WESTERN ILLINOIS UNIVERSITY
BOARD OF TRUSTEES

September 28, 2018

Resolution No. 18.9/4
FY2020 Appropriated Operating Budget Recommendations

Resolution:

WHEREAS Western Illinois University prepares annual appropriated operating recommendations for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

WHEREAS Fiscal Year 2020 appropriated operating budget recommendations require Western Illinois University Board of Trustees approval prior to submission; and,

WHEREAS the *Fiscal Year 2020 Appropriated Operating Budget Recommendations* presented today advance the goals of the University's Strategic Plan, *Higher Values in Higher Education*, on both Western Illinois University campuses, and the Illinois Board of Higher Education's statewide strategic plan for higher education, *IBHE 2012, A Strategic Plan for the Illinois Board of Higher Education*;

THEREFORE be it resolved that the Board of Trustees approves the Fiscal Year 2020 appropriated operating budget recommendations as presented in the *Fiscal Year 2020 Appropriated Operating Budget Recommendations* and be it further resolved that the President be authorized to make technical adjustments in the operating budget recommendations if necessary.

Fiscal Year 2020 Appropriated Operating Budget Recommendations
Western Illinois University

Western Illinois University begins Fiscal Year 2019 with a $124 million base appropriation (38 percent from general revenue and 62 percent from income fund). The University recommends a $17.3 million general revenue increase in funding for Fiscal Year 2020 operations.

Through meaningful state support, internal reallocations, and successful implementation of the University's Strategic Plan, *Higher Values in Higher Education*, Western Illinois University continues to advance the four goals of The Illinois Board of Higher Education's *IBHE 2012, A Strategic Plan for the Illinois Board of Higher Education*;

Goal One: Increase educational attainment to match best-performing states.

Goal Two: Ensure college affordability for students, families, and taxpayers.

Goal Three: Increase the number of high-quality post-secondary credentials to meet the demands of the economy and an increasingly global society.

Goal Four: Better integrate Illinois' educational, research, and innovation assets to meet economic needs of the state and its regions.

Illinois Board of Higher Education guidelines divide operating recommendations into two categories: salary and cost increases and support for program priorities. Fourteen and one-half percent of the University's recommendation is for salary and cost increases. This includes funding for salary increases, related Social Security contributions, and other inflationary increases associated with University operations (utilities, library materials, and all other institutional operations). The remaining 85.5 percent of the University's recommendation supports programs identified in *Higher Values in Higher Education.*

Western Illinois University
Fiscal Year 2020 Appropriated Funds Operating Budget Request

	Dollar Increase	Percent Increase	Priority
Salary and Cost Increases			
Salaries (on 95% of Base)	$1,500,000	1.55%	
Other General Costs	1,000,000	3.64%	
Total Salary and Cost Increases	$2,500,000	2.02%	
Program Priorities			
Restoration of Budget Reduction	5,650,000		1
Student Financial Aid	2,000,000		2
Deferred Maintenance	5,000,000		3
Quad Cities Campus Funding (Phase I and II)	$1,600,000		4
STEM, Regional, High Demand Program Investment	500,000		5
Total Program Priorities	$14,750,000		
Total All Increases	$17,250,000		

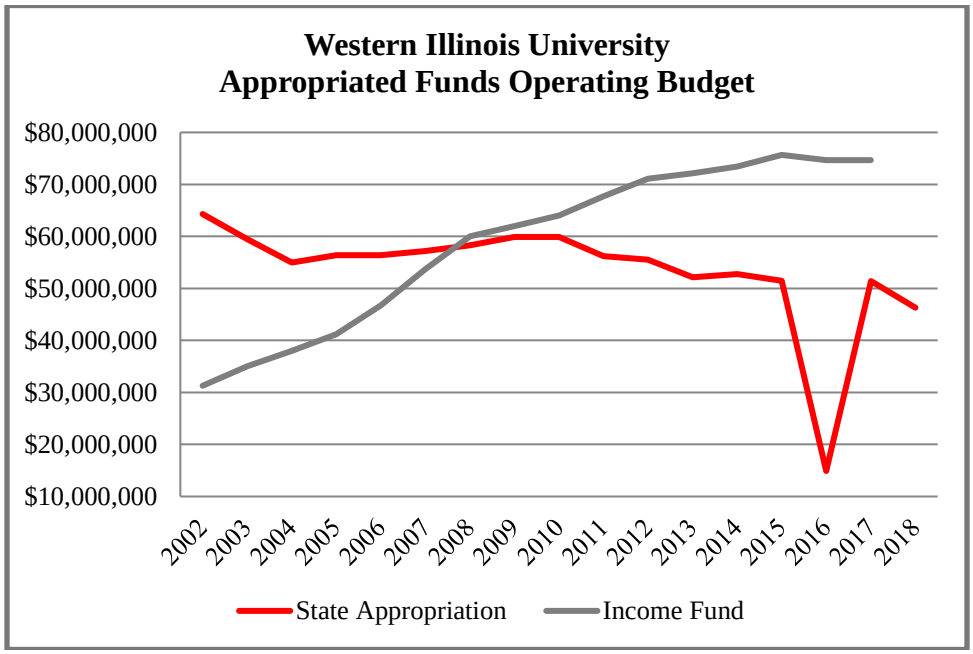
Salary Increases for Faculty and Staff. As stated in *Higher Values in Higher Education*, Western Illinois University's highest priority is to increase faculty and staff salaries to meet and exceed the mean of peer institutions. The $1.5 million request for salary increases is 60 percent of the University's salary and cost increase recommendation. Salary erosion is a critical issue facing Western Illinois University. The ability to recruit and retain high achieving and diverse faculty and staff is directly related to ensuring educational quality. Our employees have sacrificed a great deal in the last two years with salary reductions and furloughs. Our request attempts to rebuild the salary erosion and ensure competitiveness.

Support for Program Priorities. Western Illinois University is seeking $14.8 million in funding for program priorities identified in *Higher Values in Higher Education*. These include:

- **Restoration of budget reductions (5,650,000**) to restore important positions, reestablish technology and academic initiatives and to support for general operating increases.
- **Student Financial Aid ($2,000,000)** to support access and affordability to higher education.
- **Permanent improvements and campus infrastructure enhancements ($5,000,000)** to reduce the deferred maintenance backlog of over $500 million**.**
- **Quad Cities Campus Funding - Phase I & II - ($1,600,000)** for faculty and staff positions needed to support the opening of new facilities and academic programs.
- **STEM, Regional, High Demand Program ($500,000)** provides additional support for needed faculty, staff, and equipment and facilities improvements for these programs.

The requested $14.8 million will help restore Western Illinois University's status as a state-supported institution of higher education. Between Fiscal Years 2002 and 2019, state general revenue support for the University decreased by $17.8 million or 27.4 percent, which doesn't include the unprecedented reductions of Fiscal Year 2016 . During this same time period, unfunded cost increases have been incurred for utilities, Illinois Veterans Grants, CMS health insurance and other unfunded budget items.

The effect, shown below, is that tuition costs (University Income Fund) associated with vital functions of higher education are being shifted from a shared statewide priority to the responsibility of students and their families.



Changes from Fiscal Year 2019 Operating Recommendation Request

Consistent with the University's Strategic Plan, salary increases are the University's highest priority. Cost increases for utilities, library material and other operating expenses are also important. Western Illinois University has not received funding for increased costs in over 16 years.

Western Illinois University is also requesting $14.8 million in state funding to support its Strategic Plan, *Higher Values in Higher Education.* Funds to restore budget reductions, to support deferred maintenance, student financial aid, operations in the Quad Cities, STEM, Regional and High Demand programs will improve economic development, educational partnerships, access, diversity, affordability, productivity, and accountability in Illinois public higher education.

Changes from Fiscal Year 2020 Operating Increase Recommendation
(Dollars in Thousands)

	Fiscal Year		Difference	
	2019	2020	Amount	Percent
Total Recommended Increase	$15,614.5	$17,250.0	$1,635.5	10.47%
Salary and Cost Increases	$2,370.0	$2,500.0	$130.0	5.49%
Salary Increases	1,500.0	1,500.0	-	
Cost Increases				
Other General Materials	$870.0	$1,000.0	130.0	
Program Priorities	$13,244.5	$14,750.0	$1,505.5	11.37%
Restoration of Budget Reductions	5,144.5	5,650.0	505.50	
Student Financial Aid	2,000.0	2,000.0	-	
Deferred Maintenance	4,000.0	5,000.0	1,000.0	
Quad Cities Campus Funding (Phase I and II)	1,600.0	1,600.0	-	
STEM, Regional, High Demand Program Investment	500.0	500.0	-	

Western Illinois University's Fiscal Year 2020 Operating Recommendations
To the Illinois Board of Higher Education

Western Illinois University's Fiscal Year 2020 operating budget request will be submitted to the Illinois Board of Higher Education October 15, 2018, pending board approval.

FY2020 OPERATIONS AND GRANTS
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS
AND PROGRAM PRIORITIES

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: Faculty and Staff Salaries

AMOUNT REQUESTED: $1,500,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

Higher Values in Higher Education, Western Illinois University's Strategic Plan, displays the University's goals, priorities, and contributions to the statewide strategic plan for higher education, *The Illinois Public Agenda for College and Career Success.* Consistent with these plans, Western Illinois University seeks funding for our highest institutional priority: meeting and exceeding average faculty and staff salaries at peer institutions.

At the core of any great university and system of higher education is a dedicated, diverse, and high-achieving employee base. Implementation and the ultimate success of the goals and priorities of *Higher Values in Higher Education* and the *Illinois Public Agenda for College and Career Success* are the direct responsibility of Western Illinois University's faculty and staff. Compensation is a critical element to the recruitment and retention of a university community dedicated to economic development, educational partnerships, access and diversity, quality, productivity, and accountability.

Recruiting and retaining high-achieving and diverse faculty and staff are directly related to improving the quality of academic and co-curricular programs and services. Such actions in the competitive job market necessitate faculty and staff salaries that meet and exceed the mean of peer institutions.

JUSTIFICATION FOR BUDGET REQUEST:

Illinois' strengths include its diverse economy, rich natural resources, strategic location, and well-trained workforce. Illinois owes much of its economic success and stability to the strong system of higher education. Continued prosperity is contingent upon statewide partnerships committed to investment in fair, equitable, market value faculty and staff salaries. The resources requested in this partnership proposal will be combined with other University funds to advance the highest priority actions in *Higher Values in Higher Education* which will help provide faculty and staff salaries that meet and exceed the mean of peer institutions.

FY2020 OPERATIONS AND GRANTS
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS
AND PROGRAM PRIORITIES

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: Restoration of Budget Reductions

AMOUNT REQUESTED: $5,650,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

Higher Values in Higher Education, Western Illinois University's Strategic Plan, outlines the goals in areas of affordability, student recruitment, employee recruitment, and quality academic programs. The necessary funding from state appropriations and student contributions supports our strategic plan. As the financial support for public higher education in the state of Illinois has continued to erode, the challenges surrounding our goals continue to increase. It is necessary and prudent for the citizens of Illinois to support public higher education with adequate financial support to ensure a well-educated citizenry.

JUSTIFICATION FOR BUDGET REQUEST:

Since Fiscal Year 2002, Western Illinois University has experienced declining State support. During that time, the appropriation from Illinois has decreased from $64.3 million to $47.2 million. This is a 47% decline in support when adjusted for inflation. In Fiscal year 2016, the university received only 29% of a typical appropriation. This drastic swing in support caused the University to make the very difficult but necessary decisions that have affected our current and former employees. The fiscal year 2018 state budget provided Western Illinois University an additional $5.1 million reduction in state funding. The continued erosion of state support causes' further pressure on student's tuition and other revenue sources. The fiscal year 2019 state budget of $47.2 million was a 2% increase over fiscal year 2018.

Western Illinois University has nearly a $500 million economic impact on the state of Illinois. In our 16 county service region we provide quality jobs, we support the local economies; we educate students from all backgrounds and provide much of the intellectual capital for Western Illinois.

FY2020 OPERATIONS AND GRANTS
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS
AND PROGRAM PRIORITIES

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: Student Financial Aid

AMOUNT REQUESTED: $2,000,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

Higher Values in Higher Education, Western Illinois University's Strategic Plan, states:

> "Western Illinois University also emphasizes affordability because a college education is essential in today's global and highly technological community. We firmly believe that higher education, and the benefits that it accords, is an investment, and that no student should be denied a college education because of financial need. We provide access and affordability to a high-quality educational experience that is responsive to student needs and circumstances."

Funds are being requested to provide students with financial aid opportunities to support access and affordability to higher education. Over the past several years, Federal and State grant funding has remained fairly constant, while institutional financial aid has increased and at the same time family contributions toward education have declined due to the economy. The result has created a substantial increase in need for financial assistance and has forced needy students to borrow at high levels utilizing federal student loans. Even with higher levels of borrowing, a majority have insufficient funds to pay their college expenses. Providing new and enhanced strategies for reducing the amount of student indebtedness upon graduation is consistent with University's Strategic Plan, *Higher Values in Higher Education*, and statewide strategic planning goals for higher education, identified in The Illinois Board of Higher Education's *Illinois Public Agenda for College and Career Success.*

JUSTIFICATION FOR BUDGET REQUEST:

The University is making a strong commitment to ensure that no Illinois citizen is denied access to higher education because of financial need. Funding will be used to provide scholarship funds to high-need, academically talented students to help reduce student indebtedness upon graduation.

FY2020 OPERATIONS AND GRANTS
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS
AND PROGRAM PRIORITIES

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: Deferred Maintenance

AMOUNT REQUESTED: $5,000,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

Higher Values in Higher Education, Western Illinois University's Strategic Plan, states:

> "Provide safe, accessible, responsible campus environments that meet the needs of University constituencies and reflect the core values of the University."

Providing a safe, accessible, and responsive campus environment conducive to learning is crucial in a community of learners. The University estimates a total appropriated deferred maintenance backlog over $230 million. This large backlog of projects is negatively impacting the campus learning environment.

In addition to funds requested for deferred maintenance needs, Capital Renewal funds are used to address deferred maintenance priorities on campuses. Between FY2004 and FY2019 Western Illinois University has requested $20.6 million in Capital renewal funds and has received $3.6 million. This has resulted in nearly $17 million in lost funds that would have been used to address elevator maintenance, utility infrastructure repairs, and other critical needs on campus.

JUSTIFICATION FOR BUDGET REQUEST:

The University is making a strong commitment toward improving the campus physical environment. A reduction in the deferred maintenance liability is viewed as integral to achieving that objective. Funds will be utilized for classroom modernization; improving HVAC and building energy management controls; enhancing electrical and plumbing distribution systems; and renovating campus sidewalks, drives, and exterior stairs.

FY2020 OPERATIONS AND GRANTS
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS AND PROGRAM PRIORITIES

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: Quad Cities Campus Operating Funding for Phases I and II

AMOUNT REQUESTED: $1,600,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

The State of Illinois invested $59.3 million to construct the first two phases of the Western Illinois University-Quad Cities Riverfront Campus in July 2009. This new location provides the physical facilities to support doubling of enrollment from current levels to 3,000 students when properly funded. Operational funding will provide the fiscal resources to support increased educational attainment of Illinois residents, ensure college affordability, address workforce needs, and enhance economic growth.

Phase I of the new Riverfront Campus opened in January 2012. The Phase I facility established a permanent home for the only public University in the Quad Cities. Phase II of the Riverfront Campus opened in August 2014. The State of Illinois made a commitment to the citizens of Illinois to create and expand educational opportunities in the Quad Cities. Western Illinois University has generated external funding and reallocated resources to support high demand programs and campus operations. We stand ready to continue expansion with the State's partnership contributions.

The current budget of Western Illinois University–Quad Cities is over $9.0 million. No new state resources have been given for the operations and maintenance of the Quad Cities Campus, thereby delaying the growth of the Quad Cities Campus and the State's obligation to community and economic development. The $9.0 million in appropriated funding has been reallocated from existing dollars to support the new campus. We are requesting $1.6 million in funds to support enrollment growth and the State's commitment to residents of Illinois.

JUSTIFICATION FOR BUDGET REQUEST:

Western Illinois University reallocated institutional resources to open the Riverfront Campus Phases I and II as soon as construction was completed in 2012 and 2014, respectively. Educational demand has been demonstrated through steady enrollment during a period of decreasing Illinois high school and community college graduates (12% over the last four years).

The University continues to support students in a variety of majors and has made a significant investment in STEM fields. The recent addition of our Engineering to our educational portfolio has generated great interest from the manufacturing and engineering professions. We have developed partnerships with local community colleges and offer high school and community college dual enrollment options for all academic majors.

Illinois is a leading net exporter of high school graduates. The expansion of Western Illinois University gives higher education access to 400,000 residents in a region located on the Illinois/Iowa Boarder and helps to prevent out-of-state migration of high school graduates. As presented when the University requested capital funds for Riverfront Campus, new faculty and staff positions and operational and maintenance support are a requisite component of the State's commitment to enrollment growth. Such actions are necessary to increase educational attainment levels of Illinois residents to match top performing states.

Western Illinois University should not be expected to maintain the state's commitment to public higher education in the Quad Cities alone, nor should it rely on large tuition increases. State appropriations to Western Illinois University have continued to decrease since Fiscal Year 2010 (the year Riverfront Campus opened), and Illinois public higher education has just now begun the process of recovering from the fiscal and enrollment impacts caused by the historic and unprecedented two-year statewide budget impasse. Exercising conservative fiscal management, Western's modest $1.6 million request covers only a portion of the State's share of essential funds necessary to support public education of Illinois citizens.

With new state funding, Western's expenditures will remain focused on the core function of instruction. The dollars will be allocated to support building additional instructional capacity, enhancements for our STEM and other high-demand fields, and to continue to build necessary and streamlined structures to support Illinois public higher education in the Quad Cities.

Western Illinois University continues to maintain our commitment to provide an affordable education for Illinois Citizens. Our administrative and instructional costs remain below the statewide average. Our four year cost guarantee for tuition and fees, room and board rates sets us apart from other Illinois public universities. Our mission to provide access to all Illinois residents, regardless of their socioeconomic backgrounds, necessitates continued financial support from the state for our Quad Cities campus.

FY2020 OPERATIONS AND GRANTS
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS
AND PROGRAM PRIORITIES

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: STEM, Regional, and High Demand Degree Programs

AMOUNT REQUESTED: $500,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

To address the projected workforce needs of 1 million additional STEM graduates by 2022, to also address the needs for graduates that would serve our region, and to enhance our other high demand degree programs, Western Illinois University is increasing our investment in these areas of study. This investment moves us towards realizing the vision of a highly diverse, creative, and adequate STEM, Regional, and high demand workforce. These areas are vital to the transformation and future as a country, the future of our region, and the future of our student's success. Likewise, the United States Department of Labor and the United States Department of Commerce continue to indicate that the demand in these areas are growing at high rate.

Likewise, the convergence of disciplines and the cross-collaboration that characterizes contemporary STEM programs, regional program needs and other high demand programs have made collaboration a centerpiece of our current efforts.

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JUSTIFICATION FOR BUDGET REQUEST:

Funds will be used to support:

- update and improve access to existing research facilities in order to support research that can address the challenges of the 21st century.
- enable academic departments, disciplinary and cross-disciplinary units, to create or enhance facilities through the addition or augmentation of technology and cyberinfrastructure, to create environments that enhance research and integrate interdisciplinary research.
- to improve teaching effectiveness and student engagement.
- operations and purchases of essential software and laboratory equipment to support instruction and to comply with external accreditation requirement and recommendations.

The funds will also be used to provide salaries for additional full-time faculty, and support staff to accommodate the increasing numbers of students in these areas as well as provide for the necessary facilities and equipment improvements.