrade of electrical to include conditioned power, ATM networking (networking must be both horizontal and vertical), multimedia equipped centrally controlled classroom (with built-in sound system, projection systems, interactive television, rear screen projection, etc.), installation of individual computer workstations, integrated security systems and data and telecommunications jacks.

#### **Organic Chemistry Teaching Lab Renovation - \$1,000,000**

This project will remodel approximately 3,025 square feet with the primary purpose of improving the function, equipment and appearances of the existing space. The scope of work includes: asbestos abatement, a limited amount of demolition, removing casework, counters and cabinets. This remodeling also provides for new wall construction in the corridor, with openings, doors and frames to close off a room for instrument storage. Also included in this remodeling: HVAC modifications; replacement of fume hoods, exhaust fans and related gas piping service; new electrical and lighting; updated telecommunication and data outlets.

#### ISPI Remodel - \$1,000,000

Currently Illinois State Psychiatric Institute floors 9 through 11 are unfinished and unoccupied. This project will substantially remodel some 25,000 NASF on those floors to accommodate faculty, office and support staff areas. The remodeling will include new wall configurations, infrastructure upgrades and special air quality labs for the School of Public Health. The rehab of this space will include new walls, floors, ceilings, electrical/telephone outlets, new finishes and asbestos abatement as needed.

# ECSW Electrical Upgrade and Lighting - \$350,000

The College of Education is located in the Education, Communications and Social Work building. The facilities are not conducive to the needs of the College. Problems with electrical outlets and electrical capacity could create a dangerous situation as well as cause work stoppages. This project will examine the overall electrical distribution of the building to verify that there is sufficient capacity for the building's current use and any proposed future remodeling. This assessment will be based on current conditions, which include frequently blown fuses and light bulbs which constantly burn out in some fixtures. In addition, a complete analysis of existing outlets in the building will be completed, paying particular attention to all classroom space. Several of the spaces affected have repeated blown fuses when normal office equipment is running. After the electrical assessment of the building and surrounding exterior lighting is completed, all new light fixtures will be provided in the hallways/stairwells, computer labs and classrooms, as well as elevators.

#### College of Nursing, Renovate Learning Center - \$600,000

The Nursing Learning Center is involved in technology based instruction delivery systems for nursing education. Areas of focus include: distance learning applications, telecommunications, internet applications, interactive instruction materials development, copyright and intellectual property issues in multimedia program development, developing and implementing Web-based instructional systems.

The Center will create extensive clinical simulation capabilities through four specially designed practice rooms: home care, clinical skills, critical care and ambulatory care. Each practice room will have a mockup nurse or monitoring station. Home care will simulate a residential environment with a bedroom, bathroom and kitchenette. Ambulatory, critical care and clinical skills will house several exam bays each. Exam bays will completely recreate the hospital experience from crash carts, stretchers and breakaway doors to wall mounted medical cabinets and ceiling mounted curtains to isolate exam bays. Bays will be equipped with hospital furniture, such as exam tables and revolving stools, otoscopes, opthalmoscopes and shygomamanonmeters. Additionally, graduate and undergraduate lockers with toilet and shower facilities will be provided. A student lounge with study carols, study rooms, vending and a computer lab with two training offices will also be part of this project.

#### IIDD Infrastructure Upgrades, Phase II - \$350,000

The Illinois Institute of Developmental Disabilities building has a heating and ventilation system that is outdated and unreliable which cannot provide occupants with the environment required to perform their functions. There are a total of 16 airhandling units in the building. These units are 35 plus years old. Upgrades are required to meet environmental ventilation codes. The units have leaky coils, their temperature control valves are worn out and beyond repair and the housings are in very poor condition. Additionally, the temperature control mechanism is in need of major repairs and re-calibration. In view of the above, a two-phase project was established to replace the existing air handling units and their temperature control system. Phase I includes engineering evaluation of the system and design for the entire building. In Phase I, 6 of the 16 air-handling units will be replaced. This project also consists of replacing air heating units, controls, new temperature controls, distribution lines and testing and balancing of the air distribution system associated with these units for the building

#### Sangamon Auditorium Improvements - \$191,400

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

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

This project also proposes to replace the entire wood stage floor with a new pine floor. After 17 years of use, the stage floor is in fair to poor condition. The stage has been flooded three times, is worn from use of heavy equipment, splintered and gouged from removal of adhesives and in general ill repair. The ideal solution would be to replace the entire stage floor, approximately 7,000 square feet with a longer life yellow pine that is stronger in compression, shear, tension and side hardness.

# Springfield Projects (\$330,000)

#### **Carpet Replacement in Various Campus Locations - \$34,000**

This project includes replacement of worn-out carpet in several campus buildings. Much of this carpet is over 20 years old, faded and terribly worn. This is part of an ongoing effort to replace worn out carpet in many of the campus buildings including Brookens, PAC and the metal buildings. Just over 900 square yards will be replaced as part of this request.

#### "Smart" Classroom - \$69,700

Funding is requested to renovate an existing classroom on campus into a new "smart" classroom. As the university moves forward in providing students with classrooms that incorporate the latest in computer technology, the construction of a "smart" classroom would be the first of its kind on this campus. This classroom will be equipped with a multiscan video projector system, enabling faculty to provide a large, clear projected image of a computer screen or standard video screen and a network connection. Additionally this room will provide network plug-in connections at each of the student desks and software to allow communication/observation between student and instructor. "Smart" classrooms are programmed for the new classroom/office building, but until that facility is constructed, "smart" classrooms will need to be provided by renovating existing classrooms.

#### TV Studio Improvements PAC - \$34,900

Funding is requested for improvements to the TV studio, which is located on level 1 in the Public Affairs Center. The TV studio has been heavily used over the years and is in need of an upgrade. The TV studio improvements include new studio lighting, a new cyclorama and wall and floor modifications. The studio lighting needs to be upgraded and includes new spotlights, ellipsoidal lights and dimmer packs. In addition this project proposes to replace the current cyclorama with a new 180-degree cyclorama. Wall and floor modifications include wall painting on three walls, new drywall on one wall and the construction of two new wooden platforms.

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

# Bevier/Mumford Halls, Remodel Vacated Space - \$725,000

With the completion of the ACES Library, approximately 6,500 square feet will be vacated in Mumford Hall and 4,500 square feet will be vacated in Bevier Hall. This space will be available to the College of Agricultural, Consumer and Environmental Sciences (ACES) for remodeling into much needed office space. This remodeling effort will consist of the addition of walls, new ceilings and floor coverings; heating, electrical and networking system modifications; air conditioning in Mumford Hall; and the removal of all the stack shelving currently located in this space. Bevier Hall will require minimal removals, but the work necessary to bring Mumford Hall space up to office standards will be needed in Bevier Hall also.

This project will allow the College of ACES to relocate the college administration offices to develop proper accommodations for the Dean's office, Academic Programs office, International Programs office and the Cooperative Extension Service. This relocation will permit the college to terminate a lease and free up space for other purposes in the Agricultural Engineering Building. Also, some programs now located in poor quality space in the basement of Mumford Hall will be relocated to more desirable space.

# Education Building Remodeling, Phase III - \$400,000

The College of Education is making a concerted effort to become a national and international leader in the area of instructional technology and research on learning using technology. It is important that the College have facilities available to enable that effort. The College proposes to establish a major "Technology Cluster" in the basement and first floor of the Education Building, which will allow for group and individual instruction, along with research to occur in educational technology.

The "Technology Cluster" envisioned would include Rooms 1, 3, 4, 10, 16, 17, 22, 25 28, 31, 32, 33, 42A, 166 and 176. Of these rooms, the following will require remodeling to varying degrees: 1, 10, 16, 22, 31, 33, 42A, 166 and 176 (approx. 6,300 sq. ft). In addition to these rooms, it is desired to do some work to the basement corridor and restrooms. Typical work to be performed by this project includes new

wall, ceiling and flooring finishes; new lighting; enhanced power and networking capabilities; computer projection capabilities; built-in storage; and in some areas, teleconferencing capabilities. There is also an equipment request of \$75,000 as a part of this project.

#### Law Building, Remodel Academic and Student Areas - \$375,000

The focus of this remodeling project is the upgrading of academic and student spaces that could not be addressed in the Law Building Addition and Remodeling project. Central to this need, is the requirement to upgrade all "older" classrooms along the academic corridor of the Law Building. The College has recently imposed a computer ownership requirement on all students entering the College. Students have satisfied this requirement by purchasing a large number of laptop computers which has created the expectation that students will be able to use their computers anywhere and at anytime while in the Law Building. This remodeling project will expand the power and network access to all classrooms used by our students and faculty. The College allows students to use their laptops in all courses; however, there is a severe shortage of available classroom access points for students and appropriate teaching facilities for our faculty. This project will allow the College to address this very important need and to bring their instructional areas up to the minimum level required for the modern approaches to legal education.

In addition to improving the availability of power and network access points, this project will greatly improve the poor lighting conditions which exist in all classrooms. Lighting in the original six classrooms, Auditorium and courtroom, currently inadequate by today's standards for instructional needs, will be replaced. Completion of this project will benefit all students in the College as the poor lighting conditions in the original 1955 Law Building continues to be cited by students as a problem that should be dealt with soon.

Another important aspect of this project includes renovating the student locker and mailbox area, which serves as the "hub" of student activity in the College of Law. This component of student space, along with the main academic corridor of the building, will be greatly enhanced through the installation of better lighting and a September 1998

general facility upgrade. We will also renovate the main women's restroom on the first floor near the south entrance to the building and the central men's restroom located by the student locker area. During the interview season, these restrooms are used as "dressing rooms" by the students; however, the restrooms were not originally designed for that function and need to be renovated to accommodate the needs of all students. These facilities which date to the original construction of the Law Building, have not been upgraded during the past 40 years and are past due for this proposed upgrading.

# Noyes Laboratory, Replace Deteriorated Shingle Roof - \$150,000

The existing shingle roof on this building has out-lived its expected life of 20 years. The shingles are now beginning to fracture apart to the point that it is imminent that the roof be replaced before structural damage occurs to the attic and fourth floor. Any structural damage that occurs on the fourth floor will undoubtedly result in damage to laboratory equipment. This project will replace the 48,000 square feet of shingle roof.

# Materials Research Laboratory, Parapet Wall Repair - \$200,000

When the parapet walls were built for the Materials Research Laboratory, no expansion joints were inserted. The normal freeze-thaw cycle that occurs each winter has caused failure of the brick at the four corners of the building. If this problem is not remedied soon, interior walls will continue to crack, structural damage from water infiltration will occur and there is a potential life safety hazard of the parapets actually falling off the building. This project will install 480 lineal feet of expansion joints every 20 feet at the 4 corners to alleviate this hazardous condition.

# English Building, Replace Electrical Load Center #5 - \$480,000

The existing electrical switch gear in Load Center #5, located within the English Building is extremely old, its reliability is questionable and it does not meet the requirements of the National Electrical Code. The existing gear does not have a high enough amperage rating or short circuit rating for the uses that are now being imposed by the influx of computers throughout the campus, nor does it allow for future expansion. This project will replace and upgrade the medium voltage electrical switchgear that serves both the English Building and the Henry Administration Building–two main supply feeds to each building.

## Gregory Hall, Replace Electrical Load Center #4 - \$430,000

The existing electrical switch gear in Load Center #4, located at Gregory Hall is extremely old, its reliability is questionable and it does not meet the requirements of the National Electrical Code. The existing gear does not have a high enough amperage rating or short circuit rating for the uses that are now being imposed by the influx of computers throughout the campus, nor does it allow for future expansion. This project will replace and upgrade the medium voltage electrical switchgear that serves Gregory Hall, Smith Memorial Hall, the Institute of Labor and Industrial Relations and the Observatory–eight main supply feeds in total for these four buildings.

#### Education Building, HVAC Improvements - \$435,000

The HVAC system as designed and installed thirty plus years ago cannot provide adequate cooling to many of the building spaces—the building's occupants consider several of the spaces unusable during certain times of the year. This project will replace the induction cooling units with a variable air volume system, permitting increased airflow within the building.

# Loomis Lab, Replace Cooling Coils and Drain Pans - \$175,000

The chilled water coils, their supports and drain pans are rapidly rusting out in this nearly forty year old building. Most drain pans leak onto the penthouse floor. The coil casing and support deterioration is threatening to cause a collapse of these units. Leaks have disturbed work in laboratories below. Further deterioration could result in cooling outages for large sections of this heavily used building. This project will replace and relocate chilled water coils and drain pans on seven air handling units.

#### Fire Alarm System Upgrade, Phase V - \$500,000

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 that addresses this serious deficiency in a systematic manner by upgrading the alarm system in a few buildings each year. The approach is to upgrade the alarm system in buildings with a relatively high occupancy level or buildings that will have remodeling or renovation activities in them. This program will install the new Pyrotronics main sensing panel, replace existing detectors and add additional detectors where applicable. The buildings to be upgraded with this request are Mumford Hall and Child Development Laboratory, along with a fire panel in Burrill Hall. This project will also provide stair tower work and a fire panel in Engineering Hall.

# Agricultural Bioprocess Laboratory, Replace Elevator - \$350,000

The Agricultural Bioprocess Laboratory contains over 15,000 square feet of assignable space, which is used for Food Sciences research laboratories and offices. This 1920s vintage building still utilizes the original non-code compliant hand operated freight elevator to access its three levels. In order to conform to state and federal accessibility codes for the use of all three floors for program accessibility for persons with disabilities, it is necessary to replace this seventy plus year old freight elevator. The replacement elevator will be a three-stop hydraulic passenger elevator installed in the existing shaft.

#### Krannert Center, Accessibility Planning - \$50,000

Krannert Center for the Performing Arts is in dire need of a master plan for bringing the facility into compliance with current accessibility regulations aimed at removing barriers to persons with disabilities. The plan will examine alternative solutions to providing an accessible entry to the building from the sidewalk level, remodeling the ticket office to better serve persons with disabilities and remodeling the lobby restrooms to improve accessibility. The plan will identify accessible routes throughout the building and in individual theaters, in addition to providing a design for interior signage to assist patrons and workers in way finding within the facility.

#### Armory Room 101 Renovation, Phase II - \$600,000

This 243 seat lecture room has not had any improvements performed in it since it was originally constructed in the 1920s. This project will remodel the room for the Cinema Studies program allowing them to use it as an instructional laboratory for showing movies. The room will also serve as a general assignment classroom for the campus. The work envisioned to be completed by this remodeling effort necessitates a "gut" of the space. After the space is gutted, a mezzanine will be created at the rear of the room for projection equipment, along with HVAC improvements, new floor, wall and ceiling finishes, new sound system, new seating and a new "state-of-the-art" workstation and computer projection system for class presentations.

#### Burrill Hall, Renovate Instructional Laboratory Spaces - \$450,000

Space in Burrill Hall that was recently vacated when the School of Life Sciences (SOLS) moved into the Chemical and Life Sciences Laboratory has been used intensively for the past thirty years, primarily for research and has had minimal replacement of fixed equipment or plumbing. This project will begin the first of a number of phases by SOLS to "recycle" these areas into instructional laboratories and support spaces, along with the expansion of the Biology Library.

These new instructional laboratories will support the various undergraduate programs of SOLS as the school continues to face significant problems accommodating students in existing 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 renovation work. This project will begin to provide much needed relief to SOLS for their instructional programs by renovating space that will be able to be used effectively for the next 20 to 30 years.