

University of Illinois

FY 2001 Budget Request for Operating and Capital Funds



**Prepared for Presentation
to the Board of Trustees
September 1-2, 1999**

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Preface

As in the nation in general, the Illinois economy has achieved record fiscal strength over the past two years, and is projected to continue at robust levels for the coming fiscal year. \$1.1 billion in new tax appropriations were provided in the State's budget for the current fiscal year—an increase of 5.4%, and the second successive year in which more than \$1 billion in new appropriations were provided to State agencies and activities.

Higher education shared in this strong allocation of new resources for the current year, achieving budget growth of 5.7%. But that growth rate was not uniform for all segments of the higher education budget. New tax support for public universities as a group grew by a more modest rate of 4.4%, a full percentage point below the statewide average. As outlined in more detail in the Introduction to this document, when the impact of inflation is accounted for, new tax support for the public university sector in FY 2000 remains below that for FY 1990.

Thus, in the midst of a period of unprecedented economic strength in Illinois and the nation, I remain concerned about the fundamental foundation of support for the public university sector—annual tax support from the State. And those concerns are exacerbated when we look at the complex array of other factors that major research institutions such as the University of Illinois must address within a constrained set of resources. Those factors include the following:

- 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.
- 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.
- 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 undergraduate programs, assuring that they offer our students both top-quality

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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.

- The need for learning now spans a lifetime. Businesses of the 21st 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.
- Technology has changed the way our world operates. As a new millennium begins, we are on the threshold of mind-boggling advances 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 can now deliver top-quality education on an anytime, anywhere 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 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.

I believe the University of Illinois is well attuned to the major factors confronting higher education as a new millennium draws near. The themes upon which our FY 2001 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 set 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, our attention focuses 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. 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 an increment of \$4.75 million in FY 2001 toward 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

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overcome the loss of senior faculty earlier this decade. This need represents an extraordinary priority for the University for FY 2001.

- Similarly, the University of Illinois must continue to play a leadership role in producing graduates in the areas of greatest workforce demand. This is a major focus of the program development support we seek for the University of Illinois at Chicago for the coming year. UIC places special emphasis on workforce preparation needs in engineering, computer and information sciences and in medicine and the health professions. UIC's FY 2001 program requests will provide resources to strengthen the undergraduate educational experience for current students by reducing class size, increasing the number of sections in areas of high enrollment demand and enhancing student advising.
- 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 initiative—the Capital Scholars 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.
- 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, anywhere mode a reality. Supported by 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 the U of I Online. U of I 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. U of I 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. We seek an additional \$1 million in support for the U of I Online for FY 2001.
- All three campuses have emphasized the need for additional resources for technology development in their FY 2001 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.

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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.

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

The economic health of the State of Illinois continues to be robust, and has provided the underpinning for nearly \$1.1 billion in new appropriations for the State budget for Fiscal Year 2000—budget growth of 5.4%. Special attention in this year's state budget focussed on elementary/secondary education, for which new funding commitments were enacted last year. Elementary/secondary education found its incremental State support growing by 7.6% for FY 2000, following a 12% increase last year. Continued strong support for elementary/secondary education is welcome news for all Illinois citizens.

The higher education budget for FY 2000 followed a somewhat different path than in the recent past. For the past five years, the Illinois Board of Higher Education has developed budget recommendations for higher education that were positive yet modest, and that took cognizance of the intense competition for scarce State resources. For each of those five years, the Governor's Budget incorporated the IBHE recommendations in full, and the General Assembly adopted the Governor's Budget.

For FY 2000, that scenario changed somewhat. The IBHE opted for a more substantial set of budget recommendations than in the previous half-decade, seeking an increase of just over \$240 million or 7.5%. The Governor reduced those recommendations somewhat, recommending an overall increment of \$167.8 million or 6.2%. The General Assembly chose not to adopt the Governor's budget proposal in full, and reduced the overall budget for higher education by \$30.8 million, to an increment of 5.7%, a level above the statewide increase but well below that achieved for elementary/secondary education.

As was the case a year ago, the FY 2000 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. Key among the most significant budget advances achieved for FY 2000 is a new program conceived by the IBHE and endorsed by both the Governor and the General Assembly. This program, implemented for all public universities, provides an increment of 1% of each university's personal services base to address critical issues in recruiting and retaining

Key budget advances for the current year included:

- ***\$6.2 million to recruit and retain top quality faculty and staff***
- ***\$6.2 million to address the backlog of deferred maintenance projects at all three campuses***
- ***\$1.0 million for the Faculty Excellence program at UIUC, which will enable the campus to continue to restore faculty capacity lost to budget reductions over the last decade.***

Budget advances at the State Department of Agriculture also benefit the University.

top quality faculty and staff. This additional incremental support will be matched by continued internal reallocation of a like amount. The FY 2000 increment is intended by the IBHE to be the first of a five-year program aimed at raising the competitive salary ranking for Illinois universities among their national peer groups and at adding new faculty and staff in areas of greatest demand for program growth. The new initiative is endorsed enthusiastically by the University of Illinois.

A second major program component of the university sector's FY 2000 budget reflects a very significant priority for deferred maintenance support voiced by the General Assembly and particularly by the Senate Appropriations Committee. Virtually all program support for the University of Illinois beyond that available for the new recruitment and retention program—\$6.2 million—will be allocated to support facilities renovation projects that address deferred maintenance needs.

A third very important program advance for FY 2000 is the allocation of \$1 million to continue the Faculty Excellence Program at the Urbana-Champaign campus. During the past decade UIUC has lost more than 200 faculty members due to budget stringency and the need to reallocate resources whenever possible to help boost salary competitiveness. The Faculty Excellence program will permit the campus to begin to restore a portion of this lost faculty capacity.

Two other FY 2000 increases hold special import for the University of Illinois, although they were not a part of the University's direct operating budget appropriation. First, the Council on Food and Agriculture Research (C-FAR) received an increment of \$3 million, bringing total support for that program to \$15 million. The UIUC College of Agriculture receives approximately 80% of this funding, so it is a major enhancement of support for the campus.

In addition, the State Department of Agriculture received two appropriations related to the University's Cooperative Extension Service (CES). The first provides slightly more than \$10 million in state support to match contributions to CES from local county governments. A second provides an additional \$500,000 to advance the goals and objectives articulated by the Chancellor's Commission on CES two years ago.

The single most critical component of budget stability achieved over the last five years is solid State tax 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.

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 the first half of the 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.

Illinois long has confronted 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.

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.

FY 2000 Budget Outcomes

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

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. Although 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.

For Fiscal Year 2000, 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 \$47.1 million in incremental appropriated funds and new tuition provided growth of 5.2%.

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.

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 will not be available for several months, projections indicate that competitive salary gains have been achieved for both faculty and staff. With the availability of the special increment for faculty salary competitiveness, noted above, solid progress is expected for the current year.

The following tables and graphs illustrate the changes in funding which higher education has experienced in the recent past. Funding improvements for the State's educational systems at all levels has frequently been cited as among the State's highest budget priorities and budget needs for education have played a central role in the justification for recent tax increases. A closer examination of actual State tax appropriations, however, reveals that education's share of the State budget today is well below its position prior to the income tax increase of 1989-1990. Table 1 illustrates that the budget share for higher education has dropped substantially since that increase was enacted, today resting at a level below that prior to the tax increase. For FY 2000, the share for elementary/secondary education continued substantial growth, although less than the prior year. In addition, although appropriations for higher education grew by a solid 6.2% for FY 2000, higher education's share of the total budget remained relatively unchanged at 11.2%.

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

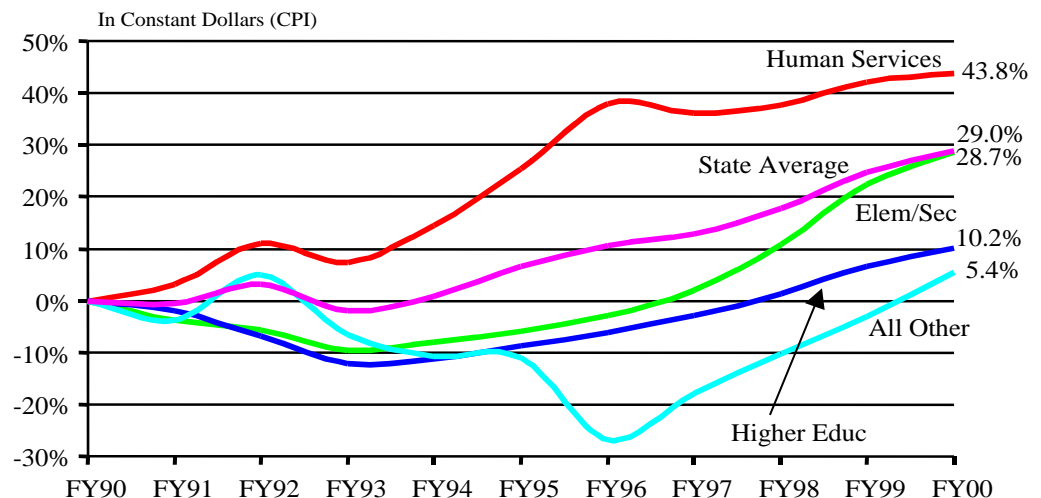
Year	Elementary/ Secondary	Higher Education	DCFS, Human Services & Corrections	Public Aid	All Other
1980	28.8%	12.9%	10.7%	33.8%	13.7%
1989	24.9%	12.0%	12.3%	31.5%	19.3%
1990	26.7%	13.1%	12.9%	30.7%	16.6%
1991	25.8%	12.9%	13.8%	31.5%	16.0%
1992	24.4%	11.9%	13.8%	33.1%	16.8%
1993	24.7%	11.8%	14.7%	33.1%	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	26.1%	11.2%	27.2%	22.3%	13.2%
2000	26.6%	11.2%	26.2%	22.3%	13.7%

During the same period budget shares for other human or social services have risen sharply. Just before the 1989-1990 tax increase, the State invested almost identical shares of its budget in higher education (13.1%) and the combined set of major human service agencies, which includes children and family services, human services and corrections (12.9%). By FY 1999, that relationship has changed dramatically. The

three human service agencies together have climbed to a share of 26.2%, growth of over 103%, while higher education has fallen to 11.2% and a decline of about 15%. 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 almost 1%. The significant boost to elementary/secondary education for FY 2000 has brought its budget experience nearly to the statewide average, after several years of below-average experience. In addition, FY 2000 represents only the second year since 1990 that higher education has experienced growth after adjustment for inflation.

While faring better than most state agencies, higher education tax appropriation increases have lagged those of the major social and human services since FY 1990, after accounting for inflation.

Figure 1
State Tax Appropriations Changes by Agency



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 70% even after accounting for inflation.

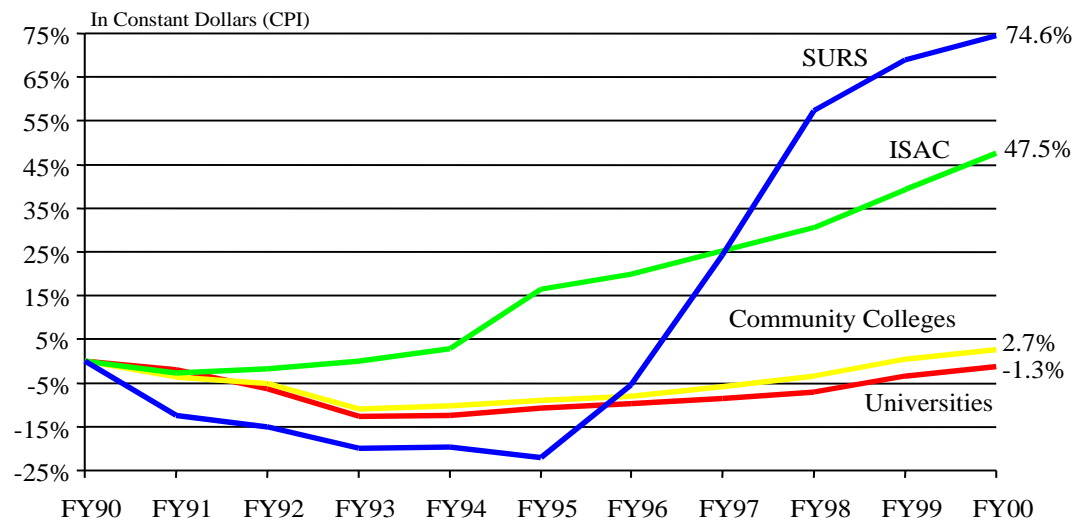
Tax support has varied dramatically within the components of the higher education budget as well. Figure 2 displays changes in tax support among the four largest segments of the higher education budget: universities, community colleges, the Illinois Student Assistance Commission (ISAC) and the State Universities Retirement System (SURS), again adjusted for inflation. The sharp growth in ISAC support is

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

Cummulative budget changes in State support for the university sector remains below inflation, despite historically low inflation rates for the past several years.

clearly evident, driven upward by changes in the maximum award which students can receive, an ever-expanding cadre of students seeking financial assistance and tuition and fee increases in public and private universities and community colleges. Mandated entitlement programs such as the Illinois Veteran's Scholarship Program have also contributed to the sharp rise in ISAC funding.

Figure 2
Cumulative Change in State Tax Appropriations
by Higher Education Sector



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 2000. Responding to new legislation setting out a multi-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 has received a significant but absolutely essential budget boost to preserve the strength of the retirement program serving higher education.

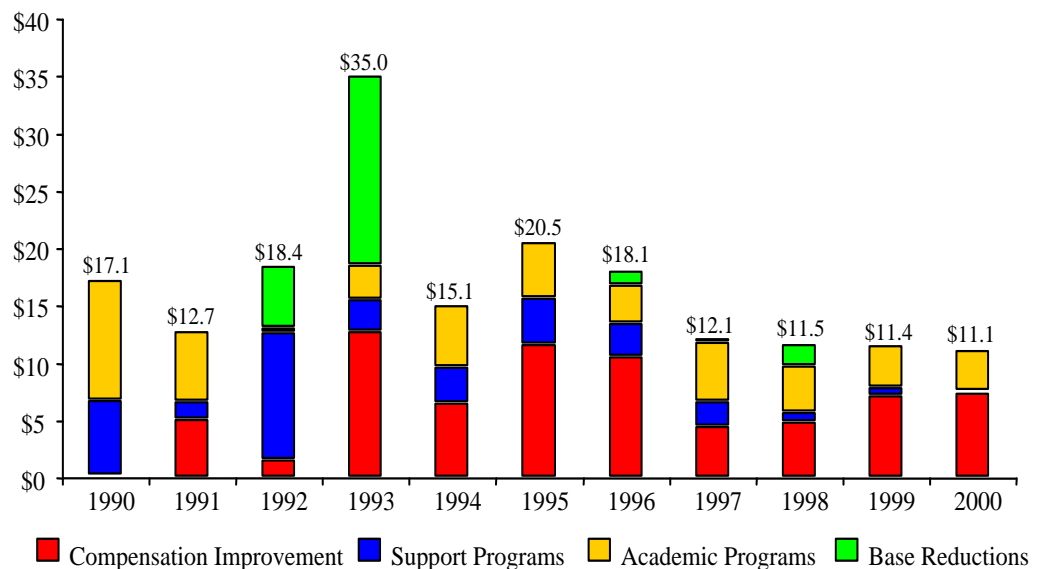
Even with improved investment earnings, changes in accounting practices mandated by federal agencies, refinements in assumptions affecting long-term forecasts for pension liabilities and the creation of optional retirement plans, the growth rate in SURS support will continue to be significant for the 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 essential, this mandated growth in SURS support will further constrict the funding available for other segments of the higher education budget.

Budget Trends in Perspective: Reallocation

As has already been emphasized, the University responded to its decline in budget share primarily through a comprehensive review of academic and support programs and priorities and a corresponding reallocation of existing funds. Since FY 1990 more than \$160 million in existing resources have been redirected to high priority academic programs or returned outright to the State via budget cuts.

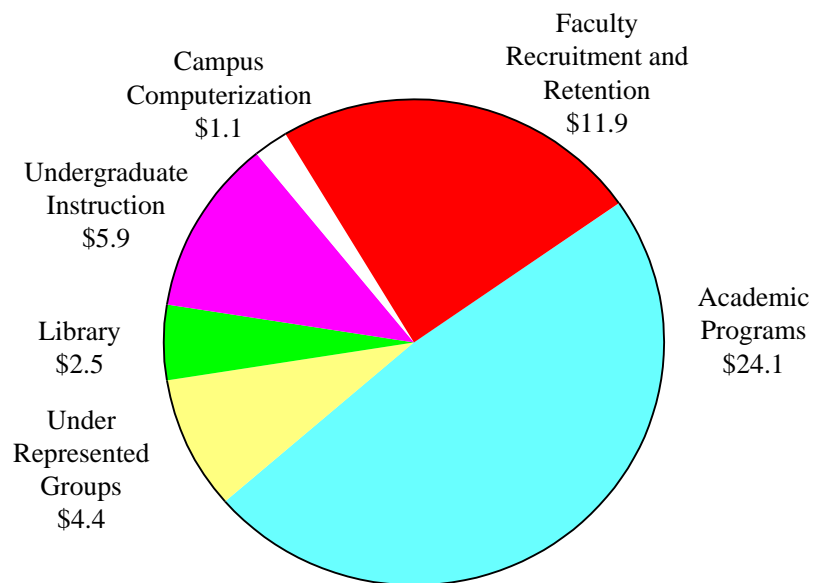
Figure 3 illustrates the size of the reallocations accomplished annually since FY 1990 and identifies the principal uses of reallocations each year. Given the University's paramount need to address faculty and staff salary competitiveness, it is not surprising that compensation needs have claimed the 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
FY 1990 to FY 2000
(Dollars in Millions)



Among academic program reallocations, those for general instruction have received more than half of the redirected funds. The campuses have sought to add new sections of courses facing significant enrollment pressures or created new initiatives such as the Discovery Program at Urbana-Champaign which brings senior faculty and new freshmen together in small class settings early in the students' programs. Faculty recruitment and retention efforts have captured another 26% of the reallocation pool, including special salary initiatives, laboratory remodeling and upgrades, equipment purchases and so on. As reflected in Figure 4, library initiatives and minority student recruitment and retention efforts round out the major categories of program reallocations.

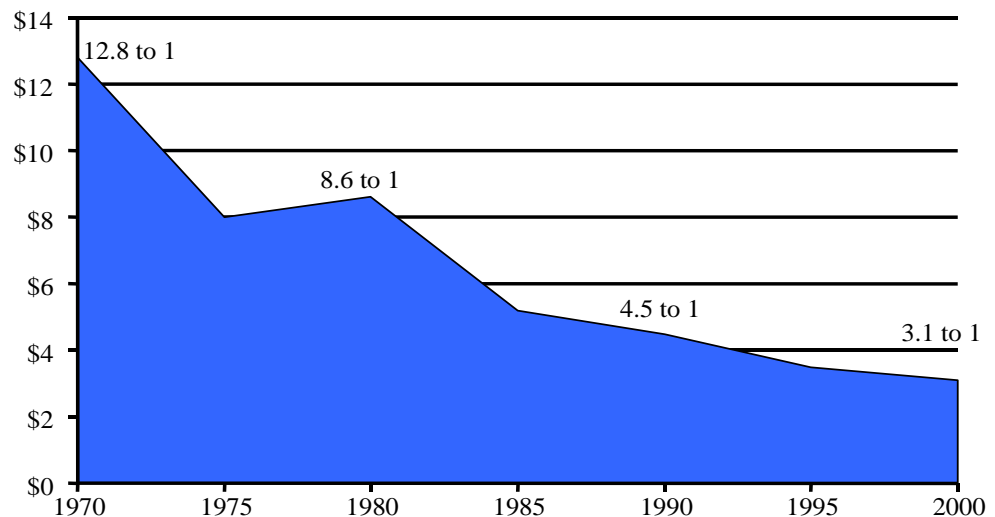
Figure 4
Reallocation for Academic Programs
FY 1990 to FY 2000
(Dollars in Millions)



Budget Trends in Perspective: Tuition

Since FY 1980 tuition revenue has become a much more visible component of the University's total appropriated funds budget as students and their families have been asked to 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.

Figure 5
State Support Per Tuition Dollar
FY 1970 to FY 2000



It requires a 3.6% tuition increase to make up for the loss of 1% in State tax resources.

Summary of the FY 2001 Budget Request

Sustaining competitive salaries for faculty and staff remains an important budget objective.

The University's FY 2001 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 identifies two statewide initiatives in higher education advocated by the Board of Higher Education for all public universities. The first of these initiatives continues critically important support for recruitment and retention of faculty and staff. The second documents the need to expand operating budget support for facilities renovation needs, even with the substantial rise in the amount available to address those needs in the current year.

A final 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. Sustaining competitive salaries for faculty and staff remains the University's paramount budget requirement and commands more than 60% of the total increment sought for FY 2001. 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 2001 a 3% increase is sought for employee salary increases, an amount which, when combined with the statewide initiative for recruitment and retention of critical

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.

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

faculty and staff noted above should prevent further erosion in competitiveness. It is essential that additional reallocation accompany these incremental advances, since serious competitive gaps 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, particularly in light of forecasts for continued economic strength and stability for the State.

The FY 2001 request continues the precedent set in FY 1999 to augment support for facilities renovation from its uneven and uncertain status in the capital budget with a more stable, secure component in the operating budget. A growing backlog of deferred maintenance projects combined with the need to address normal deterioration in building systems, 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.

In his Preface, President Stukel highlights several essential academic program priorities for the FY 2001 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. \$4.75 million is targeted to this need—the largest single program allocation in the FY 2001 request. As new positions are added, they will be

assigned to areas of greatest instructional and research need, with special emphasis on areas such as biotechnology, engineering, business and others.

For UIC, the President places special emphasis on the programs that will assist the State meet workforce preparation needs, especially in high technology areas. The President also highlights the UIS campus' focus on a new initiative to add a small-scale lower division program, the Capitol Scholars Program as well as an expansion of its online baccalaureate program in Liberal Studies. These two initiatives will help focus UIS' role within the University of Illinois system.

Other academic program initiatives are organized around four broad themes that include strengthening the academic base, particularly in areas of greatest student demand for additional courses, 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. Moreover, 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.

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 its 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

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

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 is addressed separately.

The full FY 2001 operating budget request is outlined in Table 2, which follows.

Table 2
FY 2001 Operating Budget Request

I. Continuing Components		\$34,033.0
<i>% of FY 2000 Base *</i>		<i>3.60%</i>
A. Salary Improvements - 3.0%	\$21,465.9	
B. Other Payroll Costs	\$844.4	
1. Medicare	\$324.6	
2. Workers' Compensation	519.9	
C. Price Increases	\$6,538.6	
1. General Price Increases - 3.0%	\$3,532.0	
2. Utilities Price Increase - 3.0%	1,450.3	
3. Library Price Increase - 10.0%	1,556.3	
D. O & M New Areas	\$5,184.1	
1. Chicago Projects	\$3,705.0	
2. Urbana-Champaign Projects	1,479.1	
II. Statewide Initiatives in Higher Education		\$9,155.2
A. Recruitment/Retention of Top Faculty and Staff	\$7,155.2	
B. Facilities Renovation	\$2,000.0	
III. Academic Program Initiatives **		\$22,400.0
A. Strengthening the Academic Base	\$12,500.0	
B. Investing in Instructional Technology	7,150.0	
C. Increased Links to the State of Illinois	1,300.0	
D. Operational Infrastructure	1,450.0	
Total Request		\$65,588.2
<i>% of FY 2000 Base *</i>		<i>6.93%</i>

All numbers are dollars in thousands.

* FY 2000 Base: \$946,630.1

** See Addendum II for discussion of a \$1.15 million funding request for the U of I Cooperative Extension Service.

Operating Budget Request for FY 2001

[Redacted]

[Redacted]

Continuing Components



Salary and Benefit Increases (\$21,465,900)

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.

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.

For the past six 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 modest salary programs in each year. However, during the lean years between FY 1991 and FY 1994, the University's annual salary increment averaged less than 1%. At the same time, inflation grew by more than 3% while the University's primary competitors averaged 4% salary growth in each year. Consequently, the University's salary standing plummeted and earlier progress toward building a comparative advantage crumbled. From FY 1995 to FY 1998, the deterioration of competitiveness was halted and restoration begun, but the magnitude of the erosion was such that past levels of competitiveness remained out of reach. Unfortunately, the national market for quality faculty and staff accelerated in FY 1999, widening the salary gap further.

As with other budget priorities, the University's efforts to achieve competitiveness rely heavily on a combination of internal reallocation and strong State funding. Generating additional support for faculty and staff salaries through internal reallocation of resources is a high priority. Internal reallocation in concert with

The national market for faculty salaries accelerated in FY 1999, undermining half a decade of State and University efforts to recover from the loss of competitiveness sustained in the early 1990s.

Despite steady state support, ongoing reallocation efforts and introduction of a new statewide program supplemental support in FY 2000, salary competitiveness advances have occurred with agonizing slow progress.

increased State funding enabled the University to improve its competitive position each year from FY 1995 through FY 1998. However, while strong State support and internal reallocation continued in FY 1999, the University's progress in faculty salaries stalled due to large faculty salary increases among peer institutions. Fortunately, the competitiveness of staff salaries relative to their state employee counterparts was maintained.

Clearly, this duo of internal reallocation in harmony with strong State support can be effective, but the degree to which it succeeds depends on whether the University's pooled resources outmatch those of chief competitors. In FY 1999, the University received a 3% increment for faculty salaries at all three campuses. However, the FY 1999 increment and reallocation, while welcomed, 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 impact on competitiveness of the FY 2000 increment of 3% for faculty salaries, plus an additional 1% for recruitment and retention of crucial faculty, 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.

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 ranking of the Urbana-Champaign campus did not improve in FY 1999, and the campus lost ground to the peer group median. These trends weakened UIUC's ability to attract and hold faculty of world-class stature and hindered its efforts to gain a competitive edge. Fortunately, additional funds to support UIUC's "retaining critical faculty" initiative were provided by the State in FY 2000. The funds will be used differentially to relieve the vulnerability of those faculty in competitive areas

who are top-quality and unquestionably undercompensated. Although the boost will have a favorable impact upon UIUC's ability to grow excellence by cultivating a world-class faculty, the brisk pace of the national market leaves the campus vulnerable to outside forces. 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, 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.

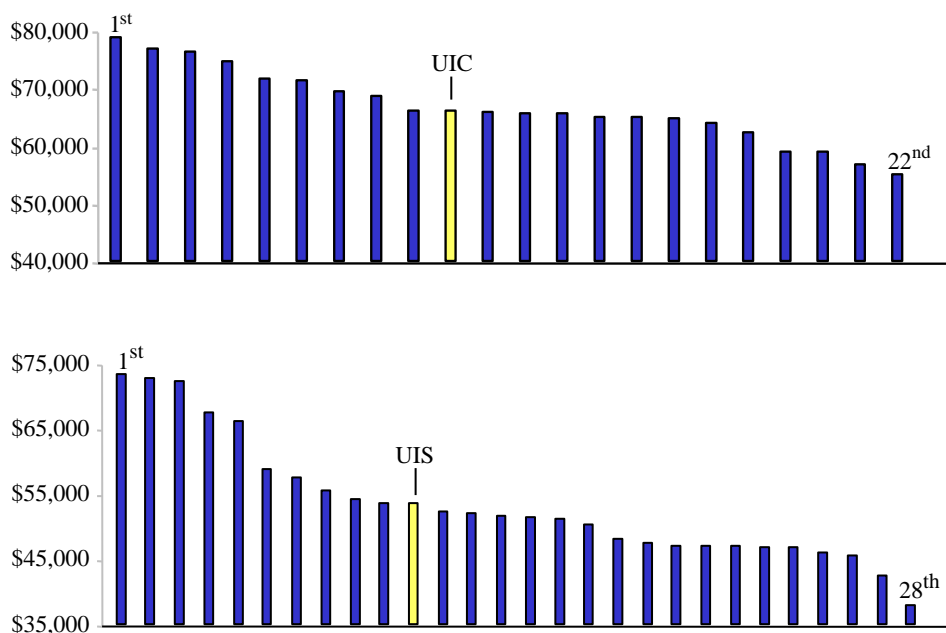
Faculty Salaries

To assess Illinois' position in the national market for faculty salaries, the Illinois Board of Higher Education (IBHE) established groups of peer institutions in 1985. Through a complex statistical process, 1,534 senior institutions were divided into 41 peer groups based on 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 1999, faculty salaries at UIC and UIS ranked near the middle of their peer groups. Figure 6 illustrates UIC's and UIS's intermediate competitive position relative to their IBHE comparison groups.

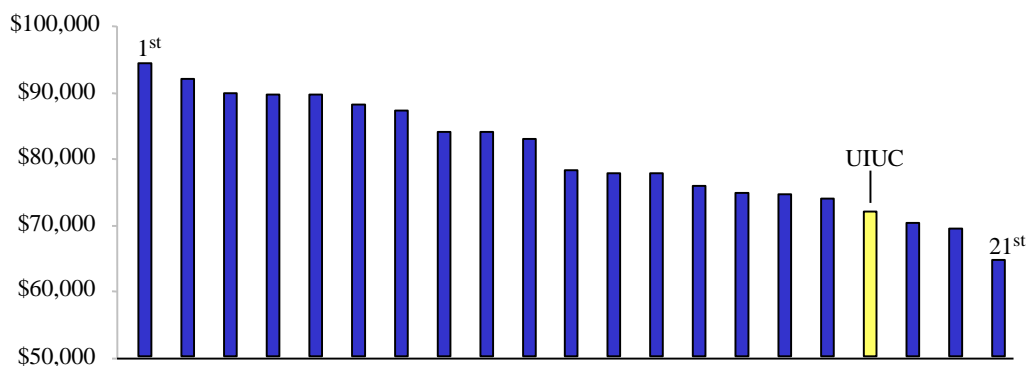
FY 1999 found faculty salaries at UIC and UIS ranked near the middle of their peer groups.

Figure 6
FY 1999 Competitive Standing among Peers
UIC and UIS



Although the Urbana-Champaign campus is among the nation's most academically competitive institutions, 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.

Figure 7
FY 1999 Competitive Standing among Peers
UIUC



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

Current projections indicate that the University will continue salary improvements in FY 2000, but these may be insufficient to keep pace with regional and national markets. The budget passed by the General Assembly and approved by the Governor provides 3% in incremental funding for faculty and staff salary increases. An additional 1% was awarded for hiring and retaining critical faculty and staff.

Faculty Salaries by Discipline

Universities must provide 1% matching funds from local sources. The University's top competitors are expected to average nearly 5% for faculty salary increases. The University will again redirect existing funds to augment the State increment, aiming to avoid any further loss of competitiveness, but real improvement will come only if and when the University's salary increase program exceeds those of our chief competitors.

Another way to gauge faculty salary standing is to examine salaries by discipline from FY 1987 through FY 1999, years in which salary levels were affected dramatically by funding fluctuations. This review identifies areas of growing difficulties for both the UIUC and UIUC campuses. Competition for top quality faculty has become particularly intense in high demand disciplines at both campuses. The University has experienced increased difficulty attracting and retaining key faculty in these high demand areas, as well as in areas of lesser demand.

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

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

Table 3 summarizes average salary data by discipline reported for FY 1987 (prior to the "no salary increase" policy of FY 1988), FY 1994 (the last year of the "no or low salary increase" period of FY 1991 to FY 1994) and FY 1999. 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 13 disciplines at the Chicago campus and comparable data for 18 disciplines at the Urbana-Champaign campus.

Table 3
Faculty Salary Study by Discipline FY 1987 to FY 1999

University of Illinois at Chicago and AAUDE Institutions

Weighted to UIC Distribution of Faculty

	Number of Schools	FY 1987		FY 1994		FY 1999		Change in Rank
		UIC Salary	Rank	UIC Salary	Rank	UIC Salary	Rank	
Architecture	16	\$34,233	10	\$49,772	8	\$57,536	8	2
Business	21	45,451	2	67,143	1	88,051	1	1
Education	22	33,773	11	46,915	9	58,269	7	4
Engineering	19	47,921	1	61,272	2	77,932	2	-1
Foreign Language	22	33,250	13	44,041	12	53,231	13	0
Letters	22	34,622	9	46,259	10	54,779	10	-1
Mathematics	22	42,184	4	55,408	3	70,247	3	1
Philosophy	22	41,405	5	51,430	5	54,421	11	-6
Physical Sciences	22	42,846	3	55,116	4	64,447	4	-1
Psychology	22	41,351	6	50,655	7	61,314	5	1
Social Sciences	22	37,882	7	50,991	6	60,424	6	1
Social Work	14	36,274	8	45,621	11	55,837	9	-1
Visual and Perf. Arts	22	33,340	12	43,318	13	54,214	12	0

University of Illinois at Urbana-Champaign and AAUDE Institutions

Weighted to UIUC Distribution of Faculty

	Number of Schools	FY 1987		FY 1994		FY 1999		Change in Rank
		UIUC Salary	Rank	UIUC Salary	Rank	UIUC Salary	Rank	
Agriculture	14	\$40,698	10	\$54,879	8	\$68,804	8	2
Architecture	16	38,858	12	45,797	14	58,771	14	-2
Business	21	52,341	3	73,695	2	95,352	2	1
Communications	20	36,213	15	48,426	11	62,126	11	4
Computer & Info	19	50,285	5	66,216	5	88,069	3	2
Education	22	41,424	9	51,435	10	61,473	12	-3
Engineering	19	53,995	2	66,284	4	86,586	4	-2
Foreign Language	22	38,917	11	48,333	12	56,981	15	-4
Home Economics	14	32,947	18	44,503	16	65,777	10	8
Law	17	69,147	1	87,844	1	102,741	1	0
Letters	22	35,365	16	46,674	13	60,699	13	3
Mathematics	22	46,480	6	58,921	7	70,572	7	-1
Philosophy	22	33,758	17	43,797	17	56,835	16	1
Physical Sciences	22	51,512	4	66,529	3	80,040	5	-1
Psychology	22	44,929	7	60,715	6	75,398	6	1
Social Sciences	22	41,945	8	54,067	9	66,811	9	-1
Social Work	14	38,342	13	45,200	15	55,803	17	-4
Visual & Perf. Arts	22	36,360	14	43,019	18	50,973	18	-4

As clearly shown by the data, budgetary constraints in the early 1990s 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, six disciplines (Architecture, Business, Education, Mathematics, Psychology and Social Sciences) improved their FY 1987 ranking. However, salary rankings lag FY 1987 levels for 5 of the other 7 disciplines. These were: Engineering, Letters (including English language and literature and similar disciplines), Philosophy, Physical Sciences and Social Work.

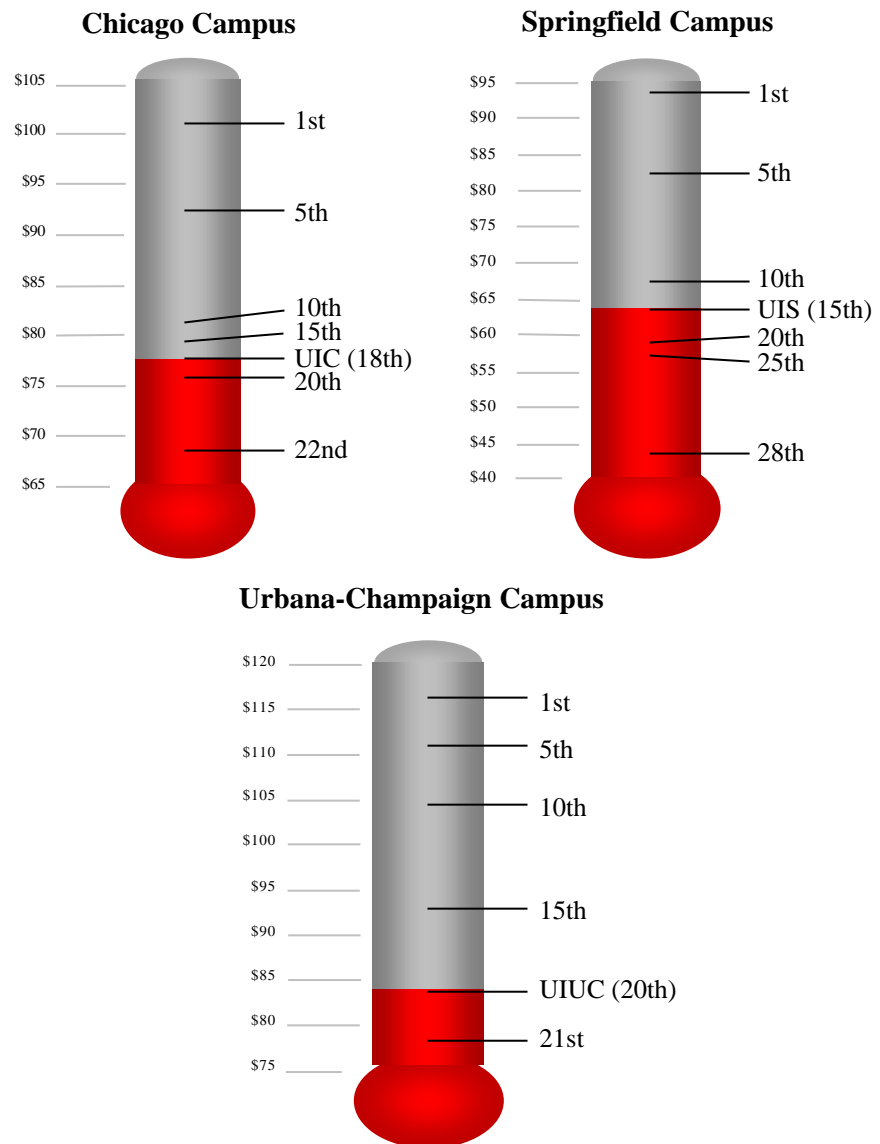
At UIUC, eight disciplines (Agriculture, Business, Communications, Computer and Information Sciences, Home Economics, Letters, Philosophy and Psychology) improved their FY 1987 ranking. However, 9 of the 18 disciplines lag their FY 1987 levels of competitiveness: Architecture, Education, Engineering, Foreign Language, Mathematics, Physical Sciences, Social Sciences, Social Work and Visual and Performing Arts.

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 continue on 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 2001.

Faculty Total Compensation

Total compensation represents the combination of average cash salary and employer contributions to fringe benefits. The University's lack of competitiveness in total compensation weakens its overall competitive standing. Figure 8 shows FY 1999 average total compensation for faculty in the ranks of Professor, Associate Professor and Assistant Professor at the three U of I campuses and their IBHE peers. All three campuses fare poorly next to their peers. The Chicago campus ranks 18th among its 22-member group, Springfield ranks 15th of 28 and Urbana-Champaign ranks 20th of 21.

Figure 8
FY 1999 Faculty Average Total Compensation
U of I Campuses and IBHE Peer Groups



Relatively low employer contributions for fringe benefits compound the effects of low salary levels on the University's ability to attract and retain critical faculty.

Consequently, the total compensation package must be considered a vital part of an overall strategy to strengthen the University's competitive position.

Budgetary constraints in prior years have produced salary programs which have kept pace with inflation but which were below the University's top competitors. Thus, the University remains vulnerable to erosion of competitiveness. Incremental funds totaling \$21.5 million are requested in FY 2001 for faculty and staff salary increases

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

to keep pace with the market and avoid any loss of competitive gain. In addition, the Illinois Board of Higher Education in FY 2000 initiated a statewide 5 year plan to enhance the ability of all Illinois public universities to compete with their peers for top-quality faculty and staff. Consistent with that plan, the University's programmatic request (described in detail later) includes an additional \$7.2 million to recruit and retain key faculty and staff. To further address the serious competitiveness problems faced by faculty at the Urbana campus, the University's programmatic request also includes funds to support a plan to reinforce areas of historic strength where the institutions leadership is threatened, areas where UIUC has realistic prospects for establishing world-class comparative advantage and areas of pressure on enrollment of public service capabilities.

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

The University continues to maintain parity in pay ranges with State counterparts for most salary classes. Continuing actions related to parity include:

- systematic assessment of deficiencies,
- adjustments to salaries of employees paid below comparable State rates; and
- changes in pay plan ranges.

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

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

	U of I FY 1999		State of Illinois July 1, 1998		% Over/Under State Class	
	Min.	Max.	Min.	Max.	Min.	Max.
Chicago Campus						
Secretary Transcribing	\$22,662	\$33,547	\$20,520	\$28,272	9.5%	15.7%
Staff Nurse II	35,152	66,914	37,200	47,256	-5.8%	29.4%
Accountant I	25,892	44,807	25,488	36,084	1.6%	19.5%
Library Clerk II	18,462	27,329	17,880	23,940	3.2%	12.4%
Urbana Campus						
Secretary III	\$19,962	\$29,548	\$19,764	\$27,096	1.0%	8.3%
Storekeeper II	27,905	29,523	22,080	36,396	20.9%	-23.3%
Accountant I	25,896	44,817	25,488	36,084	1.6%	19.5%
Kitchen Laborer	18,491	25,189	17,844	23,844	3.5%	5.3%

*University and state
pay ranges continue
to converge.*

For FY 1999, the University received funds sufficient to provide a general pay increase program of 3% for all employee groups, with additional internal reallocation to address special merit, market or equity concerns. In comparison, the State of Illinois contract provided for a 3% increase. In FY 2000, the University will continue to monitor State comparability.

Market Comparisons

The University uses data from recognized regional and statewide sources as a point of comparison for employees in the Open Range pay plan. Changes in market salaries are monitored annually using survey data from sources such as Pay Data Service and Mercer Information and Technology Survey. In FY 1999, the University program (3% average) for staff was slightly less than market range increases (3.89% to 4.00%).

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

Purchasing power comparisons are made using data from the Bureau of Labor Statistics, including sources such as the Employment Cost Index. The compensation costs for civilian workers (not seasonally adjusted) were up 3.4% for the year ending December 1998. The compensation costs for State and local governments increased 3% for the year ending in December 1998. The University increase of 3% compares favorably with the Employment Cost Index increases.

Staff Salary Summary

For FY 2001, the University seeks funds for a salary program of 3% to remain aligned with competitive markets. The University also requests funding to keep employee pay increases in line with those being granted in the general employment market, thus preserving the purchasing power of University employees.

Staff Benefits

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

**State
Universities
Retirement
System**

The health of the State Universities Retirement System (SURS), as well as the University's relative competitiveness among peer institutions with respect to retirement benefits, has been a matter of prime concern for many years for both individual employees and for leaders within higher education institutions and the SURS system. Any discussion of fringe benefits improvements for higher education in Illinois must include a strong call for adequate funding of the SURS program to ensure that existing benefits will remain secure. Action taken in FY 1995 by the General Assembly and the Governor to implement a long-term funding plan to strengthen pension funding for all State employees is a most welcome improvement. Law now mandates increases for SURS. FY 2000 is the 5th of a 15 year span of increases necessary to compensate for past funding deficiencies. For this year, SURS received an increment of \$11.7 million. Addendum I contains a more complete discussion of the SURS funding situation.

SURS budget increases put pension system funding on the road to budget stability.

It should be understood, however, that while achieving and maintaining adequate funding for SURS remains a key concern for FY 2001 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

(\$7,383,000)

Overview

Inflation has eroded the University's budget base by more than \$27 million since 1990. Although inflation has been low, price increase support from the state has been absent for a decade.

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

- General Price Increases

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 \$27.6 million in the 1990s.

- Utilities Price Increases

In late 1999 the first phase of electricity deregulation will begin in Illinois. The University has already entered the industrial sector lottery for potential access to the nascent deregulated market. Much has been written about future opportunities for cost avoidance throughout all classes of electricity consumers; however, it is a highly complex calculation to determine the direction which many of the costs variables will take, and ultimately, the combined effect on the final price of this energy source. If chosen in the lottery, the University will analyze all the options then available to enhance control over the access to and costs of this largest component of the total utility budget.

- Library Price Increases

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 University periodicals and 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 six 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

**General Price
Increases
(\$3,532,000)**

federally mandated Medicare contributions have placed additional stress on the University's budget in recent years. Despite significant cost reduction efforts, Workers' Compensation requirements continue to escalate. Increases in funding are essential to provide for these unavoidable expenditures.

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.

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

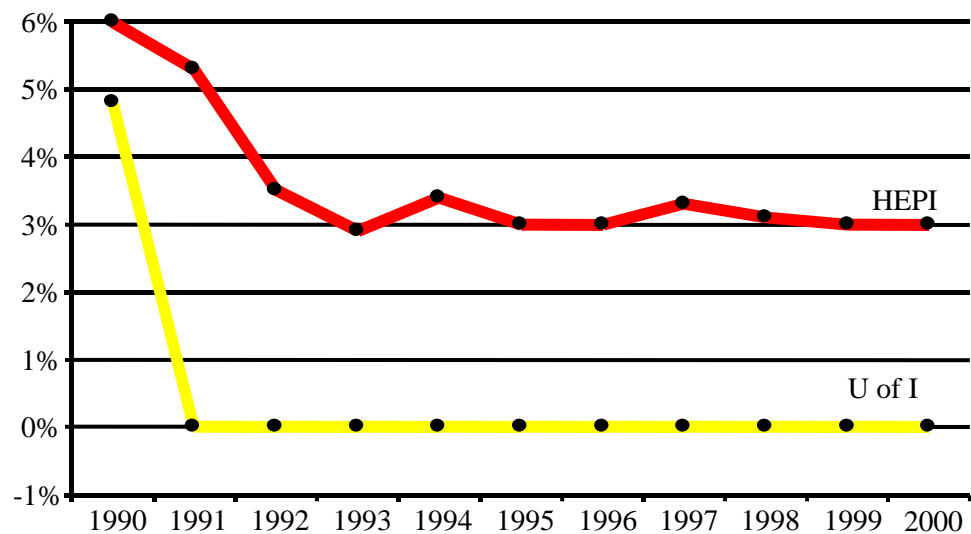
The diversity of University activities suggests that no single market indicator can adequately predict the effect of price increases on the University as a whole. For the purpose of the general price increase request, three inflationary measures are presented to assess the impact of price increases on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

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

A comparison of University funding levels to these measures shows a strong positive relationship among these inflation indices and considerable differences between the

price increases estimated by these indicators and University appropriations over the last decade. Specifically, the University has received no general price increase funding in the past ten years, the last one being in FY 1990. In FY 1990, the general price increase did not exceed the Higher Education Price Index, as shown in Figure 9.

Figure 9
Annual Inflation Increases
versus General Price Increase Appropriations

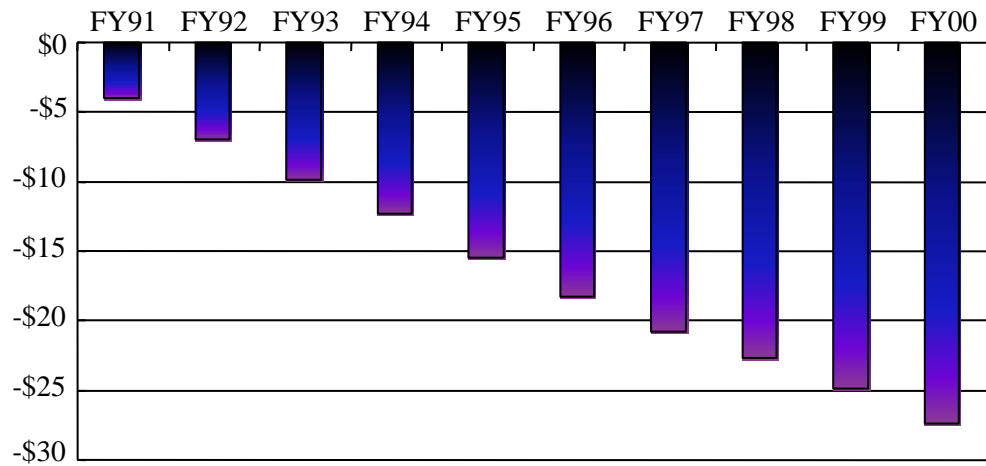


Even with relatively low recent inflation experience, the University has lost over \$27 million to the impact of inflation since 1990.

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 \$27.6 million, as measured against the Consumer Price Index shown in Figure 10.

The loss in purchasing power for general goods and services has reached \$27.6 million in the current year.

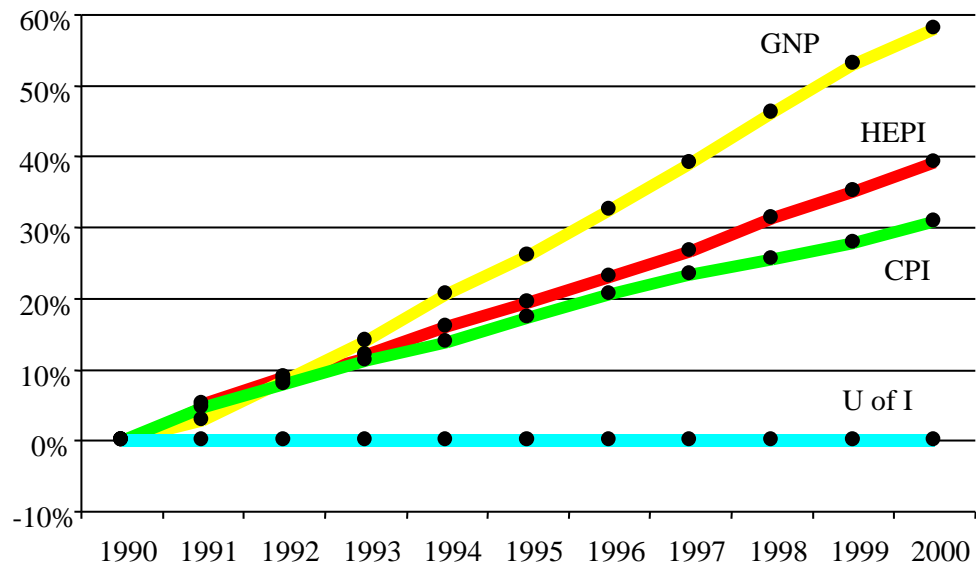
Figure 10
Cumulative Loss in Purchasing Power
(Dollars in Millions)



A review of the widening gap between inflation and University appropriations is displayed in Figure 11. This graph illustrates the wide disparity between actual general price increase appropriations to the University and inflation levels as estimated by GNP, CPI and HEPI indicators for FY 1990 through FY 2000. The University estimates a FY 2001 increase of 2% to 3% (CPI and GNP indices).

By any reasonable measure, the University's support base has seriously eroded over the past decade.

Figure 11
Cumulative Inflation Increases
versus General Price Increase Appropriations



**Utilities Price
Increases
(\$1,450,300)**

For FY 2001, 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 \$3,532,000 is sought.

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 2001 these projected commodities and utilities rate increases yield a composite price increase of approximately 3%, a \$1,450,300 increment above the FY 2000 direct utilities base for all the campuses of the University of Illinois system.

As noted in the FY 2001 narrative for operation and maintenance of new areas, in FY 1998, FY 1999 and again in FY 2000, the IBHE did not propose fully funding the utility requirements of recommended new areas facilities. This deficiency, additive to the deficiency that results from projects not recommended for any support, becomes a liability of the base budget for utilities. However, for FY 2000, the deficit is unfortunately much worse. Approximately \$4 million was requested for utilities need for 14 projects. The IBHE and the Governor's budgets recommended support of less than \$900,000 for funding a portion of the utility costs for five projects. Yet in the legislative appropriation phase, no funds were approved. While strategic management activities have usually offset the utility base funding deficiency, it is certain that additional deficiencies cannot be accommodated.

Regarding the deficient funding of projects recommended for support, the following example illustrates the difficulties presented by this process. If the practice of not fully funding utilities had been in place when the Molecular Biology Building at Chicago and the Chemical Sciences/Life Sciences Building at Urbana-Champaign had come on line, the combined utilities-only deficiency, for just these two facilities, would have totaled approximately \$1.6 million.

The above discussion highlights the problems for the utility base resulting from underfunding or absence of any funding of the utility requirements of new space. The utilities base budget, the request component to be discussed below, suffers from difficulties caused by the lack of incremental funding on the entire budget, as calculated on increases of the fuels and services that comprise the total budget. Only three request increments have been received during the last fourteen years. The

Over nearly a decade-and-a-half, only three annual increments have been achieved for the utilities budget.

modest percentages of increment, 5%, 3% and lastly, 3% in FY 1998, have not provided a sufficient increase in the utilities budget to accommodate actual consumption and costs. In FY 1995, state utility expenditures for all University of Illinois campuses totaled almost \$40 million. In FY 1998, expenditures were close to \$47 million, a 17.5% increase. For FY 2000, the IBHE recommended a utilities budget increment of 3%, which was unfortunately removed in the final budget appropriation. It is hoped that the IBHE again recognizes the importance of support of the University's utilities budget and recommends the 3% increase request for FY 2001.

The University is a participant in the market for commodities, such as, natural gas, fuel oil and coal. Unit costs for this energy used for heating, cooling, lighting and powering the campuses, are significantly affected by market forces and regulatory intervention. Competitive bidding, forecasting of market swings for pre-purchase of fuel oil and coal inventories, and multiple fuel use capabilities help the University gain some control over the variability in price. Forces that drive variability are numerous and range from the vagaries of weather to the politics of the international supply of crude oil. Operationally, the University's power plant managers can exploit the dual/triple fuel switching capabilities of the University's physical plants. However, these fuel-switching savings are in the base budget and are now subject to inflation.

A variety of management techniques help the University overcome some of the effects of inadequate budget increments for utilities.

The University is in a term contract for natural gas that is almost flat relative to the national price index on which the value of the commodity is based. This means in essence that the University, at least for the significant portion of natural gas that it purchases directly, is paying wholesale prices for its natural gas. No premium is paid for its purchase. The national price index, however, is variable and volatile on a monthly basis. Volatility has increased with natural gas competition. Competition has arisen from the deregulation of the natural gas market, which has been fully deregulated since 1993. A decade prior to this period, gas prices were high, but relatively stable. Since that time, the price of gas has fallen but its volatility has increased. For example, in 1983 the nationwide average range of unit price variation was approximately five cents. In 1997, the nationwide average price per MMBtu of natural gas ranged across almost one dollar. This factor, volatility, increases the value of the fuel switching capabilities of the plants. Regarding the direction of the price for

Market prices for natural gas and #6 fuel oil are projected to rise by 2% to 3% for FY 2001, while coal prices will likely rise by 5%.

this energy source, it is projected that the unit cost of this fuel will increase approximately 2% to 3% for the budget request year.

Use of #6 fuel oil at the Chicago campus mitigates the volatility of natural gas. As an inventorable asset, the University can purchase large quantities of this commodity when prices are low and then store it for use when natural gas prices become distinctly uncompetitive versus #6. This occurs most often during the peak winter months from November through March when the unit cost of gas can be on average 15% higher than the other seven months of the year, the non-peak season. Conversely, during the non-peak season, fuel oil prices increase relative to other boiler fuels. During the first two quarters of 1999, nationwide heating oil prices increased approximately eleven cents per gallon. At the Chicago campus #6 does not meet, all boiler fuel energy needs, but the dual fuel capability provides some level of price protection during the heating season. It is estimated that rate increases for this commodity will be relatively moderate, in the range of 2%, held low primarily because of large domestically held stocks and an international crude oil surplus.

FY 2001 will witness the implementation of a new coal contract that as those before will be bid competitively. It is projected that costs for this commodity will approach the 5% level. Part of the contributing factor to its higher than inflation rate of increase is from expanding demand. Because of the effects of deregulation, a number of large utility companies in the Midwest are selling off comparatively non-productive assets. Many of these assets are coal-fired generation plants. Many of these plants are being bought by smaller companies that are upgrading the facilities and plan to operate them as peaking plants for regional electric demand. By FY 2001, many of these plants will be fully on line and competing for coal. The University will pay a premium for this market situation and thus the higher than inflation projected rate increase for this commodity. This 5% increase, while high, does not make coal uncompetitive versus natural gas, the primary boiler fuel utilized at the Urbana-Champaign campus.

The largest utility budget expense component for the University is electricity. Much like natural gas it is affected by weather, demand levels, deregulation effects and production costs. In 1999, the University will participate in the State lottery for access to 'deregulated' competitive supplies of electricity. It must be noted that not until 2006 will the electricity market in Illinois be considered truly deregulated. In the

Electricity prices remain volatile, and will remain so throughout the full implementation period for deregulation.

meantime, consumers will be required to pay transition surcharges to pay off capital investments of previously regulated utilities. One of the most unpredictable areas of deregulation as it currently stands in Illinois is the imbedded additional cost for fuel, as separately billed by the electricity supplier. It is hoped that 'competition' means exactly that, and that prices while they at first increase because of the transition charges will then begin to decline as the market becomes more freely competitive. But that is in the future.

At this time, two things are clear about the electricity profile of the University of Illinois; first, it represents a major expense, roughly 50% of the total budget, and second, the cost for this energy is highly unpredictable and volatile. It is expected that rate increases for electricity, primarily composed of transition surcharges and imbedded costs for its production fuel (coal, nuclear and natural gas) will approximate 3% in FY 2001.

The final 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 3% and 4%. One exception is that for the Urbana campus, sewer costs for FY 2001 will increase by 39%. There has been no rate increase since 1988. The University continues to benefit from the negotiated contract with Northern Illinois Water Company that allows the bundling of its main water deliveries into one rate block grouping for the Urbana-Champaign campus.

In summary, it has only been through exceptionally strong management of the utility budget that it has only once been necessary in the recent past to reallocate funds to meet the utility operating costs of the University. However, this instance stresses the reality that unlike maintenance requirements which can of necessity be deferred, utility services and their costs can not be deferred and must be met on demand. The University of Illinois requests that the State return to full funding of utilities for new areas. It also requests that the IBHE recommend a 3% utilities budget increment for FY 2001 as it did for FY 2000. These funds are necessary for the University to continue to meet its obligations to the providers of utility services and fuels, and subsequently to meet the obligations of its teaching, research and service mission.

**Library Price
Increases
(\$1,556,300)**

The Libraries of the University of Illinois are requesting a 10% increase in their materials budgets to insure that the Libraries are able to maintain the quality of collections in light of the following considerations. First, double-digit inflation in journal costs continues to threaten the quality of the collections. Second, new funds are needed to support adequately 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 as inflation has outpaced budgetary support.

The Chicago (UIC) Library, that serves the largest university in the Chicago area, holds nearly 2 million volumes including 15,538 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 videotapes 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 libraries at all three campuses must struggle to maintain collections in both print and electronic formats.

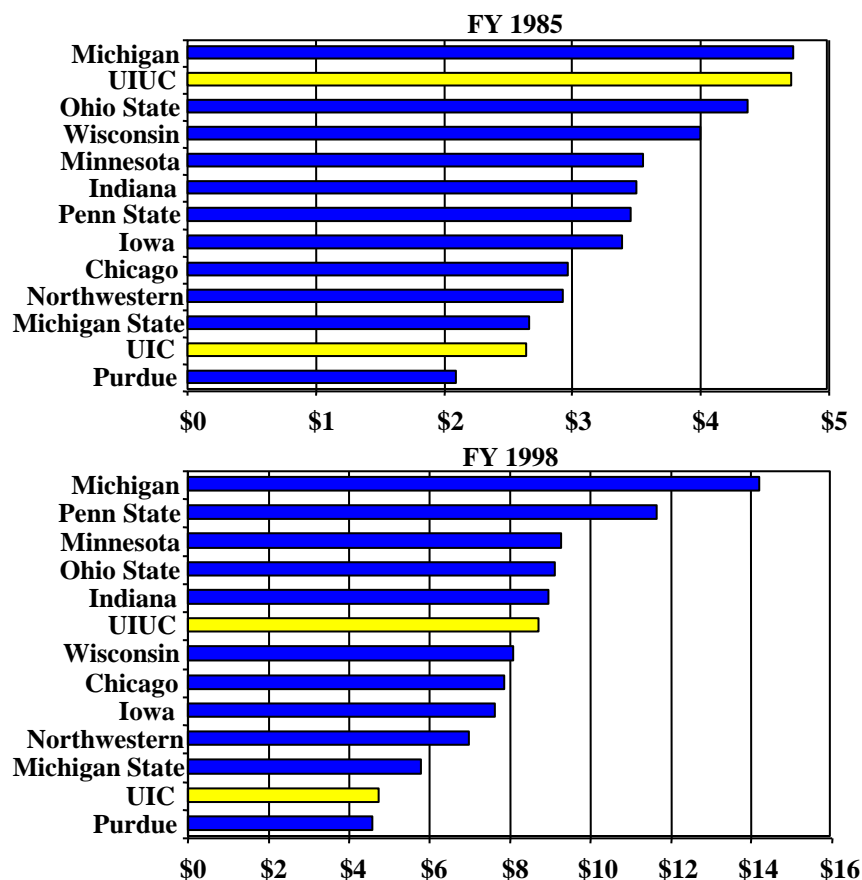
The Urbana-Champaign (UIUC) Library is a major educational and cultural resource for the University and the State of Illinois. With a collection of more than 17 million items, including 9 million volumes and 90,801 serial titles, it is one of the world's great research libraries. Strong and unique collections have been a hallmark of the UIUC Library. Distinguished collections exist in areas as diverse as American history, chemistry, English literature, engineering, mathematics, music and Slavic languages and 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,

Despite the State's support for library increases, inflation in several critical components has far-exceeded the incremental funds available to the libraries.

the Library's collections have expanded to include many of the latest electronic resources for databases, indexes and abstracts, which provide access to the scholarly literature at UIUC, as well as other institutions.

The Libraries are committed to maintaining the strongest collection possible to meet the educational and research needs of its diverse users. It is equally committed to providing access for its users to collections owned by others both through 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 continue to rise dramatically every year because of escalating production costs, the rising cost of paper, unfavorable exchange rates for foreign currency and the unusually high inflation on many foreign scientific and technical journals. In addition, because of inconsistent funding in the last decade, collections of the Libraries have been seriously compromised. Since FY 1993, the UIUC Library received a total increase in its materials budget of 31%. During this same time, the Library's journal collection has been faced with a publisher's inflationary increase of 64%. The erosion of the budget is clearly shown when the Libraries' materials expenditures are compared to their peer institutions. Among members of the Association of Research Libraries (ARL), the UIUC Library materials expenditures declined from 8th in FY 1985 to 23rd in FY 1998. In FY 1985, Figure 12 shows the UIC and UIUC Library materials expenditures ranking 12th and 2nd, respectively, among the 13 CIC member libraries. By FY 1998, however, the UIUC Library rank dropped to 6th while UIC retained its low ranking.

Figure 12
CIC Library Materials Expenditures
(Dollars in Millions)

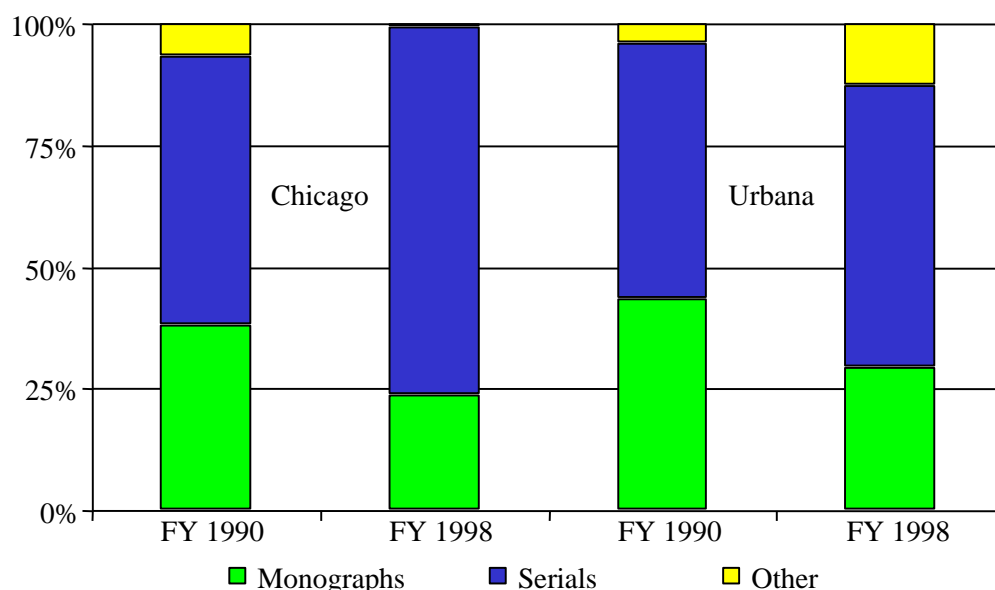


Rampaging inflation has required the cancellation of thousands of serials at all three U of I libraries.

For more than a decade, the UIC and UIUC Libraries have undertaken serial cancellation projects, attempting not only to balance the serial budgets in the face of extraordinary inflation, but also to preserve some materials funds for monograph and electronic acquisitions. Over the past decade, the UIC and UIUC Libraries have cancelled over 1,900 and 7,000 serial titles, respectively. In spite of these severe measures, the ability of the Libraries to purchase new books and important electronic products and services is in a steady decline. Although the importance of monographs versus electronic products varies by discipline, books in general remain heavily used by students across the campus curricula. Thus, the acquisition of new monographs is essential to keep pace with curricular demands. In FY 1990 approximately 38% of the UIC and 43% of the UIUC libraries materials budgets went for monographs, by FY 1998 Figure 13 shows these percentages dropping to 24% at UIC and 30% at UIUC. Despite a stable trend in the general economy, inflation of library materials

has become a wild card such that high inflation in any given year would devastate the monographic budget.

Figure 13
Library Material Budget Information



Electronic resources are not the “magic bullet” to stop the erosion of the library materials budget. At present, many quality electronic journals cost more than their print equivalents and in many cases user needs require that both electronic and hardcopy subscriptions be sustained. New methods of electronic document delivery can be used to help offset the cost of expensive, low-use print journals, but the costs of delivery of a single article can be quite high. However, electronic resources do make available enough choices for the Libraries in providing access to information to justify their careful considered purchase.

Materials in electronic format most often represent new resources needed in addition to those in traditional print formats.

The special value of the collections of the Libraries lie in the unique strengths of their holdings for students and scholars, as well as external users throughout the state, nation and world. Now and in the future, continuing and stable financial support is critical to answer the educational and scholarly needs of the campus community, to enhance access to collections in other libraries and to exploit the potential of electronic information. In addition, the University Libraries play a significant role as the libraries of last resort in Illinois. To meet these challenges successfully, the Libraries require an increase of 10% in FY 2001 to offset expected continued inflation, keep pace with the demands of its users and begin to recover a small portion of the ground lost over the past fifteen years.

Other Payroll Costs (\$844,400)

Medicare and Social Security Contributions

Medicare cost increases present mandatory, unavoidable budget requirements.

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.

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.

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
(Dollars in Thousands)

<u>Fiscal</u> <u>Year</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>% Change in</u> <u>Expenditures</u>
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 1999 appropriation is \$6,302,700 for the combined Social Security and Medicare requirements. In FY 2000, expenditures are expected to rise to \$6,491,800. An increment of \$324,600 is requested to bring the FY 2001 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. However, 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)

<u>Fiscal Year</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>% Change in Expenditures</u>
1990	\$ 1,670.2	\$ 2,343.9	0.0%
1991	2,685.0	2,665.0	13.7%
1992	2,087.9	2,087.9	-21.7%
1993	2,193.5	2,193.5	5.1%
1994	2,986.3	3,001.1	12.6%
1995	2,986.3	3,291.0	9.7%
1996	2,986.3	4,258.6	29.4%
1997	3,365.0	3,598.9	-15.5%
1998	3,365.0	3,727.0	3.6%
1999	3,466.0	3,786.1	1.6%
2000	3,466.0	3,901.7 (est.)	3.1%

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

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 1998 were \$3,727,000 while the State appropriation was \$3,365,000 creating a deficit of \$362,000. For FY 1999, claims are projected to reach approximately \$3,786,100 while State funding is at \$3,466,000, which would produce a shortfall of \$320,100. Actuaries have projected payments for FY 2000 to be \$3,901,700 and \$4,020,000 for FY 2001. The University has created extensive programs and incentives to control and reduce costs in the last several years. Even with the success of these programs, additional resources are required. For FY 2001, \$519,900 for workers' compensation is requested.

Operation and Maintenance of New Areas (\$5,184,100)

**Campus
Levels:**
UIC
(\$3,705,050)
UIUC
(\$1,479,050)

An appropriate sub-title to this budget request component might be "Projects Suitable for Future Deferred Maintenance Support." Failure to provide adequate support for operations and maintenance of new areas means that new projects start their useful lives with a built-in deficiency. For FY 2000, no funds for operations and maintenance of new areas were provided to the University. Support for the operations of those new projects brought on-line during the current year will be derived from non-reoccurring resources. It is therefore necessary to include in the FY 2001 request the five projects that were approved and recommended by the IBHE for FY 2000 support. Two of the projects, Spurlock Museum at Urbana-Champaign and the Outpatient Care Center at Chicago were scheduled for the completion of the funding request in FY 2001; therefore, twelve months of support are being requested for these facilities.

Additionally, "ISPI," better known as the Department of Psychiatry and School of Public Health, requires a reiterative request of twelve months of support previously recommended by the IBHE and endorsed in the Governor's budget. Particular notice should be made that this facility was recommended at full funding levels for both utilities and other costs. This facility itself comprises nearly 41% of the total FY 2001 request.

The unfortunate revocation of over \$2.7 million of funding support for FY 2000 recommended projects almost doubles the FY 2001 request for operation and maintenance support of new areas for the campuses of the University of Illinois.

Another area of potentially severe strain on this budget component is the relatively new practice (three years standing) by the IBHE to not fully fund the utility component of recommended projects. Instead, an average is uniformly applied across all variety of projects. It is of no consequence in the funding decision calculus whether the facility requires incremental support as a result of minor remodeling, or whether the facility is a new, technologically advanced teaching and research facility of substantial size with significant energy and space utilization demands. This deficiency is additive to the long-standing practice of funding other support costs at one base rate for all recommended projects. These resulting shortfalls of prior budget requests are now base budget liabilities.

Funding new areas support at average costs creates a built-in deficiency for any facility with above-average maintenance needs and this practice should be eliminated.

It is estimated that if a significantly sized engineering, agricultural, or health sciences facility comes on-line with associated high-demand costs (perhaps twice above the average recommended per gross square foot) there will be a multi-million shortfall of its operation and maintenance support requirements. For FY 2000, the combined annualized cost/GSF to support the recommended projects was \$6.54/GSF. At annualized, fully funded levels, the required need level is \$8.22/GSF, or 25% higher than recommended. This shortage yields an estimated budget deficiency of just over \$800,000 for the five recommended projects.

It is extremely important to recognize that some budget request years contain many specific projects that are not far from the averages used by the IBHE. For example, the comprehensive FY 2001 request results in an annualized cost of \$6.50/GSF. This point is made to recognize that the decision to fund facilities at one average rate, when the rate reflects the actual cost sometimes presents only minor difficulties. The corollary is that when high-demand facilities come on-line, the IBHE must recognize the importance of fully funding both utilities and other operation and maintenance support as the specific facilities' needs are described, whether that may be twice the average rate, or more.

The operation and maintenance of new areas can not be 'budget-billed' by the campuses. Actual expenditures incurred by these facilities must be paid on a month to month, fiscal year basis. Some years the request-cost/GSF is above average, some years the request-cost/GSF is below average. Therefore, it is recommended that the IBHE fund projects at the 'need' level of each specific facility, not an 'average' level. Over time, these costs will balance out simply by the nature of the construction stream of new facilities (few high-demand, many low-demand), but in the near term reality of meeting the actual expenses incurred by these facilities, it is important that funding to the 'need' level be received.

The requirement to support the operation and maintenance of new areas in FY 2001 totals \$5,184,100. Seventeen projects, comprising approximately 900,000 GSF of new or significantly remodeled space, require either full or partial funding of the annual costs of operation and maintenance.

Table 7
FY 2001 Operation and Maintenance
Requirements to Support New Areas

Project	GSF	Total Annual Cost	\$/GSF	Date of Occupancy	Months	FY 2001 Amount
Chicago						
ISPI (School of Public Health & Dept. of Psychiatry)	318,652	\$2,135,300	\$6.70	7/99	12	\$2,135,300
Outpatient Care Center	62,500	849,700	13.60	7/99	12	849,700
NPI (Neuropsychiatric Institute) Remodeling	58,710	457,300	7.79	1/01	6	228,650
Outpatient Care Center Backfill	50,008	233,335	4.67	7/00	12	233,350
Student Services Building - Tower	64,430	387,075	6.01	3/96	8	258,050
Subtotal						\$3,705,050
Urbana-Champaign						
WILL Broadcasting and Teaching Facility	44,142	\$352,590	\$7.99	12/98	2	\$58,765
Japan House and Arboretum Ponds	3,200	88,580	N/A	6/98	6	78,400
Spurlock Museum	52,350	649,205	12.40	1/00	12	649,205
Engineering Hall Renovation	80,850	145,400	1.80	1/00	12	145,400
Henry Administration Building	13,700	42,500	3.10	12/99	12	42,500
Student Services Building	40,150	106,240	2.65	8/99	12	106,240
Commerce West Remodeling	35,700	155,740	4.36	8/00	12	155,740
GSLIS Expansion	28,068	108,000	3.85	12/00	7	63,000
Burrill Hall Remodeling	10,500	75,800	7.22	8/00	12	75,800
Main Library Fourth Floor Remodeling	21,460	41,400	1.93	8/00	12	41,400
Bevier Hall Fourth Floor Remodeling	15,534	37,800	2.43	1/00	12	37,800
Metallurgy and Mining Remodeling	6,000	24,800	4.13	1/00	12	24,800
Subtotal						\$1,479,050
Total						\$5,184,100

Chicago Projects

ISPI

The former Illinois State Psychiatric Institute, now The School of Public Health and Department of Psychiatry Building provides 318,652 GSF of additional space to the Chicago campus. Recommended for support by the IBHE and approved by the Governor for FY 2000, this facility's funding was a casualty of legislative cuts that eliminated all support for operation and maintenance of new areas. It is therefore being requested for support in FY 2001. Substantial in size and productive in nature, this facility represents extreme potential for budgeting deficiencies if it does not receive appropriations to support its operation and maintenance.

The facility was transferred to the University in December 1997 from the State of Illinois Department of Human Services. Of the assignable space, approximately 65% is allocated to the School of Public Health; 35% to the Department of

Psychiatry. Of this total, approximately 70% will be devoted to programmatic activities in teaching, research, community outreach and service.

The renovated ISPI facility will bring together public health programs that are currently located either off campus or in unsuitable space into related new space. Some of these programs are Public Health Administration, Epidemiology, Bio-Statistics and Environmental and Occupational Health Sciences. The consolidation of the Department of Psychiatry's clinical research programs within this facility will prevent any potential for grant recalls resulting from faculty and research students not having sufficient on-campus clinical research space. Students in both programs, public health and psychiatry, will benefit from the increase in quality of high technology classrooms, improved instructional space, a redesigned computer laboratory, a combined archive and library and a shared student services areas on the first floor.

For FY 2000 full funding of the total costs for operation and maintenance of this facility was recommended by the IBHE and endorsed by the Governor. For FY 2001, a similar outcome is requested, at a total annual support of \$2,135,300.

Outpatient Care Center

The Outpatient Care Center is another project jeopardized by the revocation of recommended funding support for FY 2000. A full year's support of operation and maintenance costs for this facility is therefore requested for FY 2001. It is hoped that the IBHE reiterates its endorsement of the teaching related space of this facility and recommends support of this facility for FY 2001.

The total physical and programmatic scope of this facility is immense. Yielding a total of 250,000 GSF of clinical space, the Outpatient Care Center of the University of Illinois at Chicago Medical Center provides expanded ambulatory care services to the campus and the community. These services 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 (MRI) labs.

At the national level, the UIC College of Medicine produces the largest number of primary care physicians and underrepresented minority physicians. At the state level, the College is the largest supplier of physicians, with nearly half of its graduates practicing in Illinois. Of the total building space, 62,500 GSF is attributable to teaching and therefore eligible to receive State support for operation and maintenance of this space. The full annual cost of this portion of the facility is requested for FY 2001, a total of \$849,700.

Operationally the Outpatient Care Center incurs some unique expenses. Operation and maintenance support funds will be used to provide high standards of continuous janitorial services, high levels of security needs for personnel, clients, equipment and materials and special handling requirements of medical waste. Special air handling and conditioning requirements, MRIs, electron microscopes and high-load capacity elevators all contribute to high demands for heating, cooling, lighting and power.

NPI Remodeling

This project constitutes the renovation and remodeling of the Neuropsychiatric Institute building in conjunction with the total space reorganization of the Department of Psychiatry within the College of Medicine. The funding of the renovation was calculated for inclusion within the hospital bond revenue stream that constructed the Outpatient Care Center. The 58,710 GSF of space will continue to function as academic related space and, therefore, the additional State support is sought to cover costs to operate and maintain this upgraded facility.

Some of the programs that will benefit from the reconfiguration and quality upgrades to this facility are the Children and Adolescent Clinical program, Neuropsychiatry, Geriatrics, Neuropsychology and Affective Disorders. The reconfiguration reorganizes the floors into modular clinics that, while allowing specific current requirements such as media services, case management, intake, medication management, educational resource centers and information services, will provide long-term flexibility for growth and interchangeability of functions.

This major remodeling and renovation will provide much needed updated space to the teaching, research and clinical needs of the Department of Psychiatry. Scheduled

for completion in January 2001, six months of support is requested for FY 2001, a total cost of \$228,650.

Outpatient Care Center Backfill

The Outpatient Care Center Backfill project renovates and remodels the space vacated by academic units after their permanent move to the Outpatient Care Center. A total of 50,008 GSF of space has been identified as suitably appropriate for support of additional operation and maintenance costs because the space remains committed to the academic pursuits of the College of Medicine, School of Public Health and the College of Health and Human Development. Several floors in each of the following buildings comprise the total renovation of 50,008 GSF; Magnetic Resonance Imaging Center, Medical Sciences Building, Health and Human Development Sciences Building and University Hall.

A small portion of the original hospital bond revenue used to construct the Outpatient Care Center funds the physical renovation of this space. The renovations are scheduled to be completed well before the start of FY 2001, therefore, the full 12 months of incremental operation and maintenance support is requested, a total cost of \$233,350. Clinics for the School of Public Health, Nursing, related office support space and “dry” research facilities for imaging and bioengineering programs of the College of Medicine will be provided for in this newly renovated space.

Student Services Building - Tower

In FY 1999, the IBHE recommended four months of support for this facility. Recall that the tower houses many offices related to student needs at the Chicago campus. The Counseling Center and Career Services are located within the 64,430 GSF space. For FY 2001, the University is requesting the balance of operation and maintenance expense support for this facility previously recommended by the IBHE. Funding for the final eight months totals \$258,050.

WILL Broadcasting and Teaching Facility

This project was funded for ten months of support in FY 1999. The final request for two months of support was recommended for FY 2000, but like the four other projects recommended for support by the IHBE and endorsed by the Governor, funding was revoked at the legislative appropriations phase. The building, now

complete, 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. This facility has allowed WILL to consolidate from ten sites across campus and thereby enhance the delivery of public radio and television for citizens throughout Illinois. For FY 2001, the final two months of operation and maintenance support totals \$58,765 for this 44,142 GSF of new space.

Japan House and Arboretum Ponds

The Japan House and Arboretum Ponds were dedicated on June 19, 1998. The facility provides space for Japanese art and culture courses. The new building includes an informal tea room, two formal tea rooms, classroom and workshop space, an instructional kitchen and offices. The size of the structure itself is 3,200 GSF. The primary cost of maintaining the facility is for the encompassing grounds, ponds, 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 full request level. Considering the very special nature of and care that this facility requires the amount is woefully inadequate to maintain the facility at satisfactory levels. The outstanding balance to maintain the facility was requested and a portion was recommended by the IBHE for FY 2000, but those funds did not make it to final General Assembly approval. For FY 2001 the outstanding balance of those funds are once again requested for the operation and maintenance support of the facility, a total cost of \$78,400.

Spurlock Museum

A full year's support of the 52,350 GSF facility is being requested for FY 2001. Funding for six months of operation and maintenance costs were recommended by the IBHE for the FY 2000 budget, but that support was not included in final legislative action. This facility will preserve and exhibit the collections of the present World Heritage Museum, illustrating the cultural heritage of people throughout the world. The facility will contain five to seven galleries; public areas, including a museum store; administration offices; and support space. Located at the eastern edge of campus in the cultural out-reach area, the Museum will be open to

the public year-round. A total of \$649,205 is requested for twelve months of operation and maintenance support of this culturally significant facility.

Engineering Hall Renovation

Engineering Hall is 105 years old and no longer sufficiently meets the programmatic and space needs of the College of Engineering. As part of a major interior renovation, funded entirely from private sources, some 80,850 GSF will be rehabilitated to meet current operational needs. System upgrades are designed for the plumbing, HVAC and electrical systems. The reconfiguration will provide space for computer labs, student activity functions, distance learning labs and administrative offices. The renovation to the exterior of Engineering Hall will include cleaning and repair of the masonry, in addition to the provision of new doors and windows. This major renovation is scheduled for completion in January 2000; the operation and maintenance incremental support request totals \$145,400 for twelve months.

Henry Administration Building

Portions of the basement, first and second floor amounting to 13,700 GSF is to be remodeled. Not updated in decades, this building's remodeling will upgrade the space vacated by the Office for Admissions and Records through its move into the new OAR building. The remodeling will include new space partitions, acoustic ceilings, carpeting and painting. An evaluation of the building mechanical systems resulted in a long-term master plan for the HVAC and as a result new air handlers will serve the remodeled space with capability for expansion, as future needs dictate. The project is scheduled for completion in December 1999 and a full twelve months of operation and maintenance support of \$42,500 is requested for FY 2001.

Student Services Building

The Fred H. Turner Student Services Building was constructed in 1962. Recent studies have indicated the obsolescence of the HVAC systems and evidenced that the existing windows are not insulated. This project provides for new HVAC systems and a mechanical equipment penthouse, as well as replacement of the existing windows. The project is scheduled for completion in the summer of 1999, and full year's operation and maintenance support is requested for this 40,150 GSF remodeling, a total cost of \$106,240.

Commerce West Remodeling

This project will remodel 35,700 GSF, approximately 36% of the existing building, to meet the current needs of the College of Commerce and Business Administration. As with the Engineering Hall project, this major renovation has been funded entirely from private gifts. A new public entry plaza will be provided on the west side of the building, as well as upgrades to the common areas and eight classrooms. The mechanical system will be replaced including new air handling units, grills and diffusers, retooling the temperature controls and replacing the reheat coils, making the entire building more useful and efficient. Electrical work will include new lighting, telecommunications and a fire alarm system. Scheduled for completion in August 2000, \$155,740 is requested for twelve months of incremental operation and maintenance support.

GSLIS Expansion

The project provides an addition to the existing Graduate School of Library and Information Science (GSLIS) Building. The existing building was purchased and remodeled by the University in 1991 for use by the GSLIS. The three-story brick structure currently yields 22,700 GSF. The expansion will provide an additional 28,068 GSF of space to aid in the upgrade and consolidation of GSLIS units. The new structure will accommodate The Center for Children's Books, a publication's office, classroom and training laboratories, support space and offices for the Illinois Library Computer System Office (ILCSO). The addition will be constructed to reflect a similar architectural character and style of the existing building. Expansion is scheduled for completion in December 2000. Seven months of operation and maintenance support is requested for FY 2001, a cost of \$63,000.

Burrill Hall Remodeling

Burrill Hall contains 18,000 GSF available for refurbishment since the completion of the Chemical Life Sciences Laboratory in 1996. This project will remodel 10,500 GSF of that space. The new instructional laboratories will support the various undergraduate programs of the School of Life Sciences. In addition to the replacement of fixed laboratory equipment and severely aged plumbing, HVAC and electrical upgrades will be included. This project will provide greatly needed space for use by the School of Life Sciences' instructional programs. Completion is set for August 2000 and twelve months of support are requested at a total cost of \$75,800.

Main Library Fourth Floor Remodeling

This remodeling will improve the logical arrangement of the space occupied by various departmental libraries located on the second and fourth floors of the Main Library and provide quality, physical upgrades to current standards of building operations. The fourth floor currently houses four departmental libraries. By moving the departmental libraries to the second floor and shifting technical processing activities and administration from the second floor, departmental libraries will be located within close proximity to one another and to the Main Library Reference Room. Computer wiring, electrical wiring and lighting will be upgraded to respond to the demands of new technologies developed over the last decade. The remodeling of 21,460 GSF will enhance the quality and usefulness of space for the departmental libraries and improve their technological capabilities. This will allow the Main Library to deliver information, by both traditional and electronic formats, more effectively to the students, faculty and staff of the University. Scheduled to be complete in August 2000, a full year of incremental operation and maintenance support is requested, a total cost of \$41,400.

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. From that time, both the instructional and research programs have changed significantly to more precision-oriented experimentation requiring technologically sophisticated laboratory space. Obviously, the current laboratory space no longer adequately meets program needs. Additionally, overloaded electrical circuits and failed plumbing systems are increasingly common occurrences in these laboratories, presenting unsafe conditions for students and faculty.

This remodeling of 15,534 GSF will include upgrades for the electrical and plumbing systems, reconfiguration of the total space and modernization of the laboratories. Safety codes mandate that one large laboratory will be divided into a wet chemistry laboratory and a food-processing laboratory. The remodeling will include new lighting and air conditioning and heating control improvements. Scheduled to be complete in January 2000, a full year's incremental operation and maintenance support is requested, a total cost of \$37,800.

Metallurgy and Mining Remodeling

Within the Metallurgy and Mining Building, this project consists of the complete remodeling of two floors to serve as instructional and research laboratories. The third floor will be remodeled to provide computer laboratory facilities. The fourth floor will be remodeled to provide wet laboratory facilities and a graduate student area/conference room. As part of this upgrade, new mechanical and HVAC systems will be installed to serve these floors. Scheduled for completion in January 2000, the remodeling of 6,000 GSF requires twelve months of operation and maintenance incremental support, a total of \$24,800.

Statewide Initiatives in Higher Education



Recruitment and Retention

(\$7,155,200)

Overview

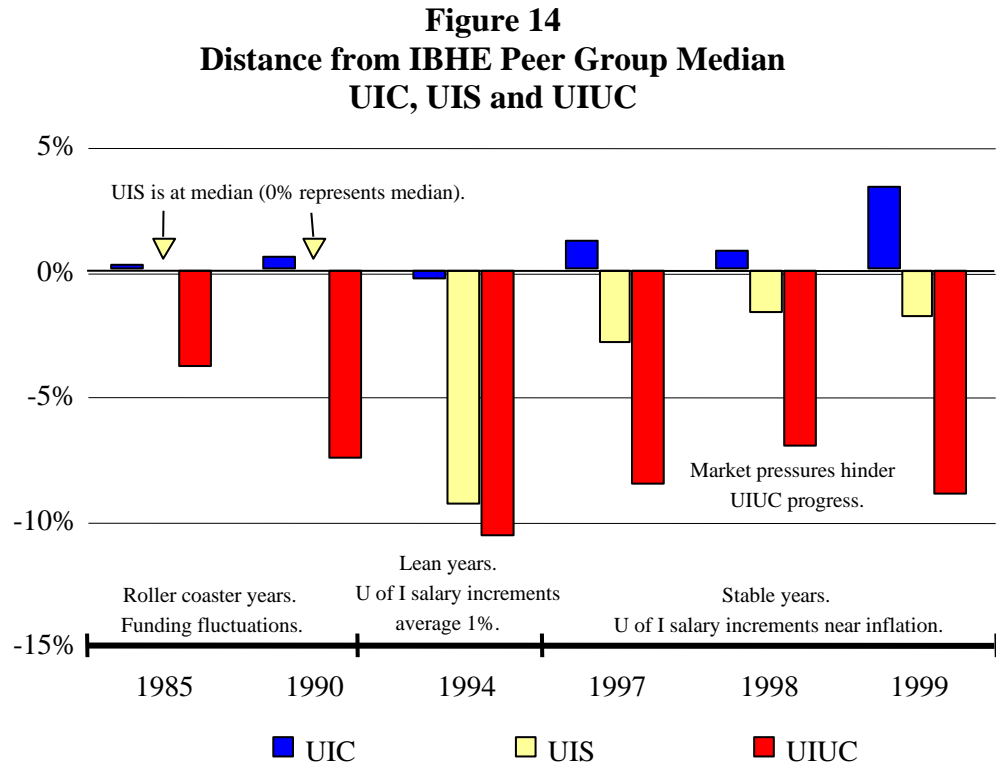
The IBHE has embarked on a 5 year plan to increase the ability of Illinois' public universities to compete with their peers in the faculty and staff salary market.

In FY 2000, the IBHE embarked on the first year of a statewide five-year plan to increase the ability of Illinois' public universities to compete with their peers in the faculty and staff salary market. The overall goal of this plan is to assure that Illinois public universities maintain an appropriate compliment of faculty and staff to provide the highest quality of instruction, research and service by assuring that faculty and staff are fairly compensated.

In addition to funding for 3% annual salary increases for all faculty and staff, the IBHE recommended that each state public university receive funding equal to one percent of the total personal services base to recruit and retain critical faculty and staff in high demand areas, such as information technology. Funds may also be used to provide performance-based salary incentives; provide incentives for campus-based early retirement programs; offset statutory early retirement costs; and other activities supporting campus recruitment and retention programs. Public universities are expected to match these additional state funds for recruitment and retention with an equal amount of reallocation resources. As a result of this initiative, the IBHE hopes that faculty salaries at all Illinois public universities will reach their peer group median in FY 2004. Fortunately, the General Assembly and Governor provided the funds requested by IBHE in FY 2000, the first year of the program.

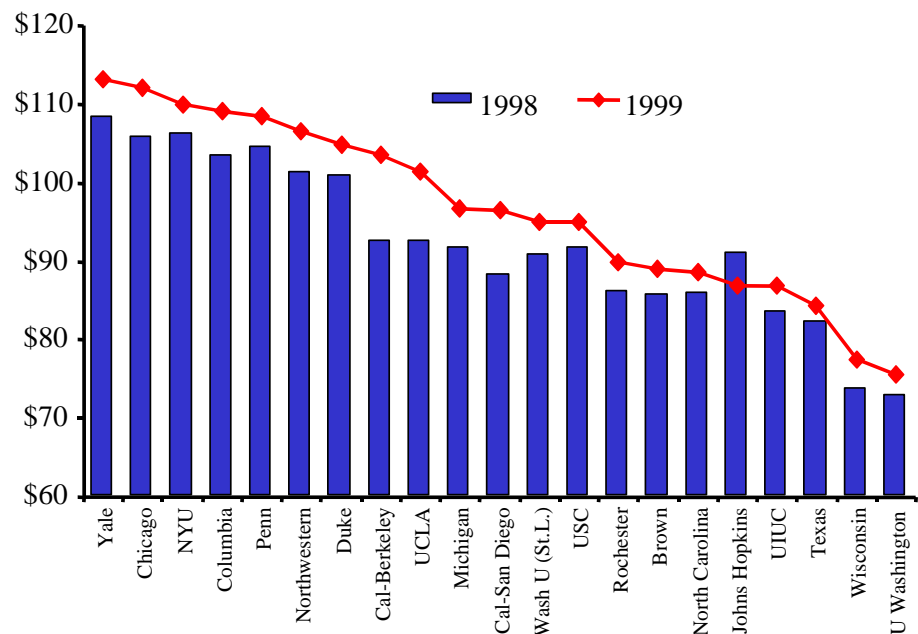
Continued support for the IBHE's plan is crucial if the state's public universities are to compete successfully with their peers for quality faculty and staff. This support became even more crucial for the University of Illinois as a result of market trends in FY 1999. The weighted median salary of each IBHE comparison group serves as a benchmark to assess competitiveness in the national market. Figure 14 displays the weighted average salary of faculty in the ranks of assistant professor and above at each University of Illinois campus as a percentage of the weighted median salary of each peer group since 1985. In general, salaries for these faculty at UIC have been slightly above its IBHE peer group median, while those at UIS have been slightly below. Faculty salaries at UIUC have been far below its peer group median. Each year from FY 1995 to FY 1998, both UIS and UIUC made progress toward the median. However, in FY 1999, this positive trend reversed, especially for UIUC.

UIS and UIUC lost ground to their peer group medians in FY 1999, while UIC maintained its position.



The reason for the reversal can be traced to very large increases in average faculty salaries at some peer institutions. Figure 15 compares FY 1998 and FY 1999 average salaries of full professors at UIUC and its IBHE peer group. The University of California campuses at Berkeley, Los Angeles and San Diego had the highest growth, while Texas and Johns Hopkins had the lowest. The mean percentage change for the group was 4.6%. UIUC's 3.8% ranked 13th highest, trailing (among others) such important regional competitors as the University of Chicago, Michigan, Northwestern and Washington University in St. Louis.

Figure 15
FY 1998 and FY 1999 Professors' Average Salaries
UIUC and IBHE Peers
 (Dollars in Thousands)



Continuation of the plan begun in FY 2000 is essential if any progress is to be made in salary competitiveness.

These figures illustrate the difficulty the University faces when attempting to gain parity in an accelerating faculty salary market. The IBHE's five-year plan calls for all Illinois public universities to receive an additional 1% increment for recruitment and retention of key faculty and staff. Thus, the University requests \$7.2 million to implement the IBHE's initiative in FY 2001, to be matched by an equal amount from institutional sources.

Facilities Renovation Support

(\$2,000,000)

Overview

Stated most simply, physical facilities are a critically important component of the academic support structure necessary to conduct instructional, research and service activities in any institution of higher education. Academic facilities constructed and operated with State funds for the University of Illinois have a replacement cost of \$3.7 billion. Most of these facilities were built to “institutional standards” in construction materials and techniques, meaning that with proper maintenance and regular renovation of components which have exceeded their useful lives, the facility can have a nearly infinite life. Toward this end, the University has attempted to create a consistent funding source to service its facilities infrastructure. FY 1998 began the initial phase of a multi-year funding request included in the University’s operating budget request. A strong priority for this initiative has been expressed by the IBHE and supported in the Governor’s budget. For FY 2000, an exceptionally strong commitment to this initiative was voiced by the General Assembly, especially by the Senate Appropriations Committee. As a result, an increment of more than \$6 million was received for the current year. For FY 2001, the University seeks to build on this 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:

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

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

- Renewal Needs

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 through FY 2000 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.

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

**Space
Realignment,
Renewal and
Replacement
(SR³)**

The University has devised a formula-based approach to determine the annual investment necessary to keep facilities in adequate condition.

systems and so forth) and which could also address the annual need for reconfiguration of space to address new functional requirements brought on by changes in academic programs. This approach was termed Space Realignment, Renewal and Replacement or SR³.

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

The SR³ approach thus requires that an institution keeps an accurate inventory of the space it has and that it computes the replacement costs of all of its facilities by type of space. Fortunately in Illinois, the Capital Development Board and Board of Higher Education have worked together to provide institutions with construction cost estimates for the various types of space which colleges and universities require and with inflation estimates needed to escalate those costs for future construction timetables. Summing the SR³ requirements for all the facilities on a campus establishes the amount which an institution should spend each year to make certain that its academic facilities are functionally appropriate for the programs it offers. For the three campuses of the University of Illinois for Fiscal Year 2001, the SR³ requirement is \$21 million.

SR³ Proven Effective

In 1979 the University of Illinois undertook a major restructuring of the debt for its auxiliary facilities and created an entity known as the Auxiliary Facilities System. An integral part of the debt restructuring was the initiation of an annual space renewal and replacement component in the operating budgets of all auxiliary facilities. Since auxiliary facilities do not face the same need for functional reconfiguration of space to meet changing academic program needs that academic facilities must address, the annual Auxiliary Facilities System space renewal and replacement requirement equals one-half of one percent of the facilities' replacement costs. This requirement represents a first dollar operating budget commitment for all University of Illinois auxiliary

For two decades, the University has demonstrated the effectiveness of SR³ in keeping its auxiliary facilities in good working order.

**FY 2001
Operating
Budget
Request for
Facilities
Renovation**

facilities. It has been in place for nearly 20 years and it provides the best documentation possible for the effectiveness of the SR³ philosophy and approach to effective facilities maintenance. As a group, University of Illinois auxiliary facilities today are significantly better maintained than the University's academic buildings.

The Illinois Board of Higher Education (IBHE) has endorsed many of the principles embodied in the Space Realignment, Renewal and Replacement approach. For more than a decade IBHE has recommended and the General Assembly and Governor have supported a capital budget based Repair and Renovation (R & R) program which uses the SR³ formula approach to allocate funds among institutions for minor remodeling projects defined with considerable flexibility by the institutions. Unfortunately, the capital R & R initiative has been funded at approximately one-third of the annual need which the SR³ formula prescribes for each institution. A backlog of critically important R & R projects is growing to near crisis proportions, emphasizing dramatically the need for regular, recurring attention to facilities renewal, realignment and replacement requirements.

The need for an operating budget based program which can address a variety of facilities needs facing the University of Illinois has grown to the point that its priority matches the need for new or expanded academic program funds. For FY 2001 the University of Illinois will continue the program and seek to add incremental funds necessary to fund the SR³ formula. For FY 2001, the University seeks \$2 million for the fourth year of this multi-year initiative.

Funds provided under this program would be used to meet facilities needs arising in three distinct areas:

1. To accelerate the attack on a burgeoning backlog of deferred maintenance projects centered on building system components well beyond their useful lives.
2. To address functional changes in space configuration caused by program changes or state of the art changes in instruction and research. Upgrading class laboratories would be a significant element in this category.
3. To address continually changing infrastructure needs to accommodate changes in technology.

The University strongly believes that the SR³ formula approach is the most effective mechanism to implement an operating-budget-based facilities renovation program.

*SR³ is simple,
straightforward,
equitable,
comprehensive and
cost effective.*

The SR³ approach offers numerous advantages, which include the following:

- SR³ 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.
- SR³ is easy to implement. All of its components are already in place at all public colleges and universities participating in the capital budget R & R program.
- SR³ is equitable to all institutions regardless of size or complexity.
- SR³ effectiveness and impact is demonstrable, since it has been in place for the last 20 years in the University of Illinois Auxiliary Facilities System.
- SR³ is less costly than the current capital budget system, since it improves efficiencies in project planning, scheduling, completion and it requires no debt service.
- SR³ is easily audited through a review of individual projects planned and completed.

With three 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 SR³ 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 SR³ 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.

Academic Program Initiatives

[Redacted text]

[Redacted text]

Strengthening the Academic Base

(\$12,500,000)

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 is in its faculty. Traditionally, academic units have been able to build and maintain their strength through hiring junior faculty, many of whom 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 sustain high academic standards.

Since 1988, the size of the tenured and tenure-track faculty at UIUC has been reduced by 10 percent, 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 lost capacity in all areas of its mission. Fewer faculty are available to teach students, to fulfill the research mission and to transfer both enduring and pioneering knowledge to the people of Illinois. This has diluted students' direct personal access to faculty, has reduced the ability of the State of Illinois to compete strongly for

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.

federal and corporate research dollars, and has 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 address the need for competitive salaries for a smaller number of outstanding young faculty very early in their careers and to retain many senior full professors with a lifetime investment in the institution. It was much more difficult, however, to withstand recruitment raids of mid-career faculty by other institutions, which hired many of the university's 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 the institution's 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 generates 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. The University loses the experience, talents, knowledge, energy and relationships all of these people brought to the State of Illinois. It loses grant-generating capacity and the relationships the professor has established with people in other institutions, agencies, 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 the University to tap enormously valuable resources beyond the boundaries of the campus.

State support of the Excellence Fund at the full \$10.0 million level would put UIUC in a position to halt the erosion and begin to restore strength in the Urbana faculty in a strategic manner, yielding significant benefits, both direct and indirect, for the people of Illinois. For FY 1999, the State provided \$1.0 million to launch this program. As a result, seven highly-talented and productive new faculty members have already been attracted to UIUC in fields ranging from Engineering to Fine Arts. A second increment of \$1.0 million was added for the current year. The FY 2001 request for \$4.75 million will permit the addition of another 40 faculty members. The balance of the Faculty Excellence Fund will be sought for the FY 2002 budget.

The recruitment decisions for positions made possible by the Excellence Fund are being guided by a plan to reinforce areas of historic strength where the institution's leadership is threatened, areas where UIUC has realistic prospects for establishing world-class comparative advantage, and areas of pressure on enrollment of public service capabilities. One of the major thrusts is in the life sciences, which has emerged as a priority of compelling importance to the State of Illinois as well as to many of UIUC's colleges and departments. Another is in the accounting program, rated number one in the nation and facing new statutory requirements to expand its curriculum. Additional areas of strategic emphasis, such as information technology, are under study. Furthermore, unit plans for enhancing the experience of undergraduates through living-learning communities, expansion of research opportunities, capstone course development and other measures are important factors in determining the placement of the positions made possible through the Excellence Fund.

Enriching the Undergraduate Experience

As a Research I institution, the University of Illinois at Urbana-Champaign has a wide variety of faculty, facilities and resources. In order to receive the full benefit of an Illinois education, undergraduates must be able to draw fully upon these resources. The campus must make faculty more available to undergraduate students and must find ways to involve students from their freshman year onward in the intellectual life of the university community. The campus has created a number of initiatives designed to help achieve this goal: the first-year Discovery program and

First-Year Discovery Program

living-learning communities. Various units across campus have also initiated programs that provide undergraduates with capstone courses or research opportunities. For FY 2001, the campus requests funds to expand these programs so that a larger portion of the undergraduate population may participate in them.

The First-Year Discovery Program, now in its fifth year, was designed to promote greater interaction between faculty members and first-year undergraduate students. Close contact with a faculty member in a small class setting can contribute in important ways to the academic success of undergraduate students. Discovery sections are offered in many formats and disciplines, from seminars to field courses. Regardless of format, all Discovery sections are small (twenty student maximum), interactive, and faculty-taught. All Discovery sections share the goal of helping freshmen in the transition to the intellectual life of the campus. Student evaluations of the program have been consistently positive, semester after semester, since the program's inception. The program currently serves approximately two-thirds of the freshman class. Funds are being requested to expand the program so that 75% of UIUC entering freshmen will be able to enroll in a Discovery course during their first year on campus.

Living-Learning Communities

Living-learning communities afford a variety of advantages for students and faculty alike, and in recent years, the campus has been exploring ways to offer more of these experiences for undergraduate students. For many years, UIUC has had the Unit One program, which has provided students with an atmosphere that is intellectually and personally challenging in a residence hall that is characterized by a spirit of community interaction. Within the past several years, two other campus-wide living-learning communities have been established, the Women in Math, Science, and Engineering (WIMSE) program, which provides academic support to undergraduate women in science and engineering disciplines, and Weston Exploration, named for the residence hall in which it is housed and designed to assist students in selecting an academic major and career path. Both of these programs include course offerings as well as special activities in the residence halls. Beginning in Fall 1999, the College of Liberal Arts and Sciences will offer its entering freshmen a choice of 30 new learning communities, some of which are residentially based. For FY 2001, funds are requested to expand the academic offerings of the existing living-learning communities, to engage a tenured faculty member as a director of each of the

Undergraduate Research Experiences

programs, and to fund small stipends for upper division undergraduates who will serve as “mentors” for the freshmen in each hall.

Active involvement in the scholarly research and professional activities of the faculty can be a valuable part of the education of undergraduates at a major research university like UIUC. Currently, there are a number of programs through which students can get involved in faculty research, for example, the Jonathan Baldwin Turner Undergraduate Research Scholars Program in the College of ACES, the Campus Honors Program summer research grants, the Summer Research Opportunities Program and the McNair Program. The Summer Research Program and the McNair Program are designed to provide opportunities for well-qualified minority students to carry out their own research projects under the guidance of a faculty member. Many students become aware of opportunities to work with faculty on their research through the Discovery Program or through other courses they have taken. Unfortunately, many students who would like to do research with faculty are unable to identify such opportunities. For FY 2001, funds are requested to develop and maintain a web-based research opportunities clearinghouse, provide small stipends for faculty who have no other access to funding to bring undergraduates into their research projects and to provide stipends for students working on faculty research projects over the summer.

Capstone Courses

It is important that undergraduate students have an opportunity to consolidate and synthesize what they have learned over their four years at the university. Many UIUC programs include courses such as the problem-based senior design seminars in the College of Engineering, in which students work together in teams, much as professionals in the field would do, to solve real-life-engineering problems. Such courses encourage interdisciplinary cooperation by involving faculty from a variety of disciplines to serve as advisors and consultants on the projects. Other programs offer a special senior course in which students focus on research projects in their own discipline. Such faculty-taught, small courses can be very expensive, so there are many undergraduate majors in which no senior capstone experience currently exists. For FY 2001, funds are requested for a pilot project to develop new models for capstone experience for undergraduates that would be less costly than some of the current models.

**Academic
Infrastructure**

Maintaining the high quality of the academic programs mandates that particular attention be given to undergraduate education. The UIC campus plans to create a dedicated source of funds, or Academic Investment Pool, to address the wide range of nonrecurring needs demanding attention. In order to ensure that students can achieve their academic objectives in a timely manner, funds have been and will continue to be dedicated to class availability, the Four Year Graduation Program and Library services that support undergraduate education.

The UIC Library has lost substantial buying power over the last decade as a result of relatively high rates of inflation and relatively low budget increases. The Library would like to use new funds to support the purchase of serials and monographs and to support access to electronic information. The Library has felt an increased demand for network-based information resources as faculty integrate the use of the network into their undergraduate classes and plans to take advantage of consortium buying which has the greatest potential for resource-sharing savings.

Providing a high quality education as well as one that is affordable and a good value are part of delivering the same package. Developing schedules, programs and incentives to assure that students can achieve their academic objectives in a timely manner and, at the same time, maintaining high quality academic programs that are relevant to life and work go hand in hand. Acknowledging the importance of that relationship to the education of UIC students, the campus has dedicated increased funding for class availability and has made a commitment to the pilot Four Year Graduation Program (FYGP), which assures completion of a baccalaureate degree in four years in the college of initial enrollment or the campus will pay the required tuition to complete the degree. New freshmen would be eligible to participate in the pilot FYGP, which would state unambiguously the conditions under which a student can expect to complete an undergraduate degree in four years. Participating students would be required to accept responsibility for monitoring their own progress so that they can stay on track toward graduation in four years. The key to the FYGP would be academic advising; a personal academic advisor would be assigned to each participating student. As such, the campus is requesting increased funds for academic advising.

The College of Liberal Arts and Sciences at UIC acknowledges that some general education classes are too large for effective teaching and learning; enrollment in certain courses averages more than 300 students per class. Additional faculty would not only strengthen departments, but would provide a critical mass of faculty who will teach smaller sections of the currently unwieldy classes. Increased numbers of lecturers and TAs would relieve chronic demand for additional sections. In order to continue to smooth the transitions from high school to college, LAS would like to enhance the existing Freshman Seminar Program designed to introduce freshman to tenured faculty, other students, UIC facilities and academic life in general. Under the proposed four-year Graduation Program, UIC must also guarantee the availability of courses needed to complete the covered undergraduate degrees in four years.

Financial constraints mean that many students at UIC do not have the opportunity to take advantage of special academic programs like study abroad, which provides a breadth of experience and knowledge about the world that is a crucial element in a student's personal and intellectual development. Seventy-five percent of students who express an interest in studying abroad say that cost is the primary obstacle they foresee. In order to enhance understanding of diverse cultures and international perspectives, the Vice Chancellor for Academic Affairs plans to support scholarships to study abroad.

The UIC campus continues to request funds for stipend increases for assistantships and fellowships. The increase would provide continued support for the four-year implementation of the recommendations of the Task Force on Graduate Assistantships and Fellowships by the Office of the Vice Chancellor for Research. Funds have been requested to provide stipend increases for targeted assistantships and fellowships, as well as to increase the number of fellowships.

**Meeting
Employment,
Training and
Business Needs**

Information technology's increasingly prominent and vital role in commerce and the community requires many more trained professionals, this need is being felt and addressed on the UIC campus. In order to meet increased student demand, the College of Business Administration must extend access to courses. Funds were requested for the FY 2000 budget to address demand in Management Information Systems and Information Decision Sciences as a part of a multi-year plan to address student needs. Funds for further expansion are requested in FY 2001 to support

Accounting, Finance, and Business Administration as well as Management Information Systems. These new funds will support the undergraduate curriculum, which was revised in 1995 to reflect the changing needs of the business community. These comprehensive business courses offer educational breadth, integrating several disciplines through the use of speakers, team projects, presentations, research and team teaching. These additional courses will provide greater selection and flexibility to students.

The UIC College of Engineering has also put forward a multi-year proposal to enhance its ability to provide Computer Science and Engineering academic programs for both traditional and non-traditional students in ways that respond to their needs. In order increase course availability, the College plans to hire six additional faculty members in Computer Science over a three-year period. The College of Engineering proposes a one-year, lockstep program to teach students who need to be re-trained in Computer Science and Engineering. This innovative program is designed to allow Illinois citizens to continue to upgrade their knowledge and skills throughout their careers. Completion of the prescribed set of courses would provide the equivalent of an undergraduate degree in Computer Science and Engineering. The certificate program would prepare students for existing jobs or for admittance to regular Computer Science and Engineering graduate classes.

Biotechnology

Located in the world's largest medical district, and one of four universities nationally with a full complement of health sciences colleges, UIC is uniquely placed to provide premiere health care and training supported by active collaborative research. UIC would like to contribute to the enhancement of the economic vitality of the state by expanding opportunities for clinical experiences, support development of opportunities for faculty to join in business-university partnerships to pursue promising areas of research, adjust the capacity of professional (and occupational) programs to keep the supply of graduates in balance with employment demands and ensure that those graduates have mastered skills and knowledge needed to meet new and emerging occupational demands.

In a major initiative that would impact multiple units, the campus proposes a multi-year investment in programs related to biotechnology that would exploit UIC's strengths across multiple colleges. Areas of development include molecular and

**Enhancing
Academic
Quality**

structural biology, biophysics, molecular medicine, post-genomics, bioinformatics and bioengineering. New initiatives in these areas would be interdisciplinary in nature and would facilitate collaboration among faculty across the campus, including the Colleges of Medicine, Engineering, Liberal Arts and Sciences and Pharmacy. There would also be opportunities for collaboration with business and industry, as well as with other academic institutions. This initiative would entail support for a critical mass of scientists who would garner grants and contracts from the federal, private and commercial sectors. Anticipated benefits include important new research programs in basic and applied sciences, external funding of new programs, establishment of new liaisons with industry and the emergence of new company start-ups. It is expected that this kind of new program in biotechnology will have a profound impact on society by preparing students for employment, advancing research that will bring with it the potential for new economic development and fostering healthcare advancement.

UIS' academic vision calls for maintaining the campus' tradition of relatively small classes and extensive student-faculty interaction. The goals for the campus also include concentrating additional faculty resources in programs having the potential for national distinction and in programs with demonstrated high levels of demand. The campus has made some progress toward increasing the size of the faculty base, but wishes to continue to make gains in this area in order to better meet student demand. The requested funds would allow the campus to make additional faculty hires in programs in which student demand exceeds staffing levels.

The goals for the UIS campus also include development of a faculty who are active scholars. Therefore, support is requested here to provide increased faculty development, support of scholarly activities and further development of the Office of Policy and Administrative Studies. Strengthening the colleges' ability to support faculty is also central to achieving the level of academic excellence sought by the UIS campus. UIS colleges need increased support to meet their growing responsibilities in academic planning, faculty oversight and budget control. The campus will direct funds in this category for hiring key staff members to aid in this developmental effort.

**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 is an important

**Improving
Graduate
Education**

contribution toward the achievement of that goal by enhancing academic programs in the liberal arts and sciences, attracting capable new students and moves the campus toward a critical mass of residential students.

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. This request includes funds for staff support and operational strengthening. Improving the graduate assistantship program with the aims of attracting students from a wider geographic area and enhancing graduate program quality is the goal.

**Library
Collections**

The University Library needs additional recurring funding for a number of collection initiatives that directly enhance its ability to respond to the curricular needs of the campus and meet the demands of users throughout the state. Sustaining the ability of the University Library to nurture and promote the intellectual activities of the University through its collections and services is a significant element in this institution's goal of attracting and retaining excellent students and faculty.

The University Library seeks to maintain the University's competitive edge by attracting world-class scholars, researchers and excellent students. However, the disparity of the Library's collections budget from that of such leading institutions as the University of Michigan, whose budget for collections is now \$5.8 million greater than the budget for collections at the UIUC Library, makes that goal increasingly difficult to attain. The shortage of funds in the budget for collections is further confirmed by the 10% increase in interlibrary loan requests that have had to be placed by University of Illinois faculty and students within the last year. To keep pace with programmatic changes that occur continually within the University, as well as to pursue new initiatives that make this library unique and vital, the University Library proposes a number of collection programs to acquire materials in both print and electronic formats.

**Inter-disciplinary
Needs**

The campus curriculum is moving towards increased interdisciplinary topics that encourage the cross-fertilization of ideas among many departments and colleges. The University Library does not currently have the funding to respond to these changes and relies almost solely upon a small endowment fund to purchase some of the most heavily requested multi-disciplinary journals. Scholars in such fields as environmental studies, biotechnology, print communications and multi-cultural and ethnic studies are producing important books, journals and electronic resources that must be an integral part of the University Library collection, but which are being produced at rates that exceed the Library's budgetary capacity to purchase them.

**Curricular and
Research Needs**

In addition to the interdisciplinary changes that are occurring in courses, other curricular changes and the impact of new faculty with different research emphases stretch the Library's ability to respond appropriately through its collections. Every new faculty member comes with a unique research agenda and new course proposals expecting and requiring strong library collections and services. With collection, dollars committed to programs already established at the University, the University Library is not able to respond to such developments in a way that appropriately supports these educational programs. Funds to cover these additional curricular and programmatic research changes would enable both the University and its library to compete successfully for new scholars in the academic marketplace.

New Journals

A recent study by Library faculty has revealed that there are some 200 journals, not now held by any library in the state, but which are heavily requested by the University Library, as well as by other libraries within Illinois, for their users. These journals must now be requested from libraries outside of Illinois at a cost that sometimes is significant. The University Library proposes to purchase and maintain these titles not only for the students and faculty on this campus, but also for users throughout the State of Illinois.

Resource Sharing

The University Library is deeply committed to sharing its resources with the citizens of Illinois and with researchers nationally and internationally. Distance education students often access the University Library collections from far outside the Urbana-Champaign community. In FY 1998, over 52,700 University items were loaned to libraries in the state, and a further 13,100 were loaned outside the state. This external use of the collections causes extra wear and tear that require a consistent program of

maintenance, repair and, at times, replacement of worn items. Presently, at least 10 shelf ranges of books (approximately 20,000 items) are in need of replacement or repair. The need to invest in repairs reflects the success of the University Library in meeting the needs of users from all areas.

Reference Collections

As can be expected in a major research library, reference queries come into the University Library on a regular basis from all over the state, nation and world. The reference collections of the University Library must be constantly refreshed with new items to keep pace with these inquiries, which in 1998 totaled nearly 435,000. Many of the reference services the University Library provides are for access to information in expensive sets not owned by other libraries. For example, Bielstein reference service for Chemistry costs about \$30,000 per year. Reference collections at the University Library are both broad and deep, but there continue to be expensive items that need to be updated or acquired to fulfill the important mission of reference and research service. The value of these kinds of services cannot be underestimated, both in terms of the sharing of knowledge which the University represents, and the good will generated through these connections with alumni, corporations, governmental units and Illinois citizens.

Investing in Instructional Technology

(\$7,150,000)

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.

The University of Illinois at Urbana-Champaign 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 campus' 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 campus 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 campus to address these nonrecurring needs in light of campus priorities. This direction represents the campus' response to the rapidly evolving nature of technology and the consequent need for technical infrastructure in the classroom and on campuses. In its FY 2001 request, UIUC has identified a number of projects required to enhance its instructional technology infrastructure. These are described in the following sections.

**Educational
and Research
Technologies**

The University of Illinois has heavily incorporated technology in the delivery of instruction, both to provide information and exercises to students and to enhance the communications between students, classmates and faculty. While the introduction of modern technology is quite extensive, it is still somewhat experimental and limited. Much of it comes from the tradition of using computers for educational delivery, but the real revolution now is in the communications capabilities being added, audio and video in particular. The next step is to make greater use of the stronger communications systems and to provide better support of the faculty as they incorporate technology in their teaching. The ability to use rich person-to-person communications, both live and in a deferred email style, can substantially enhance contact between people rather than isolating them from one another. The ability to lessen the barriers of time and location creates the opportunity to experiment with new approaches to education. The emphasis at UIUC for the next several years will be primarily on enhancing residential student instruction, with a gradual evolution to more extensive distance education. The immediate goals are educational effectiveness and economies, with longer-term goals being in areas like increasing the number of students who graduate within four years.

Various aspects of instructional delivery can be enhanced through the effective use of technology, including improving lecture presentations using network-based materials, immediate grading and assistance on exercises, group projects, access to course notes and other supplementary materials. Research dependency on computing and communications systems has also increased dramatically in the past few years. While the desktop computer has largely replaced the central mainframe and even the departmental minicomputer, the thousands of desktop machines are totally dependent on networks and servers for their effectiveness. No longer is even a powerful personal computer used in isolation. The use of networks for collaboration, for controlling remote equipment such as telescopes, and for access to information, are among the most pervasive and important. The use of technology is now important in all fields, not just the sciences and engineering. Demand for network improvements come from all sectors of the campus.

The exception to the move away from central computers has been at the extreme high-performance end of the spectrum, the supercomputer. The presence of NCSA on the campus has allowed UIUC to be the leader in many aspects of computational science

and engineering but has placed extraordinary demands on parts of the campus network.

In addition to the specific requests for technology budgets, there are many complementary programs ranging from increasing the teaching capacity in Computer Science to increasing the use of computers in the creative arts. In all of these, there is a strong emphasis on graduate education and research. Administrative processes, from students registering for courses to the clerical work in offices has also moved onto desktop computers, complemented by servers and the network. The University Library is dedicated to developing the technological capacity to provide access to the many information resources now available in electronic formats. The Office of Instructional Resources, which has worked closely with the Office for Project Planning and Facility Management in implementing the Chancellor's Classroom Remodeling Program by adding modern educational technology to the facilities, will now need the personnel and resources to train faculty to use the equipment and to maintain and replace it.

A ubiquitous campus network and a mix of central and departmental personnel support all of these programmatic areas. This technology budget request is focused on maintaining a very competitive infrastructure of people and equipment, for UIUC believes that it will be the effective use of modern technology for instruction and research that will separate the effective institutions from the rest over the next decade.

These and other important technology initiatives would not only directly respond to societal, student and workforce needs, but would annually increase the numbers of graduates with the technological skills required to meet these emerging occupational and societal demands.

Personnel

There are two critical areas related to technology personnel: additional staff, and a program to keep the skills of employees current with a rapid evolution of technology. These positions will be allocated to provide support at the college level for the most part, with a few positions going into support of the shared infrastructure. The second component of the personnel support request will provide frequent training of existing personnel. The turnover in skills required is much faster than the turnover in people, and personnel need constant retraining. UIUC is developing a program in conjunction

**Network
Infrastructure**

with other local employers, key vendors and Parkland College. This should lead to an exportable program that could either be replicated in other parts of the state or delivered through the Illinois Virtual Campus program as it develops.

Over the past decade, the UIUC campus has built a very strong and pervasive network. Its use grows several hundred percent per year, and this explosive growth is expected to continue, fueled by increased use of multimedia materials replacing traditional text-based ones. Audio and video content will drive the need for ever-greater bandwidth and server capacity, and are critical to expectations as to how teaching and research collaboration will evolve. This request is complementary to the statewide initiatives of the Century Network and deals largely with the internal campus networking.

The current campus network is based on wiring and optical fiber technology of the 1980s and is rapidly approaching its maximum capacity. Rewiring of buildings has already begun with non-recurring allocations, and some of the interbuilding fiber is being replaced. In addition, the electronics, switches and routers need to be upgraded on a three to four-year cycle to meet both functional and performance requirements. The campus network will require continuous upgrading in the foreseeable future and must be funded on a recurring base budget.

Two opportunities of significance are related to immediate needs. First, it is expected that wide ownership of personal computers by faculty and students will be greatly enhanced by a new generation of home Internet access service via cable TV carriers or new telephone company offerings. These will greatly reduce the difference between on and off-campus networking and will allow UIUC to deliver instructional support much more effectively. To do this, the University will have to make campus investments in expanded servers and networking. The second opportunity is driven by the national higher education initiative, Internet2. As this project provides much greater worldwide performance, the University will have to couple it to offices and laboratories on campus in order to participate fully.

**Office Desktop
Computers**

At this point, nearly all campus personnel use desktop computers as a normal part of their activity. Most of these are replaced on a fairly reasonable cycle, about four years. Existing funding has not been available to make this pattern universal, despite

**Software and
Materials**

the high costs of supporting older equipment and the loss of capability for those users without current equipment. While four years may seem like a short life, the historic pattern of performance doubling every 12-18 months means that there is little comparability between four-year-old machines and new ones, frequently manifested by the inability to run current versions of applications software. A recurring amount will allow UIUC to make some progress on a replacement standard and on making commonly required services universally available at the desktop.

An increasing share of the technology cost is acquiring software and supporting it. This cost is higher than necessary because of the diversity of versions and variations. Effectiveness is reduced because of incompatibilities between successive versions of software in areas like document attachments exchanged routinely via email.

An additional area that is evolving rapidly is licensing of electronic materials. This is going to become very important in instruction as more materials are provided electronically to both residential and distant students. In many cases this material is licensed or purchased from commercial sources, but in others, it is developed locally by faculty. Funds requested would make some initial moves in the direction of universal availability of standard software and licensed material providing support of faculty preparing material as instructional or research resources.

**Investing in
Instructional
Technology**

In order for UIC to more creatively use new technologies to increase quality and ensure that all programs are state-of-the-art, the campus needs to make significant investments in faculty and student technology resources. Funds for equipment investment and recurring support for technology-driven needs, such as providing online classes require immediate attention.

The UIC programs of Electronic Visualization and Industrial Design are poised to form a new joint curriculum track on interactive design. This curriculum is centered around a new shared PC facility for advanced undergraduates and first year graduate students. The Chicago Imagebase is an internet-based information and analysis system on the built environment of the Chicago urban region that provides storage, retrieval and research capabilities on text based, image based and numerical documentation of the history and present characteristics of the region, co-sponsored with the Library.

The Digital Media Program supports the development of an undergraduate program in digital media spanning computer-aided design, animation, 2-D and 3-D imaging, graphics and film. The program will include digital construction documentation and materials, catalogs and CD-ROM reference materials required for employment. The Building Documentation Program responds to historical deficiency noted repeatedly by the National Architecture Accrediting Board. The instructional facility would comprise digital construction documentation and materials, catalogs, CD-ROM reference materials and books on structures, building and technology.

In the same vein as the Academic Investment Pool, the Technology Investment Pool at UIC would address the growing demand for nonrecurring technology investments across multiple units on campus. Faculty computing needs and student computer laboratories require upgrading that exceeds the capacity of individual units. A central pool of funds would address needs across campus in an efficient manner.

Professional initiatives in Pharmacy and Nursing will support computer laboratory-type environments. In Pharmacy, the recurring funds for instructional and functional technology directly relate to professional workforce preparation. Specific enhancements include a redesigned learning laboratory environment and interactive communication networks. Nursing's proposed Center for Learning Excellence would use state of the art technology to allow for optimum learning in simulation of the actual clinical environment. The continuation of on-line classes would maintain access to continuing education for working health care professionals. One important example is the College of Pharmacy, where on-line courses allow pharmacists in practice to complete didactic course requirements via distance learning.

The goal of the UIS campus is to create a technology-intensive learning environment. It is currently engaged in a very successful effort to develop online courses, as well as to incorporate information technology across the curriculum. During the past decade, the campus has made great strides in strengthening the technological base related to computing. The 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. The Campus Information Technology Advisory Committee is structured to provide a campus-wide

Maintaining Instructional Technology

perspective on academic and administrative technology needs. Based on the work of this committee, the following needs have been identified for FY 2001: increase the revolving fund for replacement, maintenance and upgrading academic and administrative desktop computers; continue to develop computer classrooms, upgrade computer classroom hardware, and increase availability of classroom-deliverable projection equipment; improve user support through increased staffing of computer laboratories and through additional staff training; and establish revolving fund for network upgrades and server replacement.

Through FY 2000, the University of Illinois at Urbana-Champaign will have directed \$10.0 million in reallocated funds into modernizing classrooms on the campus. This investment has been made through an initiative entitled the Chancellor's Classroom Remodeling Program. As part of that initiative, the following rooms will have been converted to high technology, general assignment classrooms:

151 Everitt Lab	165 Everitt Lab	269 Everitt Lab
253 Mechanical Engr.	314 Altgeld Hall	228 Natural History Bldg.
100 Noyes Lab	217 Noyes Lab	112 Chemistry Annex
116 Roger Adams Lab	113 Davenport Hall	329 Davenport Hall
Lincoln Auditorium	106 Lincoln Hall	100 Gregory Hall
112 Gregory Hall	213 Gregory Hall	223 Gregory Hall
319 Gregory Hall	180 Bevier Hall	145 Armory Bldg.
209 Huff Hall	141 Commerce West	120 Architecture Bldg.
114 David Kinley Hall	103 Mumford Hall	150 Animal Science Bldg.
37 Education Bldg.	134 Buell	Engineering Hall (new
Engineering Hall	245 Altgeld Hall	124 Burrill Hall
112 Speech and Hearing	160 English Bldg.	Foellinger Auditorium
428 Armory Bldg.	429 Armory Bldg.	430 Armory Bldg.
130 Freer Hall	2 Education Bldg.	College of Law
Auditorium	130 Commerce West	245 Commerce West
247 Commerce West	Engineering Hall	229/31 Natural History
192 Lincoln Hall	Room "A" Law Bldg.	218 Ceramics
161 Noyes Lab	156 Henry Admin	242 Bevier Hall
62 Krannert		

These rooms include high-technology media systems valued at \$4.1 million. The technology includes computers, networking capabilities, visual presenters, VCR and other playback mediums, sound systems and state-of-the-art projectors, all run by control systems for ease of operation.

**Utilizing New
Electronic
Information
Resources in
the Library**

UIUC is now requesting incremental funds to help establish a five-year replacement/refurbishment cycle to insure that the equipment is always operating effectively, is current and maintained throughout its life cycle. Nothing is more frustrating to the teaching faculty than to have instructional equipment in the classroom which does not function properly.

Housing one of the world's greatest library collections, the University Library of the University of Illinois at Urbana-Champaign is unique in its commitment to providing open access to its resources, not only for the campus faculty and students, but also for other individuals throughout Illinois, 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.

As more information resources become available in electronic formats, the University of Illinois at Urbana-Champaign Library is committed to developing the technological capacity to provide services and broad access to these resources. While these new technology-based information resources do not supercede the need for educational and scholarly information in a predominantly print-based format, they do add a significant financial burden on libraries without releasing comparable funds that can be reallocated. Over the next five years, several new initiatives will drive the budget for the UIUC Library: electronic information resources (such as subscriptions to online services, purchases of CD-ROM and licenses for networked databases), infrastructure for electronic information resources and instructional support for the new electronic information resources environment.

**Electronic
Information
Resources**

Strides in information and network technology in the last few years have resulted in a rapidly increasing body of electronic library resources. Most major scientific and technical publishers and an increasing number of social science and scholarly association publishers now offer their journals in electronic format. Online reference tools, newspapers, literary and other primary source texts and numerical data sources are becoming available at a rapid rate. With its current budget, the UIUC Library has been able to purchase or license only the most basic of these electronic resources. To date, priorities have been to provide online access to leading abstracting and indexing services that provide access to literature in all disciplines and to a basic collection of

full-text resources, including key reference sources, major literary texts and some journals.

In order to meet the research and instructional needs of the campus, by FY 2001, the Library's priorities must shift increasingly toward the provision of full-text journals and other primary source materials. Since, in most cases, online availability cannot yet obviate the need for maintaining the same materials in print format, the large-scale acquisition of full-text journals and other materials will require a significant increment in the Library budget, particularly the serials budget. In the longer term, once the means for providing permanent access to backruns of electronic materials are better understood, it may be possible to reduce serials expenditures through cancellations of print subscriptions. It is very likely, however, that it will be necessary to shift these cost savings to support such archival access to electronic journals.

The Illinois Library Computer Systems Office (ILCSO) will forward to the IBHE a supplementary funding request in FY 2001 for the Illinois Digital Academic Library (IDAL), a new statewide electronic information program whose initial aim will be to meet the most basic needs for full-text materials of the broadest range of distance learners and of undergraduate students in two and four-year colleges. The funds requested here will build upon this base by addressing the more specialized research and teaching needs of UIUC.

Electronic Journals

Within the last year, several of the major scientific, technical, social science and business publishers have perfected online journal products. Certain periodicals offered by these major publishers (e.g., Elsevier, Wiley, Springer, Kluwer and American Psychological Association) constitute much of the UIUC Library's core journals collection in these areas. Although journal publishers are still experimenting with pricing models for electronic information, most levy a surcharge of from 10 percent to 15 percent (usually 15 percent) on print subscription prices for provision of electronic format, with average annual price increases of at least 8 percent. By FY 2001, the Library ought to be providing online access to perhaps \$2.5 million worth of current print subscriptions from the mainline publishers mentioned above and others that may offer online products in the near future.

Full-Text Newspapers

The UIUC Library has a pre-eminent print and microfilm newspaper collection that plays an important role in research, teaching and general current awareness for students, faculty and citizens throughout the state. There is tremendous demand for access to online newspapers. Since newspaper publishers appear to be even more fearful than journal publishers of loss of revenue from cancellation of print subscriptions, major online newspapers have unusually high price tags (e.g., the *Chicago Tribune* has recently begun marketing an online version for \$10,000/year). A broad-based collection of U.S. big city dailies and important state and regional papers is needed. ILC SO's IDAL will focus on provision of a few major national newspapers (e.g., *New York Times*, *Los Angeles Times*, etc.), a few major English language foreign newspapers (e.g., *Korea Herald*, *Jerusalem Post*), and a broad collection of state newspapers. UIUC's needs are far more extensive, including a larger variety of big city newspapers (e.g., *Cleveland Plain Dealer*, *Philadelphia Inquirer*) as well as a wide array of smaller city and regional newspapers that are particularly valuable for local and regional perspectives and business information (e.g., *Nashville Banner*, *Rocky Mountain News*). Once the Library is able to offer an appropriately diverse collection of online U.S. newspapers and a basic collection of English language foreign newspapers, priority in subsequent years must be given to building a worldwide collection of electronic newspapers in the vernacular.

Web of Science Back File

Since 1997, the UIUC Library has maintained a subscription to current numbers of the three titles that make up this important product (Science Citation Index, Social Science Citation Index and Arts and Humanities Citation Index). Web of Science (WOS) serves as a broad-based interdisciplinary index to 8,000 journal titles and has the facility to link to full text for some of these titles. Thus, if the Library were able to subscribe to the online version of journals from the publishers listed earlier under "Electronic Journals," the WOS would provide a single index to large numbers of articles in these journals. While the indexing function is a potent attribute, what makes WOS unique is its citation searching capabilities. These allow the tracking of the development of an idea or given topic backwards and forwards in time over a large number of journal articles in many disciplines. Lacking the backfile, the UIUC Library is failing to maximize the benefit to its users of its initial investment in the current subscription to WOS.

IEEE/IEE Electronic Library (IEL)

IEL provides web access to more than 500,000 articles in over 12,000 journals and conference proceedings since 1988. Subjects covered are electrical engineering, electronics, computer science, information technology, applied physics and other technical disciplines, critical to the College of Engineering research effort. IEL also includes 800 active standards from the Institute of Electrical and Electronics Engineers (IEEE) and the Institution of Electrical Engineers (IEE).

Global Access (Disclosure, Inc.)

The UIUC College of Commerce has for some years maintained a large number of business data sources, such as Global Access, on its own network. These are available from terminals within the Commerce Library but are not networked campus-wide. Funding of Global Access would provide campus-wide availability of a broad range of international and U.S. industry and company financial information and annual reports.

Engineering Support

The UIUC Library should have sufficient funding to provide for the basic instructional research needs of faculty and students at UIUC. Because of earlier budget constraints, especially the absence of funds available for electronic information, certain departments have offered support for essential tools that the Library was unable to purchase. One example is the funding by the College of Engineering of the online version of INSPEC, the primary abstracting and indexing service in physics and engineering. The Library has been able to defray part of the cost of INSPEC, but the remainder is requested here.

Infrastructure for Electronic Information Resources

In the summer of 1998, the UIUC Library began implementing the largest and most extensive computer systems upgrade since the original introduction of the online catalog in 1978. With the acquisition of the Digital Research Associates (DRA) system, the Library established the first integrated and comprehensive technology infrastructure for the Library. The \$1.3 million initial cost of the hardware (staff and public workstations, servers, bar coders and bar code readers, etc.) has been financed partially by grants from HECA and the State Library. The campus will have to finance the balance over the next several years.

Both public and staff workstations were made available in 1998. In addition, over 4,000,000 items in the collections were bar coded for automated circulation. Still, a substantial infrastructure will be needed to maintain the integrated DRA library

management system, as well as to continue to upgrade and replace the initial hardware. The improved functionality of the system and the openness of its design will allow users 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.

To stay ahead of the general cycle of obsolescence in computer workstations, funds will be used to replace 20 percent of the approximately 750 workstations on an annual basis and 20 percent of the 25 servers used for web pages, databases and CD-ROM in the University Library system. The University Library administers numerous frequently accessed end-user database systems, including a SilverPlatter system with 20 databases, an Ovid system with INSPEC and Compendex, a Chemical Abstracts server, an OCLC FirstSearch gateway, some 90 local databases and the Digital Library Initiative and Digital Imaging Initiative operational testbeds. Transaction logs show that users access these individual systems from thousands to millions of times each semester, with the aggregate use of periodical and local databases equaling or surpassing online catalog usage. If the University Library is to meet these usage demands effectively, the hardware to support these systems must be replaced on a systematic basis.

User Services for Electronic Information

The complexities of the new electronic information resources environment will also require the development of a more substantial user-services training program than the UIUC Library has been able to maintain in the past. In the 1998 campus report, *A Framework for the Future*, an expanded instructional role for the University Library is expected. Although the emphasis of the instructional program will be on undergraduates and based in the Undergraduate Library, a component aimed at graduate students and faculty will be based in the General Reference Department using the instructional facilities being developed for the Undergraduate Library. In addition, the Library-sponsored Advanced Information Technologies Group (AITG) will serve as the primary agency responsible for advanced instruction and research on information technologies. Fulfillment of this broad range of user services responsibilities will require an improved instructional program with a concomitant complement of staff.

An Information Mall providing high-level computing equipment, labs for group instruction, as well as space for AITG on the upper level of the Undergraduate Library is proposed for funding in FY 2000. 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, and it will enable the Library to respond to rapidly changing formats for undergraduate instruction and research. This program will emphasize instructional activities to enhance undergraduate student information and library skills including the following:

1. Information-seeking strategies
2. Navigating the Internet
3. Evaluating and appraising information
4. Using specialized information sources, e.g., image databases
5. Organizing and formatting information

The incremental costs for the Information Mall needed from state funds will be for additional personnel to handle the increased number of students, faculty and staff who will need to be introduced to new systems and instructed in their use on a continuing basis.

U of I 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 inexpensive personal computers and broad access to the Internet has created a new medium for distance education and new opportunities for place-bound and time-restricted learners. University of Illinois 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 the highly interactive online environment.

Over the past two-and-one-half years, U of I Online has provided development grants and technical assistance for twelve degree programs, ten post-baccalaureate certificate programs and several professional development sequences—all of which can be earned online without campus residence. Funding for course and program development has come from reallocated University sources and grants from the Alfred P. Sloan

Foundation. There are now more than 200 online courses listed in the U of I Online catalog at <http://www.online.uillinois.edu>.

Faculty interest in Internet-based instruction is growing rapidly. To ensure continued growth and success of the U of I Online initiative, the University must invest regularly in the development of promising, new online academic programs. To insure that our faculty have a solid understanding of online pedagogies and technologies, faculty development programs are needed. To improve the quality of our online courses and programs, we must deploy evaluation mechanisms specific to online instruction. 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 degree or certificate program to an 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 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 assistance, which is required not only in developing new courses but also in revising current ones. Internet technologies change daily and today's chatroom will be tomorrow's virtual reality classroom. There will be a constant need to revise our online efforts to use the best technologies appropriate to each program.

Another priority of the U of I Online initiative is promoting effective online pedagogy and assisting units with evaluating the quality and effectiveness of their online programs. Faculty development programs now are being offered on-site and online, and these programs will have to be expanded to meet the needs of growing numbers of faculty who will be teaching online. Development of comprehensive evaluation 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

LIS Online

employ several full-time staff members to work in the areas of faculty development and 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 support personnel. Current plans are for U of I Online to grow to have over 10,000 annual enrollments in online courses in just a few years. We foresee continued expansion over time, to meet the needs of place-bound and time-restricted learners throughout the state of Illinois.

Funds are requested in support of the IBHE's commitment to increasing the educational attainment of Illinois' citizens through development of the UIS Liberal Studies Online degree completion program. Using the latest online technology, this program will allow place-bound students with associates degrees to complete their baccalaureate education at home or through facilities available at a local community college. Consistent with the desire to provide to online students an educational experience equivalent to that available on-campus, UIS is applying the same workload, class size, and cost considerations to the LIS Online program as would be applied to an on-campus program. Enrollment in LIS Online will be managed by using the introductory course, LIS 301 Self-Directed Learning, as a gatekeeping mechanism for entry into the program. By the fourth year, the program is projected to serve 500 headcount majors.

Increased Links to the State of Illinois (\$1,300,000)

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.

Outreach and Service

Training professionals to meet statewide needs is a high priority. The UIC College of Education is developing programs in response to societal and workforce needs thereby increasing access to services. The State of Illinois will benefit from the foresight of its current leaders and their acknowledgement of the societal value of well-educated citizens; life-long learning skills will carry the state through the technological revolution. Children given a strong foundation in basic skills progress successfully through high school and are more likely to go on to college and graduate school. College educated citizens earn more money and participate more in civic life. A prerequisite to ensuring the increased educational attainment of Illinois citizens is providing a solid elementary and secondary foundation; preparing well-qualified teachers and school administrators is essential to that goal.

Teacher Training

The UIC College of Education plays a key role in helping the state meet multiple Illinois Commitment goals and, in particular, its second goal: higher education will join elementary and secondary education to improve teaching and learning at all

levels. Just one example of College of Education outreach is their work with the Chicago Public Schools and the city of Chicago on a proposed National Teacher's Academy. The College has identified key areas for development and needs continued support to implement its programs; this is the second of a four-part request for funds for the College. Increased faculty funding will enable the College of Education to support the standards-based reform of all teacher and administrator programs at UIC. The "Big-City" proposal seeks to engage liberal arts and sciences colleges and other external partners in re-conceptualizing subject matter and pedagogy, including its alignment with new standards-based K-12 curricula in Illinois. The campus is in the process of a multi-year recruitment effort of senior faculty in secondary education that have received attention nationally both in their discipline and in teacher education.

The College of Education seeks to recruit, prepare and retain substantial numbers of teachers and school leaders for urban school districts such as Chicago. In particular, the College proposes to develop and document the success of programs that address the teaching and learning needs of high poverty, predominantly African American and Latino students in urban classrooms and schools. The "Big-City" proposal seeks to develop state-of-the-art assessments of quality—some of that performance-based—for teachers' subject matter and pedagogical knowledge. The College is seeking substantive funding from foundations to support their efforts and expects to raise \$1 million per year from local donors. The College is simultaneously seeking federal dollars made available through the reauthorization of the Higher Education Act.

Through partnerships with business entities such as Chicago United and the UIC College of Business Administration, the College of Education will help Illinois business and industry sustain strong economic growth by addressing whether the Illinois Learning Standards and Chicago Academy Standards for K-12 students address adequately what graduates need to know and need to be able to do. The College is committed to access and diversity and as such is committed to finding direct scholarships and fellowships for all prospective teachers and administrators with financial need and to the recruitment of those whose demographics mirror those of the community.

**Partnership
Illinois**

The Partnership Illinois initiative is aimed at meeting five strategic objectives created in 1998:

1. To enhance the capacity and performance of state, local and municipal governments;
2. To build the capacity of education, social service and health agencies and to develop 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; and
5. To increase community vitality and promote economic development.

By focusing on these themes, the University of Illinois at Urbana-Champaign extends the benefits of research and education to governmental, nonprofit and private organizations across the State of Illinois in order to assist them achieve their missions. The intent of Partnership Illinois is to use its research and educational expertise to strengthen organizations and businesses serving Illinois. Through grants, new partnerships with organizations are established. Successful initiatives deserving long-term support are funded on a recurring basis. Through active collaboration with businesses, schools and school districts, statewide organizations and government agencies, Partnership Illinois makes the knowledge and resources of the University of Illinois at Urbana-Champaign useful in the lives of citizens throughout the state.

The Partnership Illinois initiatives have begun to yield benefits such as new curricula for preparing elected local officials for their jobs and an alternative mathematics program for the Technology Center of DuPage aimed at integrating complex mathematics into the vocational programs. In addition, public health organizations are learning new ways to reach providers and clients through the World Wide Web.

New funds for FY 2001 will enable the UIUC to extend partnerships to more organizations and businesses across Illinois that seek the education and research base of the campus. In some instances, successful partnerships will be replicated in other parts of Illinois; in other instances, successful initiatives in one area education agency will be extended to other agencies. Programs with potential for this kind of extension

MAPA

include the Community Collaborative for Economic Development which provides training in bookkeeping, marketing, and employee relations for prospective minority entrepreneurs as a way to encourage business development. Another example is a program for the professional development of new teachers in the school districts served by the Champaign/Ford Regional Office of Education and the Vermilion County Regional Office of Education.

Partnership Illinois FY 2001 support will also enable increasing numbers of undergraduate students learn about neighborhoods, schools and other institutions of a democratic society through service projects. Service learning which links education and public service encourages the development of values of altruism and service while demonstrating the link between a college education and meeting the needs of communities, public agencies and schools. Resources will be used to advise students and to guide their learning as well as to develop a community resource center.

The University of Illinois at Urbana-Champaign has developed a proposal for reactivating the Master of Arts in Public Administration Program. The nation and the State of Illinois face increasingly complex problems of public policy and management. 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 University of Illinois at Urbana-Champaign. The MAPA Program will build 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 twenty-five 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 two years, the goal will be to achieve a steady-state enrollment of approximately fifty students within four years.

Operational Infrastructure

(\$1,450,000)

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.

Enhancing the Quality of Student Life

As UIS becomes a more residential campus with an increasing number of full-time students, it is critical to improve the array of student services and to enhance the quality of student life on campus. These needs are intensified with the addition of new student housing. Funds are requested to bolster the administration of student affairs, improve the Division of Student Affairs' ability to respond quickly to student concerns, and increase its capacity to provide a rich assortment of student life activities. Specifically, the requested funds would be directed toward creation of the position of Assistant/Associate Vice Chancellor for Student Affairs, increased staffing for residential student programming, financial aid, admissions and records and increases to the operating budgets of the Office of the Vice Chancellor for Student Affairs and student affairs units. Each of these steps will not only improve the quality of student life for residential students, but will also improve the quality of services for non-residential students.

**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 University of Illinois 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, back-end processing, reporting, control, process interfaces, procedures and rules, judgement and accountability, and scheduling. To implement these changes, the University will need 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.

Addenda

[Redacted text]

[Redacted text]

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 2000, SURS received an increment of \$11.7 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 2001 increment is currently estimated at \$19.4 million.

Addendum II

Cooperative Extension Service

Overview

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.

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, a declining share of public resources for the land-grant university system and reductions in university faculty and U of I Cooperative Extension Service staff widened this gap.

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:

**The Commission on
Extension Six Point
Charge:**

- To identify Extension's strengths and suggest ways to build upon them; and to identify organizational weaknesses and suggest how to address those weaknesses;
- To address the question of mission, what are the most important and least important Extension functions;
- 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;
- To address how Extension can become a financially sound organization;
- To examine Extension's relationships with other organizations and the possibility of duplication of services; and
- To identify changes Extension needs to consider taking full advantage of technology currently available or coming online in the future.

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 21st century in an environment of everlasting changes, more competition for scarce public funds and expanding demands for research-based education and information.

**Commission on
Extension
Recommendations**

The report issued by the Commission made a number of recommendations which included the following:

1. 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.)
2. 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.
3. 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 resources, youth development and 4-H, family and consumer sciences, and community and economic development.

Funding has already been provided for item one in the University's FY 1999 budget. Funding for items two and a portion of item three were included in the FY 2000

budget. For FY 2001, \$1.15 million in needs remain to address those items left in item three.

Seventeen additional faculty positions 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 academic professional positions will be used to provide subject matter support and expertise to the 4-H youth program. A third position will provide important support to the professional staff and development activities. Three staff will be Secretary III positions. They will support the new faculty/academic professional positions. Expense funds will be used to support activities of the new faculty and academic positions. These positions will require significant travel and support costs.

Capital Budget Request for FY 2001

[Redacted]

[Redacted]

Background and Context

Overview

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

Any discussion of the capital budget must begin with the understanding 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 crucial to address minor repair and renovation needs as they occur. Failure to do so accelerates deterioration and leads to costly major remodeling requirements more quickly than would be necessary if prudent attention to annual repair and renovation were possible. Changing programmatic emphases in academic units also create the need for relatively small remodeling projects which can be addressed quickly to make existing space more useful for emerging academic priorities. 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 \$29.6 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 which has led the Universities capital budget request list for the last decade continues to do so this year.

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, 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

Deterioration of facilities effects academic program and faculty migration.

standards for today's research and instructional programs is usually greater than new construction costs for the same type of space.

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

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

The FY 2000 budget provided new capital resources to address an array of needs.

University projects recommended for funding by the General Assembly and approved by the Governor as part of the FY 2000 budget include the following:

- Repair and Renovation, all campuses - \$7 million
- College of Medicine Research Building, UIC - \$68 million
- Soccer Field Complex, UIS - \$0.4 million
- Campus Central Chiller Planning Funds, UIUC - \$4.5 million
- Digitalization Infrastructure WILL TV, UIUC - \$0.8 million

Table 1 presents a brief history of recent capital project funding.

Table 1
History of Recent Capital Budget Actions
FY 1995 to FY 2000
(Dollars in Thousands)

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Campus Requests						
Chicago	\$61,819.7	\$51,567.0	\$30,265.0	\$51,350.0	\$69,350.0	\$101,423.0
Springfield	2,728.5	3,827.6	4,983.1	5,212.8	3,670.4	4,139.4
Urbana-Champaign	56,255.3	42,837.0	46,071.0	42,962.0	73,920.0	109,391.0
Total	\$120,803.5	\$98,231.6	\$81,319.1	\$99,524.8	\$146,940.4	\$214,953.4
IBHE Recommendations						
Chicago	\$23,783.7	\$17,500.0	\$19,100.0	\$21,560.7	\$18,280.4	\$46,280.4
Springfield	1,697.9	1,110.0	2,525.5	3,245.9	2,629.5	2,770.0
Urbana-Champaign	14,771.3	23,700.0	29,881.0	26,475.8	15,741.3	24,480.3
Total	\$40,252.9	\$42,310.0	\$51,506.5	\$51,282.4	\$36,651.2	\$73,530.7
Regular Capital Appropriations						
Chicago	\$22,752.0		\$11,594.1	\$5,280.4	\$24,384.6	\$71,008.3
Springfield	1,201.7		883.6	216.8	2,575.3	737.2
Urbana-Champaign	7,750.0		12,963.9	13,480.3	10,350.2	8,940.1
Total	\$31,703.7		\$25,441.6	\$18,977.5	\$37,310.1	\$80,685.6
Special Projects Appropriations						
Americans with Disabilities Planning Funds			\$3,000.0			
Total Appropriation	\$31,703.7	\$0.0	\$28,441.6	\$18,977.5	\$37,310.1	\$80,685.6

Summary of FY 2001 Priorities

(\$183,847,700)

Overview

The University's FY 2001 Capital Budget Request consists of 15 projects at a total cost of \$183,847,700 million. Table 2 represents a combined priority listing of the proposed projects for this year.

The first priority is a \$10,000,000 Repair and Renovation request which is comprised of 5 projects at the Chicago campus, 3 projects at the Springfield campus and 11 projects at the Urbana-Champaign campus. These projects, while not large enough to compete with major remodeling requests, represent a significant and very real funding need. A high priority on renovation and renewal must be maintained by institutions with facilities the size, scope, complexity and age of the University of Illinois. The Repair and Renovation request is vital for the continued renewal of existing University facilities, provision of up to date support for academic programs and protection of the State's investment in capital facilities. More detailed descriptions of these projects are provided in the sections following this overview.

The second priority provides \$42,815,000 for a Central Campus Air Conditioning Center at the Urbana-Champaign campus. \$4,500,000 in planning funds for this project were appropriated by the General Assembly as part of the FY 2000 Capital Budget. 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 \$2,500,000 to begin initial acquisition of land on the Urbana-Champaign South Campus. These funds will allow purchase of land that is crucial to the execution of the South Campus Master Plan, which remedies future land use problems for several colleges including the College of ACES.

Table 2
FY 2001 Capital Budget Request
Summary by Priority and Campus
(Dollars in Thousands)

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			42,815.0	42,815.0	52,815.0
3	Ag Land Acquisition			2,500.0	2,500.0	55,315.0
4	West Side Chiller Phase I	6,000.0			6,000.0	61,315.0
5	SURS Building Acquisition			2,040.0	2,040.0	63,355.0
6	Classroom Office Building Planning		1,293.9		1,293.9	64,648.9
7	Freer Hall Remodeling			20,000.0	20,000.0	84,648.9
8	Roof and Concrete Repairs	9,500.0			9,500.0	94,148.9
9	ECE Building Planning			6,990.0	6,990.0	101,138.9
10	Campus Improvements		3,958.8		3,958.8	105,097.7
11	Biology Teaching Lab Renovation	3,000.0			3,000.0	108,097.7
12	Lincoln Hall Remodeling			10,000.0	10,000.0	118,097.7
13	CBA Building and Conference Center*	50,000.0			50,000.0	168,097.7
14	Burrill Hall Remodeling			10,750.0	10,750.0	178,847.7
15	Fire Alarm Code Compliance	5,000.0			5,000.0	183,847.7
	Total	\$77,850.0	\$5,582.7	\$100,415.0	\$183,847.7	\$183,847.7

* \$25 million in private gift funds will match this amount from the state.

Priority four seeks \$6,000,000 as a first phase to improve the cooling infrastructure that serves the West Side of the Chicago campus. Outdated chillers will be replaced and buildings tied together to gain the efficiencies and flexibility of a chilled water loop.

The fifth priority would provide \$2,040,000 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.

Priority six seeks \$1,293,900 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 seventh priority provides \$20,000,000 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 eighth priority is \$9,500,000 to repair roofs and deteriorating concrete on several campus buildings at the Chicago campus.

The ninth priority seeks \$6,990,000 in funds to begin planning of the Electrical and Computer Engineering Building on the Urbana-Champaign campus, which serves several departments within the Engineering College.

The tenth priority would provide \$3,958,800 for the Springfield campus. This project consists of several repair, remodeling and renewal projects that will improve spaces in the permanent campus buildings. Additionally, this project proposes improvements that will update and enhance several sites throughout the campus.

Priorities eleven through fifteen largely reflect the need for investment in existing infrastructure although project thirteen requests funds for a new College of Business Administration facility and conference center at the Chicago campus. These projects are described in further detail in the pages that follow.

Table 3
FY 2001 Capital Budget Request
Summary by Category and Campus
(Dollars in Thousands)

<u>Category</u>	<u>Chicago</u>	<u>Springfield</u>	<u>Urbana- Champaign</u>	<u>Total</u>
Building, Additions, and/or Structure	\$50,000.0			\$50,000.0
Land Acquisition			\$4,540.0	4,540.0
Utilities	6,000.0		42,815.0	48,815.0
Remodeling	21,850.0	\$330.0	46,070.0	68,250.0
Site Improvements		3,958.8		3,958.8
Planning		1,293.9	6,990.0	8,283.9
Total	\$77,850.0	\$5,582.7	\$100,415.0	\$183,847.7

Table 4
FY 2001 Capital Budget Request
Future Funding Implications
(Dollars in Thousands)

<u>Priority</u>	<u>Project</u>	<u>Category</u>	<u>FY 2001 Request</u>	<u>FY 2002 Cost</u>	<u>Cost for 2003 and Beyond</u>
1	Repair and Renovation	Remodeling	\$10,000.0		
2	Urbana Campus Chiller	Utilities	42,815.0		
3	Ag Land Acquisition	Land	2,500.0	\$6,500.0	\$6,500.0
4	West Side Chiller Phase I	Utilities	6,000.0	10,000.0	6,500.0
5	SURS Building Acquisition	Land	2,040.0		
6	Classroom Office Building Planning	Planning	1,293.9	25,387.3	
7	Freer Hall Remodeling	Remodeling	20,000.0		
8	Roof and Concrete Repairs	Remodeling	9,500.0		
9	ECE Building Planning	Planning	6,990.0	62,910.0	
10	Campus Improvements	Site	3,958.8		
11	Biology Teaching Lab Renovation	Remodeling	3,000.0		
12	Lincoln Hall Remodeling	Remodeling	10,000.0		
13	CBA Building and Conference Center	Building	50,000.0		
14	Burrill Hall Remodeling	Remodeling	10,750.0		
15	Fire Alarm Code Compliance	Remodeling	5,000.0		

Capital Requests

[Redacted]

[Redacted]

Priorities

(\$183,847,700)

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 19 projects outlined in Table 5. Detailed descriptions of these projects are found in the Repair and Renovation project description, following this Priorities section.

Table 5
Repair and Renovation Projects by Campus

Chicago Projects	Amount
Science and Engineering Lab, Renovate Organic Chemistry Teaching Lab	\$1,000,000
Clinical Sciences North, Masonry and Window Repair Phase III	1,000,000
Illinois Institute for Developmental Disabilities, System Upgrade Phase I	800,000
Alumni Hall North, Remodel Media Resource Center	750,000
Science and Engineering Office Building, Elevator Repair	800,000
Total	\$4,350,000
Springfield Projects	Amount
Building K, Remodel	\$216,000
Public Affairs Center, Replace Auditorium Stage Floor	84,000
Public Affairs Center, T.V. Studio Improvements, Phase II	30,000
Total	\$330,000
Urbana-Champaign Projects	Amount
Environmental & Agricultural Sciences Bldg, Remodeling Phase II	\$865,000
Main Library, Renovate Departmental Libraries, Phase III	815,000
VMBSB, Finish Third Floor Space	500,000
Roger Adams Laboratory, Replace Roofs M, N & E	250,000
Vet Medicine Boiler Plant, Loop Chilled Water System	160,000
Education Building., HVAC Improvements, Phase II	530,000
Env. & Agr. Sciences Bldg., HVAC Improvements and Repairs	550,000
Library, Gutter Replacement	280,000
Fire Alarm Upgrade, Phase VII	500,000
Talbot Laboratory, Accessible Entrance and Elevator, Phase II	270,000
Armory 101, Classroom Remodeling, Phase II	600,000
Total	\$5,320,000

**Priority 2:
Campus
Chiller****\$42,815,000 - Urbana-Champaign**

At present the central cooling needs of the UIUC campus are served by 60 steam absorption chillers totaling 21,000 tons of capacity as well as 29 vapor compression chillers totaling an additional 18,000 tons of capacity. The majority of these chillers are located in individual buildings with a smaller percentage located in regional plants. As of spring 1999, 83% of the installed tonnage of steam absorption equipment had reached an age of 30 years or older, and is expected to fail within the next 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 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 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 has been funded by a \$4.5 million dollar appropriation in the FY 2000 Capital Budget. 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 a FY 2001 capital request of \$42.815 million.

\$2,500,000 - Urbana-Champaign

The Urbana campus has recently completed a master plan for the South Campus. The purpose of the South Campus Master Plan is to guide the long-range use and development of the campus area south of Florida and Kirby Avenues. The College of Agricultural, Consumer, and Environmental Sciences (ACES) is the largest tenant in the area but twenty-six other units have various levels of activity and facilities in the South Campus area including: College of Veterinary Medicine, Division of

Priority 3: Agriculture Land Acquisition

Intercollegiate Athletics, State Surveys, United States Department of Agriculture, Division of Campus Recreation, Assembly Hall, Campus Housing and the University Arboretum.

Fundamentally, there is a need to improve and expand the College of ACES research facilities and land resources if the College is to remain relevant and competitive. The College faces serious problems with obsolete facilities immediately south of Saint Mary's Road, such as the 1918 cattle barn and feed mill. It is not feasible to operate modern research and teaching programs with the existing facilities. They require replacement and redefinition on land that is sufficiently separated from urbanized areas and meets modern environmental requirements. Therefore the College of ACES desires to move its facilities to contiguous lands south of Windsor Road. As this process occurs over a few decades, other departments previously mentioned will utilize land north of Windsor Road.

In order to accommodate the growth and consolidation, a total of just less than 2,600 acres need to be purchased. The Urbana Capital Budget Request has a larger South Farms Realignment that is more comprehensive, but it is critical to take advantage of current opportunities at this time in regard to the purchase of land. The acquisition schedule calls for land to be purchased in two phases. This request seeks to begin purchases that are critical in the Phase I portion.

**Priority 4:
West Side
Chiller**

\$6,000,000 - Chicago

The University of Illinois at Chicago (West Campus) is air-conditioned primarily using chilled water via distributed chillers. In a limited fashion, some of these chillers are tied together to serve more than one building. If reliable sources of chilled water are to be available then system improvements are required. There is not enough capacity on campus to satisfy the load. Most of the chillers providing cooling to this campus are beyond their expected useful lives and have had extensive maintenance and repair. Additionally, many of these older chillers require refrigerant that is being phased out thereby making it expensive or unavailable in the future.

This project will tie groups of buildings together with chilled water distribution piping, chiller replacement and refrigerant conversions. Replacing outdated chillers with modern chillers will provide significant energy savings. Tying multiple

Priority 5: SURS Building Acquisition

buildings together allows for reducing redundant capacity requirements. This request entails the first year of a multi-year plan to remedy the situation. The first phase will add thirteen buildings to the chilled water loop and install five new chillers at two locations.

\$2,040,000 - University-wide Administration

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 Technology Services (AITS) 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 \$2,040,000.

Priority 6: Classroom Office Building Planning

\$1,293,900 - 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 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 most academic programs into permanent buildings in the central core of campus. Important student services operations will also be relocated to the center of campus. This new facility provides needed classroom space as the library's book collection expands into the classroom/office portion of Brookens Library, requiring the conversion of existing classrooms into bookstacks space. In addition, this facility will help alleviate the current space deficit, provide additional classroom, lab and office space required for 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

**Priority 7:
Freer Hall
Remodeling**

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.

\$20,000,000 - Urbana-Champaign

The College of Applied Life Studies (ALS) is currently accommodated in Huff and Freer Halls, and in the Armory. While decentralization is a problem, Huff Hall in particular presents the College with severe problems. The conduct of teaching, 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 high traffic public spaces such as classrooms and seminar rooms. The new first floor spaces will include six classrooms (5,000 NASF).

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 workstations, conference rooms, workrooms and restrooms. 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.

**Priority 8:
Roof and
Concrete
Repairs**

The programmed square footage will require an addition to the east of approximately 40,000 gross square feet. There is an equipment portion in this remodeling request of \$1,650,000.

\$9,500,000 - Chicago

Much of the campus infrastructure, especially roofs and concrete facades, is in need of improvements. With this project, the campus will repair roofs on the Dentistry Building, Paulina Street Building and Science and Engineering South Building. Roofs on all three of these buildings are over 25 years old and the average age is 30 years. These roofs have long outlived their expected useful lives and have developed leaks. Repairs are becoming more frequent but are only temporary until a complete reroofing can be done. Continued leaks will only magnify the disruption to academic/research functions and damage to interior finishes. The scope of this portion includes tear out of existing roof membranes and insulation of galleries with the installation of four ply built up tar roof with 20 year warranty.

The second portion of this project will repair concrete related deficiencies of University Hall and Science and Engineering Office Building. Extensive delamination is occurring on the bottoms and fascias of reinforced concrete spandrel beams and on fascias of columns and shear walls. This project will allow removal of failed patches, delaminate and loose concrete of exposed spandrel beams, columns and shear walls. Concrete repairs will be made with materials and methods recommended by the International Concrete Repair Institute.

**Priority 9:
Electrical and
Computer
Engineering
Building
Planning**

\$6,990,000 - Urbana-Champaign

This proposed building would give the Urbana-Champaign campus an opportunity to develop an environment in which overlapping and mutually compatible program strengths can be enhanced. The Departments of Computer Science, Electrical and Computer Engineering, and selected units in the multi-disciplinary Coordinated Science Laboratory span the spectrum from theory to application. In common facilities, these programs have greater potential to generate new endeavors than the same units operating alone. While this facility will primarily serve the research missions of the Electrical and Computer Engineering Department, it will also improve and expand graduate education and enhance specialized upper-level undergraduate programs and projects.

Priority 10: Campus Improvements

This building will serve as a part of a programmatic link from the Beckman Institute to the current Everitt Laboratory of Electrical and Computer Engineering for scientists and engineers in the electrical and computer engineering fields. Along with Beckman Institute, Microelectronics Laboratory, Computer and Systems Research Laboratory and the Digital Computer Laboratory Addition, this building will provide the modern facilities needed to reinforce and enhance the campus's reputation in electrical and computer engineering while forming the foundation for lasting preeminence in these fields.

Currently, the Electrical and Computer Engineering Department has a significant space deficit, which is further exacerbated by the poor quality of its existing space. It is possible that part of the space in the Everitt Laboratory could be freed to create classrooms and other teaching facilities on the north end of campus. The building, as proposed, will act largely as a vehicle to relocate programs of mutual interest and upgrade the space in programs requiring more sophisticated space.

\$3,958,800 - Springfield

This project consists of several repair, remodeling and renewal projects that will improve the technological features of the conference center and selected classrooms in the permanent campus buildings, and renew selected areas in Brookens Library and the Public Affairs Center. In addition this project proposes several site and utility improvements that will improve wayfinding and enhance the architectural image of campus, repair the service drives, maintenance yards and walkways on the east side of campus, enhance the central plaza area, improve the landscape design throughout the campus grounds and provide improvements to the chillers that serve the permanent buildings.

There are 12 parts to this project. The first part of the project proposes a comprehensive technological upgrade in each of the PAC Conference Center meeting rooms, including the restaurant and the small auditorium located in Brookens Library to accommodate technology based presentations. The second part of the project proposes to complete the renovation of the Studio Theatre. The third part of the project proposes to remodel six to eight campus classrooms into additional computer class laboratories and "smart classrooms." The fourth part of the project proposes to implement a new campus exterior signage program. The fifth part of the project

includes floor covering and ceiling improvements to the conference center, additional carpet replacement in the auditorium and floor covering throughout the concourse and cafeteria area. The sixth part of the project includes renovation of the auditorium offices located on the third level of the Public Affairs Center. The seventh part of the project proposes various site improvements including repair, resurfacing and replacement of selected service drives, maintenance yards, walkways, water and gas lines and landscaping improvements throughout the campus grounds. The eighth part of the project includes landscaping and architectural improvements that will enhance the Central Plaza which is located in the central area between the campus' permanent buildings. The ninth part of the project includes long-term improvements to the Sangamon Auditorium located in the Public Affairs Center. The tenth part proposes to retrofit existing lighting with new high efficiency lighting in library stack areas and the majority of campus classrooms. The eleventh 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 twelfth part of the project proposes several improvements to the chillers that serve the permanent buildings on campus.

Priority 11: Biology Teaching Lab Renovation

\$3,000,000 - Chicago

Rooms 3084, 3086, 3092, 3098 and 3100 SEL constitute the Introductory Biology teaching laboratory and preparation room suite, a total of 6,100 square feet. This suite of laboratories serves approximately 2,000 students per year, including all biology majors and non-majors, all pre-health majors, all pre-allied health professions majors and all pre-nursing majors. This funding request is for the remodeling and renovation of the Introductory Biology teaching laboratory and preparation room suite at the University of Illinois at Chicago. The request includes the replacement and upgrade of obsolete equipment in the rooms.

Equipment and facilities in the Biology Department are woefully outdated, inadequate and must be replaced and renovated. The Introductory Biology teaching laboratory and preparation room suite is unchanged from original construction and is no longer adequate for teaching a modern biology laboratory class. The project includes installation of modern benches and cabinetry, campus computer network connections, new electrical wiring and multi-media enhancements, new flow hoods, autoclaves, environmental control rooms and benches and cabinetry in the preparation room in addition to general renovation of the spaces.

Priority 12: Lincoln Hall Remodeling

\$10,000,000 - Urbana-Champaign

With the completion of the Spurlock Museum of World Cultures in January 2000, 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 well thought-out 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 25 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 13: CBA Building and Conference Center

\$50,000,000 - Chicago

Currently the College of Business Administration is housed in University Hall and rental properties. This proposal calls for the design and construction of a new 200,000 to 250,000 GSF College of Business Administration facility and conference center.

As the University of Illinois at Chicago's (UIC) first priority for academic space on the south campus, CBA space would be designed to accommodate faculty offices, dry research laboratories and classroom spaces. Classrooms would be half-circle seating

Priority 14: Burrill Hall Remodeling

arrangements with state-of-the-art audiovisual technologies to complement current principles of business teaching.

A conference facility, owned and operated by the University of Illinois, yet a resource available to the Chicagoland community for University sponsored activities is also included in this proposed building. UIC, and the near-west side, are chronically short of appropriate conference space to host regional and international seminars, conferences and training programs. This facility would be a resource available to the entire UIC community, local government agencies and corporations. A major private giving campaign is expected to contribute one-third of the total cost of this significant new facility.

\$10,750,000 - Urbana-Champaign

Burrill Hall has been used intensively for 40 years, primarily for research and has had minimal minor remodeling performed to upgrade the heavily used spaces. All of the space in Burrill Hall is in need of significant upgrading with regards to the building mechanical systems infrastructure to make the building suitable for biological instruction and research in the twenty-first century. This project will see wall reconfigurations, replacement of fixed laboratory equipment, plumbing, electrical, lighting, data and HVAC changes. In addition, all new finishes are envisioned for this building, including flooring, ceilings and walls.

Priority 15: Fire Alarm Code Compliance

\$5,000,000 - Chicago

This request is for funding for the installation of Class I fire alarm systems in six classroom buildings on the University of Illinois at Chicago campus, upgrade the existing fire alarm systems in nine buildings and address any outstanding ADA fire alarm compliance issues.

According to the City of Chicago Building Code relating to Fire Prevention, buildings used for adult education with more than 100 persons and more than one story in height are required to be equipped with a City of Chicago Fire Prevention Bureau Class I fire alarm system. A standard Class I fire alarm system is so arranged that operation of an alarming device, such as a heat detector or a pull station, will automatically actuate sounding of horns throughout the building. An annunciator that indicates the zone, from which the alarm was initiated, is required within 20 feet of the entrance.

Additionally, this fire alarm system is to be directly connected to the City fire alarm box. The classroom buildings, although presently equipped with a fire alarm system, do not have the features required by City of Chicago Code. Therefore, in order to be code compliant it is imperative that City of Chicago Fire Prevention Bureau Class I fire alarm systems are installed in these buildings. Additionally, a number of buildings do not have ADA required fire alarm devices such as strobe lights and correct heights of pull stations. Hence, there is a need to install strobe lights and to lower the height of pull stations in all such buildings.

Repair and Renovation Project Descriptions

Chicago Projects (\$4,350,000)

Science and Engineering Lab, Renovate Organic Teaching Lab - \$1,000,000

The primary objective of this request to remodel approximately 3,025 GSF of undergraduate laboratory teaching space is to improve the function, equipment and appearance of the existing space. The scope of the work includes minor demolition and removal of casework, counters, cabinets, fume hoods, related plumbing, piping and electrical service. The installation of new epoxy floor and base, new sinks, wood cabinets, epoxy resin counters and plumbing devices is included in this project.

Existing fume hoods will be replaced, reusing existing exhaust ductwork wherever possible and installing eight new fume hoods with modifications to the HVAC as necessary. Electrical power modifications and distribution will be required to new casework, fume hoods, equipment and air conditioning/ventilation equipment. The existing lighting will remain with minor modifications as necessary to meet project requirements. Telecommunication distribution and outlets for computers and data equipment shall be provided at each workbench station.

Clinical Sciences North, Masonry and Window Repair Phase III - \$1,000,000

The Clinical Sciences north building was designed in 1920 as a hospital and is currently the oldest building on campus. With its English Gothic style architecture the building has brick cladding with dressed limestone trim window surrounds. The existing steel single glazed windows are in poor condition allowing moisture and air infiltration into the building. The masonry and limestone decorative elements are exhibiting localized failures. Under the scope of a CDB funded project, necessary investigations were conducted and an engineering report was developed. According to this report, the bulk of existing roof-mounted equipment must be removed to properly rehabilitate the envelope of the building. The mechanical penthouse located on the East End should be removed and localized HVAC system (three mechanical rooms for every two floors) should be implemented. A section of sloped roof deck that exhibits severe distress needs to be replaced. The flat roofs have outlived their useful life and should be replaced, the clay tiles of the remaining sloped roofs should be taken down and reinstalled after the wood sleepers are replaced. The windows should be replaced. The damaged masonry and limestone decorations, in selective locations, should be repaired/replaced and the building should be tuckpointed. As the third phase of a multi-phased project, the scope of this project consists of

tuckpointing, rebuilding damaged masonry, repairing/replacing limestone decorative units, removing and resetting copings, replacing existing metal windows and installing new metal clad wood windows with low E glass. Phase I funded the aforementioned CDB study while Phase II provided for demolition of the east Mechanical Penthouse and associated roof replacement.

IL Institute for Developmental Disabilities, System Upgrade Phase I - \$800,000

The Illinois Institute for Developmental Disabilities building was constructed in the late 1950s and was acquired by the University in 1988. Since the building used to be a mental health care facility, the systems are not adequate for its current utilization. There is sufficient incoming electrical power in the building but the distribution of power on individual floors is insufficient to accommodate the needs of present occupants. This situation not only creates safety concerns but also limits the occupants' ability to provide adequate medical technology assistance to patients with disabilities, the primary focus of the Disability & Human Development Department occupying I.I.D.D. Additionally, the building's HVAC is marginally adequate for the present occupancy (labs, offices and outpatient clinics). The temperature control system is in poor condition and the building is in need of a new fire alarm system. In short, the building is in need of a major systems upgrade. A multi-phased program of upgrade is being developed, of which this project is the first phase. The scope of work of this phase one project consists of installing two 200-amp distribution panels on each floor for floors 3, 4, 5, 6 and 7. The scope also includes upgrading power for two labs on the seventh floor. The scope will also include removing existing and installing a new heat exchanger, controls, new circulating pumps, new condense pumps, steam and condense piping, pipe insulation, zone valves for the radiant heating system and chemical cleaning of the entire radiant heating system.

Alumni Hall North, Remodel Media Resource Center - \$750,000

The proposed facility is to be designed to expand the College's interest to grow and enlarge its public outreach in culture, exhibition and lecture venues. This space which was formerly the Faculty Club will serve the expansion of Gallery 400, a not for profit exhibition space for Architecture and the Arts. The space of approximately 4,000 GSF on the first floor of Alumni Hall North is to be designed for presentations incorporating the most recent electronic and media technology for all the arts for interactive media presentations. Teleconferencing and long distance learning

programs will be developed for use in this space. The Center will be developed into two spaces: a theater type lecture/presentation space to seat 80 persons; and, a presentation space. Supporting these two main spaces will be a warming kitchen, toilet facilities, storage and media support areas.

Scope of work for this project will include complete demolition of spaces between existing gallery and former Faculty Club. Build-out will include new partition walls, interior doors, windows and new finishes. New telecommunications will be installed in remodeled areas with electronic surveillance for artwork security to be installed.

Science and Engineering Office Building, Elevator Repair - \$800,000

The Science and Engineering Offices Building opened in 1968. The existing 30 plus year old elevators are worn out and break down frequently. In order to provide a reliable vertical transport system in this building it is imperative that these elevators be renovated as soon as possible. Additionally, they do not conform to City of Chicago and ADA codes such as fireman's recall feature and ADA required audio and visual signals. The scope of work includes replacement of traction machines, control system, shaft door operator system, door protection system and cabs of all four passenger elevators with new machine assemblies, group operational control system, automatic motion control system, microprocessor based communication system, new car assemblies, balance system and signal system. Air conditioning is necessary for the machine room.

Building K Remodel - \$216,000

This project includes remodeling space in Building K that will be vacated during the fall semester. The unit vacating Building K occupies approximately 7,400 square feet. The remodeling will help remedy a space deficit in the classroom and office space category by constructing additional classroom and office space in Building K. New classrooms and offices are programmed in the proposed classroom/office building, which will eliminate the space deficit, but additional space for nighttime classes and offices is needed at this time. This project will help bridge the gap between the current deficiency and completion of the new facility. Three classrooms will be remodeled and four offices will be reconfigured to create a single office suite. Some minor demolition is required, construction of new walls, electrical service, lighting, finishes and telecom service.

**Springfield
Projects
(\$330,000)**

**Urbana-
Champaign
Projects
(\$5,320,000)****Public Affairs Center, Replace Auditorium Stage Floor - \$84,000**

This project includes improvements to Sangamon Auditorium with the replacement of the entire wood stage floor with a new pine floor. After 18 years of use, the stage floor is in fair to poor condition. The stage has been flooded three times, wood fibers of the flooring broken down by heavy equipment, splintered and gouged from removal of adhesives and is in general ill repair. The ideal solution is to replace the entire 7,000 square feet stage floor with a longleaf pine that is stronger in compression, shear, tension and side hardness.

Public Affairs Center, T.V. Studio Improvements Phase II - \$30,000

This project includes additional improvements to the TV Studio that is located on level 1 in the Public Affairs Center. Funding provided in the FY 2000 Repair and Renovation appropriation will be used for Phase I improvements to the TV Studio. Those improvements include new studio lighting, a new cyclorama and wall modifications. Additional funding is requested for Phase II improvements to the TV Studio. Improvements include the installation of cooling equipment, controls in the control room, remodeling in the control room and editing suite. The installation of cooling equipment and controls is needed to remove the excessive heat gain in the control room. The editing suite needs to be remodeled to improve the functionality of that room. The editing suite will be reconfigured with new fixed shelving, lighting and finishes. Both of these improvements will allow the TV studio staff to function more efficiently.

Environmental & Agricultural Sciences Bldg, Remodeling Phase II - \$865,000

This request involves funds to finish remodeling the former Veterinary Medicine Building. The demolition and third floor completion were funded by state dollars. A federal grant has been used to remodel the lower three floors to house the National Soybean Center. Unfortunately, it took three to four years for the federal grant funds to be received and construction cost escalation during that time ultimately resulted in a shortage of funds and a reduced project scope.

This project will complete remodeling of offices and laboratories on the ground and first floor in the connecting link and the old diagnostic laboratory areas. All windows that have not yet been replaced with new energy efficient windows will be replaced by

this project. Federal grants have covered more than half of the \$9.0 million necessary to completely renovate this building.

Main Library, Renovate Departmental Libraries, Phase III - \$815,000

With the exception of an addition to the northwest corner of the Main Library in 1964, the user and staff spaces of this building have changed very little since the Library was dedicated in 1929. The Library remodeling effort, of which this is Phase III, is improving the logical arrangement and upgrading to modern standards, the quality of the spaces occupied by various departmental libraries located primarily on the second and fourth floors of the Main Library. Remodeling will also enhance the quality of space for the libraries. In particular, computer wiring, electrical wiring and lighting will be upgraded to respond to the demands of new technologies. In the last decade, the development of electronic information resources has revolutionized the academic library. For universities to be effective in their teaching and research missions, it is critical that access to information through electronic media be readily available. The reconfiguration 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.

VMBSB, Finish Third Floor Space - \$500,000

The Veterinary Medicine Basic Sciences Building was occupied in the early 1980s as part of the Food for Century III initiative. Due to budgetary shortfalls, a portion of the building was left as “shelled” space with roughed in utilities. Over the years some of this “shelled” space has been completed, but not all. Student enrollment increasing by 25% along with the pressing need for more laboratory and office space to accommodate more sophisticated extramurally funded research requires 3,300 NASF to be completed for labs and offices. The college feels so strongly about this remodeling effort that it is matching this request with internal funds to make sure the work is completed in a successful manner. Work will include construction of walls, finishes, lighting, voice and data connections, extension of the HVAC system and fixed laboratory equipment.

Roger Adams Laboratory, Replace Roofs M, N and E - \$250,000

This project will remove and replace approximately 25,000 square feet of deteriorated roofing located on areas M, N and E of Roger Adams Laboratory currently built-up

roofing systems. All three roofs are in very poor condition. Roof N consistently leaks when it rains and is over a recently remodeled area. Serious structural damage to the building and roof deck is imminent, with possible damage to experiments located below these roofs. To solve the imminent failure of these roofs, the roofs will be removed down to the decks and replaced with a new roofing system for these critical roof areas of Roger Adams Laboratory.

Vet Medicine Boiler Plant, Loop Chilled Water System - \$160,000

This project will install a primary and secondary loop for the chiller at the Veterinary Medicine Boiler Plant to solve the problem of uneven chilled water distribution. The Veterinary Medicine building complex currently receives chilled water unevenly. Uneven chilled water distribution is causing erratic cooling which in turn causes some areas to overheat in the veterinary hospital and research facilities, making environmental control of building spaces very difficult.

Education Building, HVAC Improvements, Phase II - \$530,000

This project will replace the induction cooling units with a variable air volume system, permitting increased airflow within the building. 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. A significant amount of asbestos abatement will be required for this project.

Env. & Agr. Sciences Bldg., HVAC Improvements and Repairs - \$550,000

The condensate piping in this building is over forty years old and was originally installed as copper, which corrodes and fails much quicker than steel piping in this type of service. The building is plagued with condensate leaks resulting in the malfunction the heating system. Inlet vane dampers need constant maintenance to remain operational. Monitoring stations are stopped up and do not allow necessary ventilation flow. Temperature, humidity and ventilation have been extremely difficult to control, using excessive energy, causing discomfort of the building occupants and disrupting laboratory experiments. This project will replace the copper piping with steel, thereby extending the life of the replaced condensate system and new inlet vane volume dampers with variable frequency drives will be installed. Also, the restrictive abandoned monitoring stations will be removed by this renovation effort.

Library, Gutter Replacement - \$280,00

Replacing approximately 1,400 feet of deteriorated built-in gutters and downspouts on all building elevations is the focus of this project. The built-in gutters and downspouts are in various stages of disrepair. Most of them range from 58 to 75 years of age.

Leaks are constant during rain or snow melt, causing exterior damage to the stone/masonry and interior damage to the plaster. Damage is approaching a level of severity that stone/masonry may loosen and fall, creating a safety hazard for pedestrians and more costly repairs.

Fire Alarm Upgrade, Phase VII - \$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 Noyes Laboratory and Altgeld Hall. Also, the Veterinary Medicine Basic Sciences Building will receive a new Pyrotronics panel capable of handling the entire facility with boards installed to allow the use of existing, zoned detectors from this project.

Talbot Laboratory, Accessible Entrance and Elevator, Phase II - \$270,000

Talbot Laboratory contains over 80,000 square feet of assignable space, used by three engineering departments for laboratories and offices, in addition to general classrooms and an auditorium. This 1920s vintage building has an elevator to access its four levels, however this building was built in the old tradition with the entrance a half level above grade. Due to this elevated entrance and lack of an acceptable means of getting any persons with severe disabilities to the interior of the first level, a new accessible entry must be created. The previous means of accessing the interior of the building by a more than ten year old chair lift will not transport the heavier, battery operated wheel chairs that have become very numerous on campus in the past few years. It will also be necessary to replace the existing single opening elevator with a front and back opening elevator car. The replacement elevator will be a five stop

passenger elevator installed in the existing shaft. This project will permit the use of all four floors to achieve program accessibility.

Armory 101, Classroom Remodeling, 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. The room will also serve duty 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.