

Western Illinois University  
*Financial Recovery Plan*  
December 2017

**Executive Summary**

This *Plan* is submitted per request of the Higher Learning Commission. It should be read in combination with Western Illinois University's *February 2016* and *December 2016 Submissions* to the Commission (see Attachments A and B). These three documents provide a chronology of the University's actions taken in response to the State of Illinois' historic and unprecedented budget impasse.

Evidence in this *Plan* will show that Western Illinois University's, and all other Illinois public universities, inclusion in financial panels is the direct result of the historic and unprecedented FY16 and 17 statewide budget impasse causing the Illinois public universities to receive partial FY16 funding in the 10<sup>th</sup> month of the fiscal year and partial funding for FY 17. Never in the 160-year history of Illinois public higher education have these circumstances occurred.

Furthermore, the evidence in this *Plan* will show that annual reporting cycles triggering financial panels do not accurately reflect a one-time, state approved 18-month revenue and expenditure cycle.

Nevertheless, the effects of the statewide budget impasse were pronounced. Results of this plan will show that strong strategic planning processes supported by mission-driven conservative fiscal management resulted in the creation of an even stronger, more resilient, viable institution for the 21<sup>st</sup> century. Furthermore, we continued to advance in national rankings despite the budget impasse.

With strength and resolve, Western Illinois University will continue to provide a quality, well-rounded education to high-achieving, diverse students. We will also continue advancement of the institutional vision to provide national leadership in quality, opportunity, and affordability.

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## Background and Context

Western Illinois University is one of 12 Illinois public universities. We are a regional master's granting institution serving 9,441 students (82% undergraduate and 18% graduate) in fall 2017 with 66 undergraduate degree programs, 38 graduate degree programs, and two doctoral programs. The faculty own and deliver a curriculum that includes the humanities, social sciences, fine arts, business, education, and a number of pre-professional and technical fields of study at its main campus in Macomb, branch campus in Moline, and through the State's first and largest distance education program. Faculty also provide off-campus instruction across Illinois and in Davenport, Iowa.

Western Illinois University has been continuously accredited by the Commission since 1913. The last reaffirmation of accreditation was in academic year 2010-2011, with no follow up visits or reports-the highest distinction a university can achieve. Western is an open pathways institution. We are currently completing the fourth and final year of participation in the Commission's Persistence and Completion Academy (PCA), and our second year of Commission-approved Quality Initiative (QI) priorities. This includes updating the University's *Higher Values in Higher Education* Strategic Plan; increasing enrollment, retention, and graduation rates; continuing participation in the PCA; and, engaging in fiscal reduction and reinvestment, while continuing to advance in national ranking systems.

As a member institution of the Higher Learning Commission, Western Illinois University is subject to monitoring by the Commission to assure and advance quality in areas related to the criteria for accreditation; financial and non-financial indicators; change of control, structure or organization transaction; substantive change; complaints; conformity with *Assumed Practices*; and other Commission review areas.

With this in mind, the University was notified by the Higher Learning Commission on November 14, 2017 to submit a "Financial Recovery Plan" addressing four specific Commission questions by December 11, 2017. Follow up conversations with the Commission's Associate Vice President for Accreditation Processes and Systems indicated that all public institutions from the 19 states that the Commission serves with decreased and/or delayed appropriations causing financial indicators to fall below Commission thresholds are required to engage in a financial panel.

Western Illinois University's, and all other Illinois public universities, inclusion in financial panels is the direct result of the historic and unprecedented FY16 and 17 statewide budget impasse that caused the Illinois public universities to receive partial FY16 funding in the 10<sup>th</sup> month of the fiscal year and partial funding for FY 17. Never in the 160-year history of Illinois public higher education have these circumstances occurred.

Nor have the Illinois public universities ever been allowed to apply an annual appropriation across fiscal years. As a result, annual reporting cycles also triggering financial panels do not accurately reflect a one-time 18-month revenues and expenditure cycle. FY18 appropriations with spending authority concluding at the end of the fiscal year have been made and funds are being incrementally received by institutions. The State does not provide a lump sum payment at the start of the fiscal year.

With causes of financial reporting identified, this *Plan* focuses on the future of Western Illinois University. As will be shown, strong strategic planning processes and mission-driven conservative fiscal management has supported the creation of an even stronger, more resilient, viable institution for the 21<sup>st</sup> century that will continue in the mission and tradition of providing a quality, well-rounded education to high-achieving, diverse students, and the advancement of the institutional vision in national leadership in quality, opportunity, and affordability.

## Higher Learning Commission Questions

- 1. Explain the history of CFIs and the components of the ratios that have contributed to being in the zone or below the zone.**

### Historical Financial Ratios

Table 1 provides a summary of Western Illinois University's operations costs by source of funds to inform discussions on institutional expenditures and financial ratios for Fiscal Years (FYs) 2011-2015. In providing context to these data, the State of Illinois was experiencing cash flow issues resulting in decreased and delayed state appropriations for all 12 Illinois public universities during this time. Figure 1 shows that appropriated funds reductions at Western Illinois University were of similar magnitude to the other 11 Illinois public universities.

Table 1  
Institutional Revenue by Source of Funds  
Fiscal Years 2011-2015  
(\$ in Thousands)

|                                      | FY2011             | FY2012             | FY2013             | FY2014             | FY2015             |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Revenue Funds                | \$56,182.7         | \$55,548.3         | \$52,167.8         | \$52,755.1         | \$51,465.2         |
| Income Funds                         | 60,882.9           | 68,668.8           | 71,496.0           | 73,188.4           | 74,907.5           |
| Local Grants                         | 151.9              | 156.7              | 178.2              | 167.4              | 161.9              |
| State Grants                         | 3,607.4            | 3,356.8            | 3,281.9            | 3,307.5            | 3,272.8            |
| Federal Grants                       | 25,902.2           | 28,240.3           | 25,077.8           | 26,609.0           | 27,349.4           |
| Private Gifts, Grants, and Contracts | 1,721.6            | 2,113.7            | 1,635.7            | 1,699.2            | 1,487.8            |
| Sales & Service of Auxiliary         | 48,365.9           | 49,185.0           | 52,613.5           | 49,260.8           | 48,447.6           |
| Other/Indirect Cost Recovery         | 21,527.7           | 21,507.3           | 21,820.3           | 25,121.3           | 23,896.2           |
| <b>Total</b>                         | <b>\$218,342.3</b> | <b>\$228,776.9</b> | <b>\$228,271.2</b> | <b>\$232,108.7</b> | <b>\$230,988.4</b> |

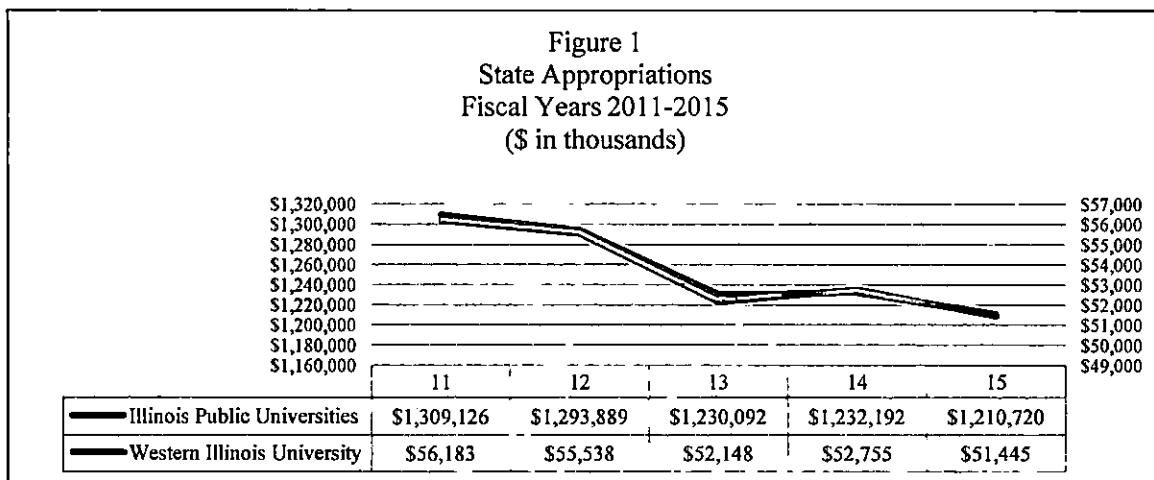


Table 2 presents Western's historic financial ratios presented to the Commission in *Annual Institutional Data Updates* between Fiscal Years (FYs) 11-15. Despite the State's fiscal condition and funding practices to Illinois public universities, Western Illinois University maintained its fiscal health as evidenced by:

- Composite Financial Indicator ratios "above the zone," as identified by criteria in *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks (Seventh Edition)*, by KPMG LLP; Prager, Sealy & Co., LLC; Attain LLC.

- Primary reserve ratios demonstrating fiscal stability. A negative or decreasing trend over time would have indicated a weakening financial condition.
- Net operating ratios showing institutional operations with a surplus in four of the last five years, therefore enabling the University to carry forward funds in conjunction with limitations established in Illinois statutes for public institutions.
- Net asset ratios showing availability of additional expendable net assets to satisfy debt obligations.
- Strong viability ratios, with only the FY15 ratio reflecting a decrease resulting from the volatile state economy.

Table 2  
Western Illinois University's Historic Financial Ratios  
Fiscal Years 2011-2015

|                               | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Composite Financial Indicator | 3.60        | 2.90        | 1.70        | 2.75        | 1.47        |
| Primary Reserve Ratio         | 0.25        | 0.27        | 0.26        | 0.25        | 0.26        |
| Net Operating Revenue Ratio   | 0.06        | 0.04        | 0.00        | 0.01        | (0.01)      |
| Return on Net Assets Ratio    | 0.18        | 0.12        | 0.04        | 0.13        | 0.02        |
| Viability Ratio               | 0.73        | 0.70        | 0.75        | 0.77        | 0.47        |

To compensate for reduced and delayed appropriations and maintaining its fiscal health between FY11 and 15, the University:

- Restricted spending, monitored travel, and limited replacement hiring.
- Negotiated delayed salary increases with collective bargaining units.
- Cancelled salary increases for non-negotiated personnel.
- Increased university reserves and carefully monitored cash balances.
- Introduced retirement incentives.
- Implemented zero-based budgeting within Academic Affairs.
- Consolidated 18 academic departments/units into 10, and four technology units into one.
- Centralized reporting lines for admissions, advisement, and the School of Graduate Studies between campuses.
- Held at least 25% of annual GRF departmental operating budgets,

Results from these actions reduced state appropriated budgets by \$14.2 million in personal services and \$2.7 million in operating, totaling a \$16.9 million cost savings and avoidance to the University. The size of the University workforce (headcount) decreased by 163 employees (52 faculty and 111 staff) during this time. The academic core was protected by engaging in 2:1 staff-to-faculty reductions. There were only three layoffs and no furloughs during this time.

Table 3 provides further evidence of protecting the academic core and engaging in mission-driven spending. Western Illinois University maintained 66% of all institutional expenditures on academics and academic support during the period of delayed and reduced appropriations.



| (In Thousands of \$)       | FY2012             | FY2013             | FY2014             | FY2015             |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| Instruction                | \$79,449.2         | \$77,370.8         | \$77,267.6         | \$77,237.5         |
| Organized Research         | 6,074.1            | 3,540.3            | 3,535.5            | 3,083.6            |
| Public Service             | 14,774.0           | 12,694.3           | 13,970.1           | 14,142.2           |
| Academic Support           | 8,701.9            | 8,925.6            | 8,847.8            | 8,829.6            |
| Student Services           | 41,066.6           | 42,830.7           | 48,119.7           | 49,661.2           |
| Subtotal-Dollars           | <u>\$150,065.8</u> | <u>\$145,361.7</u> | <u>\$151,740.7</u> | <u>\$152,954.1</u> |
| Subtotal-Percent           | 65.6%              | 63.7%              | 65.4%              | 66.2%              |
| Institutional Support      | 9,277.7            | 9,473.6            | 9,675.4            | 10,238.6           |
| O&M of Physical Plant      | 30,200.5           | 30,446.2           | 31,023.6           | 27,711.3           |
| Independent Operations     | 34,944.1           | 38,651.4           | 35,090.6           | 35,419.8           |
| CMS Group Health Insurance | 2,724.2            | 2,735.9            | 2,909.5            | 2,998.1            |
| FICA/Medicare              | 1,564.6            | 1,602.4            | 1,668.9            | 1,666.5            |
| Total                      | <u>\$228,776.9</u> | <u>\$228,271.2</u> | <u>\$232,108.7</u> | <u>\$230,998.4</u> |

Employee and budget reductions could have been deeper had the University not maintained historic efficiency. Tables 4 and 5 show that Western Illinois University consistently places below the statewide average on instructional and administrative costs per credit hour. Using FY15 as an example, Western was third and second lowest of the 12 Illinois public universities on these measures, respectively. Instructional costs were 11.7% below the statewide average, and administrative costs were 20.5% below the statewide average.

|                                  | 2011            | 2012            | 2013            | 2014            | 2015            |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Southern Illinois-Edwardsville   | \$240.55        | \$249.57        | \$257.94        | \$269.52        | \$261.01        |
| Illinois State                   | \$267.13        | \$286.37        | \$297.85        | \$300.43        | \$311.13        |
| <b>Western Illinois</b>          | <b>\$272.68</b> | <b>\$284.01</b> | <b>\$294.30</b> | <b>\$307.32</b> | <b>\$316.86</b> |
| Southern Illinois-Carbondale     | \$302.19        | \$309.84        | \$314.13        | \$329.27        | \$331.53        |
| Northeastern Illinois            | \$259.39        | \$284.40        | \$298.35        | \$343.49        | \$346.07        |
| Northern Illinois                | \$282.36        | \$306.19        | \$331.84        | \$339.47        | \$348.49        |
| Eastern Illinois                 | \$270.13        | \$289.67        | \$331.88        | \$352.67        | \$358.40        |
| State Average                    | \$303.41        | \$317.81        | \$335.60        | \$355.00        | \$358.73        |
| Illinois-Springfield             | \$318.74        | \$338.65        | \$372.28        | \$384.41        | \$361.23        |
| Governors State                  | \$328.00        | \$364.12        | \$364.31        | \$392.48        | \$373.04        |
| Illinois-Urbana/Champaign        | \$348.71        | \$350.07        | \$362.97        | \$400.24        | \$398.54        |
| Illinois-Chicago                 | \$342.14        | \$359.77        | \$374.94        | \$382.35        | \$399.84        |
| Chicago State                    | \$287.08        | \$312.29        | \$417.04        | \$419.86        | \$429.72        |
| % WIU Is Under the State Average | (10.1%)         | (10.6%)         | (12.3%)         | (13.4%)         | (11.7%)         |

Table 5  
Administrative Costs per Credit Hour at Illinois Public Universities  
Fiscal Years 2011 through 2015

|                                  | <u>2011</u>    | <u>2012</u>    | <u>2013</u>    | <u>2014</u>    | <u>2015</u>    |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Southern Illinois-Edwardsville   | \$61.59        | \$64.51        | \$58.22        | \$63.26        | \$60.99        |
| <b>Western Illinois</b>          | <b>\$67.76</b> | <b>\$70.94</b> | <b>\$63.48</b> | <b>\$68.85</b> | <b>\$72.06</b> |
| Illinois-Chicago                 | \$75.00        | \$78.40        | \$78.41        | \$74.00        | \$76.55        |
| Illinois-Urbana/Champaign        | \$84.38        | \$82.99        | \$88.94        | \$96.76        | \$90.24        |
| State Average                    | \$83.18        | \$87.92        | \$86.86        | \$90.65        | \$90.60        |
| Northeastern Illinois            | \$71.80        | \$78.60        | \$75.16        | \$87.76        | \$91.63        |
| Eastern Illinois                 | \$74.80        | \$84.37        | \$89.03        | \$96.55        | \$94.78        |
| Southern Illinois-Carbondale     | \$81.76        | \$81.80        | \$80.28        | \$90.77        | \$96.09        |
| Illinois-Springfield             | \$105.00       | \$104.18       | \$92.60        | \$110.23       | \$103.26       |
| Illinois State                   | \$88.86        | \$104.83       | \$102.01       | \$95.81        | \$104.54       |
| Governors State                  | \$125.05       | \$142.88       | \$118.26       | \$120.78       | \$106.07       |
| Northern Illinois                | \$97.75        | \$102.11       | \$101.63       | \$106.82       | \$109.29       |
| Chicago State                    | \$106.40       | \$137.24       | \$124.54       | \$106.03       | \$112.65       |
| % WIU Is Under the State Average | (18.5%)        | (19.3%)        | (26.9%)        | (20.0%)        | (20.5%)        |

#### Historic and Current Financial Ratios

Table 6 displays Western Illinois University's revenue from all sources of funds to inform discussions on institutional expenditures and financial ratios for FY16. There are three important factors to understand before evaluating Western Illinois University's (and all other Illinois public universities) FY16 financial indicators.

*First, data reported for Western Illinois University (and all other Illinois public universities) reflects the effects of the historic and unprecedented two-year statewide budget impasse.* Historically, Illinois public universities have received notification of the value of state appropriations for the next fiscal year (July 1) before the end of the current fiscal year (June 30). The Illinois public universities would have received FY16 appropriation notifications before June 30, 2015 if past 158-year practice was adhered to by the Governor and General Assembly.

However, FY16 appropriations were not made until April 2016-the 10<sup>th</sup> month of the fiscal year and 22 months since the last (FY15) appropriations were made. Moreover, these appropriations were referred to as "Stop Gap I" by the Illinois General Assembly to indicate that partial FY16 appropriations were being made at the time that *Senate Bill 2059* and *Public Act (PA) 99-502* were passed.

Western Illinois University received \$14.9 million in Stop Gap I. This appropriated amount represented 29% of University's \$51.4 million FY15 appropriation. Table 7 shows similar percentage values were received by the other Illinois public universities, with the exception of Chicago State that received additional funding due to fiscal and enrollment challenges.

Table 6  
Fiscal Year 2016 (Stop Gap I) Appropriations as Percent of Fiscal Year  
2015 Appropriations at Illinois Public Universities<sup>1</sup>

|                        | FY 15<br>Appropriation<br>(PA 99-01) | FY16<br>Appropriation<br>(PA 99-502) | FY 16 as a<br>Percent of<br>FY 15 |
|------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Chicago State          | \$36,330,500                         | \$20,107,300                         | 55.3%                             |
| Eastern Illinois       | 42,975,700                           | 12,456,500                           | 29.0%                             |
| Governors State        | 24,062,100                           | 6,974,400                            | 29.0%                             |
| Illinois State         | 72,226,700                           | 20,934,900                           | 29.0%                             |
| Northeastern Illinois  | 36,898,800                           | 10,695,100                           | 29.0%                             |
| Northern Illinois      | 91,092,700                           | 26,403,200                           | 29.0%                             |
| Western Illinois       | 51,445,200                           | 14,911,400                           | 29.0%                             |
| Southern Illinois      | 199,558,500                          | 57,482,200                           | 28.8%                             |
| University of Illinois | 647,186,400                          | 180,094,100                          | 27.8%                             |
| Total                  | <u>\$1,201,776,60</u>                | <u>\$350,059,100</u>                 | <u>29.1%</u>                      |

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<sup>1</sup>Southern Illinois University receives one appropriation for the Carbondale and Edwardsville campuses and central administration. The University of Illinois also receives one appropriation for its Chicago, Springfield, and Urbana/Champaign campuses and central administration. The other Illinois public universities do not receive a central administration appropriation.

Sources: IBHE: *Fiscal Year 2016 and 2017 Appropriations for Higher Education Overview Stop Gap I and Stop Gap II (Updated August 20, 2016)*

*Second, values reported in Table 6 were the basis for audited financial statements and resultant financial indicator reporting to the Higher Learning Commission. However, they do not reflect final FY16 spending authority for Western Illinois University or any other Illinois public university.*

At the end of June and start of July the Illinois public universities received additional appropriations (termed Stop Gap II by the Illinois General Assembly) that could be applied to FY16 or FY17 expenses through *Senate Bill 2047* and *Public Act 99-524*. These values are displayed in Table 7.

Table 7 shows that Western Illinois University received an additional \$39.8 million for use with FY16 or FY17 expenditures, and raised the University's total FY16-17 appropriations to \$54.7 million.

With regard to Western Illinois University's Stop Gap II appropriation, the University received \$31.4 million from the Governor and General Assembly, and an additional \$8.4 million from the Illinois Board of Higher Education (IBHE). The IBHE recognized the University's best practices of responsible financial stewardship and new freshmen enrollment stabilization. Also receiving funding from the IBHE were Chicago State University (\$3.0 million) and Eastern Illinois University (\$5.6 million).

Table 7  
General Funds Appropriations  
Fiscal Years 2015 and 2016-2017

|                        | FY 15<br>Appropriation<br>(PA 99-01) | SB 2059<br>(PA 99-502)<br>Stop Gap I | FY 2016-2017<br>SB 2047<br>PA 99-524<br>Stop Gap II | Total<br>Stop Gaps<br>For 18 Months |
|------------------------|--------------------------------------|--------------------------------------|---|-------------------------------------|
| Chicago State          | \$36,330,500                         | \$20,107,300                         | \$12,590,000  | \$32,697,300                        |
| IBHE Funding           | --                                   | --                                   | 3,020,100   | 3,020,100                           |
| <b>Total</b>           | <b>36,330,500</b>                    | <b>20,107,300</b>                    | <b>15,610,000</b>                                   | <b>35,717,400</b>                   |
| Eastern Illinois       | 42,975,700                           | 12,456,500                           | 26,222,000  | 38,678,500                          |
| IBHE Funding           | --                                   | --                                   | 5,582,000   | 5,582,000                           |
| <b>Total</b>           | <b>42,975,700</b>                    | <b>12,456,500</b>                    | <b>31,804,000</b>                                   | <b>44,260,000</b>                   |
| Governors State        | 24,062,100                           | 6,974,400                            | 12,757,000  | 19,731,400                          |
| Illinois State         | 72,226,700                           | 20,934,900                           | 38,291,000  | 59,225,900                          |
| Northeastern Illinois  | 36,898,800                           | 10,695,100                           | 19,562,000  | 30,257,100                          |
| Northern Illinois      | 91,092,700                           | 26,403,200                           | 48,293,000  | 74,696,200                          |
| Western Illinois       | 51,445,200                           | 14,911,400                           | 31,389,000  | 46,300,400                          |
| IBHE Funding           | --                                   | --                                   | 8,397,900   | 8,397,900                           |
| <b>Total</b>           | <b>--</b>                            | <b>14,911,400</b>                    | <b>39,786,900</b>                                   | <b>54,698,300</b>                   |
| Southern Illinois      | 199,558,500                          | 57,482,200                           | 106,156,000   | 163,638,200                         |
| University of Illinois | 647,186,400                          | 180,094,100                          | 350,599,000   | 530,693,100                         |
| <b>Total</b>           | <b>\$1,201,776,600</b>               | <b>\$350,059,100</b>                 | <b>\$665,859,000</b>                                | <b>\$1,015,918,100</b>              |

*Source: IBHE: Fiscal Year 2016 and 2017 Appropriations for Higher Education Overview Stop Gap I and Stop Gap II (Updated August 20, 2016) and IBHE Fiscal Year 2017 Supplemental Allocation of Financial Support for Essential Operations.*

Third, following direction from the Illinois Board of Higher Education (the State's coordinating board for Illinois public higher education), and adhering to Illinois Legislative Audit Commission guidelines required that the Illinois public universities only included Stop Gap I funding in audited financial statements. Financial statements are the basis for which Commission financial indicators are reported.

Western Illinois University financial ratios underestimate actual revenue received by \$39.8 million, or 72.8% of the revenue received for use with FY16-17 expenses. The University is concerned that annual fiscal year reporting on an 18-month appropriation and spending cycle does not reflect the fiscal reality of the institution or other Illinois public universities. With these terms and caveats, Table 8 displays Western Illinois University's operation costs by source of funds for FY15-17.

Table 8  
 Operation Costs by Source of Funds  
 Fiscal Years 2015-2017  
 (\$ in Thousands)

|                                      | <u>FY2015</u> | <u>FY2016</u> | <u>FY2017</u> |
|--------------------------------------|---------------|---------------|---------------|
| General Revenue Funds or Education   |               |               |               |
| Assistance Fund                      | \$51,465.2    | \$14,931.4    | \$51,465.2    |
| Income Funds                         | 74,907.5      | 74,546.9      | 52,941.7      |
| *Income Fund Reserve                 | -             | 30,676.9      | -             |
| IBHE Allocation                      | -             | -             | 8,397.9       |
| Local Grants                         | 161.9         | 137.8         | 141.5         |
| State Grants                         | 3,272.8       | 2,341.8       | 2,844.8       |
| Federal Grants                       | 27,349.4      | 26,411.5      | 25,925.1      |
| Private Gifts, Grants, and Contracts | 1,487.8       | 1,258.0       | 1,238.5       |
| Sales & Service of Auxiliary         | 48,447.6      | 45,783.1      | 42,950.8      |
| Other/Indirect Cost Recovery         | 23,896.2      | 22,798.5      | 20,572.4      |
| Total                                | \$230,988.4   | \$218,885.9   | \$206,477.9   |

Components of the Ratios that have contributed to Western Illinois University being in the Zone

Table 9 presents the University's current and historic financial indicators as reported to the Commission in March 2017. Again, the University's data are based on funding and expenses associated with Stop Gap I alone. The reporting does not include revenue received from Stop Gap II.

| Table 9<br>Western Illinois University's Historic and Current Financial Ratios<br>Reported to the Higher Learning Commission<br>Fiscal Years 2011-2016 |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Composite Financial Indicator  | 3.60        | 2.90        | 1.70        | 2.75        | 1.47        | (0.30)      |
| Primary Reserve Ratio  | 0.25        | 0.27        | 0.26        | 0.25        | 0.26        | 0.16        |
| Net Operating Revenue Ratio  | 0.06        | 0.04        | 0.00        | 0.01        | (0.01)      | (0.15)      |
| Return on Net Assets Ratio   | 0.18        | 0.12        | 0.04        | 0.13        | 0.02        | (0.14)      |
| Viability Ratio  | 0.73        | 0.70        | 0.75        | 0.77        | 0.86        | 0.56        |

The primary cause of the University's Composite Financial Indicator being in the zone is 12-month reporting practices that do not follow 18-month appropriation and spending authorization cycles. FY16 reporting is based on Stop Gap I funding. Likewise, FY17 reporting will be based on Stop Gap II funding. FY17 reporting will see revenue increases. State appropriations included in the University's FY17 financial indicators will increase from \$14.9 million in FY16 to \$39.8 million in FY17. This is an increase of \$24.9 million (167%).

FY18 will see the realignment of 12-month reporting, appropriation and spending authority cycles. With the July 2017 passage of *Illinois Public Act 100-0021*, the reported value of appropriations included in the University's FY18 financial indicators will again increase from \$39.8 million in FY17 to \$46.3 million in FY18. This is an additional increase of \$6.5 million (16.3%).

However, as Table 10 shows, all Illinois public universities are being state funded at 90% of the value of FY15 appropriations. Chicago State received less of a reduction as it continues to address enrollment and

financing challenges. The University of Illinois received increased funding (\$616,000) for the Illinois Fire Services institute, and Southern Illinois University received increased funding (\$1.0 million) for the National Corn to Ethanol Research Institute.

**Table 10**  
Fiscal Year 2018 Appropriations as Percent of Fiscal Year 2015 Appropriations at Illinois Public Universities

|                        | FY 15<br>Appropriation<br>(PA 99-01) | FY18<br>Appropriation<br>(PA 100-0024) | FY 18 as a<br>Percent of<br>FY 15 |
|------------------------|--------------------------------------|--|-----------------------------------|
| Chicago State          | \$36,330,500                         | \$34,604,400                           | 95.2%                             |
| Eastern Illinois       | 42,975,700                           | 38,686,100                             | 90.0%                             |
| Governors State        | 24,062,100                           | 21,656,000                             | 90.0%                             |
| Illinois State         | 72,226,700                           | 65,004,000                             | 90.0%                             |
| Northeastern Illinois  | 36,898,800                           | 33,209,000                             | 90.0%                             |
| Northern Illinois      | 91,092,700                           | 82,019,500                             | 90.0%                             |
| Western Illinois       | 51,445,200                           | 46,320,700                             | 90.0%                             |
| Southern Illinois      | 199,558,500                          | 182,190,800                            | 91.3%                             |
| University of Illinois | 647,186,400                          | 588,994,600                            | 91.0%                             |
| Total                  | <u>\$1,201,776,600</u>               | <u>\$1,092,685,100</u>                 | <u>90.9%</u>                      |

Sources: *IBHE: Fiscal Year 2016 and 2017 Appropriations for Higher Education Overview Stop Gap I and Stop Gap II (Updated August 20, 2016)*

Reduced appropriated funding makes institutional actions reported in the next two sections of this *Plan* especially important. As will be shown, Western Illinois University continues to use strategic planning processes to advance the University.

With regard to the University's current financial ratios, in addition to the effects on the University's Composite Financial Index, restricting reporting to Stop Gap I funding had the following effects on the University's FY16 financial ratios.

- **Primary Reserve Ratio:** Institutional unrestricted net assets and the resultant numerator are artificially low. This caused the overall ratio to decrease.

**Table 11A**  
Western Illinois University Primary Reserve Ratio  
Fiscal Years 2014-2016

|                                  | FY14                | FY15                | FY16                |
|----------------------------------|---------------------|---------------------|---------------------|
| <b>Unrestricted Net Assets</b>   | <b>\$64,965,300</b> | <b>\$67,805,400</b> | <b>\$35,751,580</b> |
| Expendable Restricted Net Assets | 13,159,300          | 14,108,700          | 14,992,880          |
| Numerator Total                  | \$78,124,600        | \$81,914,100        | \$50,744,460        |
| Operating Expenses               | \$303,916,760       | \$313,905,700       | \$303,916,760       |
| Non-Operating Expenses           | 4,907,900           | 4,513,900           | 3,783,110           |
| Denominator Total                | \$310,235,700       | \$318,419,600       | \$307,699,870       |
| Primary Reserve Ratio            | 0.25                | 0.26                | 0.16                |
| Primary Reserve Ratio CFI        | 0.66                | 0.68                | 0.43                |

- **Net Operating Revenue Ratio:** Institutional net non-operating revenues and the resultant numerator ratio are artificially low. The same is true for non-operating revenues and the corresponding

denominator. These factors caused the magnitude of the net operating revenue ratio to artificially increase.

|                                       | <u>FY14</u>        | <u>FY15</u>        | <u>FY16</u>        |
|---------------------------------------|--------------------|--------------------|--------------------|
| Institutional Operating Income (loss) | (\$161,702,700)    | (\$166,844,900)    | (\$165,591,190)    |
| <b>Net Non-Operating Revenues</b>     | <b>166,162,000</b> | <b>162,423,200</b> | <b>126,569,820</b> |
| Numerator Total                       | \$4,459,300        | (\$4,421,700)      | (\$39,021,370)     |
| Operating Revenues                    | \$143,625,000      | \$147,060,800      | \$138,325,570      |
| <b>Non-Operating Revenues</b>         | <b>171,069,800</b> | <b>166,937,100</b> | <b>130,352,930</b> |
| Denominator Total                     | \$314,694,800      | \$313,997,900      | \$268,678,500      |
| Net Operating Revenue Ratio           | 0.01               | (0.01)             | (0.15)             |
| Net Operating Revenue CFI             | 0.11               | (0.11)             | (0.40)             |

- Return on Net Assets Ratio: The change in net assets and the resultant numerator are artificially low. This caused return on net assets ratio to be artificially negative.

|                                      | <u>FY14</u>         | <u>FY15</u>        | <u>FY16</u>           |
|--------------------------------------|---------------------|--------------------|-----------------------|
| <b>Change in Net Assets</b>          | <b>\$32,317,400</b> | <b>\$4,828,900</b> | <b>(\$37,892,980)</b> |
| Total Net Assets (beginning of year) | \$242,546,600       | \$272,367,800      | \$269,576,060         |
| Return on Net Assets Ratio           | 0.13                | 0.02               | (0.14)                |
| Return on Net Assets CFI             | 1.33                | 0.18               | (0.80)                |

- Viability Ratio: Expendable net assets and the resultant numerator are artificially low. This caused this viability ratio to artificially decrease.

|                              | <u>FY14</u>         | <u>FY15</u>         | <u>FY16</u>         |
|------------------------------|---------------------|---------------------|---------------------|
| <b>Expendable Net Assets</b> | <b>\$78,124,600</b> | <b>\$81,914,100</b> | <b>\$50,744,460</b> |
| Institutional Long-Term Debt | \$101,058,000       | \$95,237,400        | \$90,007,140        |
| Viability Ratio              | 0.77                | 0.86                | 0.56                |
| Viability CFI                | 0.65                | 0.72                | 0.47                |

2. **Determine the revenue and expense components that had the greatest impact on the institution's financial health.**

The greatest impacts on Western Illinois University as a result of the historic and unprecedented two-year statewide impasse were on faculty and staff salaries, capital projects, cash flow, institutional reporting, and reserves.

- Faculty and Staff Salaries: Western Illinois University’s *Higher Values in Higher Education 2012-2022 Strategic Plan* includes a priority to “Provide faculty and staff salaries that meet and exceed the mean of peer institutions.” In FY14 and 15 the University awarded across the board raises of 3.5% and 2.0% to negotiated and non-negotiated employees. Faculty and Academic Support Personnel (who are represented by the University Professionals of Illinois) received a 2.0% raise in FY16. Table 12 shows average faculty salaries during the period in which the University was able to award raises.

|            | FY13     |             | FY14     |             | FY15     |             | FY16     |             |
|------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|
|            | <u>N</u> | <u>Avg.</u> | <u>N</u> | <u>Avg.</u> | <u>N</u> | <u>Avg.</u> | <u>N</u> | <u>Avg.</u> |
| Professor  | 170      | \$92,990    | 182      | \$96,358    | 178      | \$98,763    | 176      | \$101,437   |
| Associate  | 155      | 73,675      | 146      | 76,188      | 143      | 78,881      | 153      | 80,589      |
| Assistant  | 180      | 60,768      | 168      | 62,282      | 150      | 62,120      | 133      | 63,649      |
| Instructor | 103      | 44,564      | 107      | 42,579      | 102      | 45,484      | 103      | 47,067      |
| Lecturer   | 9        | 43,822      | 10       | 45,443      | 11       | 41,138      | 8        | 44,024      |
| Total      | 617      | \$69,936    | 613      | \$71,997    | 584      | \$74,092    | 573      | \$76,524    |

*Source: Western Illinois University 2016 Fact Book, [www.wiu.edu/IRP/factbook.php](http://www.wiu.edu/IRP/factbook.php)*

The University has not been able to continue with salary increases due to delayed and decreased state funding. Administrative/professional and civil service personnel earning more than \$40,000 annually were placed a furlough program described in Section 4 of this *Plan* during FY16. Furloughs continued during FY17 and FY18 for administrative personnel. Faculty deferred a negotiated 3.0% raise during this time.

- Capital Projects: Western was in process of bidding for the construction of a new Center for Performing Arts (CPA), a \$71.8 million project, when state capital funding was frozen. A total of \$5.0 million allocated for Phase III planning for the Quad Cities campus was also frozen. Although the State has resolved the operating budget impasse, capital spending has not been appropriated or authorized.

When funding is released, the University will resume work on the CPA project that includes a 1,400-seat proscenium theatre auditorium, 250-seat thrust stage, and 150-seat studio theatre. Phase III will support a new facility for science, engineering, mathematics, and technology instruction, research, and service in the Quad Cities.

The freezing of capital expenditures also hurts our host communities and region. In addition to one-time construction benefits, Western has an annual \$473 million economic impact in our immediate 16-county service region.

- Cash Flow: The President’s Leadership Team (President and Vice Presidents) has met weekly to monitor institutional revenue, expenses, and reserves since FY11. This was the first year that the State not only continued to decrease appropriations, but also moved from lump sum appropriations to payment throughout the fiscal year.
- Institutional Reporting: Table 13 documents state appropriations between FY02 and 16. It also illustrates the magnitude and complexity of comparisons when annual reporting is compared to 18-month revenue and spending practices. Specifically:



- The 2016 display only includes Stop Gap I funding. It was the basis for current financial indicator reporting.
- The 2017 display only includes Stop Gap II funding. It will be the basis for the next financial indicator reporting.
- The 16-17 display includes Stop Gap I and II funding. It is not included in financial indicator reporting. However, it is the only one of the three displays to have cumulative percentage comparisons, as it is the only display that reflects current fiscal reality.

| (in thousands of dollars) |               | \$ Difference |                   | % Difference  |                   |
|---------------------------|---------------|---------------|-------------------|---------------|-------------------|
|                           |               | <u>Annual</u> | <u>Cumulative</u> | <u>Annual</u> | <u>Cumulative</u> |
| 2002                      | 1,496,839.5   | --            | --                | --            | --                |
| 2003                      | 1,411,720.3   | -\$85,119.2   | -\$85,119.2       | -5.7%         | -5.7%             |
| 2004                      | 1,303,564.7   | -108,155.6    | -193,274.8        | -7.7%         | -12.9%            |
| 2005                      | 1,301,632.9   | -1,931.8      | -195,206.6        | -0.1%         | -13.0%            |
| 2006                      | 1,316,938.8   | 15,305.9      | -179,900.7        | 1.2%          | -12.0%            |
| 2007                      | 1,321,279.4   | 4,340.6       | -175,560.1        | 0.3%          | -11.7%            |
| 2008                      | 1,357,067.3   | 35,787.9      | -139,772.2        | 2.7%          | -9.3%             |
| 2009                      | 1,393,588.6   | 36,521.3      | -103,250.9        | 2.7%          | -6.9%             |
| 2010                      | 1,393,838.6   | -103,001      | -103,000.9        | -7.4%         | -6.9%             |
| 2011                      | 1,309,126.0   | -84,713       | -187,713.5        | -6.1%         | -12.5%            |
| 2012                      | 1,293,889.3   | -15,237       | -202,950.2        | -1.2%         | -13.6%            |
| 2013                      | 1,230,092.0   | -63,797       | -266,747.5        | -4.9%         | -17.8%            |
| 2014                      | 1,232,192.0   | 2,100         | -264,647.5        | 0.2%          | -17.7%            |
| 2015                      | 1,229,438.5   | -2,754        | -267,401.0        | -0.2%         | -17.9%            |
| 2016                      | 350,059.1     | -879,379.4    | -1,146,780.4      | -71.5%        | --                |
| 2017                      | 665,859.0     | 315,799.0     | -830,980.5        | 90.2%         | --                |
| 16-17                     | \$1,015,918.1 | -213,520.4    | -480,921.4        | -17.4%        | -35.3%            |

Despite decreased and delayed appropriations shown in Table 14, Western Illinois University has not delayed or defaulted on payments to external vendors. However, due to increased approvals and regulations, and delayed payment by the State of Illinois, there are times when it is a challenge to contract for goods and services. The University cannot promise when payments by the State will be made.

Table 14  
Western Illinois University General Revenue Appropriations  
Fiscal Years 2012-2016-17

| (in thousands of dollars) |            | \$ Difference |            | % Difference |            |
|---------------------------|------------|---------------|------------|--------------|------------|
|                           |            | Annual        | Cumulative | Annual       | Cumulative |
| 2002                      | \$64,306.7 | --            | --         | --           | --         |
| 2003                      | 61,126.0   | -\$3,180.7    | -3,180.7   | -4.9%        | -4.9%      |
| 2004                      | 56,091.1   | -5,034.9      | -8,215.6   | -8.2%        | -12.8%     |
| 2005                      | 56,091.1   | 0.0           | -8,215.6   | 0.0%         | -12.8%     |
| 2006                      | 57,297.7   | 1,206.6       | -7,009.0   | 2.2%         | -10.9%     |
| 2007                      | 57,029.3   | -268.4        | -7,277.4   | -0.5%        | -11.3%     |
| 2008                      | 58,287.5   | 1,258.2       | -6,019.2   | 2.2%         | -9.4%      |
| 2009                      | 59,919.6   | 1,632.1       | -4,387.1   | 2.8%         | -6.8%      |
| 2010                      | 59,919.6   | 0.0           | -4,387.1   | 0.0%         | -6.8%      |
| 2011                      | 56,182.7   | -3,736.9      | -8,124.0   | -6.2%        | -12.6%     |
| 2012                      | 55,538.3   | -644.4        | -8,768.4   | -1.1%        | -13.6%     |
| 2013                      | 52,147.8   | -3,390.5      | -12,158.9  | -6.1%        | -18.9%     |
| 2014                      | 52,755.1   | 607.3         | -11,551.6  | 1.2%         | -18.0%     |
| 2015                      | 52,629.3   | -125.8        | -11,677.4  | -0.2%        | -18.2%     |
| 2016                      | 14,911.4   | -37,717.9     | -49,395.3  | -71.7%       | --         |
| 2017                      | 39,786.9   | 24,875.5      | -24,519.8  | 166.8%       | --         |
| 16-17                     | \$54,698.3 | \$2,069       | -\$9,608.4 | 3.9%         | -14.3%     |

- Reserves: With the advent of state cash flow issues (delayed appropriated funding), Western Illinois University began strategically growing the appropriated funds reserve. Figure 2 shows that it had increased from less than \$6.0 million in FY07 and 08 to a high of \$23.6 million in FY15. These funds and \$7.7 million from unrestricted non-appropriated funds were used to keep the University operating during FY16.

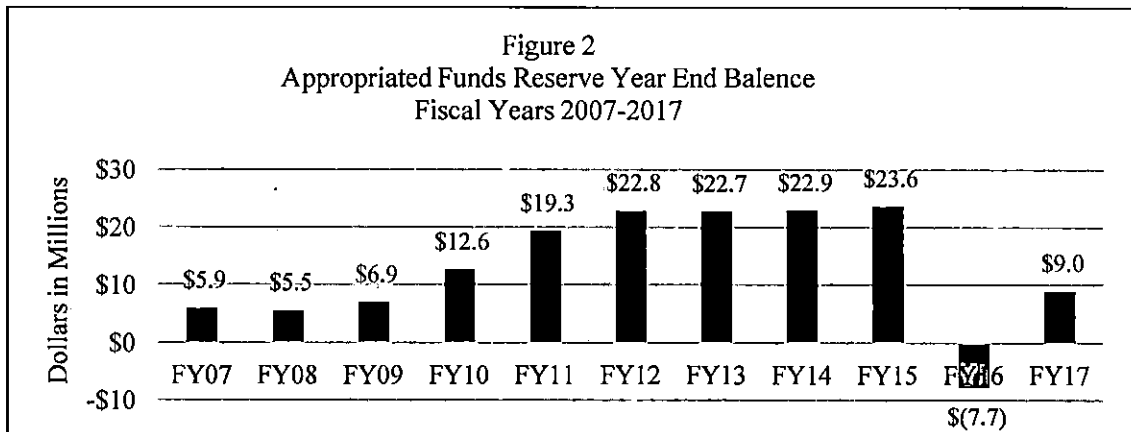
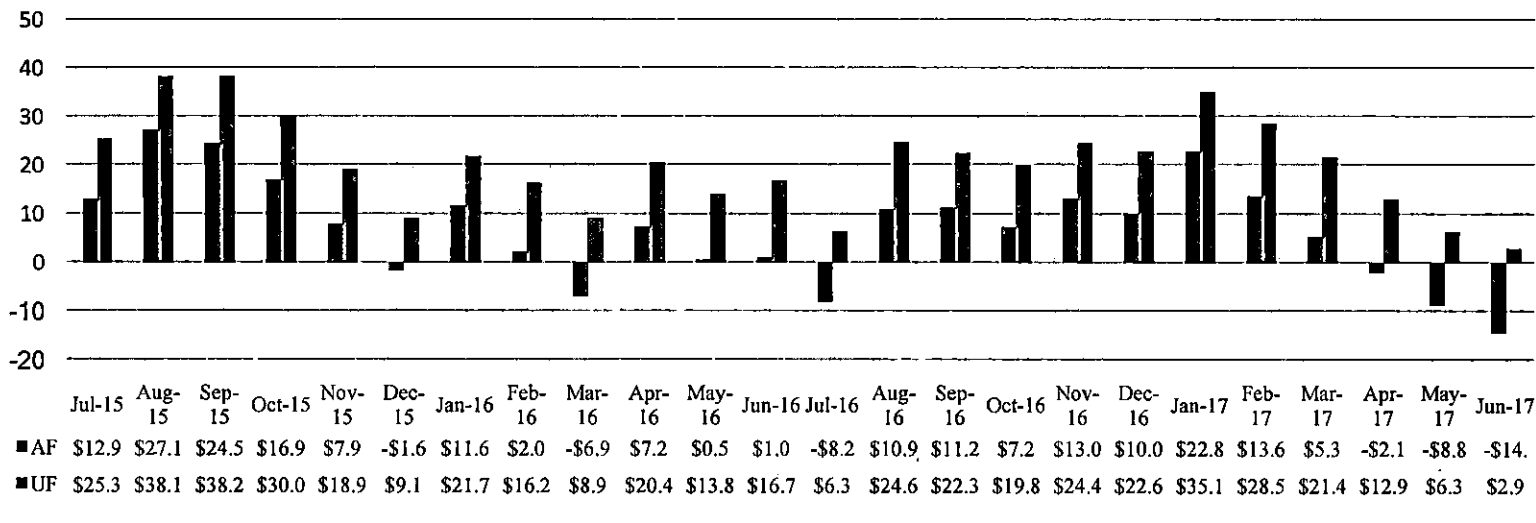


Figure 3  
Cash Flow History: Appropriated Funds (AF) and Unrestricted Funds (UF)  
Fiscal Years 2015-2017



Western Illinois University's financial health continues to improve as an aftermath of the statewide budget impasse.

- Through planning and budgeting processes described in Sections 3 and 4 of this *Plan*, the appropriate funds reserve balance was restored to \$9.0 million at the end of FY17.
- The State has been following its disbursement schedule for FY18 appropriations.
- Because restricted funds cannot be used in addressing institutional cash flow issues per Illinois Legislative Audit Commission guidelines, the University continued to pay down facilities debt from bonds and certificates of participation status. Total institutional debt decreased from \$101.1 million in FY14 to \$90.0 million at the end of FY16.
- Western Illinois University is the only Illinois public university to have a FY17 positive outlook from Standard & Poor's. All other Illinois public universities and the State are rated as stable.

3. **Identify specific strategies that have been implemented to re-establish financial health). Indicate how and when those strategies were implemented, results achieved, gaps in the results, and new strategies planned for continued improvement.**

Western Illinois University operates according to its *Higher Values in Higher Education 2012-2022 Strategic Plan*. Through the University's Quality Initiative for the Higher Learning Commission, Western has enhanced continuity and precision in strategic planning. Annual Strategic Plan Supplements initiated in academic year 2016-2017 enable the University to continue advancing the vision of becoming the leader in quality, opportunity, and affordability, while adjusting tactical actions (where appropriate) to unforeseen and unpredictable circumstances at the time of writing the *2012-2022 Strategic Plan*. The largest of these circumstances being the historic and unrepresented statewide budget impasse. The process of developing and implementing annual Strategic Plan Supplements, therefore, serves as a catalyst to continuous institutional improvement.

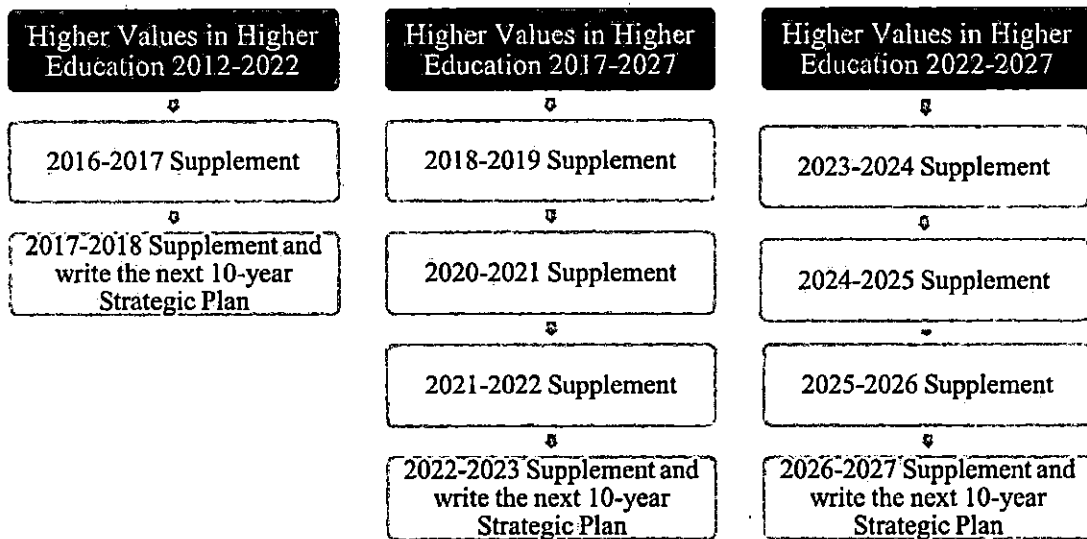
As shown in Figure 4, Western Illinois University has implemented priorities associated with six goals (engaging in university growth through demonstrating accountability) since academic year 2012-2013 as we seek to become a national leader in quality, opportunity, and affordability. Through annual *Strategic Plan Supplements*, the University specifically focused on stabilizing enrollment through increasing business acumen during academic year 2016-2017; and is currently focusing on stabilizing enrollment, enhancing educational opportunities, expanding community engagement, and increasing external funding. Copies University’s Strategic Plan and Strategic Plan Supplements are available at [www.wiu.edu/university\\_planning/strategicplan.php](http://www.wiu.edu/university_planning/strategicplan.php)

Figure 4  
Interrelationships between Western Illinois University’s Strategic Plan  
And Strategic Plan Supplements



Presently, the University is also creating the next ten-year Strategic Plan, Higher Values in Higher Education 2017-2027. The next Strategic Plan Supplement will be implemented in academic year 2018-2019. Figure 5 displays the University’s planning calendar through academic year 2026-2027. Reading down the columns shows how annual Strategic Plan Supplements will inform pursuit of ten-year strategic plan goals and priorities.

Figure 5  
Western Illinois University Planning Calendar  
Academic Years 2016-17 through 2026-27

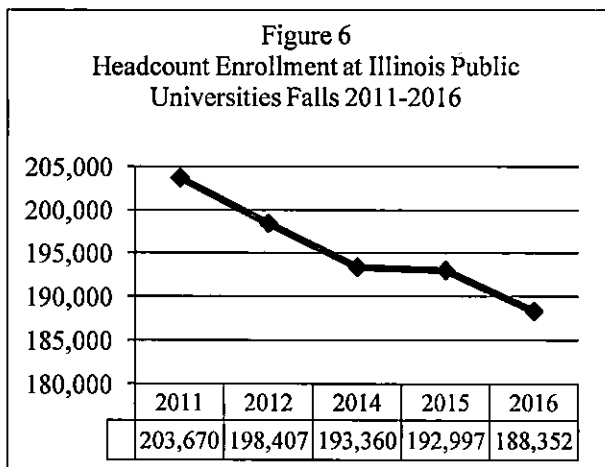


Changes resulting from the University's Strategic Plans and Strategic Plan Supplements are numerous. These are documented in annual *Strategic Plan Updates* presented to the Board of Trustees each fall, and are available at [www.wiu.edu/university\\_planning/annualstrategicplanupdates.php](http://www.wiu.edu/university_planning/annualstrategicplanupdates.php) and in Attachments C and D. Sample accomplishments resulting from Strategic Plan Supplement implementation include:

- Stabilizing fall 2016 new freshmen enrollment.
- Achieving a record number of degree-seeking international students (462) enrolled at the University.
- Enrolling a record number of students (1,000) in Centennial Honors College during fall 2017. The number of student participants equates to 13.2% of the University's total undergraduate enrollment.
- Launching the President's Executive Institute (PEI) to help support external partnerships with education, business, industry, and non-profit communities. Initial efforts focused on creating or enhancing 67 university partnerships with 38 partner organizations, and current accomplishments include:
  - Hosting 19 Education Summits with 144 participants during FY17 to discuss regional needs and partnerships with Western Illinois University.
  - Reinstating the University's Teacher Education Recruitment Fair, with 30 schools recruiting 42 graduates in spring 2017.
  - Conducting partnership meetings at 29 community colleges, resulting in new institutional agreements and stronger working relationships. Currently, 63% of transfer students accepted enroll at Western Illinois University. This is up from 61% in fall 2016.
  - Opening the Quad Cities Small Business Development/International Trade Center to further expand the annual economic impact of Western Illinois University.
  - Raising over \$1.0 million in external funding for the PEI during Fiscal Year 2017.

- Establishing new undergraduate degree modalities and programs. Anthropology was placed online. New degrees are now offered in cybersecurity, mechanical engineering, and middle level education. There are also new graduate degree programs in business analytics and community and economic development (hybrid format).
- Initiating a three-year plan to engage in fiscal reduction and strategic reinvestment of institutional resources (see Section 4 of this *Plan*) to support enrollment growth and academic excellence.

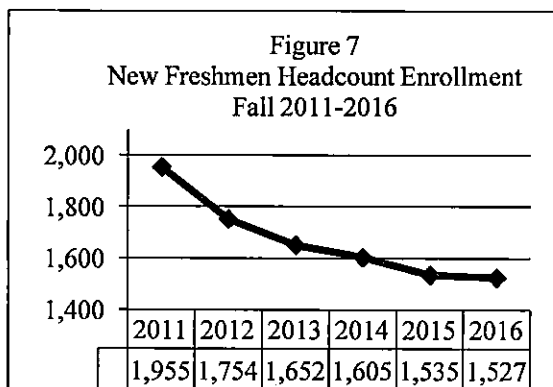
Western Illinois University is addressing enrollment challenges faced locally and by all other Illinois public universities. The Illinois public universities are in a period of enrollment decline. Total headcount enrollment in Illinois public higher education decreased by 7.5% from 203,670 students in fall 2011 to 188,352 students in fall 2016. Many external factors are contributing to this enrollment decline.



Challenges to Enrollment Stabilization

- A 2.4% decline in Illinois high school graduates over the last five years.
- An 8.8% decline in high school graduates in the 16 county WIU service region.
- A 1% increase in the number of Illinois community college students enrolled in baccalaureate/transfer programs.
- Over 45% of Illinois college bound students attend out-of-state.
- The historic and unprecedented State of Illinois Fiscal Year 2016 and 2017 budget impasse.
- A 5% projected decline in Illinois high school by academic year 2023-2024.

Even with these challenges, the University has begun to position itself for enrollment stabilization. After five years of new freshmen enrollment decline, we stabilized new freshmen enrollment at 1,527 in fall 2016, just slightly below the fall 2015 new freshmen enrollment of 1,535.



Actions Supporting Enrollment Stabilization

- Adding new majors, online programs, and hybrid formats.
- Participating in the Commission's Persistence and Completion Academy.
- Offering new Living-Learning communities.
- Supporting the First Year Experience, Building Connections mentoring program, and University 100.
- Reducing new student tuition by 3%.
- Adding a need-component to merit-based scholarships.

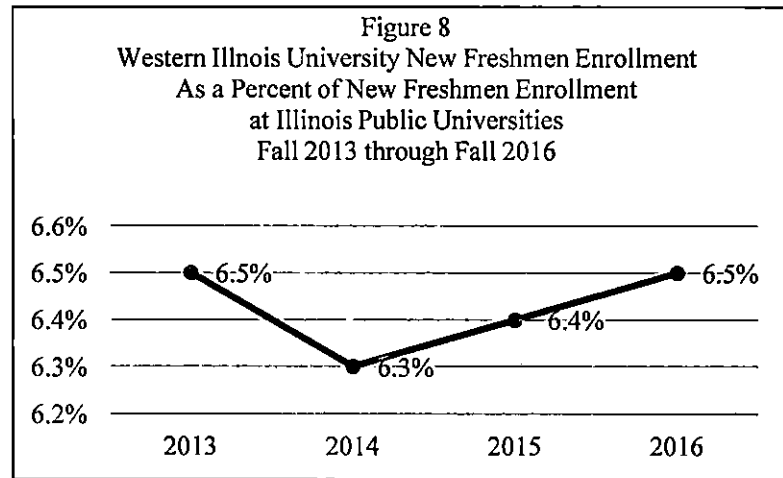
Moving ahead, the University will continue to be aggressive in recruiting new students. Enrollment stabilization remains top priority. Table 15 shows that work remains. However, the University is confident that it can reverse this trend now that the budget impasse has ended for four reasons.

| 2013   | 2014   | 2015   | 2016   | 2017  |
|--------|--------|--------|--------|-------|
| 11,707 | 11,458 | 11,094 | 10,373 | 9,441 |

First, ending the statewide budget impasse restores confidence that funding is and will be available to the Monetary Assistance Program (MAP), the statewide need-based financial aid program. Uncertainty of need-based financial aid caused the state to have the highest emigration rate in the nation and created what was termed a “Crisis in Confidence” in Illinois public higher education. Data from the *New York Times* in 2017 showed that only 2,117 out-of-state residents entered Illinois public higher education, while 16,561 in-state residents entered higher education in other states.

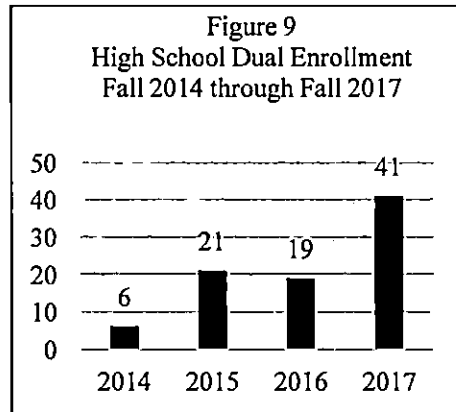
Western Illinois University students are cost-sensitive. Approximately 75% of enrolled students receive financial assistance, with 49% of the Macomb students and 31% of the Quad Cities students receiving federal Pell grants. The University held enrollment above 11,000 students in the years prior to the budget impasse, experienced enrollment decline during the budget impasse, and is beginning to stabilize enrollment after the budget impasse. Current year to date comparisons of new freshmen acceptances as of December 8, 2017 show that new freshmen acceptances are up on the Macomb campus by 0.6% (from 2,115 to 2,127) and by 22.4% on the Quad Cities campus (from 49 to 60).

Second, Figure 8 shows that Western Illinois University had an increased market share enrollment of new freshmen enrolled at the University during the statewide budget impasse. We are using proven recruitment tactics to capture new markets and enhanced market share enrollment to increase total enrollment. This includes enrollments of more students from the University’s high school dual enrollment program,



working professionals, and military students. Each of these populations have documented enrollment growth, even during the statewide budget impasse.

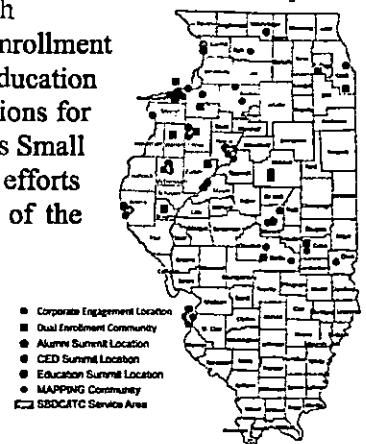
- The University piloted expansion of its High School Dual Enrollment program for academically qualified students to an onsite high school location in fall 2017. Previously, students had to take a Western course on a Western campus or online. Figure 9 shows that the program has grown by 22 students (54%) during the pilot year. Additionally, seven of the 17 pilot students in the off-campus dual enrollment program have applied and been accepted as new freshmen at the University for fall 2018. Based on the program's success, the University is extending the dual enrollment program to academically qualified juniors (as is the practice in other national programs) and increasing the number of off-campus partner high schools. Partnerships are currently being developed with six other high schools. All Western courses taught in this program will continue to be delivered by Western Illinois University faculty members. This is not a concurrent enrollment program.



- The University will continue to recruit even more students who are working professionals. In spring 2015, Western launched the President's Executive Institute, as a means to increase partnerships with business, industry, education, government, and the non-profit sectors with the objective of establishing new and enhanced enrollment pipelines in the Western Illinois/Eastern Missouri corridor. The PEI specifically targets 10 rural and urban areas (Macomb, Moline, Decatur, Galesburg, Havana, Peoria, Quincy, Rockford, Savanna, and Saint Louis Missouri).

A 32-member Steering Team co-chaired by the Vice President for Quad Cities and Planning and Director of Development, Business Engagement and Outreach coordinates PEI implementation. This includes developing corporate and dual enrollment partnerships; sponsoring alumni, community and economic development, and education summits to identify regional needs; offering strategic vision and planning sessions for rural communities; and promoting the programs and services of the University's Small Business Development/International Trade Centers. Figure 10 shows that these efforts have been expanded beyond the original planned corridor due to successes of the programs and services provided by the University.

**Figure 10**  
Communities Served by the PEI



There have been many institutional successes with regard to the University's ongoing community relations and PEI implementation. Fiscal Year 2017 accomplishments include:

- ✓ Raising \$1.0 million in external funding for Western Illinois University.
- ✓ Supporting 1,160 internship and 255 student teaching placements.
- ✓ Hosting 28 Education and Community and Economic Development Summits with 262 participants in eight communities.
- ✓ Opening a Small Business Development/International Trade Center in the Quad Cities
- ✓ Reinstating the Teacher Recruitment Fair on the Macomb campus.

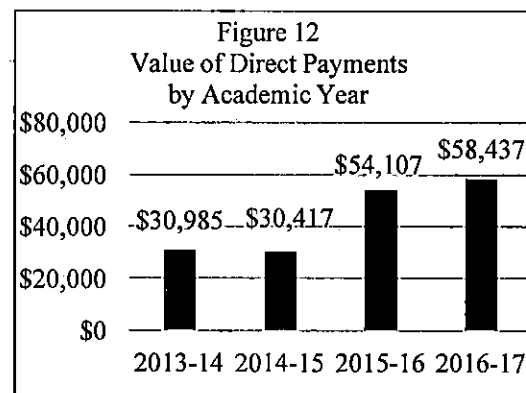
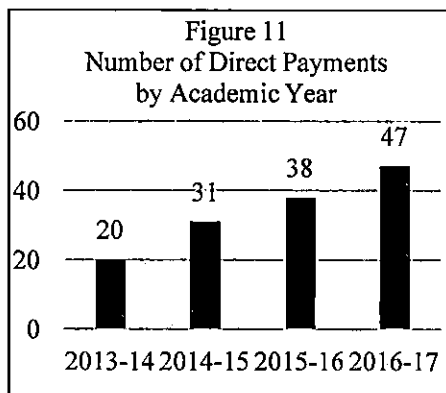


- ✓ Utilizing the expertise from working professionals in 18 advisory boards across the colleges and administrative units at the University.

Preliminary Fiscal Year 2018 PEI accomplishments include:

- ✓ Serving as the preferred partner for the Illinois Department of Corrections on in-service training and degree completion for correctional officers.
- ✓ Establishing a new five-year integrated degree program between the Bachelors of General Studies and Law Enforcement and Justice Administration to better serve the specific educational and career needs of working professionals.
- ✓ Completing seven military visits and four meetings with institutions specializing in military relations to better understand how to meet and exceed the needs of the Armed Forces.
- ✓ Creating new working relationships with four community college partners (Prairie State, Oakton, Harper, and Southwestern Illinois Community College).
- ✓ Hosting the Midwest Community Development Institute for over 70 participants.
- ✓ Expanding corporate relationships with State Farm Insurance and Nestle Purina.
- ✓ Receiving \$100,000 from the Moline Foundation to establish a dual enrollment program in Agriculture.

Figures 11 and 12 show that enrollment and revenue from companies directly paying Western Illinois University under employee tuition reimbursement plans has increased by 135% and 89%, respectively, since academic year 2013-14-the year before Western launched the PEI.



These numbers and values are expected to increase. After just the fall 2017 semester, Western enrolled 31 students and collected \$42,070 from the sponsoring employers. It is important to note that the totals reported above do not include students who receive reimbursement from their employers to attend the University. Also, Western Illinois University encourages the enrollment of working professionals by providing employee tuition waivers and tuition waivers for school professionals supervising Western students during field placements. The University awarded 216 waivers valued at \$601,411 for employees and 113 waivers valued at \$208,578 for practicing professionals.

Third, Western Illinois University will expand its history and tradition of enrolling students from the United States Armed Forces. The University annually enrolls over 600 military students annually, has an active ROTC program, and was just recently (in December 2017) named for the eighth consecutive year a “Best College” by *Military Times* magazine. Western is the only Illinois

public four-year university in the top 70 and one of two Illinois public universities in the national rankings.

The expected increase in military enrollment is due to the following factors:

- ✓ The Western Illinois University Board of Trustees is expected to lower tuition for active duty military personnel to the maximum rate allowed by the federal Tuition Assistance (TA) program at its December 15, 2017 meeting. This staff recommendation for Board action was informed by the Vice President for Quad Cities and Planning completing partnership meetings at eight installations and two higher education institutions serving the military.
- ✓ Academic Affairs, as discussed in Section 4 of this *Plan*, is adding online programs in high demand by the military.
- ✓ Western Illinois University-Quad Cities is located one mile from the United States Army's logistical hub: The Rock Island Arsenal.
- ✓ The University is targeting a new market of military students. The vast majority of Western's current and historic military enrollments are veterans and dependents. The University has not been cost competitive without Tuition Assistance.

With a history of academic excellence, student-centeredness, new educational opportunities in high-demand disciplines and formats, and a tuition rate that requires no out of pocket expense, Western Illinois University is well positioned to increase enrollments of active duty service members.

Fourth, is institutional participation in the Commission's Persistence and Completion Academy (PCA). Since joining the PCA three years ago, Western Illinois University has:

- ✓ Developed a 69 attribute distributed data warehouse supporting use of the predictive analytic framework and other analytic studies related to student persistence and completion. This is a major shift for the University that primarily relies on a legacy (mainframe) system for transactional and analytic computing.
- ✓ Adapted Western's best practices in academic and student support services for specialized populations (e.g., special admissions, international students, and student-athletes) to all regularly admissible students.
- ✓ Introduced new Living-Learning communities (LLCs) for residential students. Western now offers nine LLCs (in Bio-Life, Broadcasting and Journalism, Community of Liberal Arts and Sciences Students, Environmental Sustainability, Fine Arts, Honors, Pathways (undecided majors), Women in Science, and Transfer Year Experience).
- ✓ Implemented Attendance Tracker software to automatically generate class attendance reports for Academic Advisors. This serves as an early warning system for Advisors to engage in appropriate academic and student support service referrals.
- ✓ Hired an Academic Success Coach (ASC) in the University Advising and Academic Services Center. The ASC works with students on academic warning or probation and their Academic Advisor to develop goals and set action plans for academic improvement. The position is also being supported by graduate practicum students from the University's College Student Personnel program.

- ✓ Identified courses (Calculus and Statistics) where engineering students in the Quad Cities have the most academic difficulty. Western now has a model for identifying courses with the highest D/F/W rates that can be applied across disciplines, campuses, and instructional modalities.
- ✓ Piloted new peer-based tutoring on the Quad Cities campus in fall 2017. The new Learning Assistance program deploys high performing undergraduate students with an aptitude for teaching to facilitate active learning environments. The goal of the three-year pilot is to improve student academic performance in four mathematics and physics co-requisite first year engineering courses. Pilot results and lessons learned will be shared with other schools and departments for additional possible expansion.
- ✓ Installed Respondus Lockdown Browser and Monitor software to enable distance education students to complete examinations online, rather than attending a physical testing center.
- ✓ Completed a survey of 89 faculty members teaching distance education course(s) in fall 2017. Results will be used to inform future professional development offerings in the Center for Innovation in Teaching and Research.
- ✓ Initiated a Retention Newsletter, “Tips” website, and blog to track progress and ideas related to student persistence and completion.

Data in Attachment E shows that when Western Illinois University entered the Persistence and Completion Academy, first-year retention was at a historic peak (72%). Since that time the rate has stabilized at 68% for two of the last three years. Additionally, the third-year continuation rate and four-year graduation rate of full-time, first-time freshmen have increased from 55.6% to 60.1% and from 30.6% to 33.4% since institutional Academy participation, respectively. However, the 2.8% increase in four-year graduation rates does not offset the 5.7% decrease in six-year graduation rates that remain above 50%. The University continues to study and adapt practices in order to increase the overall graduation rate.

**4. Identify specific strategies that have been implemented to address revenue and expense components of the institution’s financial health. Indicate how and when those strategies were implemented, results achieved, gaps in the results, and new strategies planned for continued improvement.**

General Institutional Actions

Institutional response to Question 1 and Attachment A demonstrated how the University responded to State cash flow issues between FY11-15. Table 16 shows that the University reduced institutional expenditures by \$13.3 million (10.8%) between FY16 and 17 (i.e., during the statewide budget impasse). Moreover, a recent analysis by the University’s Budget Director estimates the FY18 revenue will exceed expenses by \$2.1 million.

| Table 16<br>Appropriated Funds Expenditures<br>Fiscal Years 2015 -2017 |        |            |                   |
|--|--------|------------|-------------------|
|  |        | Savings    |                   |
|  |        | Amount     | Percent           |
|  | Annual | Cumulative | Annual Cumulative |
|  |        |            |                   |

|      | Operating    | Personal Services | Total         | Savings Amount | Savings Amount | Savings Percent | Savings Percent |
|------|--------------|-------------------|---------------|----------------|----------------|-----------------|-----------------|
| FY15 | \$24,407,446 | \$101,746,415     | \$126,153,861 | --             | --             | --              | --              |
| FY16 | \$21,206,624 | \$98,976,538      | \$120,183,162 | \$5,970,699    | \$5,970,699    | 4.7%            | 4.7%            |
| FY17 | \$23,036,700 | \$89,768,100      | \$112,804,800 | \$7,378,362    | \$13,349,061   | 6.1%            | 10.8%           |

Western Illinois University's mission-driven fiscal planning during the statewide budget impasse focused on increasing revenue, decreasing expenditures, and reducing reliance on state appropriated funding, while continuing to deliver a high-quality educational experience grounded in core values of the University (academic excellence, educational opportunity, personal growth, and social responsibility).

Revenue generation strategies include identifying new markets of students, implementing new and expanded partnerships with business and industry, continuing to advocate for the restoration of fair and predictable funding for Illinois public higher education, increasing grant and contract activity, and preparing the University for the next comprehensive fundraising campaign.

*FY16 Audited Financial Statements of the Western Illinois University Foundation* (see Attachment F) performed by Eck, Schafer & Funke, LLP shows that the total net position of the Foundation was \$61.8 million in FY16, with \$441,698 in net investment in capital assets, \$28.3 million restricted for non-expendable purposes, \$13.1 restricted for expendable purposes, and \$20.0 million unrestricted. The FY16 total net position of the foundation was up \$1.3 million (2.2%) over FY15. This increase was primarily driven by the re-valuation of farm land held for investment.

Successful completion of the next comprehensive funding campaign will position Western Illinois University for a strong financial future and help reduce reliance on state appropriations. The University concluded its last campaign in December 2014, raising \$62 million, \$2 million higher than its goal. As a result, the Foundation's endowment base increased from \$16 million to \$40 million, and the total asset base increased to \$55 million. Earnings from the endowment support student scholarships, academic programs, critical University needs, and many initiatives on both campuses.

Tables 3 and 4 presented earlier in this *Plan* displayed the state-appropriated instructional and administrative costs per credit hour. With Western Illinois University maintaining expenditures in these areas well below statewide averages, we continue to lessen our reliance on state funding. External revenue generation also reduces our state appropriated funding dependency.

Tables 17-19 complement information in Table 16 by presenting additional details on how the University reduced state appropriated expenditures during the statewide budget impasse. While the University reduced appropriated funds personal services expenditures by nearly \$11.8 million (11.8%), it continued to honor contractual agreements. This includes Professional Achievement Awards and Salary Minima in accordance with the University's contract with the University Professionals of Illinois (UPI), which is available at [www.wiu.edu/provost/upi\\_agreement/index.php](http://www.wiu.edu/provost/upi_agreement/index.php).

|                         | FY15         | FY16         | FY17         | Cumulative Reduction |         |
|-------------------------|--------------|--------------|--------------|----------------------|---------|
|                         |              |              |              | Amount               | Percent |
| Administrative          | \$23,092,806 | \$21,965,529 | \$20,106,450 | (\$2,986,356)        | (12.9%) |
| Faculty                 | 50,807,647   | 50,964,699   | 46,443,196   | (4,364,451)          | (8.6%)  |
| Civil Service           | 22,094,879   | 20,575,680   | 17,681,424   | (4,413,455)          | (20.0%) |
| Extra Help and Overtime | 502,224      | 390,193      | 534,442      | 32,218               | 6.4%    |
| Student Help            | 1,148,841    | 978,977      | 998,905      | (149,936)            | (13.1%) |
| Graduate Assistants     | 2,563,030    | 2,495,397    | 2,445,528    | (117,502)            | (4.6%)  |

|                     |                      |                     |                     |                       |                |
|---------------------|----------------------|---------------------|---------------------|-----------------------|----------------|
| Summer Session      | 1,510,489            | 1,586,896           | 1,551,125           | 40,636                | 2.7%           |
| Reimbursement/Award | 26,499               | 9,167               | 7,043               | (19,456)              | (73.4%)        |
| Total               | <u>\$101,746,415</u> | <u>\$98,976,538</u> | <u>\$89,768,113</u> | <u>(\$11,798,302)</u> | <u>(11.8%)</u> |

*Source: Western Illinois University Appropriated Funds Budgets (www.wiu.edu/Budget)*

The University reduced the size of the institutional workforce by 271 positions (11.1%) during the statewide budget impasse. Staff-to-faculty reductions occurred at a ratio of 2:1 in order to protect the academic core of the University. Furthermore, the number of graduate assistantships increased by 14 (2.9%) during this time.

|                                | 2014         | 2015         | 2016         | Cumulative Reduction |         |
|--------------------------------|--------------|--------------|--------------|----------------------|---------|
|                                |              |              |              | Amount               | Percent |
| Civil Service                  | <u>806</u>   | <u>781</u>   | <u>657</u>   | (149)                | (18.5%) |
| Negotiated                     | 233          | 416          | 342          | 109                  | 46.8%   |
| Prevailing Wage                | 40           | 43           | 36           | (4)                  | (10.0%) |
| Non-Negotiated                 | 533          | 322          | 279          | (254)                | (47.7%) |
| Faculty                        | <u>705</u>   | <u>679</u>   | <u>615</u>   | (90)                 | (12.8%) |
| Negotiated-Unit A <sup>1</sup> | 450          | 454          | 412          | (38)                 | (8.4%)  |
| Negotiated-Unit B <sup>2</sup> | 121          | 130          | 120          | (1)                  | (0.8%)  |
| Non-Negotiated/Temporary       | 96           | 57           | 52           | (44)                 | (45.8%) |
| Departmental Chairpersons      | 38           | 38           | 31           | (7)                  | (18.4%) |
| Administrators                 | <u>315</u>   | <u>311</u>   | <u>279</u>   | (36)                 | (11.4%) |
| Negotiated                     | 73           | 71           | 66           | (7)                  | (9.6%)  |
| Non-Negotiated                 | 242          | 240          | 211          | (31)                 | (12.8%) |
| Non-Negotiated Temporary       | --           | --           | 2            | 2                    | --      |
| Professionals <sup>3</sup>     | <u>144</u>   | <u>140</u>   | <u>134</u>   | (10)                 | (6.9%)  |
| Negotiated                     | 18           | 22           | 24           | 6                    | 33.3%   |
| Non-Negotiated/Temporary       | 126          | 118          | 110          | (16)                 | (12.7%) |
| Graduate Assistant             | <u>482</u>   | <u>492</u>   | <u>496</u>   | 14                   | 2.9%    |
| Total                          | <u>2,452</u> | <u>2,403</u> | <u>2,181</u> | (271)                | (11.1%) |

1. Unit A consists of tenured/tenure-track faculty, librarians, and counselors.  
2. Unit B consists of associate faculty and academic support professionals.  
3. Professionals consists of executive assistants and faculty assistants.

*Source: Western Illinois University Fact Books, www.wiu.edu/IRP/factbook.php*

The University reduced appropriated funds operating expenditures by \$547,389 (2.2%) during the statewide budget impasse. Expenditures for library collections were up 1.6% to further protect the academic core. Moreover, over \$2.4 million was applied to student scholarships to advance the University's core value of educational opportunity, and in recognition of the extreme cost sensitivity of Western Illinois University students discussed earlier in this *Plan*.

Table 20  
Detail for Appropriated Funds Operating Expenditures  
Fiscal Years 2015-2017

|                             | FY15                | FY16                | FY17              | Cumulative Reduction |               |
|-----------------------------|---------------------|---------------------|-------------------|----------------------|---------------|
|                             |                     |                     |                   | Amount               | Percent       |
| Reimbursement/Award         | \$94,799            | \$119,386           | \$125,130         | \$30,331             | 32.0%         |
| FICA                        | 1,348,418           | 1,318,020           | 1,192,587         | (155,831)            | (11.6%)       |
| Group Insurance             | 1,744,800           | 1,744,800           | 1,744,800         | --                   | --            |
| Contractual Services        | 10,335,345          | 9,082,535           | 9,637,672         | (697,673)            | (6.8%)        |
| Travel                      | 674,645             | 342,277             | 272,736           | (401,909)            | (59.6%)       |
| Commodities                 | 1,271,601           | 752,249             | 890,986           | (380,615)            | (29.9%)       |
| Equipment                   | 1,488,095           | 113,474             | 143,465           | (1,344,630)          | (90.4%)       |
| Library Books               | 1,222,894           | 1,208,842           | 1,242,345         | 19,451               | 1.6%          |
| Telecommunications          | 475,281             | 367,899             | 327,298           | (147,983)            | (31.1%)       |
| Automotive                  | 274,631             | 173,000             | 126,091           | (148,540)            | (54.1%)       |
| Awards, Grants, and Matches | 4,849,968           | 5,968,060           | 7,300,574         | 2,450,606            | 50.5%         |
| Permanent Improvements      | 626,969             | 16,082              | 33,200            | (593,769)            | (94.7%)       |
| <b>Total</b>                | <b>\$24,407,446</b> | <b>\$21,206,624</b> | <b>23,036,884</b> | <b>(\$547,389)</b>   | <b>(2.2%)</b> |

### Specific Institutional Actions

FY16 actions to increase revenue include initiating the President's Executive Institute, signing new dual enrollment agreements with Elgin Community College (Illinois) and Moberly Area Community College (Missouri), implementing hybrid programs in Business Administration and College Student Personnel, offering at least 10 percent of all courses in irregularly scheduled formats (e.g., weekend and distance education), and reducing student costs.

The President's Executive Institute, as discussed in Section 3 of this *Plan*, is being successfully used as a means to attract more working professionals to the University and better position Western for the next comprehensive fundraising campaign. We are working statewide with business, industry, education, government, and the non-profit sector to increase enrollments and future funding partnerships.

Implementing new hybrid programs at the master's level in Business Administration and College Student Personnel addressed unmet needs in high demand areas. Ninety-two percent of the seats were filled in the first semester that the University offered these degree programs in this format. Likewise, the University continued to experience online enrollment growth. Course enrollments increased by 3,523 enrollments (35.2%) from 10,111 enrollments in FY13 to 13,534 enrollments in FY16. Online enrollment is mission-consistent. Western Illinois University has the state's first and largest distance education program.

Western Illinois University faculty and staff continued to aggressively pursue external funding. The value of grants and contracts received increased by 12.1% in the last two years, from \$9.9 million in FY14 to \$11.1 million in FY16.

FY16 actions to decrease personal services appropriated expenditures with a final reduction of \$2.7 million included reducing the size of the workforce (26 faculty, eight administrative/professional, and 25 civil service positions), implementing a retirement incentive program, reducing 12-month contracts for select staff positions and departmental chairpersons/school directors, engaging in 110 layoffs (with 87 call backs), initiating a voluntary pay reduction program at the deans level and above, requiring a furlough program for all non-negotiated employees earning more than \$40,000 annually (479 employees), and implementing a hiring freeze.

FY16 actions to decrease appropriated operating expenditures with a final reduction of \$3.2 million including reducing departmental operating budgets by 25%, limiting spending to immediate operational

needs, monitoring travel requests and expenditures, realizing cost savings from combining 18 departments into 10, reducing contractual services and equipment purchases, and delaying permanent (facilities) improvements.

It should be noted that The Western Illinois University Board of Trustees voted upon recommendation of the Interim Provost and Academic Vice President to disestablish bachelor degree programs in African American Studies, Philosophy, Religious Studies, and Women's Studies at its June 10, 2016, meeting. Reasons for these program disestablishments were low enrollments and a low number of degrees conferred and not as cost savings, as indicated with the *Teach Out Plan* and *Update* on file at the Commission. Courses in these areas remain at the University in support of general education and other academic offerings.

Building on the accomplishments, planning parameters, and decisions of the past year, FY17 plans to increase revenue focused on:

- Engaging in aggressive recruitment. Western stabilized fall 2016 new freshmen enrollment after four years of enrollment decline.
- Establishing high demand programs. Western launched new master's degree programs in Business Analytics and Community and Economic Development (in hybrid format) in fall 2016, and new undergraduate degree in mechanical engineering in spring 2017.
- Continuing to support increases in student persistence and completion rates, and the value of external grants and contracts received.
- Furthering outreach provided by the President's Executive Institute.
- Positioning the University for the next comprehensive fundraising campaign. All college development officers were realigned to report to the Vice President for Advancement and Public Services, so that staff could focus on development matters; and,
- Advocating with business, industry, education, and civic leaders for fair and predictable higher education funding. The budget impasse ended after the Illinois public universities were provided with funding from Stop Gaps I and II and FY18 appropriations.

FY17 actions to decrease appropriated expenditures included:

- Evaluating needs for replacement hiring.
- Continuing to pool attrition savings.
- Closing the Quad Cities Executive Studies Center.
- Adjusting 12 month administrative contracts to 11 or 10 months where feasible.
- Canceling salary increases for non-negotiated personnel.
- Administering the agreement made with University Professionals of Illinois for a 1% FY16 salary give back and temporary FY 17-18 3% salary reductions that will be paid back if enrollment and appropriations triggers are met.
- Implementing a furlough program for non-negotiated administrative/professional staff members earning more than \$40,000 annually.
- Reducing and conserving operating funds.
- Merging Instructional Design and Technology with Engineering Technology; and,
- Discontinuing offering the B.A. in Music in Macomb, as well as the Bachelor's in Early Childhood Education and the Master's in Liberal Arts and Sciences at the Quad Cities.

Throughout the budget impasse Western Illinois University retained:

- The fiscal, staffing, physical, and technological resources to support our academic mission and service operations.
- A *Strategic Plan* with a realistic vision, mission, goals and priorities in light of the University's resources and opportunities.
- Conservative, mission-driven financial practices.
- Commitments to our core values of academic excellence, educational opportunity, personal growth, and social responsibility.

#### Current and Future Institutional Actions

Western Illinois University withstood the statewide budget impasse by focusing on increasing revenue, decreasing expenses, and maintaining fiscal health. The actions will continue, and we are currently creating an even stronger, mission-driven University. This is being achieved by creating a reinvestment pool, providing high demand programs, removing enrollment barriers, improving retention, increasing revenue, decreasing expenses, enhancing operational efficiencies, and continuing to engage in all funds fiscal planning.

These actions provide the framework for Western Illinois University to continue our mission of providing a quality, well rounded education to high-achieving, diverse students. Moreover, it provides the resource base for the University to achieve our *Higher Values in Higher Education* Strategic Plan vision of national leadership in quality, opportunity, and affordability.

Examples of specific actions undertaken during FY18 include:

- Creating a reinvestment pool by holding 25% percent of departmental operating budgets (approximately \$1.5 million), initiating base budget reduction planning for areas that report to the President's and all VP areas (with a target between \$3.3 million and \$5.4 million), continuing to combine programs and units where applicable, and reducing appropriated funding to public service units. The University also plans to increase tuition revenue for the reinvestment pool by attracting new markets of students. To date, actions have included:
  - ✓ Lowering active duty military tuition beginning in fall 2018 to the federal Tuition Assistance rate (currently at \$250/Credit Hour) allowed by the United States Armed Forces,
  - ✓ Increasing values of Western Transfer Commitment Scholarships to \$1,000 or \$2,000 annually renewable scholarships. Western was the only Illinois public university not to have annually renewable transfer scholarships.
  - ✓ Expanding high school dual enrollment. Western recently received \$100,000 from the Moline Foundation to offer Agriculture classes to Quad Cities high school students beginning in fall 2018. Funds received will pay for faculty salary and students tuition. The University is currently developing or expanding partners with seven high schools, and the Council for Admission, Graduation and Academic Standards just approved eligible high school junior participation for students from Cambridge High School.
  - ✓ Continuing to use Summits (24 scheduled for fall 2017) as a means to promote university programs and services and to identify regional needs.
  - ✓ Completing an analysis of Quad Cities student minors to determine if there are markets for new majors.
- Providing high demand programs by



- ✓ Expanding the University's on-line portfolio. This includes the addition of Law Enforcement and Justice Administration, which has the highest undergraduate enrollment at the University (1,525 students in fall 2016). The School anticipates project completion in spring 2018.
  - ✓ Establishing new majors. Curriculum for an interdisciplinary Cybersecurity undergraduate degree has been developed. A Financial Planning Degree is in development by the Accounting and Finance department.
  - ✓ Placing Centennial Honors College on the forefront of the University. The College has grown 68%, from serving 594 students in fall 2012 to 1,000 students in fall 2017. With this growth and a new Pre-Honors program enrollment that increased by 100 students (243.9%) during its first two years of program establishment, the University plans to use a portion of the proceeds for the sale of its 60<sup>th</sup> Street property to remodel a new location for the College. Facilities Management is currently preparing cost estimates for this renovation.
  - ✓ Finalizing agreements with two community colleges in spring 2018 to house Fire Protection Services programs in hybrid formats at their campuses.
  - ✓ Conducting follow up with the eight military installations visited in fall 2017 in spring 2018 to reach agreements on programs and services offered to military and civilians at these locations.
- Removing enrollment barriers is being achieved by eliminating enrollment caps on academic programs, and planning to use tuition waivers to offset the cost between need-based aid and the net price of attendance. Additionally, we are addressing topics related to conditional enrollment for undergraduate students, provision of undergraduate feeder major(s) for Counselor Education, and reviews of teacher education and general education will be completed. Accountability meetings with the President, Provost, Vice President for Quad Cities and Planning, and Deans will be used to ensure progress is being made on eliminating enrollment barriers.
  - Improving retention includes actions described earlier in this *Plan* with regard to institutional participation in the Commission's Persistence and Completion Academy. Additionally, the University plans on:
    - ✓ Conducting a survey to determine why between 30-35% of WIU students transfer to and graduate from another institution of higher education. Presently over 50% of first-time freshmen start and graduate from the University. Survey results will be used to design intervention processes on both campuses and for online students.
    - ✓ Increasing retention strategies for mid-range students on both campuses. Western Illinois University has nationally recognized programs and services for graduating more students than expected based on entering measures of ability, as recognized by Complete College America, the United States Department of Education, US News and World Report, Southern Education Review Board, and the Pell Institute for the Study of Opportunity in Higher Education. Most recently, Western was ranked in the top seven (of 55) Illinois four-year institutions serving underserved students, and appears in the new report, *Cornerstones of Student Success: Institutions Yielding High Return on Investment of Underserved Students* that was published by the Illinois Education Research Council. The University's best practices in retention will be extended to students who may not otherwise seek out services and support.
    - ✓ Developing pathways partnerships and programs with dually enrolled high school and community college students and all other transfer students.

- Increasing revenue will be achieved by expanding efforts of the President’s Executive Institute, supporting faculty and staff contract and grant activity, and completing the staffing infrastructure necessary to support the University’s next comprehensive fundraising campaign. Replacement hiring for Development Directors and a Director of University Marketing is currently in progress.
- Decreasing expenditures is being achieved by practices used previously by the institution. This includes continuing to monitor expenses, evaluating needs for replacement hiring, and identifying sources other than state appropriations that can be used for expenditures.
- Enhancing operational efficiencies will be achieved by utilizing data from the Illinois Board of Higher Education’s Cost Study to determine which programs are 5% above the statewide disciplinary average on the cost of instruction per credit hour, and develop/implement action plans to better align revenue and expenditures. The University will also continue to evaluate opportunities to combine administrative departments and academic units.
- Engaging in all funds fiscal planning will continue to be informed by documenting the actions, personnel reductions (if applicable), cost savings, and sources of funds used in achieving the goals and priorities of this *Plan*. Furthermore, we will develop long-term financial plans across all fund sources, include tuition increases that compensate for increases in planned expenses, and delineate multiyear plans on fiscal reserves and usage.

### **Summary and Conclusion**

This *Plan* was submitted per request of the Higher Learning Commission. It along with Western Illinois University’s *February 2016* and *December 2016 Submissions* to the Commission provides a chronology of the University’s actions taken in response to the State of Illinois’ historic and unprecedented FY16 and 17 budget impasse.

Evidence in this *Plan* demonstrated that Western Illinois University’s, and all other Illinois public universities, inclusion in financial panels is the direct result of the budget impasse causing the Illinois public universities to receive partial FY16 funding in the 10<sup>th</sup> month of the fiscal year and partial funding for FY 17. Never in the 160-year history of Illinois public higher education have these circumstances occurred.

Furthermore, the evidence in this *Plan* demonstrated that annual reporting cycles also triggering financial panels do not accurately reflect a one-time, state approved 18-month revenue and expenditure cycle.

Nevertheless, the effects of the statewide budget impasse were pronounced. However, results of this *Plan* demonstrated that through strong strategic planning processes supported by mission-driven conservative fiscal management Western Illinois University emerged an even stronger, more resilient, viable institution for the 21<sup>st</sup> century.

The University is well positioned to continue our mission and tradition of providing a quality, well-rounded education to high-achieving, diverse students. We are also well positioned to continue advancement of the institutional vision of providing national leadership in quality, opportunity, and affordability.

Furthermore, our efforts are recognized nationally. Despite the budget impasse, Western Illinois University maintained its status as a Top 10 Midwestern Regional University by *US News and World Report*, A Best University by the *Princeton Review* for the 14<sup>th</sup> consecutive year, and status a Best University serving the military by *Military Times* for the eighth consecutive year. Additionally, Western Illinois University was

one of 11 colleges and universities from across the United States selected to appear in the U.S. Department of Education's (DOE) College Completion Toolkit, *Promising Practices for Improving Student Degree Attainment*. In 2016, Western received the Minority Access, Inc. *Commitment to Diversity Award* and was also featured in the DOE report, *Fulfilling the Promise, Serving the Need*, We were recognized for outperforming peer institutions in enrolling and graduating Pell Grant recipients. Simply stated, Western Illinois University's traditions of excellence have and will continue.

Attachment A

Western Illinois University Requested Letter to the Higher Learning Commission  
on the Effects of the Statewide Budget Impasse  
February 2016

February 18, 2016

Dr. Barbara Gellman-Danley  
President, Higher Learning Commission  
230 South LaSalle Street, Suite 7-500  
Chicago, IL 60604

Dear Dr. Gellman-Danley,

Thank you for your letter dated February 4, 2016. I appreciate your understanding that the State of Illinois' current budget impasse is not a crisis created by the Illinois public universities, and that we in the public higher education sector have done everything that we could to avoid this situation. I also appreciate the Higher Learning Commission's (HLC) letter to Illinois government officials with regard to their role in the governance of Illinois higher education.

Western Illinois University fully understands and appreciates that HLC must ensure that the University must continue to meet the Criteria for Accreditation as we, and all other Illinois public universities, address the consequences of not receiving Fiscal Year (FY)16 state General Revenue Funding (GRF). This is coupled with the current unfunded mandate (cost shift) for Illinois' colleges and universities to, at least temporarily, fund the State's need-based financial assistance program, the Illinois Monetary Assistance Program (MAP).

In beginning our institutional response to your questions, please be advised that Western Illinois University does not have plans cease operations temporarily or permanently. Additionally, our Accreditation Liaison Officer ensures that we remain current with regard to HLC policies and procedures should dramatic, unforeseen, and dire circumstances require a change in this position.

Before presenting the requested report on the availability of financial, physical, and human resources required to support Western Illinois University, it is important to provide you with historic and current budget information. This information provides the necessary context to understand decisions and plans as Western Illinois University moves into FY17 and beyond.

#### The State Budget Process

The State's lack of GRF funding represents 21.2% of the total university's \$248 million all-funds budget. The Illinois public higher education institutions receive state appropriated revenue from the GRF appropriation to higher education and University Income Fund (UIF) revenue, which is projected tuition and fee revenue. Non-appropriated funds include endowment, grants and contracts, and auxiliary enterprise revenue.

Annual operations and grants budgets support university operating and personnel budgets. These budgets do not include state supported capital construction, which requires separate passage of a State Capital Bill, or university foundation income.

Illinois Public Higher Education Funding Trends Over the Last 14 Years

All 12 of the Illinois public universities experienced two similar fiscal challenges in the last 14 years. First, the State is investing less tax revenue in Illinois public higher education. The total GRF investment in Illinois public higher education decreased by \$267.4 million or 17.9%, from \$1.50 billion in FY02 to \$1.23 billion in FY15. Western Illinois University experienced GRF reductions of \$11.7 million or 18.2%, from \$64.3 million to \$56.3 million during this time.

Second, with decreasing GRF revenue, Illinois public universities are becoming increasingly reliant on UIF revenue. The proportion of total state appropriations from GRF and UIF for Illinois public universities changed from 72.3% GRF and 27.7% UIF in FY02 to 39.0% GRF and 61.0% UIF in FY15. The Illinois public universities, as a whole, have moved from being state-supported to state-assisted institutions. The same is true at Western Illinois University where the proportion of total state appropriations from GRF to UIF changed from 67.8% GRF and 32.2% UIF in FY02 to 41.0% GRF and 59.0% UIF in FY15.

Tables 1 and 2 display total GRF funding for the Illinois Public Universities and Western Illinois University between FY02-FY16. There have been three distinct trends in the funding of Illinois public higher education over time. Successful conservative mission-driven fiscal management has enabled the University to address:

- GRF instability with variable reductions, small increases, and rescissions between FY02-09.
- Continued GRF reductions and delayed reimbursements for GRF appropriations between FY10-15.
- The unprecedented budget impasse and cost-shift (unfunded mandate) of MAP funding in FY16.

| (in thousands of dollars) |               | \$ Difference |              | % Difference |            |
|---------------------------|---------------|---------------|--------------|--------------|------------|
|                           |               | Annual        | Cumulative   | Annual       | Cumulative |
| 2002                      | \$1,496,839.5 | --            | --           | --           | --         |
| 2003                      | \$1,411,720.3 | -\$85,119.2   | -\$85,119.2  | -5.7%        | -5.7%      |
| 2004                      | \$1,303,564.7 | -\$108,155.6  | -\$193,274.8 | -7.7%        | -12.9%     |
| 2005                      | \$1,301,632.9 | -\$1,931.8    | -\$195,206.6 | -0.1%        | -13.0%     |
| 2006                      | \$1,316,938.8 | \$15,305.9    | -\$179,900.7 | 1.2%         | -12.0%     |
| 2007                      | \$1,321,279.4 | \$4,340.6     | -\$175,560.1 | 0.3%         | -11.7%     |
| 2008                      | \$1,357,067.3 | \$35,787.9    | -\$139,772.2 | 2.7%         | -9.3%      |
| 2009                      | \$1,393,588.6 | \$36,521.3    | -\$103,250.9 | 2.7%         | -6.9%      |
| 2010                      | \$1,393,838.6 | -\$103,001    | -\$103,000.9 | -7.4%        | -6.9%      |
| 2011                      | \$1,309,126.0 | -\$84,713     | -\$187,713.5 | -6.1%        | -12.5%     |
| 2012                      | \$1,293,889.3 | -\$15,237     | -\$202,950.2 | -1.2%        | -13.6%     |
| 2013                      | \$1,230,092.0 | -\$63,797     | -\$266,747.5 | -4.9%        | -17.8%     |
| 2014                      | \$1,232,192.0 | \$2,100       | -\$264,647.5 | 0.2%         | -17.7%     |
| 2015                      | \$1,229,438.5 | -\$2,754      | -\$267,401.0 | -0.2%        | -17.9%     |

| (in thousands of dollars) |            | \$ Difference |             | % Difference |            |
|---------------------------|------------|---------------|-------------|--------------|------------|
|                           |            | Annual        | Cumulative  | Annual       | Cumulative |
| 2002                      | \$64,306.7 | --            | --          | --           | --         |
| 2003                      | \$61,126.0 | -\$3,180.7    | -\$3,180.7  | -4.9%        | -4.9%      |
| 2004                      | \$56,091.1 | -\$5,034.9    | -\$8,215.6  | -8.2%        | -12.8%     |
| 2005                      | \$56,091.1 | \$0.0         | -\$8,215.6  | 0.0%         | -12.8%     |
| 2006                      | \$57,297.7 | \$1,206.6     | -\$7,009.0  | 2.2%         | -10.9%     |
| 2007                      | \$57,029.3 | -\$268.4      | -\$7,277.4  | -0.5%        | -11.3%     |
| 2008                      | \$58,287.5 | \$1,258.2     | -\$6,019.2  | 2.2%         | -9.4%      |
| 2009                      | \$59,919.6 | \$1,632.1     | -\$4,387.1  | 2.8%         | -6.8%      |
| 2010                      | \$59,919.6 | \$0.0         | -\$4,387.1  | 0.0%         | -6.8%      |
| 2011                      | \$56,182.7 | -\$3,736.9    | -\$8,124.0  | -6.2%        | -12.6%     |
| 2012                      | \$55,538.3 | -\$644.4      | -\$8,768.4  | -1.1%        | -13.6%     |
| 2013                      | \$52,147.8 | -\$3,390.5    | -\$12,158.9 | -6.1%        | -18.9%     |
| 2014                      | \$52,755.1 | \$607.3       | -\$11,551.6 | 1.2%         | -18.0%     |
| 2015                      | \$52,629.3 | -\$125.8      | -\$11,677.4 | -0.2%        | -18.2%     |

Western Illinois University’s Mission-Driven Planning and Results

To address variable reductions, small increases, and rescissions during FY02-09, the University limited spending to immediate operational needs, monitored travel requests and expenditures, and reviewed all vacant positions in order to hold as many as possible open in order to conserve funds. The University also established a 1-2% contingency reserve fund to address unforeseen fiscal circumstances. There were no employee layoffs or furloughs during this time.

To address continued GRF reductions and delayed reimbursements for appropriations during FY10-15, the University continued to exercise conservative, mission-driven fiscal management as described above, in addition to:

- Working with the University Professionals of Illinois and other collective bargaining units to reach agreements on delaying salary increases.
- Cancelling salary increases for non-negotiated personnel.
- Increasing university reserves and carefully monitoring cash balances.
- Introducing retirement incentives.
- Implementing zero-based budgeting to reduce operating expenditures.
- Consolidating 18 academic departments and units into 10, and four technology units into one.
- Centralizing staff in admissions, advisement, and the School of Graduate Studies.
- Holding at least 25% of annual appropriated departmental operating budgets until it could be assured that the University had the resources to meet its fiscal year obligations if GRF revenue was eliminated.
- Planning for the disestablishments of four pre-professional programs, 20 academic minors, one undergraduate major, two post-baccalaureate certificates, and one graduate degree. All of these actions will be completed by FY18, or at an earlier date if students in each of these areas complete their studies sooner than projected. No new students are being admitted into these programs.

The University also engaged in more efforts to become less reliant on GRF and UIF revenue funds. For example, the University:

- Completed a fundraising campaign in January 2014 that generated \$62.1 million, increased the endowment from \$16 million to \$40 million, and raised the University's total asset base to \$55 million.
- Increased the amounts of externally funded awards received by faculty and staff by \$1.2 million or 12.1%, from \$9.9 million in FY14 to \$11.1 million in FY15.
- Maintained instructional and administrative costs below the statewide average of the Illinois public universities. The most recent data published by the Illinois Board of Higher Education (February 2016) shows that the University has the third lowest instructional cost per credit hour (at \$307.32 or 19.6% below the statewide average), and the second lowest administrative cost per credit hour (\$68.85 or 24.0% below the statewide average).
- Benefited from a public-private partnership that allowed a private developer to construct an apartment complex for 292 residents and two restaurants next to the Western Illinois University-Quad Cities Riverfront Campus at no construction, operating, or personnel costs to the University.

A history of strong conservative fiscal management maintained the fiscal health of the University during periods of GRF reductions, rescissions, and delayed reimbursements with no furloughs or layoffs. Table 3 shows that our KPMG Composite Financial Indicator (CFI) score has never fallen at or below a value of 1.1.

Table 3  
 Western Illinois University Financial Ratios  
 Reported to the Higher Learning Commission-North Central Association of Colleges and Schools  
 Fiscal Year 2008 through Fiscal Year 2014

|                               | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Composite Financial Indicator | 1.80        | 1.30        | 3.00        | 3.60        | 2.90        | 1.70        | 2.50        |
| Primary Reserve Ratio         | 0.17        | 0.06        | 0.21        | 0.25        | 0.27        | 0.26        | 0.25        |
| Net Operating Revenue Ratio   | 0.01        | 0.01        | 0.04        | 0.06        | 0.04        | 0.00        | 0.01        |
| Return on Net Assets Ratio    | 0.05        | 0.03        | 0.13        | 0.18        | 0.12        | 0.04        | 0.13        |
| Viability Ratio               | 0.73        | 0.80        | 0.10        | 0.76        | 0.70        | 0.75        | 0.77        |

Additionally:

- The primary reserve ratio demonstrates institutional fiscal stability. A negative or decreasing trend over time would indicate a weakening financial condition.
- The net operating ratio shows institutional operations with a surplus in six of the last seven years, therefore enabling the University to carry forward funds in conjunction with limitations established in Illinois statutes for public institutions.
- The net assets ratio shows availability of additional expendable net assets to satisfy debt obligations.
- The viability assets ratio maintains continues to increase despite a volatile economy.

A history of strong conservative fiscal management has improved efficiency, enhanced quality, and enabled the University to withstand the unprecedented state budget impasse.

Western Illinois University reduced state appropriated personnel budgets by \$14.2 million, and state appropriated operating budgets by \$2.7 million between FY11 and FY15. This \$16.9 million reduction



represents a cost savings and avoidance to the University. The size of the University workforce also decreased by 163 employees (52 faculty and 111 staff) between fall 2011 and fall 2015.

#### HLC Requested Information

1. “[Please identify] the current cash situation and the specific financial challenges you may be immediately facing relative to payroll, vendors, and other essential expenses and services.”

Western Illinois University currently has funds to operate for the remainder of FY16. The President’s Leadership Team (President and Vice Presidents) meets at least weekly to monitor institutional revenue, expenses, and reserves, in addition to developing and monitoring plans for securing July 2016 revenue in order to continue institutional operations before UIF revenue is collected in August 2016.

With 80% of the University’s appropriated funds budget dedicated to personnel, the highest priority is to maintain cash flow to fund payroll for work performed. Western Illinois University payrolls equate to approximately \$10 million per month. The University is negotiating with its collective bargaining units to return base salaries to the FY15 rate for negotiated groups. This would represent a 2% pay reduction for those employees, and the University is also negotiating with its collective bargaining units to forego the 1% salary increase scheduled for FY17.

To illustrate annual magnitude, a two percent reduction in salary and Professional Achievement Awards for faculty and staff from the University Professionals of Illinois represents a \$2.4 annual (base) savings and a one percent reduction results in another \$1.7 million in annual (base) savings. Non-negotiated staff did not receive a salary increase in FY16, nor are they scheduled to receive a salary increase in FY17.

Western Illinois University has not delayed or defaulted on payments to external vendors. However, due to increased approvals, regulations, and delayed payment by the State of Illinois, there are times when it is a challenge to contract for goods and services, as the University cannot promise when payments by the state will be made.

The culture built at Western Illinois University is one of conservative, mission-driven fiscal management. The 18% GRF budget reduction and inflationary cost increases since FY02 have limited expenditures to essential needs and those actions supporting the University’s *Higher Values in Higher Education* strategic plan priorities and goals.

2. “Any cuts in full-time, part-time, or adjunct faculty or staff you have recently made or plan to make in the immediate future and the effect of such cuts on classes this semester and in the fall.”

Between fall 2014 and fall 2015, the University reduced the size of current workforce by 26 faculty positions (down 3.7%), eight administrative/professional positions (down 1.7%), and 25 civil service positions (down 3.1%).

In FY16, the University announced the layoff of 26 non-tenured faculty members and four administrative/professional positions. These layoffs will be effective in either FY17 or FY18 depending on the employees years of service, per collective bargaining agreements between Western Illinois University and the University Professionals of Illinois and the Western Illinois University Board of Trustees Regulations.

At the time of writing this response, each Vice President and I are finalizing a plan that carefully evaluates additional FY16 and FY17 layoffs and furloughs. No classes will be suspended or eliminated mid-semester. Following protocol defined in the contractual agreement between Western Illinois University and the University Professional of Illinois, an Academic Program Elimination Review (APER) Committee has been enacted.

When the University is considering eliminating academic programs that would result in the layoff of an employee, it constitutes an APER Committee composed of employees elected by the bargaining unit. The APER Committee provides recommendation(s) to the Academic Vice President concerning academic program(s) being considered for elimination that would result in the layoff of employee(s).

Based on trends in enrollment, majors, course offerings, and program costs, the APER is currently evaluating eight academic programs for elimination. If program(s) are closed, they will be closed to new students. Western Illinois University will honor its commitments to currently enrolled students for courses and major requirements under the catalog year for which they were admitted.

Students should not expect to see pronounced effects of course availability based on faculty reductions. Western Illinois University will continue to honor its Gradtrac program. The University guarantees new freshmen meeting Gradtrac requirements (including meeting grade point average requirements, maintaining 15-16 semester credit hours, and meeting routinely with an academic advisor), will graduate in four years or the remaining tuition will be free.

While the University reduced 72 (3.1%) of the undergraduate courses offered in fall 2015 compared to fall 2014, these courses were primarily elective courses. Moreover, undergraduate students did not experience larger course sections. The average undergraduate course size was 20.7 in fall 2014 and 20.2 in fall 2015.

At the graduate level, the University reduced 22 (7.6%) of the graduate courses offered in fall 2015 compared to fall 2014. Again, these courses were primarily elective courses. Moreover, students did not experience large course sections. The average graduate course size was 11.0 in fall 2014 and 12.6 in fall 2015.

Western Illinois University's student-to-faculty ratios are 14:1 in Macomb and the Quad Cities. Full-time faculty teach 94.4% of the University's classes, and guide student learning, discovery, and performance. After benchmarking of peer institutions and careful evaluation, the University has set a 17:1 student-to-faculty ratio to maintain course availability.

3. "The impact of the financial situation on the availability of textbooks, supplies, and related educational materials that support the curriculum and on maintenance and safety on campus and at other institutional locations."

Western Illinois University does not expect that the current financial situation will have an effect on the textbooks. The University is engaged in a textbook rental program with an external vendor who supplies a sufficient number of textbooks based on supply and demand. For students wanting to own their books, the University has seen an increase in external online book sales. The Dean of University Libraries is currently exploring e-book partnerships with external vendors to further mitigate student textbook costs.

The University does not expect that the current financial situation will have a pronounced effect on supplies, and related educational materials that support the curriculum. Academic Affairs implemented zero-based budgeting in FY14 to ensure sufficiency of resources to cover necessary equipment and commodities costs. Reallocating to the highest priorities enabled the University to maintain annual (FY14 and FY15) expenditures for commodities at \$1.2 million and at \$1.5 million for equipment.

The University does not expect that the current impact of the financial situation will have a pronounced impact on the maintenance and safety on the Macomb or Quad Cities campus. Again, reallocating to the highest priorities enabled the University to increase investment in permanent improvements on the Macomb Campus from \$165,222 in FY14 to \$626,969 in FY15. The Quad Cities Campus was opened in 2012 (building one) and 2014 (buildings two-four). Most of the campus equipment and systems are under warranty.

While the gain in Macomb maintenance backlog is important, the State of Illinois has an estimated deferred maintenance backlog of \$500 million in Macomb's appropriated facilities, and similar backlog exists in non-appropriated facilities. Due to the current budget impasse and the need for the University to maintain an emergency contingency cash flow, we delayed the decommissioning of three non-appropriated facilities, one residence hall and two graduate housing complexes. This unwanted but necessary decision delays reduction of the non-appropriation maintenance backlog and will require continued application of non-appropriated funds to unused facilities.

The state's budget impasse has also had a direct effect on campus construction, enrollment, public service, and the associated economic impact on our host communities and regions. Governor Rauner has frozen state capital funding. At the time of the freeze, Western Illinois University had completed bidding for the new Performing Arts Center, which was to be the first new state supported facility on the Macomb Campus in over 30 years and would have further reduced the state's deferred maintenance backlog.

Likewise, \$5.0 million in funds for the development of a Riverfront Hall Annex for the rapidly growing School of Engineering and planning for building five to support enrollment growth in the Quad Cities was suspended.

Both campus construction projects were supported by private donations. This includes a \$1.5 million gift and a bequest to the Center for the Performing Arts from a former WIU Trustee and her husband, a former WIU staff member, and \$1.75 million in gifts from the John Deere Foundation and the Moline Foundation to support growth and expansion of Western Illinois University in the Quad Cities.

The University does not expect that the current impact of the financial situation will have a pronounced impact on safety at the Macomb or Quad Cities campus. During the last five years, the Office of Public Safety (OPS) in Macomb has only reduced one officer position. OPS strictly adheres to standards established by the Illinois Association of Chiefs of Police-Illinois Law Enforcement Accreditation Program. And Western Illinois University-Quad Cities maintains a security presence for all hours that the campus is open.

4. "Your data and expectations for fall enrollment in light of concerns prospective students may have about the stability of higher education in the state."

It is difficult to establish causality between student enrollment and student concerns over the stability of GRF funding. However, it is clear that while public universities have been forced to become increasingly reliant on UIF revenue, enrollments at Illinois public universities are down. Total headcount enrollment at Illinois public universities peaked at 205,023 students in fall 2010, and decreased by 5.9% to 192,985 students in fall 2015. Total headcount enrollment at Western Illinois University was 12,585 students in fall 2010, and decreased by 11.8% to 11,094 students in fall 2015.

Western Illinois University has taken several steps initiatives during FY16 to reverse this trend. Most notably, after completing a student price sensitivity and elasticity study, undergraduate tuition for all new fall 2016 undergraduate students has been reduced by 3.0%, and the university established the same instate tuition rate for all domestic undergraduate and graduate students.

Additionally, the University has emulated successful funding strategies used at private institutions. This includes implementing tuition discounting programs based on merit and need for new students, and establishing a dual enrollment program for academically qualified high school seniors, who pay 1/3<sup>rd</sup> the published tuition cost. Western has also created a dual enrollment program with community colleges in Iowa, Missouri, and Illinois that saves students up to 25% of their college costs, and this year alone, the University has developed 29 new partnership agreements with Quad Cities regional employers who offer tuition assistance programs to their employees.

Despite these efforts, comparing preliminary fall 2016 acceptance data as of February 12, 2016, to preliminary fall 2015 acceptance data as of February 13, 2015, shows mixed results. In Macomb new freshmen acceptances are down 816 students (14.3%), while new transfer acceptances are up 7 students (1.4%). In the Quad Cities, new freshmen acceptances are up 155 (397.4%), and new transfer students are up are down 13 (23.2%). At the graduate level, Macomb new graduate student acceptances are down 3 students (4.3%), and Quad Cities acceptances are up 13 students (92.9%).

What must be remembered is that the admissions data presented above are early in the recruitment cycle. Values can change in either direction between now and August. Western Illinois University has rolling admissions, and with six months prior to the start of the next academic year, the University will continue to aggressively recruit students.

Part of this aggressive recruitment includes new academic programs responsive to regional needs and desired student formats. In fall 2015, the University launched new hybrid masters degree programs in college student personnel and business administration. All classes in both programs had course fill rates over 90% for the fall 2015 and spring 2016 semesters. The University will launch a third hybrid masters degree program in community and economic development in fall 2016, and we will start a new higher education leadership option in our existing Ed.D. in Educational Leadership at this time. Western will also serve as a teach out partner for Ashford University in its closure of its Clinton, Iowa, campus. That campus is only located 30 miles from the Quad Cities and 110 miles from Macomb.

5. "Any other information that is necessary for HLC to know. This report shall also address how your institution has handled the loss of MAP funding."

A strong history of conservative fiscal management has positioned the University to withstand the unprecedented FY 2016 unfunded mandate for colleges and universities to assume the costs of the State's need-based financial aid program.

During academic year 2015-2016, Western Illinois University reallocated \$11.0 million to MAP recipients under the shared assumption of Illinois public universities that this expense would be reimbursed by the State. Of the 3,000 fall 2015 recipients, 2,700 (90%) re-enrolled at the University in spring 2016, which is similar to the fall-to-spring retention rate for all students. Not funding the program would have devastating effects on university enrollment and student success.

In providing additional requested information, it is important to know that in a time of significant funding challenges, the faculty and staff of Western Illinois University continue the tradition of delivering a high quality education where, as stated in our *Mission*, we empower students, faculty, and staff to lead dynamic and diverse communities.

- Western Illinois University continues for 12 years as a Best Midwestern Institution by *U.S. News and World Report* and the *Princeton Review*.
- Western Illinois University continues to be recognized as a Military Friendly Institution by both *GI Jobs Magazine* and *Military Times Edge Magazine*.
- National ranking systems such as *Washington Monthly* and *U.S. News and World* report show that more students graduate from Western Illinois University than projected based on entering student characteristics (i.e., high school percentile rank and ACT composite score).
- Results from the last published *Alumni Surveys* shows that.
  - One year after graduation, 88% of WIU alumni are employed, and 19% of the alumni are pursuing an additional degree, graduate or professional studies.
  - Five years after graduation, 98% of WIU alumni are employed and 29% of the alumni earned an additional degree.
  - Nine years after graduation, 98% of WIU alumni are employed and 37% of the alumni earned an additional degree.
- Annual salary analyses published by the *Economist* and the *Brookings Institute* show that Western Illinois University alumni earn more than salary forecasts predict.

While Western and all other Illinois public universities have withstood the current budget impasse for eight months, no public university will find the absence of GRF funding a sustainable practice for the long-term. One time contingency reserves that in many cases took years of financial savings are being depleted. The Illinois public universities have compensated for continuous budget reductions for over 14 years. To eliminate all GRF funding in a political stalemate threatens current and future economic vitality and the competitiveness of Illinois in a global community.

When all parties work to resolve the current budget impasse, history will show that Western Illinois University emerged from the current circumstances leaner, more efficient and entrepreneurial, and less reliant on state funding. The Vice Presidents and I are finalizing institutional planning to these ends at the time of writing this letter. Our plan will be presented to the Western Illinois University Board of Trustees and university community on March 11, 2016.

Simply stated, our comprehensive plan is based on market-driven strategies for increasing revenue and decreasing expenses. It is further based on best practices within higher education, and is consistent with the goals and priorities of our *Higher Values in Higher Education* strategic plan.

Through successful implementation of our planning parameters, we will continue to advance quality, productivity, and efficiency. This will be accomplished by reducing the size of our workforce, adjusting contract lengths where appropriate, eliminating and negotiating for no salary increases, implementing layoffs and furloughs to align staffing with enrollment, continuing voluntary salary give backs options, reducing and conserving operating funds, consolidating programs and services, and continuing with the Academic Program Elimination Committee.

At the same time, we will continue to support aggressive recruitment and establishment of high demand programs and formats; intensify pursuit of external and private funding; identify new revenue streams, including expanding corporate recruitment activities across Illinois and within Saint Louis, Missouri; position the University for the next comprehensive fundraising campaign; advocate with business, industry, education, and civic leaders for fair and predictable higher education funding; and finish implementation of recommendations from the Persistence and Completion Academy.

We at Western Illinois University know, and borrowing from the words of President Abraham Lincoln, that the best way to predict [our] future is to create it. Our institutional planning is based in large part to a response from 1,101 employees, over half of our workforce, in an open ended December 2015 university survey of strategies to successfully emerge from the current state budget impasse.

We know that many very difficult but necessary decisions have and will be made. It is our shared social responsibility, a core value of Western Illinois University that we do so in a manner that respects administrative processes; shared governance; and good faith, interested-based collective bargaining. We all recognize that current and future generations of Western Illinois University students must not be the victims of political stalemates and budgetary impasses.

Finally, I wish to thank the HLC for the opportunity to respond to your concerns. We will continue assure and advance the common good that higher education provides. All of us in the Western Illinois University family appreciate your advocacy for the restoration of stable and predictable funding for Illinois public higher education, and we stand ready to continue this and other discussions with you.

Sincerely,

Jack Thomas, Ph.D.  
President

cc: Joseph Rives, Vice President for Quad Cities and Planning, Western Illinois University  
U.S. Department of Education  
Illinois Board of Higher Education  
Illinois Community College Board  
Steph Brzuzy, Vice President for Accreditation Relations, HLC  
Karen Peterson Solinski, Executive Vice President for Legal & Governmental Affairs, HLC  
Zach Waymer, Manager for Legal & Governmental Affairs – State Relations & Institutional Complaints, HLC

Attachment B

Western Illinois University Requested Letter to the Higher Learning Commission  
on the Effects of the Statewide Budget Impasse  
December 2016

December 15, 2016

Dr. Barbara Gellman-Danley  
President, Higher Learning Commission  
230 South LaSalle Street  
Suite 7-500  
Chicago, IL 60604-1411

Dear Dr. Gellman-Danley,

Thank you for understanding that the ongoing State of Illinois budget impasse is beyond the control of Illinois public higher education. We certainly recognize and appreciate the Commission's responsibility to students and the public to assess Illinois public universities' current situations given the ongoing State budget impasse.

Restated below in bold text are the questions posed in your letter to me, dated December 5, 2016. Responses for Western Illinois University follow each question. I am confident that you will find that Western has the financial, physical, and human resources required to support the institution and the students whom we serve.

Moreover, I am equally confident that you will find Western Illinois University continues to exceed the criteria for accreditation. We engage in mission-driven, conservative fiscal management guided by our *Higher Values in Higher Education* Strategic Plan. These planning and budgeting processes enable the University to adjust to the consequences of the State's ongoing budget impasse, including losses to basic funding and student scholarship funding (MAP funds), while advancing institutional quality, opportunity, and affordability.

In providing background information to your questions, I note that you are contacting institutions with a 20% (or greater) state appropriation reduction relative to Fiscal Year (FY) 2015 and/or 10% (or greater) enrollment drop from fall 2015 to fall 2016. As you will see, our appropriations total a 29.1% reduction, but our enrollment only decreased by 6.5% during the "crisis of confidence" created by the State's ongoing budget issues.

In April 2016, we received \$14.9 million to be applied to FY16 expenses. We received another \$31.4 million in June to be applied to FY16 or FY17 expenses with spending authority expiring December 31, 2016. Most recently, we received an additional \$8.4 million in November 2016 under the same terms and conditions as the June appropriation. These three receipts total \$54.7 million or 70.9% of the funding that the University should have received in the 18 months since FY2015.

Western's allocation (discussed above) was made from a special fund created for the Illinois Board of Higher Education (IBHE) as part of the Illinois General Assembly's June 2016



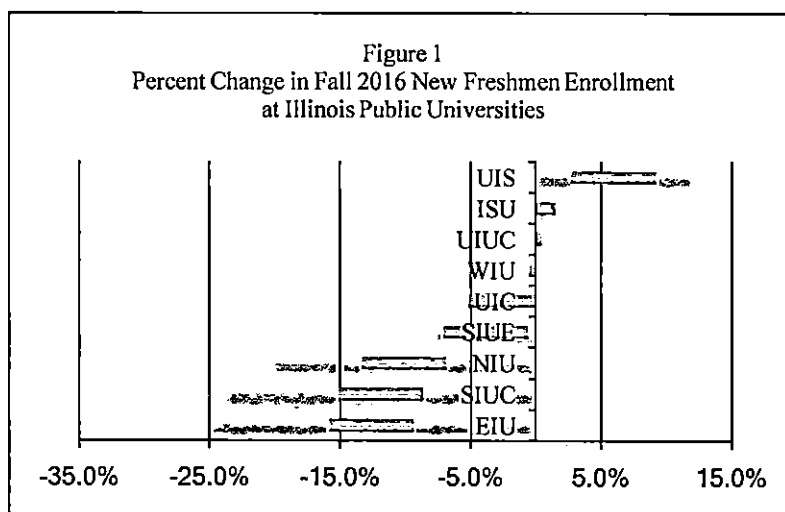
appropriation to Illinois public higher education. This one-time \$20 million fund was created to provide financial support for essential operations at Illinois public universities and community colleges.

The additional \$8.4 million in funding allocated to Western demonstrates the IBHE's recognition of our best practices of responsible financial stewardship and stabilized enrollment (discussed below). The funding also indicates that the state and IBHE have confidence in Western Illinois University, which is partially a result of our frequent advocacy in Springfield for Western and Illinois public higher education.

In terms of Western Illinois University's total headcount enrollment, we decreased 6.5% from 11,094 students in fall 2015 to 10,373 students in fall 2016. However, we stabilized new freshmen enrollment after four consecutive years of enrollment decline, despite the "crisis of confidence" created and maintained by the State's budgetary problems. New freshmen enrollment peaked at 1,955 in fall 2011, was 1,535 in fall 2015, and remained virtually level at 1,527 in fall 2016.

In addition to new freshmen enrollment stabilization, the University saw an increase in the quality of the freshmen class. The percent of full-time new freshmen with a minimum 20 ACT composite score and 3.0 high school grade point average increased from 28.8% of the fall 2014 cohort to 42.0% of the fall 2016 cohort.

As originally reported in the Chicago Tribune in September 2016, Figure 1 shows that only three of the nine reported Illinois public universities experienced new freshmen enrollment increases. The University of Illinois-Springfield was up 12% (approximately 100 students), and the University of Illinois-Urbana/Champaign and Illinois State also had enrollment increases. Western's decline of 0.5% represents eight students. Many of the other Illinois public universities, and especially the regional public universities, experienced double digit new freshmen declines.



With regards to your questions, and presented in order that they were asked:

**1. Your current cash situation and the specific financial challenges you may be immediately or shortly facing relative to payroll, vendors, and other essential expenses and services.**

Western Illinois University has engaged in all funds budgeting since FY05. Utilizing all funding sources, the University has sufficient cash to operate through the end of the fiscal year. We maintain a tradition of financial health. Table 1 presents the most recent financial ratios reported to the Commission as part of our *Annual Institutional Data Updates*.

Table 1  
Western Illinois University Financial Ratios  
Reported to the Higher Learning Commission-North Central Association of Colleges and Schools  
Fiscal Year 2009 through Fiscal Year 2015

|                               | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Composite Financial Indicator | 1.30        | 3.00        | 3.60        | 2.90        | 1.70        | 2.75        | 1.47        |
| Primary Reserve Ratio         | 0.06        | 0.21        | 0.25        | 0.27        | 0.26        | 0.25        | 0.26        |
| Net Operating Revenue Ratio   | 0.01        | 0.04        | 0.06        | 0.04        | 0.00        | 0.01        | (0.01)      |
| Return on Net Assets Ratio    | 0.03        | 0.13        | 0.18        | 0.12        | 0.04        | 0.13        | 0.02        |
| Viability Ratio               | 0.80        | 0.10        | 0.76        | 0.70        | 0.75        | 0.77        | 0.47        |

In addition to Composite Financial Indicator scores above the 1.0 threshold as evidence of fiscal health:

- The primary reserve ratio demonstrates institutional fiscal stability. A negative or decreasing trend over time would indicate a weakening financial condition.
- The net operating ratio shows institutional operations with a surplus in six of the last seven years, therefore enabling the University to carry forward funds in conjunction with limitations established in Illinois statutes for public institutions.
- The net assets ratio shows availability of additional expendable net assets to satisfy debt obligations.
- The change to the viability ratio is an effect of the volatile economy.

Cash flow from stop-gap state appropriations has not been an issue. We have received scheduled funds on a timely basis. This includes receiving all of the \$31.4 million stop-gap budget passed in June.

We do not expect cash shortages for payroll or essential operations during the remainder of the fiscal year. We delayed vendor payments from April through September 2016, as permitted by statute and individual agreements, to assist the university in maintaining sufficient cash flow. However, further delay is not anticipated due to conservative, mission-driven planning and budgeting processes discussed in response to question two (below).

With regard to the requested candid assessment of university finances, I wish to emphasize two points. First, we have been able to withstand the State's budget impasse because Western Illinois University is fiscally conservative and highly efficient. Tables 2 and 3 show that Western remains below the statewide average on instructional and administrative costs per credit hour. We are third and second lowest of the 12 Illinois public universities on these measures, respectively. Instructional costs are 11.7% below the statewide average, and administrative costs 20.5% below the statewide average. Our conservative fiscal management enables the University to advance *Strategic Plan* goals and priorities during the statewide budget impasse.

Table 2  
 Instructional Costs per Credit Hour at Illinois Public Universities  
 Reported by the Illinois Board of Higher Education  
 Fiscal Years 2011 through 2015

|                                  | <u>2011</u>     | <u>2012</u>     | <u>2013</u>     | <u>2014</u>     | <u>2015</u>     |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Southern Illinois-Edwardsville   | \$240.55        | \$249.57        | \$257.94        | \$269.52        | \$261.01        |
| Illinois State                   | \$267.13        | \$286.37        | \$297.85        | \$300.43        | \$311.13        |
| <b>Western Illinois</b>          | <b>\$272.68</b> | <b>\$284.01</b> | <b>\$294.30</b> | <b>\$307.32</b> | <b>\$316.86</b> |
| Southern Illinois-Carbondale     | \$302.19        | \$309.84        | \$314.13        | \$329.27        | \$331.53        |
| Northeastern Illinois            | \$259.39        | \$284.40        | \$298.35        | \$343.49        | \$346.07        |
| Northern Illinois                | \$282.36        | \$306.19        | \$331.84        | \$339.47        | \$348.49        |
| Eastern Illinois                 | \$270.13        | \$289.67        | \$331.88        | \$352.67        | \$358.40        |
| State Average                    | \$303.41        | \$317.81        | \$335.60        | \$355.00        | \$358.73        |
| Illinois-Springfield             | \$318.74        | \$338.65        | \$372.28        | \$384.41        | \$361.23        |
| Governors State                  | \$328.00        | \$364.12        | \$364.31        | \$392.48        | \$373.04        |
| Illinois-Urbana/Champaign        | \$348.71        | \$350.07        | \$362.97        | \$400.24        | \$398.54        |
| Illinois-Chicago                 | \$342.14        | \$359.77        | \$374.94        | \$382.35        | \$399.84        |
| Chicago State                    | \$287.08        | \$312.29        | \$417.04        | \$419.86        | \$429.72        |
| % WIU Is Under the State Average | (10.1%)         | (10.6%)         | (12.3%)         | (13.4%)         | (11.7%)         |

Table 3  
 Administrative Costs per Credit Hour at Illinois Public Universities  
 Reported by the Illinois Board of Higher Education  
 Fiscal Years 2011 through 2015

|                                  | <u>2011</u>    | <u>2012</u>    | <u>2013</u>    | <u>2014</u>    | <u>2015</u>    |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Southern Illinois-Edwardsville   | \$61.59        | \$64.51        | \$58.22        | \$63.26        | \$60.99        |
| <b>Western Illinois</b>          | <b>\$67.76</b> | <b>\$70.94</b> | <b>\$63.48</b> | <b>\$68.85</b> | <b>\$72.06</b> |
| Illinois-Chicago                 | \$75.00        | \$78.40        | \$78.41        | \$74.00        | \$76.55        |
| Illinois-Urbana/Champaign        | \$84.38        | \$82.99        | \$88.94        | \$96.76        | \$90.24        |
| State Average                    | \$83.18        | \$87.92        | \$86.86        | \$90.65        | \$90.60        |
| Northeastern Illinois            | \$71.80        | \$78.60        | \$75.16        | \$87.76        | \$91.63        |
| Eastern Illinois                 | \$74.80        | \$84.37        | \$89.03        | \$96.55        | \$94.78        |
| Southern Illinois-Carbondale     | \$81.76        | \$81.80        | \$80.28        | \$90.77        | \$96.09        |
| Illinois-Springfield             | \$105.00       | \$104.18       | \$92.60        | \$110.23       | \$103.26       |
| Illinois State                   | \$88.86        | \$104.83       | \$102.01       | \$95.81        | \$104.54       |
| Governors State                  | \$125.05       | \$142.88       | \$118.26       | \$120.78       | \$106.07       |
| Northern Illinois                | \$97.75        | \$102.11       | \$101.63       | \$106.82       | \$109.29       |
| Chicago State                    | \$106.40       | \$137.24       | \$124.54       | \$106.03       | \$112.65       |
| % WIU Is Under the State Average | (18.5%)        | (19.3%)        | (26.9%)        | (20.0%)        | (20.5%)        |

Second, I strongly encourage the Commission to work with the Illinois public universities on valid financial reporting. Fiscal reporting based on the 12 months in a fiscal year does not accurately reflect spending authority for 18 months. In most cases, not aligning reporting and spending authority cycles misinterprets the adverse impacts created by the ongoing budget impasse.

2. Any cuts in full-time, part-time, or adjunct faculty or staff you have recently made or plan to make in the immediate future and the effects of such cuts on classes next term.

Table 4 presents fall 2014-2016 employee headcounts to show the employment base the year prior to and the current two years of the ongoing budget impasse. The total size of the University's workforce is currently down 285 positions. We have protected the instructional core by reducing staff to faculty positions at a ratio of over 2:1, with 196 staff position reductions and 90 faculty position reductions.

|                   | Faculty |         | Civil Service |         | A/P <sup>1</sup> |         | Total   |         | Total   |
|-------------------|---------|---------|---------------|---------|------------------|---------|---------|---------|---------|
|                   | FT      | PT      | FT            | PT      | FT               | PT      | FT      | PT      |         |
| 2014              | 633     | 72      | 788           | 18      | 432              | 27      | 1,853   | 117     | 1,970   |
| 2015              | 632     | 47      | 759           | 22      | 423              | 28      | 1,814   | 97      | 1,911   |
| 2016              | 566     | 49      | 644           | 13      | 392              | 21      | 1,602   | 83      | 1,685   |
| <b>Difference</b> |         |         |               |         |                  |         |         |         |         |
| Number            | (67)    | (23)    | (144)         | (5)     | (40)             | (6)     | (251)   | (34)    | (285)   |
| Percent           | (10.6%) | (31.9%) | (18.3%)       | (27.8%) | (9.3%)           | (22.2%) | (13.5%) | (29.1%) | (14.5%) |

*A/P = Administrative/Professional*

*Source: Office of Institutional Research and Planning*

Table 5 shows that the number of course sections decreased by 414 between FYs 15 and 17. This is a 6.1% decline in the number of (primarily elective) courses offered. There have been no formal student complaints regarding courses needed to maintain timely degree completion.

| <u>Fiscal Year</u>       | <u>Summer</u> | <u>Fall</u> | <u>Spring</u> | <u>Total</u> |
|--------------------------|---------------|-------------|---------------|--------------|
| 2015                     | 646           | 3,177       | 2,974         | 6,797        |
| 2016                     | 619           | 3,065       | 2,931         | 6,615        |
| 2017                     | 614           | 2,930       | 2,839         | 6,383        |
| <b><u>Difference</u></b> |               |             |               |              |
| Number                   | (32)          | (247)       | (135)         | (414)        |
| Percent                  | (5.0%)        | (7.8%)      | (4.5%)        | (6.1%)       |

*Source: Office of the University Registrar*

Additionally, we continue to maintain low student-to-faculty ratios, 14:1 in FYs 15 and 16, and 15:1 in FY17. This is coupled with fall 2016 average undergraduate and graduate course sizes of 20.5 and 12.3, respectively. Consistent with our core value of academic excellence and central to our history are commitments to teaching, individual learners, and active involvement in the teaching-learning process, Western's highly qualified and diverse faculty promotes critical thinking, engaged learning, research, and creativity in a challenging, supportive learning community.

To ensure that students have access to courses needed for graduation in a timely manner, the University continues to offer its *Cost Guarantee* and *Grad Trac* programs. These programs assure no tuition, fee, room and board increases to continuously enrolled (fall/spring) students. These students also have access to courses needed to graduate in the proscribed time frame, or the subsequent cost will be waived. Additionally, the Provost and Academic Vice President charged:

- The Faculty Senate with completing an academic year 2016-2017 review of the University's General Education program with regard to program goals, appropriateness of the program categories, and the number of courses offered in each category. The current administrative structure of General Education will also be reviewed.

- A Task Force within Academic Affairs to complete an academic year 2016-2017 review of the university-wide Teacher Education program with regard to the current administrative structure, time to completion in relationship to the State licensure regulations, and curricular applications to fulfill state required competencies.

Finally, for response to this section, please note that your requested information regarding staffing and course reductions are part of a larger three-year reduction and reinvestment program that I implemented in Fiscal Year 2016. Our plans focus on both increasing revenue and decreasing expenses. I have elaborated on this plan in response to Question 5 (below).

**3. The impact of the financial situation on the availability of textbooks, supplies, and related educational materials that support the curriculum and on maintenance and safety on campus and at other institutional locations.**

There has been no impact on the availability of textbooks, supplies, and related educational materials that support the curriculum. Nor have there been cost-shifts to students to cover these costs. In fact, we lowered tuition for new students by three percent effective for FY17, and there were no fee increases in FYs 16 and 17. We serve a very cost sensitive population. Over 45% of students on the Macomb campus and 30% of students on the Quad Cities campus are Pell Grant recipients. Our vision statement is to be a national leader in quality, opportunity, and affordability. Our cost reduction strategies demonstrate this national leadership.

Safety on our campuses has not been compromised. Our Office of Public Safety in Macomb has not been reduced, and we recently renewed our security contract with an external firm for the same amount of security coverage in the Quad Cities.

We continue to make progress on our maintenance needs. All Illinois public universities have a deferred maintenance backlog due to decades of the State underfunding capital needs. Our critical maintenance needs are estimated at \$148 million in appropriated buildings. Over 70% of the Macomb campus' buildings were constructed between forty and sixty years ago. A major portion of the building stock is in need of renewal and revitalization.

Through completion of a Facilities Condition Assessment, we follow a prioritized list for maintenance as funds are received. We will be decommissioning a residence hall and a married and family housing complex in summer 2017 to further reduce the maintenance backlog. We have requested \$14.4 million in capital renewal funds for critical maintenance needs in our *FY2018 Capital Budget Recommendations to the Illinois Board of Higher Education*.

As you know, campus facilities management supports the balance between construction and renovation. There have been many accomplishments despite the lack of state support. This includes opening the second phase of the Greenhouse to support instruction and research, installing new seating in Western Hall (athletic facility also used for community and commencement events), replacing three existing kitchen exhaust fans original to the University Union, and creating the Roy J. Carver innovation laboratory and expanded CAD classroom on the Quad Cities Campus.

The University has felt the effects of the state budget impasse on new construction. In fact, we were in the process of bidding for the construction of a new Center for Performing Arts (CPA), a \$71.8 million project, when the freeze occurred. A total of \$5.0 million allocated for Phase III planning on the Quad Cities campus was also frozen.

When funding is released, we will resume work on the CPA project that includes a 1,400-seat proscenium theatre auditorium, 250-seat thrust stage, and 150-seat studio theatre. Phase III will support a new facility for science, engineering, mathematics, and technology instruction, research, and service in the Quad Cities.

The freezing of capital expenditures also hurts our host communities and region. In addition to one-time construction benefits, we have an annual \$473 million economic impact in our immediate 16 county service region. We serve as a resource for and stimulus to educational, cultural, environmental, community and economic development in our region and beyond.

**4. Your data and expectations for next term's enrollment in light of concerns prospective students may have about the stability of higher education in the state.**

Western Illinois University maintains open enrollment through the 10<sup>th</sup> day of the semester. The data discussed below are as of December 8, 2016, and approximately seven weeks before the spring census date. Our Vice President for Quad Cities and Planning serves as the Accreditation Liaison Officer and will be happy to provide updated enrollment data at your request.

With regard to preliminary spring 2017 registration (enrollment) trends, 7,027 students have enrolled for spring 2017, compared to 7,943 students for spring 2016 at the same point last year. Recognizing that the University started the fall 2016 semester with 721 fewer students and adding this number to the 7,027 students yields a total of 7,748 that is within 2.5% of last year's registration rate. Given enrollment trends, I have every reason to believe our annual registration rate will improve over the next two months. Here are three examples to support this premise.

First, focus groups with currently enrolled students confirm a perceived lack of student urgency to register. As of December 1, 2016, 553 students have no registration holds and have not filed for fall 2016 graduation. An additional 567 only have an advisor hold preventing registration. We require all undergraduate students to meet with an Academic Advisor before registering for the subsequent semester.

Second, the University has an improving retention rate. Data from the last two fall-to-fall retention rates of new freshmen increased from 67.7% to 69.2%. Through participation in the Commission's Persistence and Completion Academy we have implemented:

- A distributed institutional database to support the predictive analytic framework and student referrals to academic support services.
- Nine Living-Learning Communities.
- Attendance tracker technology to support intentional advisement.
- A model for identifying courses with the highest D/F/W rates and providing students with support services in these areas.

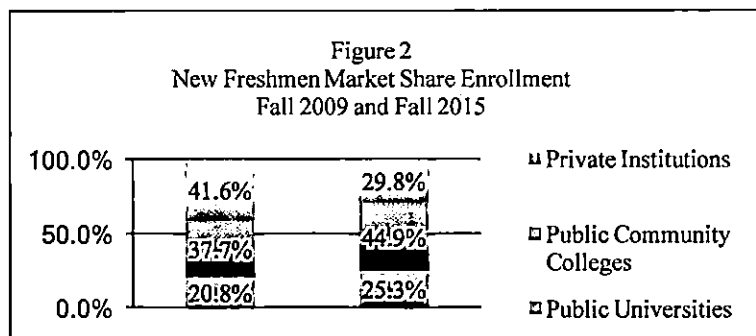
Third, the Enrollment Management Team that is aggressively working with students, faculty, and staff across the University to increase student registration rates by providing solutions to financial, immunization, academic, and other barriers preventing registration. The team meets at least weekly, and often more than that, to evaluate, plan, and coordinate efforts.

In providing requested candid feedback for this section, I hope that the Commission recognizes that the state budget impasse is one of several factors challenging enrollment growth in Illinois higher education. The University Social Responsibility Task Force is currently preparing our

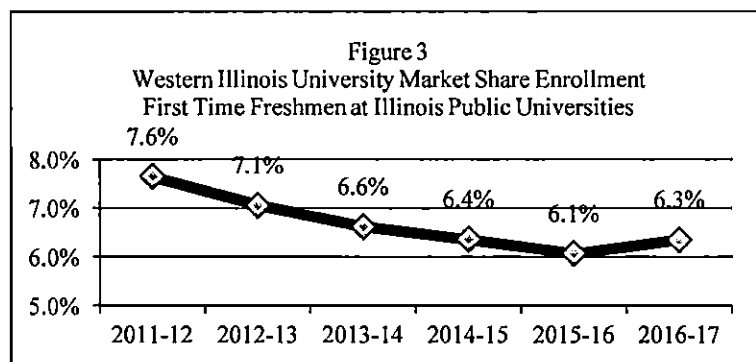
next annual Strategic Plan Supplement. After reviewing historic and projected trends in high school graduates, population migration, college student exporting, and market share enrollments, the Task Force concluded that academic year 2017-2018 should focus on enrollment stabilization. Illinois public higher education is not positioned for short-term growth. Once enrollment is stabilized, the University will set realistic enrollment growth targets.

We will engage in a three-part plan to stabilize enrollment. First, we will continue to implement successful university-wide and program-specific priorities designed to increase admissions. Second, we will also continue to use consolidated annual reporting processes to evaluate and engage in continuous improvement for school and department recruitment and retention plans. Third, we will implement priorities from the 2017 Strategic Plan Supplement to help the University achieve enrollment stabilization.

I do believe enrollment stabilization is a realistic goal for Illinois public higher education in general and Western Illinois University in particular. Figure 2 shows that despite the “crisis of confidence” Illinois public higher education is capturing a larger market share of new freshmen enrollment when compared to instate private institutions and public community colleges<sup>1</sup>.



Additionally, Figure 3 shows that we are beginning to improve our market share enrollment of first time freshmen enrolled at Illinois public universities<sup>2</sup>. I believe that this will increase over time. We implemented educational summits in Macomb, Moline, Peoria, and Quincy, Illinois, this fall, and will be expanding these efforts into Chicago and Saint Louis in the spring. These summits focus on implementation strategies with high school superintendents, principals, and guidance counselors that provide high school students with new educational experiences that make students want to stay in the region and attend Western Illinois University.



As a result of these summits, we are expanding our dual enrollment offerings to include video conferencing. A barrier to high school participation in the dual enrollment program (which matches community college tuition and fee rates) has been the transportation time associated with traveling to and from a Western Illinois University campus.

<sup>1</sup> Sources: IBHE Annual Data Books, Table I-8 (numerator) and Illinois State Board of Education Public and Non Public Enrollment Reports by County (denominator)

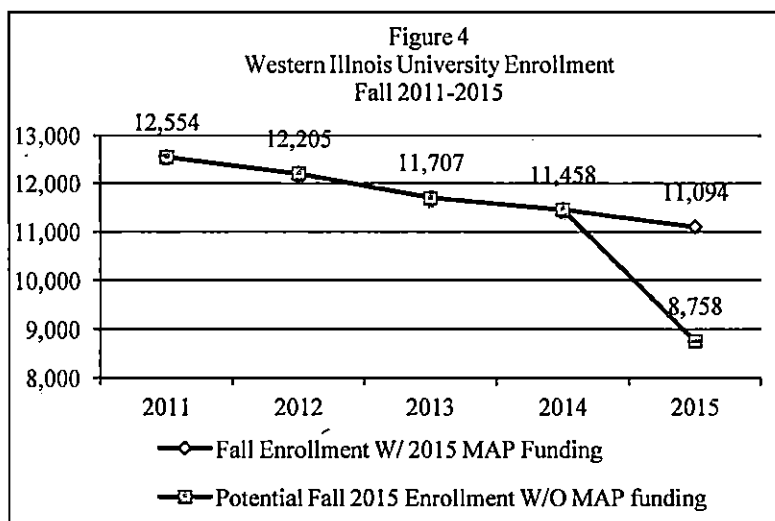
<sup>2</sup> Sources: Western Illinois University Fact Books (numerator), and IBHE Annual Data Books, Table I-8 (denominator).

Even in these fiscally challenging times, we continue to reallocate resources and receive external donations to support new, high demand programs. For example, Deere and Company donated \$500,000 to support enrollment growth in the College of Business and Technology. Funds were used to help establish a baccalaureate degree in mechanical engineering. We expect rapid program growth. The University's general engineering degree program grew from to four majors in 2009 (the first year of program implementation) to 167 majors in fall 2016. Additionally, the US Department of Education awarded a nearly \$410,000 grant to Western in October 2016. This grant will support recruitment and retention efforts through the provision of innovative study abroad and international learning opportunities for students and faculty at Western Illinois University.

**5. Any other information that is necessary for HLC to know. This report should also address how your institution is handling the lack of MAP funding.**

As previously indicated, Western Illinois University students are very cost sensitive. Approximately 75% of our students receive financial assistance. Therefore, we applied \$10.1 million to MAP funding in FY16. The University received reimbursement from the State for this expenditure.

Figure 4 shows that had we not made the mission-driven decision to support MAP funding, the effects could have been very detrimental to our enrollment. We made this investment in student success even with the uncertainty of state reimbursement for our expenditure. For this reason that we are again investing in MAP grants prior to (presumably) receiving funding during FY17. We will apply an estimated \$11.0 million in MAP funding (\$5.6 million in fall 2016 and \$5.4 million in spring 2017), and await State reimbursement.



With regard to other information for the Commission, I would like to elaborate on my response to Question #2 regarding our multiyear reinvestment plan to engage in reallocations, increase revenue, and decrease expenditures.

Fiscal Year 2016 actions to increase revenue include initiating the President's Executive Corporate Cluster, signing new dual enrollment agreements with Elgin Community College (Illinois) and Moberly Area Community College (Missouri), implementing hybrid programs in Business Administration and College Student Personnel, offering at least 10 percent of all courses in irregularly scheduled formats (e.g., weekend and distance education), reducing student costs, and increasing external revenue.



Allow me to expand on some of these initiatives. The President’s Executive Corporate Cluster is a means to attract more working professionals to the University. We are working with regional employers that offer tuition reimbursement to employees in the Macomb, Quad Cities, and Peoria, and Quincy, and Saint Louis regions to increase enrollments. From a retention perspective, these new partnerships have produced new internship opportunities for currently enrolled students, as well.

Implementing new hybrid programs at the master’s level in Business Administration and College Student Personnel has addressed unmet needs in high demand areas. Ninety-two percent of the seats were filled in the first semester that the University offered these degree programs in this format. Likewise, we continue to experience online enrollment growth. Course enrollments increased by 3,523 enrollments (35.2%) from 10,111 enrollments in FY13 to 13,534 enrollments in FY16. Online enrollment is mission-consistent. Western Illinois University has the state’s first and largest distance education program.

Our faculty and staff continue to aggressively pursue external funding. The value of grants and contracts received increased by 12.1% in the last two years, from \$9.9 million in FY14 to \$11.1 million in FY16.

Table 6 shows FY16 actions taken to reduce institutional expenditures by \$3.2 million. We reduced the size of the workforce (26 faculty and 33 staff positions), implemented a retirement incentive program, reduced 12-month contracts for select staff positions and departmental chairpersons/school directors, engaged in 110 layoffs (with 87 call backs), initiated a voluntary pay reduction program at the deans level and above, required furloughs for all non-negotiated employees earning more than \$40,000 annually (479 employees), disestablished four academic majors (African-American Studies, Philosophy, Religious Studies and Women’s Studies), and implemented a hiring freeze.

| Action                       | Cost Savings |
|------------------------------|--------------|
| Retirement Incentive Program | \$85,100     |
| Layoffs                      | \$486,000    |
| Voluntary Pay Reduction      | \$206,700    |
| Furloughs                    | \$1,200,000  |
| Hiring Freeze                | \$1,200,000  |
| Total                        | \$3,200,000  |

FY17 plans with preliminary results to increase revenue include:

- Engaging in aggressive recruitment. We stabilized fall 2016 new freshmen enrollment after four years of enrollment decline.
- Establishing high demand programs. We launched new master’s degree programs in Business Analytics and Community and Economic Development (in hybrid format) in fall 2016, and will launch a new undergraduate degree in mechanical engineering in spring 2017.
- Continuing to support increases in student persistence and completion rates, and the value of external grants and contracts.
- Furthering the outreach provided by the President’s Executive Corporate Cluster.
- Positioning the University for the next comprehensive fundraising campaign; and,
- Advocating with business, industry, education, and civic leaders for fair and predictable higher education funding.

FY17 plans with preliminary results to decrease expenditures include:

- Evaluating needs for replacement hiring.
- Continuing to pool attrition savings.
- Closing the Quad Cities Executive Studies Center.
- Adjusting 12 month administrative contracts to 11 or 10 months where feasible.
- Canceling salary increases for non-negotiated personnel.
- Administering the agreement made with University Professionals of Illinois for a 1% FY16 salary give back and temporary FY 17-18 3% salary reductions that will be paid back if enrollment and appropriations triggers are met.
- Implementing a furlough program for non-negotiated administrative/professional staff members earning more than \$40,000 annually.
- Reducing and conserving operating funds.
- Merging Instructional Design and Technology with Engineering Technology; and,
- Discontinuing offering the B.A. in Music in Macomb, as well as the Bachelor's in Early Childhood Education and the Master's in Liberal Arts and Sciences at the Quad Cities.

We will continue to forge ahead and meet our mission of providing quality education to a diverse student population during these challenging fiscal times. Our mission-driven educational experience continues to be predicated on criteria for accreditation. We have:

- The fiscal, staffing, physical, and technological resources to support our academic mission and service operations.
- A *Strategic Plan* with a realistic vision, mission, goals and priorities in light of the University's resources and opportunities.
- Conservative, mission-driven financial practices.
- Commitments to our core values of academic excellence, educational opportunity, personal growth, and social responsibility.

Additionally, I would be remiss if I did not point out how the highly qualified, diverse, and equally dedicated faculty and staff of Western Illinois University continue to advance the University during the State's ongoing budget impasse. Just within the last year:

- *U.S. News and World Report* named Western a "Best Regional University" for the 12<sup>th</sup> consecutive year. The University advanced to the 9<sup>th</sup> "Best Public Midwestern Regional Institution," up from 11<sup>th</sup> place last year.
- Washington Monthly ranked Western in the top 14% of colleges and universities nationally. And in the top 10% of colleges and universities in a 12-state radius.
- The National Council for State Authorization Reciprocity Agreements granted Western membership after we provided evidence of exceeding best practices in distance education.
- College Choice recognized Western's School of Nursing as a "Best Online RN to BSN Degree Program", and the Commission on Collegiate Nursing Education reaffirmed the School's ten-year accreditation status.
- The American Institute of Physics named our physics program as the second best program in the nation for institutions where the master's degree is the highest degree conferred in physics.

Thank you again for understanding that the Illinois public universities did not create the current budget impasse and giving us the opportunity to tell the Western Illinois University story. We appreciate your advocacy. Adequate and consistent funding for public higher education is crucial for continuing to provide affordable academic programs and services, and to meet the expense obligations for this invaluable work. We, like you, will continue to work with state officials and all constituencies to advocate for our students and the adequate support of higher education. If you have any questions about the materials in this letter, please contact me. Have a very happy and safe holiday season.

Sincerely,

Jack Thomas, Ph.D.  
President

Cc: Illinois Board of Higher Education  
Western Illinois University Board of Trustees  
Dr. Steph Brzuzy, Vice President for Accreditation Relations, Higher Learning Commission  
President's Leadership Team  
Dr. Joseph Rives, Vice President Quad Cities and Planning/Accreditation Liaison Officer  
Mr. Zach Waymer, Manager for Legal and Governmental Affairs—State Relations and  
Institutional Complaints

Attachment C  
Fiscal Year 2017 Strategic Plan Update

# WESTERN ILLINOIS UNIVERSITY BOARD OF TRUSTEES

October 7, 2016

## Report 16.10/10 Fiscal Year 2017 Strategic Plan Update

This is the fifth annual update on implementation of the University's *Higher Values in Higher Education 2012-2022 Strategic Plan*. This Update is divided into three parts for institutional effectiveness reporting:

- Part I provides a summary of new, continuing, and completed *Strategic Plan* priorities for academic year 2015-2016.
- Part II summarizes cumulative accomplishments resulting from successful implementation of *Higher Values in Higher Education 2012-2022* priorities.
- Part III summarizes initial accomplishments and plans for academic year 2016-2017 as faculty and staff continue to implement priorities from the *Strategic Plan* and the 2016 *Higher Values in Higher Education Supplement* approved by the Western Illinois University Board of Trustees in June 2016.

Successful implementation of the vision, mission, goals, and priorities in the *Strategic Plan* and 2016 *Supplement* enabled Western Illinois University to retain our national recognitions in quality, opportunity, and affordability. For example, the University retained its status as a "Best Midwestern Public Regional University" by *US News and World Report* and as a "Best Midwestern College" by the *Princeton Review* again this fall.

The Board will receive a second analysis of institutional effectiveness at its December 2016 meeting. The Fiscal Year 2017 Performance Report will provide quantitative data demonstrating whether implementation of *Strategic Plan* goals and priorities are causing university performance indicators to progress in the desired direction, remain constant, or move in the opposite direction. University performance on these performance indicators will also be compared to the performance of Western Illinois University benchmark institutions.

*Strategic Plan* reporting to the Western Illinois University Board of Trustees serves as the historic record. Information contained in these reports will guide future strategic planning and preparing for reaffirmation of accreditation from the Higher Learning Commission.

Following Commission protocol, Western Illinois University-Quad Cities and the University's off-campus locations will have a site visit in academic year 2019-2020, and the Macomb Campus visit will occur in academic year 2020-2021. New Commission protocol requires branch campus and off-campus location visit completion the year before the main campus visit

**Part I**  
**Annual Higher Values in Higher Education Accomplishments and Plans**  
**Academic Year 2015-2016**

**Goal 1: University Growth and Recruitment**

*Action 1: Identify future and sustainable enrollment growth goals for the Macomb Campus.*

New Initiatives

Continuing Initiatives

- Setting annual enrollment targets in conjunction with data provided by the Admissions Office, Budget Office, and Institutional Research and Planning.

*Action 2: Form a growth plan for the Quad Cities Campus that articulates institutional plans for the academic, enrollment, and administrative growth to support an enrollment of 3,000 students.*

New Initiatives

Continuing Initiatives

- Using feasibility study and curricular approval processes to develop new programs.
- Implementing priorities from the *Staffing Growth Plan*.
- Requesting new resources through university and state operating and capital processes.

*Action 3: Increase awareness of Western Illinois University and our traditions of excellence*

New Initiatives

- Introduced the “Who We Are and What We Do” web-based article series about individual faculty and staff members
- Planned to launch a new Western Illinois University Alumni Magazine

Continuing Initiatives

- Supporting the Think Purple and Success Story Campaigns.
- Using integrated marketing in publications, billboards, advertisements (print, broadcast, and radio), web, and social media.
- Advertising in highly trafficked areas, including cinemas, high school gymnasiums, shopping centers, airports, regional sporting events, and on WQPT.
- Engaging in geo-tracking, web, and social media marketing.
- Promoting the University’s placement in national rankings, and student, faculty, and staff achievements in marketing and promotional materials.
- Monitoring effectiveness of marketing through campaigns through digital tracking and inclusion in newspapers, blogs, and online publications.

*Action 4: Increase the number of undergraduate and graduate applications, acceptances, and enrollments.*

New Initiatives

- Implemented in-state tuition for all domestic students.
- Reduced new student tuition by 3%.
- Served as a Teach Out Partner for Ashford University
- Completed a needs study for the Quad Cities.
- Initiated the President's Executive Corporate Cluster.
- Signed Linkages (dual enrollment) agreements with Moberly Area and Elgin Community Colleges.
- Purchased ACT records of high school to juniors to expand recruitment efforts.

Ongoing Initiatives

- Hosting Discover Western sessions across Illinois and in Saint Louis.
- Offering virtual tours of the Macomb and Quad Cities Campuses.
- Providing Western Commitment Scholarships to high school seniors, new freshmen and transfers, and international students.
- Supporting dual enrollment programs with high schools and community colleges
- Using the Enrollment Management Team to study and make process improvements.
- Implementing and evaluating college, school, and departmental undergraduate and graduate recruitment plans annually.
- Engaging in discipline-specific recruitment days (e.g., Biology, Engineering, Psychology, College of Business and Technology).
- Participating in graduate student recruitment fairs throughout the Midwest.
- Hosting graduate open houses.
- Supporting the Saint Louis Regional Center and students at 14 off-campus locations.

*Action 5: Increase the number of adults completing postsecondary education credentials.*

New Initiatives

- Renewed the Bachelors of General Studies agreement with Carl Sandburg College.
- Continued serving as a Military Friendly Institution.
- Launched hybrid master's degrees in Business Administration and College Student Personnel.
- Planned for the establishment of a new hybrid masters degree in Community and Economic Development.
- Approved exploration of hybrid course development in all graduate disciplines.
- Opened new off-campus locations in LaSalle and Ottawa, Illinois.

Ongoing Initiatives

- Supporting dual enrollment agreements with eight community colleges.
- Maintaining BGS agreements with all Illinois public community colleges.
- Offering online programs in General Studies, RN to BSN, four post-baccalaureate certificates in Instructional Design and Technology, and Master's degrees in Business Administration, Instructional Design and Technology, and Elementary Education.
- Contacting former students from both campuses who have dropped out to encourage degree completion.
- Providing a *Continuous Enrollment Policy* and course (University 695) to improve exit option and degree completion rates.

*Action 6: Increase campus diversity*

New Initiatives

Ongoing Initiatives

- Supporting offices, programs and services that are designed to increase the participation and achievement of students from traditionally underrepresented groups<sup>1</sup>. This includes Admissions, Casa Latina Cultural Center, Center for International Studies, Disability Resource Center, Gwendolyn Brooks Cultural Center, Multicultural Programs, Quad Cities Office of Academic and Student Services, and the Women's Center.
- Engaging the University Diversity Council, Web Accessibility Committee, Americans with Disabilities Advisory Committee, University Committee on Sexual Orientation, and the Western Organization for Women in university diversification efforts.
- Continuing to emphasize diversity in marketing and public relations, and increasing the number of registered student organizations.

*Action 7: Increase international student enrollment and international experiences for students.*

New Initiatives

- Updated the *International Student Recruitment Plan*.
- Created language-specific recruitment videos (English, Chinese, Spanish completed), and PowerPoint presentations.
- Introduced \$3,000 International Commitment Scholarships for high achieving undergraduate and graduate international students.

Ongoing Initiatives

- Continuing online promotion, embassy visits, faculty ambassador program, and recruitment partnerships with Education USA offices, recruiters, government agencies, and international programs
- Hosting administration and faculty from partner institutions on campus.
- Supporting Western's English as Second Language Institute, Study Abroad, International Education Week, International Neighbors Program, and Phi Beta Delta International Honor Society.

*Action 8: Increase the number of students enrolled in Centennial Honors College.*

New Initiatives

- Signed Honors Articulation Agreements with Elgin Community and Moberly Area Community Colleges.

Ongoing Initiatives

- Recruiting at community college fairs.
- Awarding Centennial Honors Scholarships for new freshmen with a minimum ACT score of 30 and high school grade point average of 3.0.

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<sup>1</sup> Illinois Public Act 85-283 defines underrepresented groups as minorities, females, and individuals with disabilities.



- Engaging students in honorary fraternities (including Phi Eta Sigma, Golden Key, Phi Theta Kappa, Tau Sigma, and Alpha Sigma Lambda).
- Promoting student engagement in Mortar Board, the National Society of Collegiate Scholars, Blue Key, and Who's Who Among American College Students.
- Offering Quad Cities students the opportunity to participate in Beta Alpha Psi, Blue Key Honor Society, Chi Sigma Iota, Golden Key International, and Kappa Delta Pi.

*Action 9: Enhance the affordability of Western Illinois University.*

New Initiatives

- Reducing fall 2015 tuition for new undergraduate and graduate students by 3%.
- Receiving double the amount of AmeriCorps funding.
- Endowing seven new scholarships in summer 2015.

Ongoing Initiatives

- Waiving application fees for military service members and new freshmen from the Western Illinois University service region.
- Administering financial assistance to over 75% of undergraduate students.
- Providing dually enrolled high school student, freshman, transfer, honors, and international student scholarships (tuition discounts).
- Supporting the Linkages Program that can reduce student costs by up to 25% and result in no unmet need on the Quad Cities Campus.

*Action 10: Recruit an excellent faculty and staff representative of the diverse and global society.*

New Initiatives

Ongoing Initiatives

- Supporting the Minority Fellow Dissertation Award, Underrepresented Post Doctorate Award, and the Underrepresented Visiting Professor Award.
- Utilizing the Human Resources Intern Program.
- Engaging the Campus Climate, Celebrating Diversity, Public Relations, and Workforce Diversity Initiatives subcommittees of the University Diversity Council.

*Action 11: Provide faculty and staff salaries that meet and exceed the mean of peer institutions to support the recruitment and retention of high-achieving employees.*

New Initiatives

Ongoing Initiatives

- Due to the FY 2016 state budget impasses, negotiated salary reductions with the University Professionals of Illinois under the

terms and conditions described in *Western Illinois University Board of Trustees Resolution 16.6/12*.

- Engaged in collective bargaining with the Fraternal Order of Police and 399 Operating Engineers (Landscape Maintenance, wage reopener).
- Engaged in impact bargaining concerning furlough and/or layoffs with the American Federation of State, County and Municipal Employees, 399 Operating Engineers (landscape and building maintenance), Pipe Trades, Fraternal Order of Police, and the University Professionals of Illinois (Unit B and Civil Service).
- Cancelled salary increases for non-negotiated staff.
- Implemented a graduated furlough program for administrative/professional and civil service staff with minimum annual salaries of \$40,000.

*Action 12: Reward professional achievements of faculty and staff.*

New Initiatives

- Excluded from base salary reductions (described above) compensation for Professional Achievement Awards, promotional increases, or other similar salary items.

Ongoing Initiatives

- Granting tenure to 21 faculty members.
- Approving 38 faculty promotions and 15 civil service reclassification audits.
- Awarding 204 Fiscal Year 2016 Professional Achievement Awards.
- Supporting salary minima in conjunction with contractual agreements with the University Professionals of Illinois.
- Continuing university recognitions of excellence through the Provosts Awards of Excellence, Council of Administrative Personnel and Civil Service Employees Council Employees of the Year, Distinguished Faculty Lecturer, and the Western Illinois University-Quad Cities Values In Practice Awards.

*Action 13: Continue to develop institutional policies and procedures that promote a holistic and supportive environment in responding to employee workforce needs.*

New Initiatives

- Agreed to increase terminal/compassionate care from 10 to 15 days as part of an agreement with the University Professionals of Illinois.

Ongoing Initiatives

- Supporting family-friendly policies, including *Active Military Service, Americans with Disabilities Services, Long Term Disability,*

*Bereavement Leave, Domestic Partner Benefit Program, and Sick Leave Bank.*

- Implementing Board of Trustees Regulations on *Military Leave, Leave for Court Required Service, Emergency Leave, Extended Sick Leave, Federal Family and Medical Leave Act, and Parental Leave.*
- Providing supplemental retirement and deferred compensation plans.
- Offering academically based childcare on the Macomb Campus.

## **Goal 2: Enrich Academic Excellence**

*Action 1: Promote high standards of academic excellence in all phases of instruction, research, service, and support services. These are interrelated components to academic excellence.*

### New Initiatives

- Filed teach-out plans with the Higher Learning Commission for undergraduate majors in African American Studies, Philosophy, Religious Studies, and Women's Studies.
- Submitted to the Commission, a requested report on the university plans and effects of the Fiscal Year 2016 state budget impasse.
- Received Commission approval for implementation of a Quality Initiative as part of the University's reaffirmation of accreditation.
- Joined the National Council of State Authorization and Reciprocity Agreements after demonstrating institutional adherence to best practices in distance education delivery.

### Ongoing Initiatives

- Implementing contractual agreements with the University Professionals of Illinois that place instruction as the highest priority of faculty<sup>2</sup>.
- Continuing priority investment in the instructional and academic mission of the University. Fiscal Year 2015 expenditures for Academic Affairs and Student Services totals \$153.0 million, or 66.2% of all expenditures from all sources of funds.
- Supporting interdisciplinary programs (e.g., General Education, Liberal Arts and Sciences, Museum Studies, and Environmental Science, interdisciplinary integrated degrees) centers and institutes (e.g., Center for Innovation in Teaching and Research, Illinois Institute for Rural Affairs, and the Institute for Environmental Studies).
- Following annual assessment process in general education and all undergraduate and graduate programs where faculty define intended student learning outcomes, collect and analyze data, and report findings and process improvements (current and planned) to the Provost's Office for review and feedback.
- Engaging in cyclic program reviews to ensure the provision of high-quality, viable academic programs and services. Programs in

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<sup>2</sup> Faculty provide 95 percent of the total student credit hours earned at the undergraduate level with graduate teaching assistants contributing the remaining five percent. Full professors devote approximately 90 percent of their professional responsibilities to undergraduate instruction.

Broadcasting; Communication; Communication Sciences and Disorders; Counseling; Journalism; Music; Psychology; and Recreation, Park and Tourism Administration were reviewed during academic year 2015-2016.

- Merging Instructional Design and Technology into Engineering Technology to strengthen job opportunities for graduates, increase program efficiencies, and decrease administrative costs.
- Maintaining university-wide accreditation from the Higher Learning Commission, Council for the Accreditation of Educator Preparation, Illinois State Board of Education, and 17 program-specific agencies.

*Action 2: Focus on the individual learner.*

New Initiatives

- Implemented new learning communities for Biology majors, Liberal Arts and Sciences majors, and Women in Science.

Ongoing Initiatives

- Providing the First Year Experience to help students transition to college. Students engage in FYE courses, live in designated housing, and participate in co-curricular activities.
- Offering the Transfer Year Experience. Participating students live in the same residence hall, participate in social activities, and learn from programming related to development of strong academic and professional habits.
- Giving students with the same interests the opportunity to participate in learning communities in Broadcasting and Journalism, Fine Arts, Honors, and Pathways (for undecided majors).
- Utilizing low student-to-faculty ratios (14:1) on both campuses.
- Including students in faculty research and providing opportunities for students to showcase their work at undergraduate and graduate research days on both campuses.
- Supporting Research Inspiring Student Excellence (RISE). The program promotes minority student research in Chemistry, Physics and Biological Sciences by providing mentors, internships, conference support, and scholarships.

*Action 3: Support strong commitments to research, scholarly/creative activities, and grants.*

New Initiatives

- Received Higher Learning Commission approval to use the Brookfield Zoo as a new off-campus location for instruction and research.

Ongoing Initiatives

- Granting sabbaticals to 28 faculty members.
- Providing research assistance through the Office of Sponsored Projects, Center for Innovation in Teaching and Research, and the collections and holdings of University Libraries<sup>3</sup>.
- Offering experiential sites supporting research (e.g., University Farms and Greenhouse, Alice Kibbe Life Sciences Station, Horn Field Campus, Rodney and Bertha Fink Environmental Studies Field Laboratory and Conservancy, Ira and Reatha T. Post Wildlife Sanctuary, and the Quad Cities Manufacturing Laboratory).
- Facilitating access to off-campus locations to support research and instruction (e.g., Shedd Aquarium in Chicago, and the Figge Art Museum, Nahant Marsh, and Niabi Zoo).
- Funding University Research Council grants (up to \$5,000 per award) and a Summer Stipend program that provides up to 12 faculty members \$3,500 research stipends.
- Utilizing the talents and resources of the Quad Cities Research and Scholarship Symposium and Quad Cities Professional Development Network.
- Allocating \$1.4 million to support faculty and staff travel.
- Fundraising to create endowed professorships and chairs in the College of Business and Technology, Foreign Languages, and Icarian and Regional Studies.
- Maintaining WIU author bibliographies and sponsoring an annual Authors Reception to celebrate those who have published materials during the year.
- Hosting Executives in Residence in the College of Business and Technology.

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<sup>3</sup> *University Libraries hold more than one million cataloged volumes of monographs and periodicals and offer online access to the full texts of hundreds of academic journals and other publications. Items may be borrowed from 75 Illinois academic libraries through the I-Share network or obtained through interlibrary loan from libraries across the nation*

*Action 4: Support strong commitments to mission-driven public service and outreach.*

New Initiatives

- Hosted Mayors Summits in Macomb and Moline to discuss how the university and community could collaborate on shared priorities.

Ongoing Initiatives

- Allocating \$14.1 million (6.1% of the University's budget) to public service.
- Supporting the University's growth in the Quad Cities as part of the City of Moline's economic re-development plans to develop a \$100 million taxable base and attract 2,000 new and existing jobs.
- Advocating for the release of state capital funding for the Center for Performing Arts that will serve the university and residents in western Illinois and beyond.
- Offering programs and services to the community from organizations and units that support diversity and outreach (e.g., the Black Student Association, Casa Latina Cultural Center, Gwendolyn Brooks Cultural Center, International Friendship Club, Unity, Western Organization for Women, and the Women's Center).
- Providing high-quality cultural entertainment and educational opportunities through the College of Fine Arts and Communication, Bureau of Cultural Affairs, and the Performing Arts Society.
- Responding to statewide needs to improve educational attainment at all levels by sponsoring the Center for Best Practices in Early Childhood Education (a family-centered, research-based practices designed to improve educational opportunities for all young children), offering preschool literacy and mentoring AmeriCorps programs, and serving as an Illinois State Board of Education (ISBE) Approved Professional Development Provider.
- Providing public service through the Center for Best Practices in Early Childhood Education, Center for International Studies, Center for the Preparation of Education Professionals, Institute for Environmental Studies, Illinois Institute for Rural Affairs, Illinois Training and Standards Board Executive Institute, Small Business Development Center, Tri States Public Radio, University Television, U.S. Bank Writing Center, Veterans Resource Center, Western English as a Second Language, Western Survey Research Center, and WQPT.
- Offering library patrons access to university

archives, digital and special collections, and reciprocal lending agreements with the Moline Public Library.

- Engaging in public-private partnerships that benefit students (e.g., the \$82 million in private development that supports housing, restaurants, and retail next to the Western Illinois University-Quad Cities ).

*Action 5: Deliver a strong, user-centered information technology infrastructure.*

#### New Initiatives

- Transitioned from Zimbra to Google to better address student, faculty, and staff needs.
- Implemented automatic end-user notification if a WIU email address was found in a third-party breach.
- Blocked sending of emails containing sensitive data (credit card numbers and Social Security numbers) from WIU Gmail accounts.

#### Ongoing Initiatives

- Continuing faculty and staff representation in IT Governance, the Internet Technology Advisory Group, Technology Security Committee, University Technology Advisory Group, and Web Accessibility Committee.
- Providing redundancy between the campuses to ensure business continuity.
- Maintaining the Library Liaison Program to identify, collect, and provide access to information that supports of teaching and research, program review, accreditation and new degree, certificate, and center proposals.
- Offering electronic access to library resources through virtual librarian services; electronic catalogues, reserves, and Books; access to I-Share (collections and holdings at 64 Illinois libraries), and 125 electronic databases.
- Promoting information literacy through individual and course presentations.

### **Goal 3: Provide Educational Opportunity**

*Action 1: Support student academic achievement in preparing for timely degree completion.*

#### New Initiatives

#### Ongoing Initiatives

- Accepting advanced placement and military credit.
- Providing opportunities to earn prior learning credit in the Bachelor's in General Studies program.
- Participating in the Illinois Articulation Agreement and Compact Agreements for General Education.

*Action 2: Provide student-centered schedules that enable students to successfully pursue educational opportunities.*

New Initiatives

- Introduced hybrid masters programs in Business Administration and College Student Personnel.
- Granted permission for all graduate programs to explore development of hybrid programs, as appropriate to the discipline.

Ongoing Initiatives

- Giving alternatives to the traditional 16 week semester through Weekend Academy, alternative summer semester lengths, irregularly scheduled courses, sponsored credit courses, and distance learning programs.
- Planning to launch the new hybrid masters degree in Community and Economic Development in fall 2016.
- Ensuring that all undergraduate programs can be completed in two years at the Quad Cities Campus and that all graduate programs can be completed in three years.
- Facilitating Study Abroad experiences over spring and winter breaks, and in summer, semester, and year-long formats.

*Action 3: Support learning inside and outside the classroom and initiatives designed to increase student success.*

New Initiatives

- Expanded internship sites through implementation of the President's Executive Corporate Cluster.

Ongoing Initiatives

- Providing internships, student teaching, clinical placements, undergraduate and graduate student research days, and education abroad opportunities.
- Offering over 250 registered student organizations and honorary societies in Macomb, and 27 in the Quad Cities.
- Supporting specialized leadership activities through the Office of Student Activities (Camp Leatherneck, Rocky Unleashed), honors societies, and the Multicultural Center.
- Engaging students in campus and university-wide governance through Student Government Associations, tuition and fee setting, presidents roundtables, and university-wide planning and accreditation activities.

*Action 4: Provide comprehensive support services and enhance access to educational opportunities inside and outside the classroom*

New Initiatives

Ongoing Initiatives

- Providing academic advisement through the University Advising and Academic Service Center, colleges, and departments.
- Coordinating accommodations through the Disability Resource Center and Quad Cities



Student Services, and implementing recommendations from the ADA Advisory Committee.

- Maintaining web accessibility requirements.
- Offering pre-employment preparation classes in the Career Development Center.
- Delivering individual and group counseling and study skills seminars through the University Counseling Center.
- Charging the Student Development Office with providing academic assistance, and serving as a crisis intervention contact/liaison for students.
- Maintaining a comprehensive substance abuse educational program, and completing biennial assessment reporting.
- Hosting late night programming as alternative programming.

*Action 5: Evaluate the effectiveness of institutional strategies to provide access to educational opportunities inside and outside the classroom.*

#### New Initiatives

#### Ongoing Initiatives

- Providing all registered student organizations with a faculty or staff adviser to assist with event planning and implementation.
- Including NSSE results in the Persistence Academy planning and implementation.

*Action 6: Provide statewide and national leadership in reducing levels of student indebtedness and increasing cost predictability and affordability.*

#### New Initiatives

- Lowered new student tuition by 3%.
- Added a financial need component to Western Commitment Scholarships
- Established one in-state tuition rate for all domestic students.
- Approved new scholarships (tuition discounts) for academically qualified high school students and international students.
- Cultivated seven new endowed scholarships in summer 2016.
- Signed new Linkages (dual enrollment) agreements with Elgin and Moberly Area Community Colleges.
- Assigned an advisor to assist delinquent and defaulted borrowers resume student loan payments, and lowered the average three-year default rate from 10.8% to 5.6%.

#### Ongoing Initiatives

- Remaining the only Illinois public university to guarantee tuition, fees, and room and board rates with no cost increases.
- Maintaining dual enrollment agreements with high schools and community colleges.

## Goal 4: Support Personal Growth

### *Action 1: Promote health and wellness to support personal growth.*

#### New Initiatives

- Implemented smoke-free policies.
- Purchased additional Automated External Defibrillators for the Quad Cities Campus.

#### Ongoing Initiatives

- Offering an accredited, full-service medical clinic that provides outpatient health care and health and wellness education to students.
- Providing Campus Recreation opportunities to students, faculty, and staff.
- Supporting the Jackie Thompson Wellness Lecture, Western Walks, and Leathernecks in Training.
- Hosting blood and bone marrow drives, flu shot clinics, manage your stress weeks, and Western Walks on the Quad Cities Campus.
- Partnering with Beu Health Center, the Rock Island County Health Department, and Unity Point Health Services to bring health services to Quad Cities Campus.
- Giving healthy vending options and providing water bottle filling stations.

### Action 2: Promote ethical decision-making and personal responsibility

#### New Initiatives

#### Ongoing Initiatives

- Infusing an on-line prevention education program that addresses different forms of interpersonal violence followed by a class presentation on bystander education in University 100 classes.
- Including multicultural and cross-cultural study requirements in the University's General Education curriculum.
- Requiring baccalaureate degree candidates to complete Foreign Language/Global Issues requirement(s) established for their major.
- Upholding ethical responsibilities as stated in the *Student Code of Conduct* and University Policies and Procedures, including the *Student Academic Integrity Policy*, *Student Responsibility Statement*, and *Anti-Harassment Policy*.
- Necessitating that all employees annually complete ethics and sexual harassment prevention trainings.

*Action 3: Enhance student and community engagement.*

New Initiatives

- Sponsored University Theme programming related *Environment: A Foundation for Social Responsibility*.

Ongoing Initiatives

- Integrating university theme content into University 100 and General Education and First Year Experience (“Y” section) courses, and residential hall programming.
- Supporting combined meetings of all Quad Cities student organizations each semester to coordinate event planning.
- Hosting high profile speakers on both campuses, including the State of The University Address, Town Hall Meetings with President Thomas, University Theme Speakers, Distinguished Faculty Lecture, and the Hallwas Liberal Arts Lecture.
- Offering cultural opportunities through the Black Student Association, Casa Latina Cultural Center, Gwendolyn Brooks Cultural Center, International Friendship Club, Unity, Western Organization for Women, and the Women’s Center in Macomb.
- Providing Cinco de Mayo, Dios de los Muertos, Trip to the Art Institute in Chicago, and Valentine Gayla activities in the Quad Cities.
- Operating Tri States Public Radio, University Television, and WQPT.
- Supporting a broad-based National Collegiate Athletic Association (NCAA) Division I and Football Championship Series varsity intercollegiate athletics program.
- Hosting University Union Board programming by students that includes a coffeehouse, cinema, comedy, concerts, Family Day and Homecoming activities.
- Charging the Quad Cities Student Government Association with organizing Quad Cities Cares Week, campus (organization, volunteer, and donation) fairs, and Homecoming activities.

*Action 4: Provide lifelong learning opportunities for faculty, staff, and community members.*

New Initiatives

Ongoing Initiatives

- Supporting release time, tuition waivers, educational leaves, professional achievement awards, promotion and tenure, position audits, and sabbaticals.
- Providing the Affirmative Action Internship Program.

- Basing Center for Innovation in Teaching and Research, Human Resources, and the Quad Cities Professional Development Network programming on results from needs analyses.
- Offering LIFE (Learning is Forever) non-credit courses in Macomb and the Quad Cities.

## **Goal 5: Promote Social Responsibility**

*Action 1: Promote civic engagement and service learning in order for students to enhance local, national and global perspectives.*

### New Initiatives

- Completed the Mock Presidential Election.

### Ongoing Initiatives

- Supporting service learning, internships, student teaching, simulations, and other forms of experiential learning as documented in the Provost's *Consolidated Annual Report*.
- Engaging in American Democracy Program activities (e.g., Constitution Day Activities, 911 Remembrance, Mock Presidential Election, Honors Colloquia with travel to civic landmarks, and Pre-Law Symposium)
- Maintaining the University's Carnegie Foundation Community Engagement Classification, with related programs and services available to the region through College of Fine Arts and Communication concerts and performances, Geographic Information Systems Center, Go West public transit system, Illinois Institute for Rural Affairs' economic and community development services, Peace Corps Fellows Program, Quad Cities AmeriCorps Program, Tri States Public Radio, University Television, Western's All Volunteer Effort, and WQPT.

*Action 2: Support national and international contexts in advancing equity, social justice, and diversity.*

### New Initiatives

### Ongoing Initiatives

- Housing the Illinois Association for Cultural Diversity.
- Supporting Fulbright scholarships, visiting scholars, Global studies in General Education and degree requirements, international articulation agreements, and study abroad programs.
- Maintaining international accreditation from the Association to Advance Collegiate Schools of Business.

*Action 3: Use partnerships to advance the University's vision, mission, values, goals, and actions.*

New Initiatives

Ongoing Initiatives

- Utilizing external advisory boards for the President, Alumni Association, Athletics, Foundation, Western Illinois University-Quad Cities, all colleges, and University Libraries, and numerous departments.
- Continuing the Alumni Liaison Program to link members of the Alumni Council with representatives of academic departments and administrative units.
- Engaging in annual giving campaigns.

*Action 4: Provide safe, accessible, responsive campus environments that meet the needs of University constituencies and reflect the core values of the University.*

New Initiatives

- Analyzed lighting and security cameras.
- Initiated Macomb Campus cellular tower construction and Western Hall bleacher replacement
- Placed the 60<sup>th</sup> Street facility on the market, and previously received special legislation to retain the profit for restricted facilities utilization.

Ongoing Initiatives

- Using the Office of Public Safety to promote and enforce safety and security by responding to inquiries, conducting patrols, assisting motorists, staffing campus events, offering safety classes, and answering medical calls for assistance.
- Stationing security for all hours of Quad Cities Campus operation.
- Providing timely warning messages and updates to the campus and external communities, in addition to Western's Emergency Alert System, emergency call boxes, and a campus annunciation system at Western Illinois University-Quad Cities.
- Working with the ADA Advisory Committee to evaluate and develop strategies for addressing physical and program barriers for individuals with disabilities.
- Approving the University's annual capital list at the Board of Trustees fall meeting, and providing *Macomb* and *Quad Cities Master Plan Updates* at the Board's annual winter meeting.

*Action 5: Reinforce institutional commitments to environmental sustainability.*

New Initiatives

Ongoing Initiatives

- Pursuing LEED Gold certification for Riverfront Campus Phases II and III.
- Supporting the Sustainability Committee in

advancing sustainability commitments stated in the *Strategic Plan, Talloires Declaration*, and Illinois Campus Sustainability Compact.

- Participating in annual recyclemania collegiate competitions, Illinois Renewable Energy Alliance, and the Illinois Ethanol Research Advisory Board.
- Maintaining Tree Campus USA status from the Arbor Day Foundation.
- Engaging in national initiatives sponsored by APPA (Leadership in Higher Education Facilities), Association for the Advancement of Sustainability in Higher Education, and the United States Green Building Council.

## **Goal 6: Demonstrate Accountability**

### Action 1: Establish and articulate enrollment, retention and graduation rate goals by campus.

#### New Initiatives

#### Ongoing Initiatives

- Exceeding total enrollment of 10,000 students, and improving first-year retention rates to over 70%, and increasing six-year graduation rates.

*Action 2: Develop a summary page on the institutional dashboard of university performance indicators (available from the University Planning Website) that tracks university enrollment, retention, and graduation rates on both campuses.*

#### New Initiatives

#### Ongoing Initiatives

- Hosting the University's Performance Indicator Dashboard on the University Planning Website.

*Action 3: Document goal achievement and support of our values:*

#### New Initiatives

#### Ongoing Initiatives

- Providing monthly, quarterly, and annual Strategic Plan Updates, Performance Reports, and Consolidated Annual Reports on the University Planning Website.

**Part II**  
**Cumulative Strategic Plan Accomplishments**  
**June 2012-October 2016**

**Goal 1: University Growth and Recruitment**

Since implementation of *Higher Values in Higher Education 2012-2022*, Western Illinois University has:

- 1) Enrolled 2,621 Western Commitment Scholarship recipients since program establishment in fall 2012. The program was modified in fall 2015 to include a need-based component. New freshmen with a minimum composite ACT score of 20 and high school grade point average of 3.0 automatically receive this scholarship.
  - a. Fall 2012: 439 award recipients enrolled; 24.7% of all first-time freshmen enrollment.
  - b. Fall 2013: 469 award recipients enrolled; 27.7% of first-time freshmen enrollment.
  - c. Fall 2014: 441 award recipients enrolled; 28.8% of first time freshmen enrollment.
  - d. Fall 2015: 631 award recipients enrolled; 41.1% of first time freshmen enrollment. Also the year ACT ranges were expanded from 23 to 20 and a need-based component was added to the program.
  - e. Fall 2016: 641 award recipients enrolled; 42.0% of first time freshmen enrollment.
- 2) Enrolled 120 new freshmen on the Quad Cities Campus since program establishment in fall 2012.
  - a. Fall 2012: 7 new freshmen enrolled.
  - b. Fall 2013: 21 new freshmen enrolled.
  - c. Fall 2014: 26 new freshmen enrolled.
  - d. Fall 2015: 29 new freshmen enrolled.
  - e. Fall 2016: 37 new freshmen enrolled.
- 3) Enrolled 928 Western Commitment Transfer award recipients since program establishment in fall 2013. New transfer students with an associates degree and enroll full-time at the University receive a \$400 book award. New transfers with an associates degree and 3.5 grade point average receive a \$1,000 scholarship.
  - a. Fall 2013: 345 award recipients enrolled; 32.7% of all new transfer enrollment.
  - b. Fall 2014: 369 award recipients enrolled; 35.3% of all new transfer enrollment.
  - c. Fall 2015: 214 award recipients enrolled; 19.4% of all new transfer enrollment.
  - d. Fall 2016: 100 award recipients enrolled; 10.3% of all new transfer enrollment.
- 4) Created a dual enrollment program for academically qualified high school students who met university admissions criteria, enrolling 46 students since program establishment, with students paying 1/3<sup>rd</sup> of tuition and no fees effective fall 2015.
  - a. Fall 2014: 6 high school students enrolled (pilot year, no scholarships given).
  - b. Fall 2015: 21 high school students enrolled.
  - c. Fall 2016: 19 high school students enrolled.
- 5) Raised undergraduate admissions standards (effective for fall 2014 freshmen).

- 6) Initiated annual Academic Affairs *Recruitment and Retention Plans* for all departments and schools (academic year 2013-2014), and annual evaluation processes for these plans (academic year 2014-2015).
- 7) Expanded Linkages opportunities with four new community college partners and 607 students enrolled at the University who are eligible to participate in the program since fall 2012.
  - a. New Community College Partners
    - i. Academic Year 2012-2013: Sauk Valley College
    - ii. Academic Year 2013-2014: Highland Community College
    - iii. Academic Year 2014-2015: Kirkwood Community College
    - iv. Academic Year 2015-2016: Moberly Area Community College and Elgin Community College
  - b. Linkages Qualified Students
    - i. Fall 2012: 104 students.
    - ii. Fall 2013: 137 students.
    - iii. Fall 2014: 121 students.
    - iv. Fall 2015: 133 students.
    - v. Fall 2016: 112 students.
- 8) Increased student diversity. Total minority student enrollment increased by 407 students (14.0%) from 2,902 students in fall 2012 to fall 3,309 students in fall 2016. Minority student Enrollment as a percent of total student enrollment increased from 24.8% to 32.5% during this time.

|      | Number        |                    |              | Percent       |                    |              |
|------|---------------|--------------------|--------------|---------------|--------------------|--------------|
|      | <u>Macomb</u> | <u>Quad Cities</u> | <u>Total</u> | <u>Macomb</u> | <u>Quad Cities</u> | <u>Total</u> |
| 2012 | 2,712         | 185                | 2,897        | 26.1%         | 14.1%              | 24.8%        |
| 2013 | 2,752         | 208                | 2,960        | 28.8%         | 14.5%              | 26.3%        |
| 2014 | 3,021         | 242                | 3,263        | 31.3%         | 16.5%              | 29.4%        |
| 2015 | 3,061         | 269                | 3,330        | 32.7%         | 18.1%              | 30.7%        |

- 9) Increased honors student opportunities by signing three new community college articulation agreements. Centennial Honors College served 2,746 honors students between fall 2012 and fall 2015. The annual number of honors students served increased by 194 students (32.7%) during this time.
  - a. New Honors Articulation Agreements with Community Colleges
    - i. Academic Year 2013-2014: Highland Community College.
    - ii. Academic Year 2014-2015: Carl Sandburg College.
    - iii. Academic Year 2015-2016: Elgin Community College.
  - b. Honors Student Enrollment
    - i. Fall 2012: 594 students.
    - ii. Fall 2013: 667 students.
    - iii. Fall 2014: 697 students.
    - iv. Fall 2015: 788 students.



- 10) Increased international student enrollment. Western Illinois University contracted with the American Association of State Colleges and Universities in 2012 to conduct an audit to inform university planning to internationalize the curriculum and increase international student enrollment. Since that time the University has served 1,730 international students, with fall enrollment increasing by 162 students (47.2%) between fall 2012 and fall 2015.
  - a. International Student Enrollment
    - i. Fall 2012: 343 international students enrolled.
    - ii. Fall 2013: 371 international students enrolled.
    - iii. Fall 2014: 511 international students enrolled.
    - iv. Fall 2015: 505 international students enrolled.
  - b. The University has served 838 students in Western's English as a Second Language (WESL) Institute since Fiscal Year 2013.
    - i. Fiscal Year 2013: 212 students enrolled.
    - ii. Fiscal Year 2014: 283 students enrolled.
    - iii. Fiscal Year 2015: 231 students enrolled.
    - iv. Fiscal Year 2016: 112 students enrolled.
  - c. Study Abroad Enrollment. A total of 530 students have participated in Study Abroad experiences since academic year 2012-2013.
    - i. Academic Year 2012-2013: 158 students participating.
    - ii. Academic Year 2013-2014: 120 students participating.
    - iii. Academic Year 2014-2015: 133 students participating.
    - iv. Academic Year 2015-2016: 119 students participating.
- 11) Increased distance education enrollment. The University has had 47,678 distance education course enrollments since Fiscal Year 2013, generating 138,729 credit hours. Demand for distance education courses is evidenced by a 3,523 annual course enrollment increase (35.2%) between Fiscal Years 2013 and 2016, with credit hours increasing by 9,471 credit hours (32.0%) during this time.
  - a. Course Enrollments
    - i. Fiscal Year 2013: 10,011
    - ii. Fiscal Year 2014: 11,746
    - iii. Fiscal Year 2015: 12,387
    - iv. Fiscal Year 2016: 13,534
  - b. Credit Hours
    - i. Fiscal Year 2013: 29,570
    - ii. Fiscal Year 2014: 34,132
    - iii. Fiscal Year 2015: 35,976
    - iv. Fiscal Year 2016: 39,041
- 12) Implemented new admissions and marketing initiatives, including:
  - a. Initiating digital marketing (Fiscal Year 2014)
  - b. Creating base marketing budgets for the Macomb and Quad Cities campuses (effective for Fiscal Year 2015).
  - c. Opening the Saint Louis Recruitment Center (Fall 2014)

13) Established new 38 educational opportunities between academic years 2012-2013 and 2016-2017 as shown in the summary and detail tables below.

|                                 | Macomb    | Quad Cities | Total     |
|---------------------------------|-----------|-------------|-----------|
| Total                           | <u>28</u> | <u>10</u>   | <u>38</u> |
| Undergraduate Certificates      | 2         | 0           | 2         |
| Baccalaureate Degrees           | 1         | 1           | 2         |
| Post Baccalaureate Certificates | 5         | 3           | 8         |
| Integrated Degrees              | 20        | 2           | 13        |
| Masters Degrees                 | 0         | 3           | 3         |
| Doctoral Degree                 | 0         | 1           | 1         |

|   | 2012-<br>2013 | 2013-<br>2014 | 2014-<br>2015 | 2015-<br>2016 | 2016-<br>2017 |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>New Minors</b>                               |               |               |               |               |               |
| <u>Macomb</u>                                   |               |               |               |               |               |
| Communication Sciences and Disorders            | X             |               |               |               |               |
| Criminalistics                                  | X             |               |               |               |               |
| Network Technologies                            | X             |               |               |               |               |
| Computer-Mediated Communication                 |               | X             |               |               |               |
| Contemporary United States Studies              |               | X             |               |               |               |
| Information Technology                          |               | X             |               |               |               |
| Fisheries                                       |               | X             |               |               |               |
| Teaching English to Speakers of Other Languages |               | X             |               |               |               |
| Event Planning and Management                   |               |               | X             |               |               |
| Psychology of Substance Abuse                   |               |               | X             |               |               |
| Criminalistics                                  |               |               | X             |               |               |
| Queer Studies                                   |               |               | X             |               |               |
| <u>Quad Cities</u>                              |               |               |               |               |               |
| Spanish   |               | X             |               |               |               |
| Event Planning and Management                   |               |               | X             |               |               |
| Criminalistics                                  |               |               | X             |               |               |
| <b>New Undergraduate Certificates</b>           |               |               |               |               |               |
| <u>Macomb</u>                                   |               |               |               |               |               |
| Marketing Technologies                          |               | X             |               |               |               |
| Integrated Marketing Communication              |               | X             |               |               |               |
| <b>New Baccalaureate Degrees</b>                |               |               |               |               |               |
| <u>Macomb</u>                                   |               |               |               |               |               |
| Fire Protection Services                        | X             |               |               |               |               |
| <u>Quad Cities</u>                              |               |               |               |               |               |
| Bilingual/Bicultural Education                  |               | X             |               |               |               |

New Educational Opportunities at Western Illinois University by Campus  
Academic Years 2012-2013 through 2016-2017  
-continued-

**New Post Baccalaureate Certificates**

Macomb

|                                |   |   |   |
|--------------------------------|---|---|---|
| Business Administration        | X |   |   |
| Supply Chain Management        | X |   |   |
| Business Analytics             |   | X |   |
| Music Performance              |   |   | X |
| Events Planning and Management |   |   | X |

Quad Cities

|                                |   |  |   |
|--------------------------------|---|--|---|
| Business Administration        | X |  |   |
| Supply Chain Management        | X |  |   |
| Events Planning and Management |   |  | X |

**Integrated baccalaureate/master's programs**

Macomb

|  |   |   |   |
|--|---|---|---|
| Broadcasting and Sports Management                             | X |   |   |
| Instructional Design and Technology                            | X |   |   |
| Mathematics  |   | X |   |
| Sociology  |   | X |   |
| Law Enforcement and Justice Administration                     |   | X |   |
| African American Studies and Liberal Arts and Sciences (BLAS)  |   |   | X |
| Foreign Languages and Cultures and BLAS                        |   |   | X |
| Geography and BLAS   |   |   | X |
| Geology and BLAS   |   |   | X |
| Meteorology and BLAS   |   |   | X |
| Philosophy and BLAS  |   |   | X |
| Political Science and BLAS                                     |   |   | X |
| Religious Studies and BLAS                                     |   |   | X |
| Women's Studies with BLAS                                      |   |   | X |
| Art with Museum Studies  |   |   | X |
| Anthropology with Museum Studies                               |   |   | X |
| Journalism with Communication                                  |   |   | X |
| Graphic Communication with Instructional Design and Technology |   |   | X |
| Communication  |   |   | X |
| General Studies with Instructional Design and Technology       |   |   | X |

Quad Cities

|  |   |   |  |
|--|---|---|--|
| Recreation, Park and Tourism Administration and Museum Studies | X |   |  |
| Law Enforcement and Justice Administration.                    |   | X |  |

New Educational Opportunities at Western Illinois University by Campus  
Academic Years 2012-2013 through 2016-2017  
-continued-

|   |   |   |
|---|---|---|
| <b>Masters Degrees</b>                              |   |   |
| <u>Quad Cities</u>                                  |   |   |
| Business Administration in hybrid format            | X |   |
| College Student Personnel in hybrid format          | X |   |
| Community and Economic Development in hybrid format |   | X |
| <br>  |   |   |
| <b>Doctoral Degree</b>                              |   |   |
| <u>Quad Cities</u>                                  |   |   |
| Environmental Science                               | X |   |

14) Maintained employee diversity, with over 250 minority employees representing 11.2% of the University's workforce.

| Total Minority Employees and as a Percent of Total University Employees<br>Falls 2012-2015 |               |                    |              |               |                    |              |
|--|---------------|--------------------|--------------|---------------|--------------------|--------------|
|  | Number        |                    |              | Percent       |                    |              |
|  | <u>Macomb</u> | <u>Quad Cities</u> | <u>Total</u> | <u>Macomb</u> | <u>Quad Cities</u> | <u>Total</u> |
| 2012   | 255           | 14                 | 269          | 11.0%         | 10.1%              | 11.0%        |
| 2013   | 245           | 11                 | 256          | 10.7%         | 8.0%               | 10.6%        |
| 2014   | 251           | 14                 | 265          | 11.1%         | 9.3%               | 11.0%        |
| 2015   | 253           | 14                 | 267          | 11.5%         | 8.6%               | 11.2%        |

15) Administered salary increases and other compensation as permitted by the availability of state resources.

- a. The University reallocated \$7.0 million to support faculty raises in Fiscal Years 2014 and 2015. The University Professionals of Illinois and Western Illinois University also agreed to salary concessions for Fiscal Years 2016-2018 as described below.
  - i. Fiscal Year 2014: 3.5% (funded by \$4.4 million in internal reallocations).
  - ii. Fiscal Year 2015: 2.0% (funded by \$2.6 million in internal reallocations).
  - iii. Fiscal Year 2016: 1.0%. However, the University Professionals of Illinois rescinded their 1% negotiated raise and reduced base salaries by 3% from FY2016 levels for FYs 2017 and 2018 in response to the state budget impasse, under terms and conditions described in *Western Illinois University Board of Trustees Resolution 16.6/12*.
- b. The University reallocated \$2.5 million between Fiscal Years 2014 and 2017 to support salary minima per contractual agreements with the University Professionals of Illinois.
  - i. Fiscal Year 2014: \$558,411 (funded by internal reallocations).
  - ii. Fiscal Year 2015: \$634,394 (funded by internal reallocations).
  - iii. Fiscal Year 2016: \$640,633 (funded by internal reallocations).
  - iv. Fiscal Year 2017: \$657,394 (funded by internal reallocations).
- c. The University reallocated \$1.2 million to support 863 Professional Achievement Award (PAAs) recipients between Fiscal Years 2014 and 2017.

- i. Fiscal Year 2014: \$312,662 to support 217 PAAs (funded by internal reallocations).
- ii. Fiscal Year 2015: \$319,271 to support 221 PAAs (funded by internal reallocations).
- iii. Fiscal Year 2016: \$296,480 to support 204 PAAs (funded by internal reallocations).
- iv. Fiscal Year 2017: \$294,120 to support 221 PAAs (funded by internal reallocations).

d. Non-Negotiated Staff Salary Increases

- i. Fiscal Year 2014: 3.5%
- ii. Fiscal Year 2015: 2.0%
- iii. Fiscal Year 2016: 0.0%
- iv. Fiscal Year 2017: 0.0%

16) Granted tenure to 101 faculty members, and made 165 faculty promotions along with 163 civil service reclassifications.

a. Tenure.

- i. June 2013: 22 faculty members.
- ii. June 2014: 32 faculty members.
- iii. June 2015: 26 faculty members.
- iv. June 2016: 21 faculty members.

b. Promotions.

- i. Fall 2013: 27 faculty members.
- ii. Fall 2014: 58 faculty members.
- iii. Fall 2015: 42 faculty members.
- iv. Fall 2016: 38 faculty members

c. Civil Service reclassifications.

- i. Fiscal Year 2013: 64 staff members.
- ii. Fiscal Year 2014: 47 staff members.
- iii. Fiscal Year 2015: 37 staff members.
- iv. Fiscal Year 2016: 15 staff members.

**Goal 2: Enrich Academic Excellence**

The University demonstrates its commitment to academic excellence by:

1) Maintaining the largest expenditures for instruction and instructional support.

- a. Fiscal Year 2012: \$150.1 million, or 65.6% of all expenditures.
- b. Fiscal Year 2013: \$145.4 million, or 63.7% of all expenditures.
- c. Fiscal Year 2014: \$151.7 million, or 65.4% of all expenditures.
- d. Fiscal Year 2015: \$153.0 million, or 66.2% of all expenditures.

| Operations Costs by Function of Expenditure<br>Fiscal Years 2012-2015 |            |            |            |            |
|---|------------|------------|------------|------------|
| (In Thousands of \$)  | FY2012     | FY2013     | FY2014     | FY2015     |
| Instruction   | \$79,449.2 | \$77,370.8 | \$77,267.6 | \$77,237.5 |
| Organized Research  | 6,074.1    | 3,540.3    | 3,535.5    | 3,083.6    |
| Public Service  | 14,774.0   | 12,694.3   | 13,970.1   | 14,142.2   |
| Academic Support  | 8,701.9    | 8,925.6    | 8,847.8    | 8,829.6    |
| Student Services  | 41,066.6   | 42,830.7   | 48,119.7   | 49,661.2   |

|                            |                    |                    |                    |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| Subtotal-Dollars           | <u>\$150,065.8</u> | <u>\$145,361.7</u> | <u>\$151,740.7</u> | <u>\$152,954.1</u> |
| Subtotal-Percent           | 65.6%              | 63.7%              | 65.4%              | 66.2%              |
| Institutional Support      | 9,277.7            | 9,473.6            | 9,675.4            | 10,238.6           |
| O&M of Physical Plant      | 30,200.5           | 30,446.2           | 31,023.6           | 27,711.3           |
| Independent Operations     | 34,944.1           | 38,651.4           | 35,090.6           | 35,419.8           |
| CMS Group Health Insurance | 2,724.2            | 2,735.9            | 2,909.5            | 2,998.1            |
| FICA/Medicare              | 1,564.6            | 1,602.4            | 1,668.9            | 1,666.5            |
| Total                      | <u>\$228,776.9</u> | <u>\$228,271.2</u> | <u>\$232,108.7</u> | <u>\$230,998.4</u> |

- 2) Completing Program Reviews in 29 academic departments, schools and centers between academic years 2012-2013.
  - a. Academic Year 2012-2013 Reviews: Curriculum and Instruction, Health Sciences, Instructional Design and Technology, Kinesiology, Law Enforcement and Justice Administration, and the Post-Baccalaureate Certificate in Teaching English to Speakers of Other Languages.
  - b. Academic Year 2013-2014 Reviews: Family and Consumer Sciences, Sociology, and the Illinois Institute for Rural Affairs, in addition to an initial three-year review of the post baccalaureate certificate in Teaching English to Speakers of Other Languages.
  - c. Academic Year 2014-2015 Reviews: Best Practices in Early Childhood Education, College Student Personnel, Community Development, Geography, Instructional Design and Technology, Law Enforcement and Justice Administration, Meteorology, Political Science, School Psychology, and the Study of Masculinities and Men's Development, in addition to an initial three-year progress report on the new B.S. in Information Systems.
  - d. Academic Year 2015-2016: Broadcasting; Communication; Communication Sciences and Disorders; Counseling; Journalism; Music; Psychology; and Recreation, Park and Tourism Administration.
  
- 3) Maintaining ongoing relationships with 17 discipline-specific agencies that accredit the University's academic programs, where appropriate to the discipline<sup>4</sup>:
  - a. Academic Year 2013-2014: 16 agencies accredit programs at the University.
  - e. Academic Year 2013-2014: 16 agencies accredit programs at the University.
  - f. Academic Year 2014-2015: 17 agencies accredit programs at the University.
  - g. Academic Year 2015-2016: 17 agencies accredit programs at the University.
  - h. Academic Year 2016-2017: 17 agencies accredit programs at the University.
  
- 4) Maintaining an on-going relationship with Higher Learning Commission-North Central Association of Colleges and Schools.
  - a. Academic Year 2012-2013 actions:
    - i. Applying to the Persistence and Completion Academy.
    - ii. Applying for Commission approval to establish the Ph.D. in Environmental Science.
    - iii. Remaining current on new accreditation criteria and processes.
  
  - b. Academic Year 2013-2014 actions:
    - i. Receiving distance education approvals with no prior Commission approvals required.

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<sup>4</sup> Additionally, the International Association of Counseling Services accredits the University Counseling Center, and the Accreditation Association for Ambulatory Health Care accredits Beu Health Center.

- ii. Receiving approval to establish the Ph.D. in Environmental Science.
- iii. Receiving State of Iowa approval to continue hosting Museum Studies and offering distance education in Iowa through November 2015.
- iv. Initiating processes for closing 60th Street as a branch campus and opening Riverfront as a branch campus.
- v. Preparing to host an onsite campus evaluation visit for Western Illinois University-Quad Cities.
- vi. Preparing to host off-campus location reviews at Central Intermediate School in Washington, Illinois, and Peoria Manual High School in September 2014.
- vii. Adopting a Formal Definition of a Credit Hour Policy.
- viii. Preparing a long-term accreditation planning calendar for the University.
- ix. Completing year one (of four) participation in the Persistence and Completion Academy.

c. Academic Year 2014-2015 actions:

- i. Acquiring approval for closing 60th Street, and opening Riverfront as Western Illinois University's branch campus in the Quad Cities.
- ii. Receiving reaffirmation of accreditation for off-campus program currently offered at 13 additional locations.
- iii. Initiating preparations to achieve State of Iowa re-certification that is required every two years for the University to continue hosting Museum Studies at the Figge Art Museum in Davenport and offering distance education in Iowa.
- iv. Completing year two (of four) participation in the Persistence and Completion Academy.

d. Academic Year 2015-2016 actions:

- i. Receiving Illinois Board of Higher Education and National Council for State Authorization and Reciprocity Agreement approval for membership.
- ii. Responding to Commission questions regarding the Fiscal Year 2016 State of Illinois budget impasse.
- iii. Achieving Commission approval for Western Illinois University's Quality Initiative.
- iv. Serving as a Teach Out partner for Ashford University.
- v. Reporting to the Commission on University Teach Out plans for baccalaureate degree programs in African American Studies, Philosophy, Religious Studies, and Women's Studies.
- vi. Completing year three (of four) participation in the Persistence and Completion Academy

5) Implementing changes to the First Year Experience

a. Academic Year 2013-2014 actions:

- i. Clarifying program goals.
- ii. Requiring a university transition course (University 100) and small section of a general education or pre-professional course.
- iii. Providing residents assistants with additional resource and referral training.
- iv. Branding the FYE.
- v. Enhancing educational components to FYE web and social media sites.

b. Academic Year 2014-2015 actions:

- i. Raised the minimum GPA eligibility requirement for Peer Mentors from 2.0 to 2.5.
- ii. Revised the University 100 syllabus to add the Student Bill of Rights.
- iii. Created and implemented rubrics for the Goals final assignment, Written assignment draft, and Written assignment final.
- iv. Established a donation fund for University 100 student textbooks.
- v. Created a four-week check in for peer mentors and instructors in University 100.

c. Academic Year 2014-2015 actions: None.

6) Supporting scholarly activity:

Context

Western Illinois University faculty authored 87 books and 1,327 chapter/monograph/refereed articles, made 3,813 conference presentations, and generated 4,126 creative activities between calendar years 2012 and 2015.

| Western Illinois University Faculty Scholarly Activity<br>Calendar Years 2012-2015 |       |       |       |      |       |
|--|-------|-------|-------|------|-------|
|  | 2012  | 2013  | 2014- | 2015 | Total |
| Books  | 29    | 19    | 18    | 21   | 87    |
| Chapter/Monograph/Refereed   | 337   | 372   | 313   | 305  | 1,327 |
| Articles   |       |       |       |      |       |
| Conference Presentations   | 937   | 1,026 | 964   | 886  | 3,813 |
| Creative Activities  | 1,260 | 1,115 | 819   | 932  | 4,126 |

Faculty and staff have also earned \$42.3 million in external awards between Fiscal Years 2013 and 2016, with the value annual value of awards increasing by \$1.9 million (19.6%) during this time.

- i. Fiscal Year 2013: \$9.7 million.
- ii. Fiscal Year 2014: \$9.9 million.
- iii. Fiscal Year 2015: \$11.1 million.
- iv. Fiscal Year 2016: \$11.6 million.

Supporting Actions

a. Granting 79 faculty sabbaticals between academic years 2012-2013 and 2015-2016.

- i. Academic Year 2013-2014: 26 sabbaticals.
- ii. Academic Year 2014-2015: 25 sabbaticals.
- iii. Academic Year 2015-2016: 28 sabbaticals.

b. Investing \$5.9 million in faculty and staff travel between Fiscal Years 2012-2015.

- i. Fiscal Year 2012: \$1.6 million.
- ii. Fiscal Year 2013: \$1.6 million.
- iii. Fiscal Year 2014: \$1.3 million.
- iv. Fiscal Year 2015: \$1.4 million.

c. Engaging 676 participants in annual Undergraduate Research Days since spring 2013.

- i. Spring 2013: 197 student participants.
- ii. Spring 2014: 214 student participants.
- iii. Spring 2015: 265 student participants.



- d. Establishing the annual Graduate Research Conference in spring 2014, with 234 students participating since that time; and the annual Quad Cities Student Research Conference in spring 2015, with 101 students participating since that time.
    - iv. The Graduate Research Conference
      - Spring 2014: 65 student participants.
      - Spring 2015: 69 student participants.
      - Spring 2016: 100 student participants.
    - v. Quad Cities Student Research Conference
      - Spring 2015: 46 student participants.
      - Spring 2016: 55 student participants.
- 7) Receiving \$119.2 million in state capital funding to support new instructional facilities.
- a. \$59.2 million was received to construct and furnish the Western Illinois University-Quad Cities Riverfront Campus.
    - i. Phase I opened January 2012.
    - ii. Phase II opened August 2014.
  - b. \$60 million (currently frozen by the State) was received to construct and furnish the Center for Performing Arts in April 2014.
- 8) Supporting technology.
- a. Purchasing 2,356 new faculty and staff computers valued at \$2.4 million since Fiscal Year 2013.
    - i. Fiscal Year 2013: 864, valued at \$830,561
    - ii. Fiscal Year 2014: 925, valued at \$920,591
    - iii. Fiscal Year 2015: 451, valued at \$536,908
    - iv. Fiscal Year 2016: 116, valued at \$126,528
  - b. Maintaining four-year technology rotations at Western Illinois University-Quad Cities by purchasing 392 new computers valued at \$451,757 since Fiscal Year 2013.
    - i. Fiscal Year 2013: 77 new computers, valued at \$77,875
    - ii. Fiscal Year 2014: 294 new computers for labs and staff, valued at \$353,580
    - iii. Fiscal Year 2015: 20 new computers, valued at \$18,733
    - iv. Fiscal Year 2016: 1 new computer, valued at \$1,569
  - c. Upgrading 58 electronic classrooms and laboratories on the Macomb Campus since academic year 2013-2014.
    - i. Academic Year 2013-2014: 27
    - ii. Academic Year 2014-2015: 24
    - iii. Academic Year 2015-2016: 7
  - d. Investing in the Macomb Campus technology by purchasing the following items between Fiscal Years 2013-2016.
    - i. 369 computers for Instructional laboratories and electronic classrooms valued at \$354,671

- ii. 397 computers for University Technology Computer Labs annual valued at \$354,264
- iii. 178 iPads for classroom instruction valued at \$95,788 since Fiscal Year 2016 to support instruction on the Macomb Campus

| Computing Purchases Supporting Electronic Classrooms and Laboratories<br>Macomb Campus<br>Fiscal Years 2013-2016 |  |                  |   |                  |               |                 |
|--|--|------------------|---|------------------|---------------|-----------------|
|  | <u>Instructional Laboratory and<br/>Electronic Classroom Computers</u> |                  | <u>University Technology<br/>Laboratory Computers</u> |                  | <u>iPads</u>  |                 |
|  | <u>Number</u>  | <u>Value</u>     | <u>Number</u>   | <u>Value</u>     | <u>Number</u> | <u>Value</u>    |
| 2013   | 148  | \$115,566        | 95  | \$79,237         | 128           | \$74,438        |
| 2014   | 81   | 47,834           | 133   | 142,073          | 50            | 21,350          |
| 2015   | 111  | 140,271          | 169   | 132,954          | 0             | 0               |
| 2016   | 29   | 51,000           | 0   | 0                | 0             | 0               |
| <b>Total</b>   | <b>369</b>   | <b>\$354,671</b> | <b>397</b>  | <b>\$354,264</b> | <b>178</b>    | <b>\$95,788</b> |

- e. Launching the 2013-2018 Information Technology Strategic Plan (October 2013) and resulting in:
  - i. Establishing IT Governance, enabling wireless access in all residence hall rooms, centralizing technology staffing, launching the new university website with responsive design, updating the University’s mobile application, and virtualizing Zimbra servers (Academic Year 2013-2014).
  - ii. Enhancing wireless connectivity, bandwidth, electronic classrooms, and video conference units; improving technology security; and updating the Macomb core infrastructure (Academic Year 2014-2015).
  - iii. Improving technology security, transitioning from Zimbra to Google collaborative software, and completing the University Technology reorganization (Academic Year 2015-2016).

**Goal 3: Provide Educational Opportunity**

The University extends educational opportunity by:

- 1) Offering weekend and irregularly scheduled courses (those less than the regular semester length)
  - a. Fall 2014: 112, 3.5% of all scheduled classes.
  - b. Fall 2015: 82, 2.7% of all scheduled classes.
  - c. Fall 2016: 102, 3.5% of all scheduled classes.
- 2) Establishing new hybrid programs
  - a. Fall 2015: Masters degree programs in Business Administration (MBA) and College Student Personnel (CSP).
    - i. Initial course enrollments:
      - MBA: Five hybrid course sections, with 74 course enrollments of out of a maximum of 85 for a fill rate of 87.1%.
      - CSP: Two hybrid course sections, with 48 course enrollments of 48 of a maximum of 52 for a fill rate of 92.3%.

- Combined: Seven, hybrid course sections, with 126 course enrollments out of a maximum of 137 for a fill rate of 92.0%.
      - a. Fall 2016: Masters degree in Community and Economic Development
        - i. Initial course enrollments: Three hybrid course sections, with 27 course enrollments out of a maximum of 60 for a fill rate of 45.0%.
- 3) Signing:
- a. Dual Enrollment Agreements with Moline High School and Rivermont Collegiate Academy (academic year 2013-2014).
  - b. Five Linkages (dual enrollment) and three Honors Articulation Agreements with new community college partners (See Goal 1, Actions 7 and 8).
  - c. Two Accelerated Degree Agreements:
    - i. Bachelors in General Studies/Doctorate in Chiropractic with Palmer College of Chiropractic (spring 2014).
    - ii. Three-year accelerated baccalaureate degree in Recreation, Park and Tourism Administration (spring 2015).
  - d. An agreement with Moline Public that allows reciprocal use of library resources (August 2014). In September 2016, the Library extended opportunities for patrons to enjoy cultural benefits of the Quad Cities by checking out admission passes for up to seven days for admission to the Quad City Botanical Center, Niabi Zoo, Family Museum, Figge Art Museum, Putnam Museum, and German American Heritage Center.
- 4) Serving 2,426 students with disabilities between Fiscal Years 2013 and 2016.
- a. Macomb Campus:
    - Fiscal Year 2013: 533 students served.
    - Fiscal Year 2014: 608 students served.
    - Fiscal Year 2015: 603 students served.
    - Fiscal Year 2016: 549 students served.
  - Quad Cities Campus:
    - Fiscal Year 2013: 15 students served.
    - Fiscal Year 2014: 29 students served.
    - Fiscal Year 2015: 39 students served.
    - Fiscal Year 2016: 50 students served.

#### **Goal 4: Support Personal Growth**

The University Supports Personal Growth by:

- 1) Becoming a smoke-free University (July 2015).
- 2) Providing:
  - a. Student health services at Beu Health Center.
    - i. Academic Year 2013-2014: 13,106 patient visits, 3,659 immunizations, 7,688 laboratory tests, and filled 7,738 prescriptions.

- ii. Academic Year 2014-2015: 13,106 patient visits, 3,659 immunizations, 7,688 laboratory tests, and filled 7,738 prescriptions.
      - iii. Academic Year 2015-2016: 14,200 patient visits, 2,355 immunizations, 11,573 laboratory tests, and filled 8,671 prescriptions
    - b. In demand Campus Recreation services, measured by card swipes at the entrance of the Spencer Student Recreation Center.
      - i. Academic Year 2012-2013: 273,520
      - ii. Academic Year 2013-2014: 259,775
      - iii. Academic Year 2014-2015: 259,775
      - iv. Academic Year 2015-2016: 254,739
    - c. Sport Clubs.
      - i. Academic Year 2012-2013: 29
      - ii. Academic Year 2013-2014: 38
      - iii. Academic Year 2014-2015: 35
      - iv. Academic Year 2015-2016: 31
- 3) Supporting University Theme year programming (listed below) with key note speakers, integration into the First Year Experience, and related curricular and co-curricular programs and events.
- a. Academic Year 2012-2013: War and Peace: From Personal Conflict to Global Resolution
  - b. Academic Year 2013-2014: Food and Drink: Mind, Body and Soul
  - c. Academic Year 2014-2015: Ethics: A Foundation for Personal Growth and Social Responsibility
  - d. Academic Year 2015-2016: Environment: A Foundation for Social Responsibility
  - e. Academic Year 2016-2017: Economy: Moral Challenges and Opportunities
- 4) Promoting a comprehensive Division I athletic program with students successful in the classroom and in competition.
- a. Academic Year 2012-2013 highlights:
    - i. The cumulative grade point average of student athletes was 3.03.
    - ii. Sixty-four student athletes earned Academic All-Conference Honors (Summit League and Missouri Valley Football Conference).
    - iii. Twenty-three student-athletes earned All-Conference honors.
    - iv. Men's Basketball won its first conference championship in 30 years, set a record for most wins in its Division I history (22-8), and advanced to the College Basketball Insider Tournament for the second consecutive year.
  - b. Academic Year 2013-2014 highlights:
    - i. Awarded \$3.6 million in athletics scholarships.
    - i. The cumulative grade point average of student athletes was 3.07.
    - ii. Fifty-six student-athletes earned Academic All-Conference Honors in the Summit League and/or Missouri Valley Football Conference.
    - iii. Men's Soccer advanced to the Summit League Tournament championship game for the third consecutive year.
    - iv. Volleyball qualified for the Summit League postseason tournament for the first time since 2007.

- v. Student-athletes performed 1,143 hours of community service, and collected \$6,639 for local and regional charities.
- c. Academic Year 2014-2015 highlights:
    - i. The University awarded \$3.8 million in athletics scholarships.
    - ii. The cumulative grade point average of student athletes was 3.0.
    - iii. Forty-eight student-athletes earned Academic All-Conference Honors in the Summit League and/or Missouri Valley Football Conference.
    - iv. The men's soccer team shared the Summit League regular season championship.
  - d. Academic Year 2015-2016 highlights:
    - i. Awarded nearly \$3.9 million in athletics scholarships.
    - ii. Student athletes cumulative grade point average achieved the highest mark in nearly twenty years, reaching 3.12 in spring 2016.
    - iii. Two student-athletes received the NCAA's prestigious Post-Graduate Scholarship: Karissa Kouchis (softball) and Victoria Kappel (women's soccer). Kappel received the award in the fall and became the first female student-athlete in the history of the department to receive it.
    - iv. The women's basketball team participated in the Women's Basketball Invitational (WBI) post-season tournament. The WBI first-round victory over Southern Illinois was the first Division I postseason win in the history of either the men's or women's basketball programs.
    - v. The football team participated in the NCAA FCS playoffs for the first time in five years and advanced to the second round, defeating the University of Dayton in the first round.
    - vi. The men's basketball program earned its first-ever win over a nationally ranked opponent, defeating the University of Wisconsin in November 2015.
    - vii. The department partnered with the university's sports broadcasting program to nationally broadcast Leatherneck Athletics home events on ESPN3. Football, basketball, and volleyball contests were aired. The partnership is expected to expand, with men's and women's soccer, baseball and softball contests also airing in academic year 2016-2017.
    - viii. Leathernecks Excel as Athletes and People (LEAP) program was implemented to serve as a confidential, student-athlete sport performance initiative. The program offers student-athletes an opportunity to connect with sport psychology, mental health and other professionals on campus to enhance their sport performance and personal development.
    - ix. The department became one of the first Division I programs in the country to partner with SM2 (Social Media Sport Management) to offer foundational social media education for coaches, student-athletes, and staff.

5) Continuing placements in the University's Affirmative Action Internship Program.

- a. Academic Year 2013-2014: Centennial Honors College; Facilities Management; Government Relations; President's Office; Provost's Office; and the School of Distance Learning, International Studies, and Outreach.
- b. Academic Year 2014-2015: College of Education and Human Services Advising Office
- c. Academic Year 2015-2016: Office of Student Judicial Programs and Facilities Management Administration.

- 6) Offering on-campus professional development opportunities.
  - a. Academic Year 2013-2014 highlights:
    - i. The Center for Innovation in Teaching and Research provided 186 programs in Macomb and 25 in the Quad Cities.
    - ii. Ninety-eight employees completed Human Resources' Professional Supervisor Certificate Program, and 122 employees have taken sessions toward certificate completion.
    - iii. The LIFE (Learning is Forever) program had 685 enrollments in special-interest, non-credit courses.
  - b. Academic Year 2014-2015 highlights:
    - i. The Center for Innovation in Teaching and Research provided 178 programs in Macomb and 30 in the Quad Cities.
    - ii. One hundred and seven employees completed Human Resources' Professional Supervisor Certificate Program.
    - iii. The LIFE (Learning is Forever) program in Macomb had 1,615 enrollments in special-interest, non-credit courses.
    - iv. The LIFE program was established in the Quad Cities, and offered four courses.
  - c. Academic Year 2015-2016 highlights:
    - i. The Center for Innovation in Teaching and Research provided 185 programs in Macomb and 30 in the Quad Cities.
    - ii. Forty-five employees completed Human Resources' Professional Supervisor Certificate Program.
    - iii. The LIFE (Learning is Forever) had 2,385 non-credit course enrollments in Macomb, and another 489 enrollments in the Quad Cities.

#### **Goal 5: Promote Social Responsibility**

The University supported social responsibility by:

- 1) The University has receiving grants totaling \$1.3 million to support experiential learning between Fiscal Years 2014 and 2016.
  - a. Fiscal Year 2014: \$338,553 received.
  - b. Fiscal Year 2015: \$423,704 received.
  - c. Fiscal Year 2016: \$515,053 received.
- 2) Hosting federally mandated U.S. Constitution Day observances on the Macomb Campus (fall 2012-fall 2016).
- 3) Maintaining Carnegie Foundation Community Engagement Classification (academic year 2011-2012 to current).
- 4) Completing the comprehensive campaign, surpassing the University's \$60 million goal by \$2.1 million, increasing the endowment from \$16 million to \$40 million, and expanding the total asset base to \$55 million (December 2013).

- 5) Building a culture of alumni giving, measured by annual alumni giving rates.
  - a. Fiscal Year 2013: 5.1%.
  - b. Fiscal Year 2014: 4.8%.
  - c. Fiscal Year 2015: 4.3%
  - d. Fiscal Year 2016: 3.9%
  
- 6) Completing programming studies.
  - a. Macomb Campus Space Study, Currens Hall/Science Complex Study, Western Illinois University-Quad Cities Riverfront Campus Phase III (academic year 2013-2014).
  
- 7) Updating the *Macomb Campus Master Plan*: Completed academic year 2012-2013.
  
- 8) Achieving Master Plan goals and priorities.
  - a. 2012
    - i. Alumni House Phase I (sign wall installed)
    - ii. Corbin Hall and Olson Hall renovation
    - iii. Lincoln Hall and Washington Hall renovation
    - iv. Properties at 300 W. University Drive decommissioned
    - v. Three Dimensional Art Center opened in the Heating Plant Annex
    - vi. Wetzel Hall decommissioned and Wetzel Park established
  
  - b. 2013
    - i. University Grand Entry.
    - ii. 22 classroom and five electronic classroom upgrades.
    - iii. Hanson Field video board installation.
    - iv. Steam line upgrades.
    - v. Thompson Hall renovations.
  
  - c. 2014
    - i. Memorial Hall replacement parking lot.
    - ii. Agriculture Greenhouse.
    - iii. New Residence at Horn Field Campus.
    - iv. 15 classroom and 17 electronic classroom upgrades.
    - v. University Union renovation.
    - vi. Thompson Hall Lobby.
  
  - d. 2015
    - i. Purchasing and removing four houses on Adams Street and University Cinemas to protect the integrity of the formal entries to Western Illinois University.
    - ii. 21 classroom and 29 electronic classroom upgrades.
    - iii. Phase II of the Alumni Legacy Project.
    - iv. Tanner Hall Lobby.
  
  - e. 2016
    - i. New seating in Western Hall
    - ii. New cellular tower
    - iii. Seven classroom and laboratory upgrades
    - iv. Preparing for decommissioning of Higgins and East Village
    - v. Green House addition

9) Demonstrating sustainability:

- a. Receiving Silver Leadership in Energy and Environmental Design certification for Phase I of the Riverfront Campus (January 2013).
- b. Achieving Tree Campus USA by the Arbor Day Foundation (academic years 2013-2014 through 2016-17).

**Goal 6: Demonstrate Accountability**

Western Illinois University continues to demonstrate strategic planning transparency and accountability by:

- 1) Including the University's Performance Indicator Dashboard on the University Planning Website.
- 2) Providing and placing monthly, quarterly, and annual Strategic Plan Updates, and annual Performance Reports on the University Planning Website.



**Part III**  
**Higher Values in Higher Education 2012-2022**  
**2016 Supplement**

1. **Stabilize Enrollment.**

- A. Expand enrollment in the High School Admissions Program.
  - 1. President Thomas will hold Summits with High School administration in Quincy, Macomb, and the Quad Cities during academic year 2016-2017. Focus of the sessions will be items A, B and G of Goal 1.
  
- B. Increase student enrollment from the 16-counties closest to the Western Illinois University Macomb and Quad Cities campuses.
  
- C. Increase community college agreements and transfer student enrollment.
  - 1. The University is currently negotiating dual enrollment agreements with Heartland Community College, Lewis and Clark Community College, Saint Louis Community College, and Southwestern Illinois Community College.
  
- D. Achieve a 10% participation rate of currently enrolled students in Centennial Honors College.
  - 1. Centennial Honors College had record enrollment in Spring 2016, with 855 students participating in the program. Summer freshmen recruitment, enhanced transfer recruitment, new articulation agreements with community colleges, on-campus recruitment fairs, and increased participation in the Quad Cities represent successfully implemented growth strategies for a program that has increased participation by 261 students (43.9%) since fall 2012.
  
  - 2. Goals for academic year 2016-2017 include:
    - a. Achieving a 10% participation rate of currently enrolled students in Centennial Honors College
    - b. Documenting annual increases in the number of Undergraduate Research Day and Quad Cities Student Research Conference participants
    - c. Documenting the number of WIU nominations and recipients for Rhodes, Udall and other prestigious scholarship programs.
  
  - 3. Engage in corporate student recruitment.
    - a. The program was established in Fiscal Year 2016, with outcomes including creating or enhancing 67 university partnerships with 38 partner organizations. Specific outcomes are discussed in *Western Illinois University Board of Trustees Report Number 16.10/7*.
  
- E. Enroll 1,000 international students.
  - 1. The Center for International Studies (CIS) updated the *International Student Recruitment Plan* that has guided a 162 student (47.2%) growth in international student enrollment between fall 2012 and fall 2015.
  
- F. Participate in other activities designed to increase undergraduate and graduate student enrollment.

1. Presidential Task Forces established in academic year 2015-2016 will be reconvened for academic year 2016-2017. The FY18 Strategic Plan Update will document accomplishments related to enrollment and other high university priorities.
  - a. The Provost and Academic Vice President continues to Chair the Academic Excellence Task Force
  - b. The Vice President for Student Services continues to chair the Educational Opportunity (Student Cost) Task Force
  - c. The Vice President for Quad Cities and Planning Social Responsibility (Planning) Task Force
  
- G. Continue to develop innovative strategies to address concerns of price sensitivity and elasticity.
  1. The University will evaluate the effectiveness of the fall 2016 3% price reduction on new applications, acceptances and enrollments, and on first-year retention rates during academic year 2016-2017.
  
- H. Improve retention and graduation rates.
  1. The University has set a 70% first year retention goal and will document progress and priorities to support this initiative during academic year 2016-2017.
  2. The University will continue participation in the Higher Learning Commission's Persistence and Completion Academy.
  
- I. Engage in curricular efficiency studies to help examine trends influencing students time-to-degree.
  1. The Provost and Academic Vice President will charge the Faculty Senate with completing an academic year 2016-2017 review of the University's general education program with regard to program goals, appropriateness of the General Education categories, and the number of courses offered in each category. The current administrative structure of General Education will also be reviewed.
  2. The Provost and Academic Vice President will charge within Academic Affairs to complete an academic year 2016-2017 review of the university-wide Teacher Education program with regard to the current administrative structure of teacher education, time to completion in relationship to the State licensure regulations, and curricular applications to fulfill the state required competencies.
  
2. **Provide Responsive Programs.**
  - A. Continue to ground general education in the liberal arts to equip students with the necessary foundational skills to be successful in the their chosen majors, professions, and continued graduate and professional studies.

- B. Update Signature Program analyses.
  - 1. The Provost and Academic Vice President will lead the update of the University's Signature Program analysis.
  - 2. University Marketing will continue to promote Western's signature programs.
  
- C. Engage in cyclic program reviews, documenting continuous improvements resulting from review processes.
  - 1. Programs in Art; Broadcasting; Chemistry; Communication; Communication Sciences and Disorders; Counseling; Journalism, Physics; Psychology; Recreation, Park and Tourism Administration; Social Work; Theatre; and the Center for Applied Criminal Justice will have regularly scheduled program reviews during academic year 2016-2017.
  - 2. Required three-year progress reports for new programs implemented in fall 2013 will be completed for the B.S. in Fire Protection Services, B.S. in Public Health, and Post Baccalaureate Certificates in Business Administration and Supply Chain Management.
  
- D. Document continuous improvements resulting from annual assessment of student learning processes.
  - 1. Reports and recommendations are available from the Office of the Provost and Academic Vice President.
  
- E. Achieve and maintain discipline-specific accreditation, where appropriate to the discipline.
  - 1. Western Illinois University will host eight reaffirmation of accreditation visits from the following agencies during calendar years 2016 and 2017.
    - a. Academy of Nutrition and Dietetics/Accreditation Council for Education in Nutrition and Dietetics for the B.S. in Family and Consumer Sciences, Dietetics option.
    - b. American Speech-Language-Hearing Association/Council on Academic Accreditation for the M.S. in Communication Sciences and Disorders, Speech-Language option.
    - c. Council for Accreditation of Counseling & Related Educational Programs for the M.S. Ed. In Counseling.
    - d. Council on Social Work Education/Commission on Accreditation for the Bachelor of Social Work.
    - e. National Association of Schools of Art and Design for the B.A. in Art, B.F.A. in Art, and M.A. in Museum Studies.
    - f. National Association of Schools of Music for the B.A in Music, B.M. in Music, and M.M. in Music.
    - g. National Association of Schools of Theatre for the B.A. in Theatre, M.F.A. in Theatre, B.F.A. in Musical Theatre.
    - h. Commission on English Language Program Accreditation for Western's English as a Second Language Institute.
  
- F. Identify and eliminate barriers to interdisciplinary collaboration.

G. Document new program areas.

1. A new master's degree in Business Analytics was implemented on the Macomb Campus.
2. A new hybrid master's degree in Community and Economic Development was implemented on the Quad Cities Campus.
3. A request to establish a bachelor's degree in Mechanical Engineering has been submitted to the Illinois Board of Higher Education.

H. Develop a university planning process that documents workforce and graduate school placement rates, uses data from secondary sources (e.g., Occupational Outlook Quarterly) to evaluate demand and serve as the base for enrollment targets.

3. **Support Innovation.**

A. Design and implement an Executive Corporate Cluster as a means to increase student recruitment, sponsored credit, internships, advisory board service, on campus recruitment fairs, engagement of external experts, and the basis for future philanthropic relationships.

1. See actions reported in Goal 1D3.

B. Respond to changing market conditions by offering increased hybrid programs and increased online degrees.

1. All graduate programs have been granted permission to explore the development of hybrid programs, as appropriate to the discipline.
2. The University established a goal to offer 10% of courses in irregularly scheduled formats (e.g., weekend academy, online, hybrid) and to evaluate implementation as part of program review.
  - a. This goal was exceeded in Fiscal Year 2016, with 37.2% of the summer classes, 14.2% of the fall classes, and 17.8% of the spring classes offered in the aforementioned formats.

C. Document other forms of innovation in academic departments and administrative units.

4. **Reduce Reliance on State Funding.**

A. Establish giving expectations for the Western Illinois University Board of Trustees.

B. Establish annual external revenue generation goals for the President, Vice Presidents, and Deans.

C. Review contracts and grants rules and policies to identify and remove impediments to institutional effectiveness in generating external revenue.

- D. Increase revenue from contracts and grants.
  - 1. Review for external grants and contracts increased by \$500,000 (4.5%) from \$11.1 million in Fiscal Year 2015 to \$11.6 million in Fiscal Year 2016.
- E. Transition funding of public service units from state appropriated funding.

5. **Increase Business Acumen.**

- A. Make necessary but difficult decisions on program continuation in recognition that a comprehensive university cannot be all things to all people.
  - 1. The University is engaged in teach-out plans for the African American Studies, Philosophy, Religious Studies, and Women's Studies majors.
  - 2. The University will continue strategic review of academic programs, and will document the number of reviews and the outcomes/implementation of these reviews.
- B. Engage in strategic reinvestment of institutional resources to support growth and academic excellence, with a three-year (FY16-FY18) \$20 million reduction and reinvestment goal.
  - 1. Initial reporting to the Western Illinois University Board of Trustees was completed in March 2016 (see *Western Illinois University Board of Trustees Report Number 16.3/6* and the supporting power point presentation that is available at [www.wiu.edu/university\\_planning/presentations.php](http://www.wiu.edu/university_planning/presentations.php)).
  - 2. An update to this report and presentation will be made at today's Western Illinois University Board of Trustees meeting (see *Report Number 16.10/5*). The supporting power point presentation will be placed on the University Planning website after the Board meeting.
- C. Identify opportunities to streamline and improve efficiencies.
  - 1. The University will continue exploration of new student and financial data systems.
- D. Restore institutional reserve funding.
- E. Communicate the plan and its results, internally and externally.
  - 1. President Thomas will continue providing Budget Updates and hosting Town Hall meetings; meetings with the colleges, library, Quad Cities, and governance groups; student, faculty, and staff roundtables; and meetings with major donors and the President's National Advisory Group.
  - 2. President Thomas will also continue working with legislative leaders and the Governor, providing testimony on budget and other issues affecting higher education, and serving on the Illinois Board of Higher Education.
  - 3. Mayors and High School Summits will be used to communicate and advance university goals and priorities.
  - 4. The Vice President for Quad Cities and Planning will continue to provide monthly, quarterly, and annual strategic planning updates.

Attachment D  
Fiscal Year 2018 Strategic Plan Update

# WESTERN ILLINOIS UNIVERSITY BOARD OF TRUSTEES

September 29, 2017

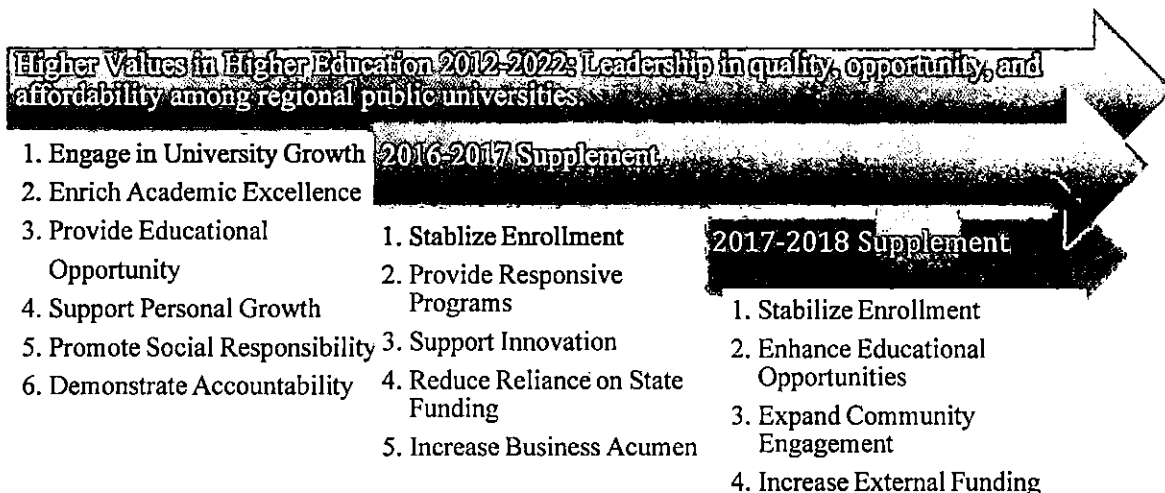
## Report 17.9/8 Fiscal Year 2018 Strategic Plan Update

This *Update* provides an overview of the interrelationship between Western Illinois University’s Strategic Plan and Strategic Plan Supplements. It then discusses accountability reporting for these documents, and concludes with a summary and identification of next steps. Results in this *Update* will show that the students, faculty, and staff of Western Illinois University continue successful advancement of the vision, mission, goals, and priorities of *Higher Values in Higher Education* and its component parts.

Western Illinois University’s Higher Values in Higher Education strategic planning processes are based on a ten-year vision that is updated every five years to reflect changing internal and external environments. The University currently operates according to *Higher Values in Higher Education 2012-2022*. Higher Values in Higher Education 2017-2027 will be created this academic year.

This University also creates annual Strategic Plan Supplements. This process began in academic year 2016-2017. Annual Strategic Plan Supplements provide timely actions to advance the University’s highest goals and priorities. This provides the mechanism to successfully address unforeseen challenges and opportunities at the time of writing a strategic plan, and is used as a method of continuous improvement.

As shown below, the University has implemented six goals and priorities (supporting university growth through demonstrating accountability) since academic year 2012-2013 as we seek to become a national leader in quality, opportunity, and affordability. We focused on stabilizing enrollment through increasing business acumen during academic year 2016-2017. We will focus on stabilizing enrollment, enhancing educational opportunities, expanding community engagement, and increasing external funding during academic year 2017-2018.



In addition to publicly stating our goals and priorities, Western Illinois University engages in annual accountability reporting to evaluate our effectiveness in these areas. This *Update*, the sixth in an annual series for *Higher Values in Higher Education 2012-2022*, is divided into five parts.

- Part I: *Higher Values in Higher Education 2012-2022* accomplishments for academic year 2016-2017 and plans for academic year 2017-2018.
- Part II: Cumulative accomplishments from *Higher Values in Higher Education 2012-2022*.
- Part III: 2016-2017 *Strategic Plan Supplement* accomplishments.
- Part IV: 2017-2018 *Strategic Plan Supplement*. initial accomplishments and plans.
- Part V: Summary and next steps.

Results from this *Update* will inform the creation of Higher Values in Higher Education 2017-2027. It will also inform self-study for reaffirmation of accreditation from the Higher Learning Commission. The Quad Cities and the University's off-campus locations will have site visits during academic year 2019-2020. The Macomb campus visit will occur in academic year 2020-2021. Commission protocol requires branch campus and off-campus location visits to occur the year before the main campus visit.

The source documents for this *Update* are annual *Planning and Accomplishment Reports and Presentations* prepared by all department chairs, directors, deans, and vice presidents. These materials were presented to the university community in annual presentations made by the vice presidents and areas that report to the president in May 2017. These materials are available from the University Planning website at [www.wiu.edu/university\\_planning/annualpresentations.php](http://www.wiu.edu/university_planning/annualpresentations.php).

This *Update* is the first of a two-part evaluation of institutional effectiveness in strategic planning. The Board of Trustees will receive a second analysis at its December 2017 meeting. The Fiscal Year 2018 Performance Report will provide quantitative data demonstrating whether implementation of *Strategic Plan* goals and priorities are causing university performance indicators to progress in the desired direction, remain constant, or move in the opposite direction. University performance on these performance indicators will also be compared to the performance of Western Illinois University benchmark institutions.

This *Update* will discuss *what* the University is doing to advance its vision, goals and priorities. The Performance Report will evaluate *how* the University is doing relative to its performance indicators and peer institutions.

This *Update* will also show that strategic planning implementation continues to advance the University in national comparisons of quality, opportunity, and affordability, despite Illinois higher education enduring the two-year historic and unprecedented State of Illinois budget impasse.

- *U.S. News and World Report* ranked Western Illinois University as the ninth best Midwestern public university in September 2016, up from 11<sup>th</sup> in September 2015.
- The *Princeton Review* in August 2017 named Western Illinois University:
  - A "Best Midwestern College" for the 14<sup>th</sup> consecutive year.
  - Among the top 25 percent of the nation's 2,500 best four-year colleges and universities.
- The 2017 Washington Monthly College Guide recognized Western Illinois University as:
  - The ninth "Best Bang for the Buck" Midwest institution, up from 37<sup>th</sup> last year.
  - The 73<sup>rd</sup> Best (out of 632) national master's degree granting institution, up from 91<sup>st</sup> last year.
  - Among the 100 best four-year colleges and universities nationally serving adult learners.



- Military Times EDGE magazine named Western Illinois University as a 2017 “Best for Vets College,” ranking 13<sup>th</sup> in the nation (up 2 spots from the 2016 ranking), and making Western the only Illinois public four-year university in the top 50 schools nationally.
- BestColleges.com in August 2017 included Western Illinois University in its 2017 listing of the “Top 20 Best Online Accredited Colleges in Illinois.”

**Part I**  
**Annual Higher Values in Higher Education Accomplishments and Plans**  
**Academic Years 2016-2017 and 2017-2018**

**Goal 1: University Growth and Recruitment**

*Action 1: Identify future and sustainable enrollment growth goals for the Macomb Campus.*

New Initiatives

Continuing Initiatives

- Setting annual enrollment targets (currently at 10,000 total student enrollment) for the University in conjunction with data provided by the Admissions Office, Budget Office, and Institutional Research and Planning.

*Action 2: Form a growth plan for the Quad Cities Campus that articulates institutional plans for the academic, enrollment, and administrative growth to support an enrollment of 3,000 students.*

New Initiatives

Continuing Initiatives

- Using feasibility study and curricular approval processes to develop new programs.
- Implementing priorities from the *Staffing Growth Plan*.
- Requesting new resources through university and state operating and capital processes.

*Action 3: Increase awareness of Western Illinois University and our traditions of excellence*

New Initiatives

- Launched the new Western Illinois University Alumni Magazine.
- Hosted the Vietnam Era Wall That Heals, attracting over 6,800 individuals to the Quad Cities campus to tour this event and learn more about the University.
- Co-Sponsored and supported a Western Illinois University information tables at the Bix7 and Quad Cities Marathon.

Continuing Initiatives

- Emphasizing Western's national rankings of quality, opportunity, affordability, and military friendliness in publications, billboards, advertisements (print, broadcast, and radio), web, and social media.
- Nominating students for highly prestigious national scholarships, including the Rhodes, Fulbright, Goldwater, Truman, Mitchel, and NCAA Post-Baccalaureate Fellowship programs.
- Engaging in media campaigns to promote Centennial Honors College and Western Commitment Scholarship recipients in their hometown newspapers.
- Supporting the Think Purple and Success Story campaigns.
- Advertising in highly trafficked areas, including cinemas, high school gymnasiums, shopping centers, airports, regional sporting events, and on WQPT.
- Engaging in geo-tracking and fencing.

*Action 4: Increase the number of undergraduate and graduate applications, acceptances, and enrollments.*

New Initiatives

- Engaged in meetings with presidents from 19 community colleges in Illinois, Iowa, and Missouri and three private institutions to discuss partnership development, expansion, and evaluation.
- Planned to offer the first dual enrollment course at a off-campus location (Cambridge High School).
- Signed Compact (General Education articulation) Agreement with Saint Louis Community College.
- Expanded recruitment at military installations.
- Targeted the recruitment of working professionals through the President's Executive Institute.
- Piloted use of Gradschoolmatch.com with 31 programs during a three-month test phase.
- Received funding from the Moline Foundation and the Regional Development Authority to launch High School Engineering Career Exploration Days on the Quad Cities campus. This will allow more than 400 students from 11 area high schools to meet faculty and tour campus in fall 2017.

Ongoing Initiatives

- Hosting Discover Western sessions across Illinois and in Saint Louis.
- Engaging the School of Graduate Studies in 23 recruitment events.
- Awarding seven Graduate Recruitment Grants (up to \$500 each) to assist with departmental and school recruitment.
- Offering virtual tours of the Macomb and Quad Cities Campuses.
- Providing Western Commitment Scholarships to high school seniors, new freshmen and transfers, and international students.
- Offering in-state tuition for all domestic students.
- Supporting dual enrollment programs with high schools and community colleges.
- Awarding 494 and 488 graduate assistantships in fall 2016 and spring 2017, respectively.
- Using the Enrollment Management Team to study and make process improvements.
- Implementing and evaluating college, school, and departmental undergraduate and graduate recruitment plans annually.
- Engaging in discipline-specific recruitment days (e.g., Biology, Engineering, Psychology, College of Business and Technology).
- Hosting graduate open houses.
- Supporting the Saint Louis Regional Center and students at 14 off-campus locations.

*Action 5: Increase the number of adults completing postsecondary education credentials.*

New Initiatives

- Established the Military Student Task Force to address issues related to the recruitment and retention of active duty military and veterans.
- Launched the master's degree in Community and Economic Development in hybrid format.
- Planned to launch an undergraduate online degree in Anthropology during academic year 2017-2018.

Ongoing Initiatives

- Supporting dual enrollment agreements with eight community colleges.
- Maintaining BGS agreements with all Illinois public community colleges.
- Offering the National Fire Academy Certificate; Anthropology, General Studies, and RN to BSN undergraduate degrees, four post-baccalaureate certificates in Instructional Design and Technology; and Master's degrees in Business Administration, Instructional Design and Technology, and Elementary Education online.

- Delivering master's degrees in Business Administration and College Student Personnel in hybrid format.
- Exploring hybrid course development in all graduate disciplines and select undergraduate disciplines.
- Contacting former students from both campuses who have dropped out to encourage degree completion.
- Providing a *Continuous Enrollment Policy* and course (University 695) to improve exit option and degree completion rates, with 51 and 54 course enrollments in fall 2016 and spring 2017, respectively.

*Action 6: Increase campus diversity*

New Initiatives

- Planned for the opening of Alpha Psi Lambda, a co-educational historically Latin fraternal organization, on the Macomb campus.
- Established the Quad Cities Cultural Alliance to support an inclusive and diverse campus environment and promote cultural awareness, respect, and appreciation.

Ongoing Initiatives

- Supporting offices, programs and services that are designed to increase the participation and achievement of students from traditionally underrepresented groups<sup>1</sup>. This includes Admissions, Casa Latina Cultural Center, Center for International Studies, Disability Resource Center, Gwendolyn Brooks Cultural Center, Multicultural Programs, Quad Cities Office of Academic and Student Services, and the Women's Center.
- Engaging the University Diversity Council, Web Accessibility Committee, Americans with Disabilities Advisory Committee, University Committee on Sexual Orientation, and the Western Organization for Women in university diversification efforts.
- Continuing to emphasize diversity in university publications.

*Action 7: Increase international student enrollment and international experiences for students.*

New Initiatives

- Delivered faculty-led study abroad courses in new international locations and this course delivery also resulted in the recruitment of new students to the University. The locations courses, location, and number of new students follow. Law Enforcement in Costa Rica (6), Economic Development in Nepal (7), French

Ongoing Initiatives

- Providing \$3,000 International Commitment Scholarships for high achieving undergraduate and graduate international students.
- Utilizing language-specific recruitment videos and PowerPoint presentations.
- Continuing online promotion, embassy visits, faculty ambassador program, and recruitment

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<sup>1</sup> *Illinois Public Act 85-283 defines underrepresented groups as minorities, females, and individuals with disabilities.*

and Folklore in Ghana (7), and Sustainability in Ecuador (6).

partnerships with Education USA offices, recruiters, governmental agencies, and international programs

- Hosting administration and faculty from international partner institutions on campus.
- Supporting Western's English as Second Language Institute, Study Abroad, International Education Week, International Neighbors Program, and Phi Beta Delta International Honor Society.

*Action 8: Increase the number of students enrolled in Centennial Honors College.*

#### New Initiatives

- Implemented a Pre-Honors Program.
- Received funding from Dr. Jill Brody to establish a pre-medical symposium.

#### Ongoing Initiatives

- Recruiting at community college fairs.
- Awarding Centennial Honors Scholarships for new freshmen with a minimum ACT score of 30 and high school grade point average of 3.0.
- Engaging students in honorary fraternities (including Phi Eta Sigma, Golden Key, Phi Theta Kappa, Tau Sigma, and Alpha Sigma Lambda).
- Promoting student engagement in Mortar Board, the National Society of Collegiate Scholars, Blue Key, and Who's Who Among American College Students.
- Offering Quad Cities students the opportunity to participate in Beta Alpha Psi, Blue Key Honor Society, Chi Sigma Iota, Golden Key International, and Kappa Delta Pi.
- Supporting a chapter of Alpha Sigma Lambda, a non-traditional student national honor society for 20 students in the Bachelors of Genreal Studies degree program.
- Hosting the Pre-Law Symposium.

*Action 9: Enhance the affordability of Western Illinois University.*

#### New Initiatives

- Maintained new academic year 2017-2018 student tuition at academic year 2016-2017 levels.
- Allocated institutional funds to establish a new four-year Western Educational Opportunity Grant program for accepted students who had not matriculated to the University.

#### Ongoing Initiatives

- Waiving application fees for military service members and new freshmen from the Western Illinois University service region.
- Administering financial assistance to over 75% of undergraduate students.
- Providing dually enrolled high school student, freshman, transfer, honors, and international student scholarships (tuition discounts).
- Supporting the Linkages Program that can reduce student costs by up to 25% and result in no unmet need on the Quad Cities Campus.

*Action 10: Recruit an excellent faculty and staff representative of the diverse and global society.*

New Initiatives

Ongoing Initiatives

- Supporting the Minority Fellow Dissertation Award, Underrepresented Post Doctorate Award, and the Underrepresented Visiting Professor Award.
- Utilizing the Human Resources Intern Program.
- Engaging the Campus Climate, Celebrating Diversity, Public Relations, and Workforce Diversity Initiatives subcommittees of the University Diversity Council.

*Action 11: Provide faculty and staff salaries that meet and exceed the mean of peer institutions to support the recruitment and retention of high-achieving employees.*

New Initiatives

Ongoing Initiatives

- Engaging in impact bargaining concerning furlough and/or layoffs with bargaining units. For example, and due to the historic and unprecedented two-year State of Illinois budget impasse, the University Professionals of Illinois rescinded their 1% negotiated raise for FY16, and reduced base salaries by 3% from FY2016 levels for FYs 2017 and 2018 under the terms and conditions described in *Western Illinois University Board of Trustees Resolution 16.6/12*.
- Sustaining the university furlough program for non-negotiated administrative personnel earning more than \$40,000 annually.
- Canceling salary increases for non-negotiated staff members.

*Action 12: Reward professional achievements of faculty and staff.*

New Initiatives

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Ongoing Initiatives

- Granting tenure to 10 faculty members.
- Approving 22 faculty promotions and 45 civil service reclassification audits.
- Awarding 182 Fiscal Year 2017 Professional Achievement Awards.
- Supporting salary minima in conjunction with contractual agreements with the University Professionals of Illinois.
- Continuing university recognitions of excellence through the Provosts Awards of

Excellence, Council of Administrative Personnel and Civil Service Employees Council Employees of the Year, Distinguished Faculty Lecturer, and the Western Illinois University-Quad Cities Values In Practice Awards.

*Action 13: Continue to develop institutional policies and procedures that promote a holistic and supportive environment in responding to employee workforce needs.*

#### New Initiatives

- Updated Board of Trustees Regulations on Bereavement Leave and Sick leave.

#### Ongoing Initiatives

- Supporting family-friendly policies, including *Active Military Service, Americans with Disabilities Services, Long Term Disability, Bereavement Leave, Domestic Partner Benefit Program, and Sick Leave Bank.*
- Implementing Board of Trustees Regulations on *Military Leave, Leave for Court Required Service, Emergency Leave, Extended Sick Leave, Federal Family and Medical Leave Act, and Parental Leave.*
- Providing supplemental retirement and deferred compensation plans.
- Offering academically based childcare on the Macomb Campus.

### **Goal 2: Enrich Academic Excellence**

*Action 1: Promote high standards of academic excellence in all phases of instruction, research, service, and support services. These are interrelated components to academic excellence.*

#### New Initiatives

- Submitted two requested reports to the Higher Learning Commission on maintaining institutional quality during the State of Illinois' historic and unprecedented budget impasse.

#### Ongoing Initiatives

- Implementing contractual agreements with the University Professionals of Illinois that place instruction as the highest priority of faculty<sup>2</sup>.
- Continuing priority investment in the instructional and academic mission of the University. Fiscal Year 2016 expenditures for Academic Affairs and Student Services totals \$147.8 million, or 67.5% of all expenditures from all sources of funds, up from 66.2% of all expenditures in FY15.
- Supporting interdisciplinary programs (e.g., General Education, Liberal Arts and Sciences, Museum Studies, and Environmental Science,

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<sup>2</sup> Faculty provide 95 percent of the total student credit hours earned at the undergraduate level with graduate teaching assistants contributing the remaining five percent. Full professors devote approximately 90 percent of their professional responsibilities to undergraduate instruction.

interdisciplinary integrated degrees) centers and institutes (e.g., Center for Innovation in Teaching and Research, Illinois Institute for Rural Affairs, and the Institute for Environmental Studies).

- Following annual assessment process in general education and all undergraduate and graduate programs where faculty define intended student learning outcomes, collect and analyze data, and report findings and process improvements (current and planned) to the Provost's Office for review and feedback.
- Engaging 23 cyclic program reviews, three three-year progress reports on new programs, and two one-year follow-up reports to ensure the provision of high-quality, viable academic programs and services.
- Maintaining university-wide accreditation from the Higher Learning Commission, Council for the Accreditation of Educator Preparation, Illinois State Board of Education, and 17 program-specific agencies.
- Continuing institutional membership in National Council of State Authorization and Reciprocity Agreements by demonstrating institutional adherence to best practices in distance education delivery.
- Remaining certified by the State of Iowa Office of Postsecondary Education to house the Museum Studies Degree at the Figge Art Museum in Davenport.
- Increasing the number Living-Learning communities on the Macomb campus, establishing peer tutoring in the Quad Cities, and installing secure remote testing access for distance learning students as part of the University's Quality Initiative for the Higher Learning Commission.

*Action 2: Focus on the individual learner.*

New Initiatives

- Implemented new Living-Learning Communities for Biology majors, Liberal Arts and Sciences majors, and Women in Science.

Ongoing Initiatives

- Providing the First Year Experience to help students transition to college. Students engage in FYE courses, live in designated housing, and participate in co-curricular activities.
- Offering the Transfer Year Experience. Participating students live in the same residence hall, participate in social activities, and learn from programming related to



development of strong academic and professional habits.

- Giving students with the same interests the opportunity to participate in learning communities in Broadcasting and Journalism, Fine Arts, Honors, and Pathways (for undecided majors).
- Utilizing low student-to-faculty ratios (15:1) on both campuses.
- Including students in faculty research and providing opportunities for students to showcase their work at undergraduate and graduate research days on both campuses.
- Supporting Research Inspiring Student Excellence (RISE). The program promotes minority student research in Chemistry, Physics and Biological Sciences by providing mentors, internships, conference support, and scholarships.

*Action 3: Support strong commitments to research, scholarly/creative activities, and grants.*

#### New Initiatives

- Coordinated internal grant competitions for faculty interested in submitting applications for the National Endowment for the Humanities Summer Stipend program and National Science Foundation Major Research Instrumentation program.

#### Ongoing Initiatives

- Allocating \$3.2 million in support of scholarship and an additional \$933,600 thousand to support faculty and staff travel.
- Granting sabbaticals to 28 faculty members.
- Providing research assistance through the Office of Sponsored Projects, Center for Innovation in Teaching and Research, and the collections and holdings of University Libraries<sup>3</sup>.
- Offering experiential sites supporting research (e.g., University Farms and Greenhouse, Alice Kibbe Life Sciences Station, Horn Field Campus, Rodney and Bertha Fink Environmental Studies Field Laboratory and Conservancy, Ira and Reatha T. Post Wildlife Sanctuary, and the Quad Cities Manufacturing Laboratory).
- Facilitating access to off-campus locations to support research and instruction (e.g., Shedd Aquarium in Chicago, and the Figge Art Museum, Nahant Marsh, and Niabi Zoo).
- Funding University Research Council grants

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<sup>3</sup> *University Libraries hold more than one million cataloged volumes of monographs and periodicals and offer online access to the full texts of hundreds of academic journals and other publications. Items may be borrowed from 75 Illinois academic libraries through the I-Share network or obtained through interlibrary loan from libraries across the nation*

(up to \$5,000 per award) and a Summer Stipend program that provides up to 12 faculty members \$3,500 research stipends.

- Utilizing the talents and resources of the Quad Cities Research and Scholarship Symposium and Quad Cities Professional Development Network.
- Fundraising to create endowed professorships and chairs in the College of Business and Technology, Foreign Languages, and Icarian and Regional Studies.
- Maintaining WIU author bibliographies and sponsoring an annual Authors Reception to celebrate those who have published materials during the year.
- Hosting Executives in Residence in the College of Business and Technology.
- Maintaining currency on grant policies and regulations at the federal, state, and university levels

*Action 4: Support strong commitments to mission-driven public service and outreach.*

#### New Initiatives

- Hosted Community and Economic Development Summits in Macomb, Moline, Peoria and Quincy to initiate planning on how the university and community will collaborate on shared priorities.
- Partnered with the Illinois Terrorism Task Force to administer the Illinois School and Campus Safety program for K-12 and higher education, and to enhance community, school, and personal preparedness in the event of a disaster.

#### Ongoing Initiatives

- Allocating \$12.9 million in FY16 (5.9% of the University's budget) to public service.
- Supporting the University's growth in the Quad Cities as part of the City of Moline's economic re-development plans to develop a \$100 million taxable base and attract 2,000 new and existing jobs.
- Advocating for the release of state capital funding for the Center for Performing Arts that will serve the university and residents in western Illinois and beyond.
- Offering programs and services to the community from organizations and units that support diversity and outreach (e.g., the Black Student Association, Casa Latina Cultural Center, Gwendolyn Brooks Cultural Center, International Friendship Club, Unity, Western Organization for Women, and the Women's Center).
- Delivering 17 summer camps to area youth.
- Providing high-quality cultural entertainment and educational opportunities through the College of Fine Arts and Communication, Bureau of Cultural Affairs, and the Performing Arts Society.

- Responding to statewide needs to improve educational attainment at all levels by sponsoring the Center for Best Practices in Early Childhood Education (a family-centered, research-based practices designed to improve educational opportunities for all young children), offering preschool literacy and mentoring AmeriCorps programs, and serving as an Illinois State Board of Education (ISBE) Approved Professional Development Provider.
- Providing public service through the Center for Best Practices in Early Childhood Education, Center for International Studies, Center for the Preparation of Education Professionals, Institute for Environmental Studies, Illinois Institute for Rural Affairs, Illinois Training and Standards Board Executive Institute, Small Business Development Center, Tri States Public Radio, University Television, U.S. Bank Writing Center, Veterans Resource Center, Western English as a Second Language, Western Survey Research Center, and WQPT.
- Offering library patrons access to university archives, digital and special collections, and reciprocal lending agreements with the Moline Public Library.
- Engaging in public-private partnerships that benefit students (e.g., the \$82 million in private development that supports housing, restaurants, and retail next to the Western Illinois University-Quad Cities ).

*Action 5: Deliver a strong, user-centered information technology infrastructure.*

#### New Initiatives

- Transitioned from Zimbra to Google to better address student, faculty, and staff needs.
- Implemented automatic end-user notification if a WIU email address was found in a third-party breach.
- Blocked sending of emails containing sensitive data (credit card numbers and Social Security numbers) from WIU Gmail accounts.

#### Ongoing Initiatives

- Delivering 53 workshops related to the University's distance learning platform, Desire2Learn.
- Continuing faculty and staff representation in IT Governance, the Internet Technology Advisory Group, Technology Security Committee, University Technology Advisory Group, and Web Accessibility Committee.
- Providing redundancy between the campuses to ensure business continuity.
- Maintaining the Library Liaison Program to identify, collect, and provide access to information that supports of teaching and research, program review, accreditation and new degree, certificate, and center proposals.

- Offering electronic access to library resources through virtual librarian services; electronic catalogues, reserves, and Books; access to I-Share (collections and holdings at 64 Illinois libraries), and 125 electronic databases.
- Promoting information literacy through individual and course presentations.

### **Goal 3: Provide Educational Opportunity**

*Action 1: Support student academic achievement in preparing for timely degree completion.*

#### New Initiatives

- Initiated reviews of General Education and Teacher Education to address program, degree, and credit hour requirements.
- Signed a 3+3 Articulation Agreement with John Marshall Law School.

#### Ongoing Initiatives

- Accepting advanced placement and military credit.
- Providing opportunities to earn prior learning credit in the Bachelor's in General Studies program.
- Participating in the Illinois Articulation Agreement and Compact Agreements for General Education.
- Supporting 41 integrated undergraduate and graduate degrees programs.

*Action 2: Provide student-centered schedules that enable students to successfully pursue educational opportunities.*

#### New Initiatives

#### Ongoing Initiatives

- Giving alternatives to the traditional 16 week semester through Weekend Academy, alternative summer semester lengths, irregularly scheduled courses, sponsored credit courses, and distance learning and hybrid programs.
- Ensuring that all undergraduate programs can be completed in two years at the Quad Cities Campus and that all graduate programs can be completed in three years.
- Facilitating Study Abroad experiences over spring and winter breaks, and in summer, semester, and year-long formats.

*Action 3: Support learning inside and outside the classroom and initiatives designed to increase student success.*

#### New Initiatives

- Expanded internship sites through implementation of the President's Executive Institute.

#### Ongoing Initiatives

- Providing internships, student teaching, clinical placements, undergraduate and graduate student research days, and education abroad opportunities.

- Offering over 250 registered student organizations and honorary societies in Macomb, and 27 in the Quad Cities.
- Supporting specialized leadership activities through the Office of Student Activities (Camp Leatherneck, Rocky Unleashed), honors societies, and the Multicultural Center.
- Engaging students in campus and university-wide governance through Student Government Associations, tuition and fee setting, presidents roundtables, and university-wide planning and accreditation activities.

*Action 4: Provide comprehensive support services and enhance access to educational opportunities inside and outside the classroom*

New Initiatives

Ongoing Initiatives

- Providing academic advisement through the University Advising and Academic Service Center, colleges, and departments.
- Deploying the Student Success Center in Tanner Hall, which houses representatives from the Leatherneck Success Team, Academic Advising, math tutoring, and the Writing Center.
- Coordinating accommodations through the Disability Resource Center and Quad Cities Student Services, and implementing recommendations from the ADA Advisory Committee.
- Maintaining web accessibility requirements.
- Offering pre-employment preparation classes in the Career Development Center.
- Delivering individual and group counseling and study skills seminars through the University Counseling Center.
- Charging the Student Development Office with providing academic assistance, and serving as a crisis intervention contact/liaison for students.
- Maintaining a comprehensive substance abuse educational program, and completing biennial assessment reporting.
- Hosting late night programming as alternative programming.

*Action 5: Evaluate the effectiveness of institutional strategies to provide access to educational opportunities inside and outside the classroom.*

New Initiatives

Ongoing Initiatives

- After review by the Leatherneck Success
- Providing all registered student organizations

Team, study tables were added in the first-year residence halls and Multicultural Center to give students places to study and obtain homework assistance.

- Based on evaluation of the Quad Cities Persistence and Completion Team, the Quad Cities campus received approval from the President to support a new peer tutoring model.

with a faculty or staff adviser to assist with event planning and implementation.

- Including NSSE results in the Persistence Academy planning and implementation.

*Action 6: Provide statewide and national leadership in reducing levels of student indebtedness and increasing cost predictability and affordability.*

#### New Initiatives

- Lowered new student tuition by 3% in FY16 and did not increase tuition in FY17.

#### Ongoing Initiatives

- Including financial need and academic merit components in Western Commitment Scholarship Programs.
- Remaining the only Illinois public university to guarantee tuition, fees, and room and board rates with no cost increases.
- Maintaining dual enrollment agreements with high schools and community colleges.
- Offering one in-state tuition rate for all domestic students.
- Assigning an advisor to assist delinquent and defaulted borrowers resume student loan payments.

### **Goal 4: Support Personal Growth**

*Action 1: Promote health and wellness to support personal growth.*

#### New Initiatives

- Establishing a food pantry on the Quad Cities campus to address issues of student food insecurity and access.
- Exploring student access to YMCA facilities in the Quad Cities.

#### Ongoing Initiatives

- Maintaining a smoke-free environment.
- Engaging in assessment, counseling, treatment, and early intervention through the Alcohol and Other Drug Resource Center.
- Offering an accredited, full-service Health Center on the Macomb campus that provides outpatient health care and health and wellness education to students.
- Providing Campus Recreation opportunities to students, faculty, and staff.
- Supporting the Jackie Thompson Wellness Lecture, Western Walks, and Leathernecks in Training.
- Hosting blood and bone marrow drives, flu shot clinics, manage your stress weeks, and Western Walks on the Quad Cities Campus.

- Partnering with Beu Health Center, the Rock Island County Health Department, and Unity Point Health Services to bring health services to Quad Cities Campus.
- Giving healthy vending options and providing water bottle filling stations.

Action 2: Promote ethical decision-making and personal responsibility

New Initiatives

Ongoing Initiatives

- Infusing an on-line prevention education program that addresses different forms of interpersonal violence followed by a class presentation on bystander education in University 100 classes.
- Including multicultural and cross-cultural study requirements in the University's General Education curriculum.
- Requiring baccalaureate degree candidates to complete Foreign Language/Global Issues requirement(s) established for their major.
- Upholding ethical responsibilities as stated in the *Student Code of Conduct* and University Policies and Procedures, including the *Student Academic Integrity Policy*, *Student Responsibility Statement*, and *Anti-Harassment Policy*.
- Necessitating that all employees annually complete ethics and sexual harassment prevention trainings.

*Action 3: Enhance student and community engagement.*

New Initiatives

- Provided University Theme programming and events on the topic of *Economy: Moral Challenges and Opportunities* during academic year 2016-17.
- Planned academic year 2017-2018 University Theme programming and events on the topic of *Cultivating Peace at Home and Abroad: Our Social Responsibility*.

Ongoing Initiatives

- Integrating university theme content into University 100 and General Education and First Year Experience ("Y" section) courses, and residential hall programming.
- Supporting combined meetings of all Quad Cities student organizations each semester to coordinate event planning.
- Hosting high profile speakers on both campuses, including the State of The University Address, Town Hall Meetings with President Thomas, University Theme Speakers, Distinguished Faculty Lecture, and the Hallwas Liberal Arts Lecture.
- Offering cultural opportunities through the

Black Student Association, Casa Latina Cultural Center, Gwendolyn Brooks Cultural Center, International Friendship Club, Unity, Western Organization for Women, and the Women's Center in Macomb.

- Providing Cinco de Mayo, Dios de los Muertos, Trip to the Art Institute in Chicago, and Valentine Gayla activities in the Quad Cities.
- Operating Tri States Public Radio, University Television, and WQPT.
- Supporting a broad-based National Collegiate Athletic Association (NCAA) Division I and Football Championship Series varsity intercollegiate athletics program.
- Hosting University Union Board programming by students that includes a coffeehouse, cinema, comedy, concerts, Family Day and Homecoming activities.
- Charging the Quad Cities Student Government Association with organizing Quad Cities Cares Week, campus (organization, volunteer, and donation) fairs, and Homecoming activities.

*Action 4: Provide lifelong learning opportunities for faculty, staff, and community members.*

#### New Initiatives

#### Ongoing Initiatives

- Supporting release time, tuition waivers, educational leaves, professional achievement awards, promotion and tenure, position audits, and sabbaticals.
- Providing the Affirmative Action Internship Program.
- Basing Center for Innovation in Teaching and Research, Human Resources, and the Quad Cities Professional Development Network programming on results from needs analyses.
- Offering LIFE (Learning is Forever) non-credit courses in Macomb and the Quad Cities.

### **Goal 5: Promote Social Responsibility**

*Action 1: Promote civic engagement and service learning in order for students to enhance local, national and global perspectives.*

#### New Initiatives

#### Ongoing Initiatives

- Supporting service learning, internships, student teaching, simulations, and other forms of experiential learning.



- Engaging in American Democracy Program activities (e.g., Constitution Day Activities, 911 Remembrance, Mock Presidential Election, Honors Colloquia with travel to civic landmarks, and Pre-Law Symposium)
- Maintaining the University's Carnegie Foundation Community Engagement Classification, with related programs and services available to the region through College of Fine Arts and Communication concerts and performances, Geographic Information Systems Center, Go West public transit system, Illinois Institute for Rural Affairs' economic and community development services, Peace Corps Fellows Program, Quad Cities AmeriCorps Program, Tri States Public Radio, University Television, Western's All Volunteer Effort, and WQPT.

*Action 2: Support national and international contexts in advancing equity, social justice, and diversity.*

#### New Initiatives

#### Ongoing Initiatives

- Housing the Illinois Association for Cultural Diversity.
- Supporting Fulbright scholarships, visiting scholars, Global studies in General Education and degree requirements, international articulation agreements, and study abroad programs.
- Maintaining international accreditation from the Association to Advance Collegiate Schools of Business.

*Action 3: Use partnerships to advance the University's vision, mission, values, goals, and actions.*

#### New Initiatives

- Established "Western 101" meetings with regional legislators to coordinate institutional plans and legislative actions.
- Initiated Education Summits in Galesburg, Havana, Macomb, Moline, Peoria, Quincy, Saint Louis, and Savanna for educational professionals to learning more about the University's teacher education program and to discuss ideas to recruit and retain more students to Western Illinois University.
  - Reinstating the teacher education recruitment fair and bussing more prospective students to campus for visits were two priorities implemented

#### Ongoing Initiatives

- Utilizing external advisory boards for the President, Alumni Association, Athletics, Foundation, Western Illinois University-Quad Cities, colleges, and University Libraries, and numerous departments.
- Continuing the Alumni Liaison Program to link members of the Alumni Council with representatives of academic departments and administrative units.
- Engaging in annual giving campaigns, including the second annual Purple and Gold Day. The latter surpassed its goal of 1,000 donors. A total of 1,071 individuals donated \$133,982 to the University on April 25, 2017.

as a result of Summit feedback.

- Expanded the academic year 2017-2018 summit schedule rotation to include Rockford and Decatur in all summits.
- Launched Alumni Summits in these same communities to discuss ways that individuals can help advance university priorities in recruitment, retention, new student internship sites, and fundraising.
- Started planning to position the University for the next comprehensive fundraising campaign:
  - Analyzed donor propensity to give for over 124,000 alumni.
  - Completed wealth and philanthropy screenings for over 176,000 records on the Foundation databased.
  - Managed the finances of the University Foundation that includes a \$45 million endowment value, total assets of \$61 million, and a planned giving inventory between \$30-40 million.
  - Established new corporate relations as a result of the President's Executive Institute.

*Action 4: Provide safe, accessible, responsive campus environments that meet the needs of University constituencies and reflect the core values of the University.*

#### New Initiatives

- Implemented the *Background Investigation Policy*.
- Reviewed and revised the *Emergency Operations Plan*.
- Partnered with several local and state agencies to conduct a multi-jurisdictional response exercise.
- Added six new security cameras in the residence halls.
- Installed the third bay at the Agricultural Greenhouse.
- Completed Western Hall seating; University Village, University Farms, and Horn Field roof repairs; McKenzie Soccer field bleacher installations, and University Village electrical service projects.

#### Ongoing Initiatives

- Administering the one-hour Interpersonal Violence Prevention as part of the New Student Orientation program, in addition to offering 76 educational programs related to security, two Rape Aggression Defense classes, and safety and educational programming.
- Using the Office of Public Safety to promote and enforce safety and security by responding to inquiries, conducting patrols, assisting motorists, staffing campus events, offering safety classes, and answering medical calls for assistance.
- Stationing security for all hours of Quad Cities Campus operation.
- Providing timely warning messages and updates to the campus and external communities, in addition to Western's Emergency Alert System, emergency call boxes, and a campus annunciation system at Western Illinois University-Quad Cities.
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- Having the ADA Advisory Committee evaluate and develop strategies for addressing physical and program barriers for individuals with disabilities.
- Approving the University's annual capital list at the Board of Trustees fall meeting, and providing *Campus Master Plan Updates* at the Board's annual winter meeting.

*Action 5: Reinforce institutional commitments to environmental sustainability.*

New Initiatives

- Added automation systems in Malpass Library and Western Hall.
- Upgraded lighting to energy efficient LED by replacing almost 400 light fixtures and more than 3,300 light bulbs in Knoblauch and Brophy halls, University Union, Student Recreation Center, Malpass Library, and the Alumni House.
- Installed, replaced and/or repaired over 10,000 feet of pipe insulation in Bayliss, Henninger, Thompson, Tanner, Lincoln, Tillman, Knoblauch and Western halls, Heating Plant, and Malpass Library.

Ongoing Initiatives

- Pursuing LEED Gold certification for Riverfront Campus Phases II and III.
- Supporting the Sustainability Committee in advancing sustainability commitments stated in the Strategic Plan, Talloires Declaration, and Illinois Campus Sustainability Compact.
- Participating in annual recyclemania collegiate competitions, Illinois Renewable Energy Alliance, and the Illinois Ethanol Research Advisory Board.
- Diverting over six tons of food scrap waste from landfill to the EarthTub composters, turning it into compost used in campus gardens.
- Maintaining Tree Campus USA status from the Arbor Day Foundation for the fifth consecutive year.
- Hosting We Care campus beautification where volunteers planted 700 mums and 10,000 bulbs in school colors and spread two semi-loads of mulch.
- Engaging in national initiatives sponsored by APPA (Leadership in Higher Education Facilities), Association for the Advancement of Sustainability in Higher Education, and the United States Green Building Council.

**Goal 6: Demonstrate Accountability**

Action 1: Establish and articulate enrollment, retention and graduation rate goals by campus.

New Initiatives

Ongoing Initiatives

- Implementing institutional strategies designed to produce a total university enrollment of 10,000 students, improve first-year retention rates to over 70%, and increase six-year graduation rates.

*Action 2: Develop a summary page on the institutional dashboard of university performance indicators (available from the University Planning Website) that tracks university enrollment, retention, and graduation rates on both campuses.*

New Initiatives

Ongoing Initiatives

- Hosting the University's Performance Indicator Dashboard on the University Planning Website.

*Action 3: Document goal achievement and support of our values:*

New Initiatives

Ongoing Initiatives

- Providing monthly, quarterly, and annual Strategic Plan Updates, Performance Reports, and Consolidated Annual Reports on the University Planning Website.
- Making 19 Western Illinois University Board of Trustees Reports and Resolutions related to university planning during FY17.

**Part II**  
**Cumulative Strategic Plan Accomplishments**  
**Fiscal Years 2013-2017**

The data in this section are provided through the end of Fiscal Year 2017 (spring 2017). Because this report was submitted at census day, the official day for university enrollment reporting, updated data for fall 2017 will be provided at the December 2017 Western Illinois University Board of Trustees meeting.

**Goal 1: University Growth and Recruitment**

Since implementation of *Higher Values in Higher Education 2012-2022*, Western Illinois University has:

- 1) Enrolled 2,621 Western Commitment Scholarship recipients since program establishment in fall 2012. The program was modified in fall 2015 to include a need-based component. New freshmen with a minimum composite ACT score of 20 and high school grade point average of 3.0 automatically receive this scholarship.
  - a. Fall 2012: 439 award recipients enrolled; 24.7% of all first-time freshmen enrollment.
  - b. Fall 2013: 469 award recipients enrolled; 27.7% of first-time freshmen enrollment.
  - c. Fall 2014: 441 award recipients enrolled; 28.8% of first time freshmen enrollment.
  - d. Fall 2015: 631 award recipients enrolled; 41.1% of first time freshmen enrollment. Also the year ACT ranges were expanded from 23 to 20 and a need-based component was added to the program.
  - e. Fall 2016: 641 award recipients enrolled; 42.0% of first time freshmen enrollment.
- 2) Enrolled 120 new freshmen on the Quad Cities Campus since program establishment in fall 2012.
  - a. Fall 2012: 7 new freshmen enrolled.
  - b. Fall 2013: 21 new freshmen enrolled.
  - c. Fall 2014: 26 new freshmen enrolled.
  - d. Fall 2015: 29 new freshmen enrolled.
  - e. Fall 2016: 37 new freshmen enrolled.
- 3) Enrolled 928 Western Commitment Transfer scholarship recipients since program establishment in fall 2013. New transfer students with an associates degree and enroll full-time at the University receive a \$400 book award. New transfers with an associates degree and 3.5 grade point average receive a \$1,000 scholarship.
  - a. Fall 2013: 345 award recipients enrolled; 32.7% of all new transfer enrollment.
  - b. Fall 2014: 369 award recipients enrolled; 35.3% of all new transfer enrollment.
  - c. Fall 2015: 214 award recipients enrolled; 19.4% of all new transfer enrollment.
  - d. Fall 2016: 100 award recipients enrolled; 10.3% of all new transfer enrollment.
- 4) Created a dual enrollment program for academically qualified high school seniors who met university admissions criteria. Western has enrolled 46 students since program establishment, with students paying 1/3<sup>rd</sup> of tuition and no fees effective fall 2015. Data for fall 2017 will reflect a program change. The University will pilot offering a Western course (English 180) at a off-campus location (Cambridge High School), in addition to enrolling students on campus or through distance learning.
  - a. Fall 2014: 6 high school students enrolled (pilot year, no scholarships given).
  - b. Fall 2015: 21 high school students enrolled.
  - c. Fall 2016: 19 high school students enrolled.

- 5) Raised undergraduate admissions standards (effective for fall 2014 freshmen).
- 6) Initiated annual Academic Affairs *Recruitment and Retention Plans* for all departments and schools (academic year 2013-2014), and annual evaluation processes for these plans (academic year 2014-2015 to current).
- 7) Expanded Linkages opportunities with five new community college partners. A total of 607 students enrolled at the University who are eligible to participate in the program since fall 2012.
  - a. New Community College Partners
    - i. Academic Year 2012-2013: Sauk Valley College.
    - ii. Academic Year 2013-2014: Highland Community College.
    - iii. Academic Year 2014-2015: Kirkwood Community College.
    - iv. Academic Year 2015-2016: Moberly Area Community College and Elgin Community College.
    - v. Academic Year 2016-2017: In partnership exploration with Kishwaukee, Rend Lake, Southeastern (Illinois and Iowa), and Richland Community Colleges.
  - b. Linkages Qualified Students
    - i. Fall 2012: 104 students.
    - ii. Fall 2013: 137 students.
    - iii. Fall 2014: 121 students.
    - iv. Fall 2015: 133 students.
    - v. Fall 2016: 112 students.
- 8) Increased student diversity. Total minority student enrollment increased by 412 students (14.2%) from 2,897 students in fall 2012 to fall 3,309 students in fall 2016. Minority student Enrollment as a percent of total university student enrollment increased from 24.8% to 32.5% during this time.

|      | Number |             |       | Percent |             |       |
|------|--------|-------------|-------|---------|-------------|-------|
|      | Macomb | Quad Cities | Total | Macomb  | Quad Cities | Total |
| 2012 | 2,712  | 185         | 2,897 | 26.1%   | 14.1%       | 24.8% |
| 2013 | 2,752  | 208         | 2,960 | 28.8%   | 14.5%       | 26.3% |
| 2014 | 3,021  | 242         | 3,263 | 31.3%   | 16.5%       | 29.4% |
| 2015 | 3,061  | 269         | 3,330 | 32.7%   | 18.1%       | 30.7% |
| 2016 | 3,053  | 256         | 3,309 | 34.8%   | 18.4%       | 32.5% |

- 9) Increased honors student opportunities by signing four new community college articulation agreements. The Honors College has served 3,644 honors students between fall 2012 and fall 2016, with a 304 student (51.2) enrollment increase during this time.
  - a. New Honors Articulation Agreements with Community Colleges
    - i. Academic Year 2013-2014: Highland Community College.
    - ii. Academic Year 2014-2015: Carl Sandburg College.
    - iii. Academic Year 2015-2016: Elgin and Heartland Community College.
    - iv. Academic Year 2016-2017: Negotiating with Sauk Valley College.

- b. Honors Student Enrollment
    - i. Fall 2012: 594 students.
    - ii. Fall 2013: 667 students.
    - iii. Fall 2014: 697 students.
    - iv. Fall 2015: 788 students.
    - v. Fall 2016: 898 students.
  - c. Pre-Honors Student Enrollment (Program established in fall 2016).
    - i. Fall 2016: 48 students.
      - 1. 25 of these students (52%) earned grade point averages of 3.4 or higher and became Honors students in spring 2017.
      - 2. 10 students (21%) earned grade point averages between 3.20 and 3.39 GPA, and continued as Pre-Honors students during spring 2017.
- 10) Increased international student enrollment. Western Illinois University contracted with the American Association of State Colleges and Universities in 2012 to conduct an audit to inform university planning to internationalize the curriculum and increase international student enrollment. Since that time the University has served 2,221 international students, with fall enrollment increasing by 128 students (37.3%) between fall 2012 and fall 2016.
- a. International Student Enrollment
    - i. Fall 2012: 343 international students enrolled.
    - ii. Fall 2013: 371 international students enrolled.
    - iii. Fall 2014: 511 international students enrolled.
    - iv. Fall 2015: 505 international students enrolled.
    - v. Fall 2016: 491 international students enrolled, with a record high of 462 students enrolled as degree-seeking students.
  - b. The University has served 965 students in Western's English as a Second Language (WESL) Institute since Fiscal Year 2013.
    - i. Fiscal Year 2013: 212 students enrolled.
    - ii. Fiscal Year 2014: 283 students enrolled.
    - iii. Fiscal Year 2015: 231 students enrolled.
    - iv. Fiscal Year 2016: 112 students enrolled.
    - v. Fiscal Year 2017: 127 students enrolled.
  - c. Study Abroad Enrollment. A total of 782 students have participated in Study Abroad experiences since academic year 2012-2013.
    - i. Academic Year 2012-2013: 158 students participating.
    - ii. Academic Year 2013-2014: 120 students participating.
    - iii. Academic Year 2014-2015: 133 students participating.
    - iv. Academic Year 2015-2016: 119 students participating.
    - v. Academic Year 2016-2017: 152 students participating.
- 11) Increased distance education enrollment. The University has served 61,868 distance education course enrollments since Fiscal Year 2013, generating 175,125 credit hours. Demand for distance education courses is evidenced by a 4,179 course enrollment increase (41.7%) between Fiscal Years 2013 and 2017, and a 10,826 credit hour (37.0%) increase during this time.
- a. Course Enrollments
    - i. Fiscal Year 2013: 10,011

- ii. Fiscal Year 2014: 11,746
- iii. Fiscal Year 2015: 12,387
- iv. Fiscal Year 2016: 13,534
- v. Fiscal Year 2017: 14,190

b. Credit Hours

- i. Fiscal Year 2013: 29,570
- ii. Fiscal Year 2014: 34,132
- iii. Fiscal Year 2015: 35,976
- iv. Fiscal Year 2016: 39,041
- v. Fiscal Year 2017: 40,396

12) Established new 38 educational opportunities between academic years 2012-2013 and 2016-2017 as shown in the summary and detail tables below.

|                                 | Macomb    | Quad Cities | Total     |
|---------------------------------|-----------|-------------|-----------|
| Total                           | <u>28</u> | <u>10</u>   | <u>38</u> |
| Undergraduate Certificates      | 2         | 0           | 2         |
| Baccalaureate Degrees           | 1         | 1           | 2         |
| Post Baccalaureate Certificates | 5         | 3           | 8         |
| Integrated Degrees              | 20        | 2           | 13        |
| Masters Degrees                 | 0         | 3           | 3         |
| Doctoral Degree                 | 0         | 1           | 1         |

|   | <u>2012-<br/>2013</u> | <u>2013-<br/>2014</u> | <u>2014-<br/>2015</u> | <u>2015-<br/>2016</u> | <u>2016-<br/>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>New Minors</b>                               |                       |                       |                       |                       |                       |
| <u>Macomb</u>                                   |                       |                       |                       |                       |                       |
| Communication Sciences and Disorders            | X                     |                       |                       |                       |                       |
| Criminalistics                                  | X                     |                       |                       |                       |                       |
| Network Technologies                            | X                     |                       |                       |                       |                       |
| Computer-Mediated Communication                 |                       | X                     |                       |                       |                       |
| Contemporary United States Studies              |                       | X                     |                       |                       |                       |
| Information Technology                          |                       | X                     |                       |                       |                       |
| Fisheries                                       |                       | X                     |                       |                       |                       |
| Teaching English to Speakers of Other Languages |                       | X                     |                       |                       |                       |
| Event Planning and Management                   |                       |                       | X                     |                       |                       |
| Psychology of Substance Abuse                   |                       |                       | X                     |                       |                       |
| Criminalistics                                  |                       |                       | X                     |                       |                       |
| Queer Studies                                   |                       |                       | X                     |                       |                       |
| <u>Quad Cities</u>                              |                       |                       |                       |                       |                       |
| Spanish   |                       | X                     |                       |                       |                       |
| Event Planning and Management                   |                       |                       | X                     |                       |                       |
| Criminalistics                                  |                       |                       | X                     |                       |                       |



New Educational Opportunities at Western Illinois University by Campus  
Academic Years 2012-2013 through 2016-2017  
-continued-

**New Undergraduate Certificates**

Macomb

|                                    |  |   |  |
|------------------------------------|--|---|--|
| Marketing Technologies             |  | X |  |
| Integrated Marketing Communication |  | X |  |

**New Baccalaureate Degrees**

Macomb

|                          |   |  |  |
|--------------------------|---|--|--|
| Fire Protection Services | X |  |  |
|--------------------------|---|--|--|

Quad Cities

|                                |  |   |  |
|--------------------------------|--|---|--|
| Bilingual/Bicultural Education |  | X |  |
|--------------------------------|--|---|--|

**New Post Baccalaureate Certificates**

Macomb

|                                |   |   |   |
|--------------------------------|---|---|---|
| Business Administration        | X |   |   |
| Supply Chain Management        | X |   |   |
| Business Analytics             |   | X |   |
| Music Performance              |   |   | X |
| Events Planning and Management |   |   | X |

Quad Cities

|                                |   |  |   |
|--------------------------------|---|--|---|
| Business Administration        | X |  |   |
| Supply Chain Management        | X |  |   |
| Events Planning and Management |   |  | X |

**Integrated baccalaureate/master's programs**

Macomb

|  |   |   |   |
|--|---|---|---|
| Broadcasting and Sports Management                             | X |   |   |
| Instructional Design and Technology                            | X |   |   |
| Mathematics  |   | X |   |
| Sociology  |   | X |   |
| Law Enforcement and Justice Administration                     |   | X |   |
| African American Studies and Liberal Arts and Sciences (BLAS)  |   |   | X |
| Foreign Languages and Cultures and BLAS                        |   |   | X |
| Geography and BLAS   |   |   | X |
| Geology and BLAS   |   |   | X |
| Meteorology and BLAS   |   |   | X |
| Philosophy and BLAS  |   |   | X |
| Political Science and BLAS                                     |   |   | X |
| Religious Studies and BLAS                                     |   |   | X |
| Women's Studies with BLAS                                      |   |   | X |
| Art with Museum Studies  |   |   | X |
| Anthropology with Museum Studies                               |   |   | X |
| Journalism with Communication                                  |   |   | X |
| Graphic Communication with Instructional Design and Technology |   |   | X |
| Communication  |   |   | X |
| General Studies with Instructional Design and Technology       |   |   | X |

New Educational Opportunities at Western Illinois University by Campus  
Academic Years 2012-2013 through 2016-2017  
-continued-

|  |  |   |   |
|--|--|---|---|
| <u>Quad Cities</u>   |  |   |   |
| Recreation, Park and Tourism Administration and Museum Studies |  | X |   |
| Law Enforcement and Justice Administration.                    |  | X |   |
| <b>Masters Degrees</b>   |  |   |   |
| <u>Quad Cities</u>   |  |   |   |
| Business Administration in hybrid format                       |  | X |   |
| College Student Personnel in hybrid format                     |  | X |   |
| Community and Economic Development in hybrid format            |  |   | X |
| <b>Doctoral Degree</b>   |  |   |   |
| <u>Quad Cities</u>   |  |   |   |
| Environmental Science  |  | X |   |

13) Maintained employee diversity, with the University's workforce at a record high of 11.4% minority faculty and staff in fall 2016.

|      | Number |             |       | Percent |             |       |
|------|--------|-------------|-------|---------|-------------|-------|
|      | Macomb | Quad Cities | Total | Macomb  | Quad Cities | Total |
| 2012 | 255    | 14          | 269   | 11.0%   | 10.1%       | 11.0% |
| 2013 | 245    | 11          | 256   | 10.7%   | 8.0%        | 10.6% |
| 2014 | 251    | 14          | 265   | 11.1%   | 9.3%        | 11.0% |
| 2015 | 253    | 14          | 267   | 11.5%   | 8.6%        | 11.2% |
| 2016 | 233    | 11          | 244   | 11.8%   | 7.2%        | 11.4% |

14) Administered salary increases and other compensation as permitted by the availability of state resources.

- a. The University reallocated \$7.0 million to support faculty raises in Fiscal Years 2014 and 2015. The University Professionals of Illinois and Western Illinois University also agreed to salary concessions for Fiscal Years 2016-2018 as described below.
  - i. Fiscal Year 2014: 3.5% (funded by \$4.4 million in internal reallocations).
  - ii. Fiscal Year 2015: 2.0% (funded by \$2.6 million in internal reallocations).
  - iii. Fiscal Year 2016: 1.0%. However, the University Professionals of Illinois rescinded their 1% negotiated raise and reduced base salaries by 3% from FY2016 levels for FYs 2017 and 2018 in response to the state budget impasse, under terms and conditions described in *Western Illinois University Board of Trustees Resolution 16.6/12*.
- b. The University reallocated \$2.5 million between Fiscal Years 2014 and 2017 to support salary minima per contractual agreements with the University Professionals of Illinois.
  - i. Fiscal Year 2014: \$558,411 (funded by internal reallocations).

- ii. Fiscal Year 2015: \$634,394 (funded by internal reallocations).
    - iii. Fiscal Year 2016: \$640,633 (funded by internal reallocations).
    - iv. Fiscal Year 2017: \$657,394 (funded by internal reallocations).
  - c. The University reallocated \$1.2 million to support 863 Professional Achievement Award (PAAs) recipients between Fiscal Years 2014 and 2017.
    - i. Fiscal Year 2014: \$312,662 to support 217 PAAs (funded by internal reallocations).
    - ii. Fiscal Year 2015: \$319,271 to support 221 PAAs (funded by internal reallocations).
    - iii. Fiscal Year 2016: \$296,480 to support 204 PAAs (funded by internal reallocations).
    - iv. Fiscal Year 2017: \$294,120 to support 221 PAAs (funded by internal reallocations).
  - d. Non-Negotiated Staff Salary Increases
    - i. Fiscal Year 2014: 3.5%
    - ii. Fiscal Year 2015: 2.0%
    - iii. Fiscal Year 2016: 0.0%.
    - iv. Fiscal Year 2017: 0.0%
- 15) Granted tenure to 101 faculty members, and made 165 faculty promotions along with 163 civil service reclassifications between June 2013 and June 2017.
- a. Tenure.
    - i. June 2013: 22 faculty members.
    - ii. June 2014: 32 faculty members.
    - iii. June 2015: 26 faculty members.
    - iv. June 2016: 21 faculty members.
    - v. June 2017: 10 faculty members.
  - b. Promotions.
    - i. Fall 2013: 27 faculty members.
    - ii. Fall 2014: 58 faculty members.
    - iii. Fall 2015: 42 faculty members.
    - iv. Fall 2016: 38 faculty members.
    - v. Fall 2017: 22 faculty members.
  - c. Civil Service reclassifications.
    - i. Fiscal Year 2013: 64 staff members.
    - ii. Fiscal Year 2014: 47 staff members.
    - iii. Fiscal Year 2015: 37 staff members.
    - iv. Fiscal Year 2016: 15 staff members.
    - v. Fiscal Year 2017: 45 staff members.

## **Goal 2: Enrich Academic Excellence**

The University demonstrates its commitment to academic excellence by:

- 1) Maintaining the largest expenditures for instruction and instructional support.
  - a. Fiscal Year 2012: \$150.1 million, or 65.6% of all expenditures.
  - b. Fiscal Year 2013: \$145.4 million, or 63.7% of all expenditures.
  - c. Fiscal Year 2014: \$151.7 million, or 65.4% of all expenditures.

- d. Fiscal Year 2015: \$153.0 million, or 66.2% of all expenditures.
- e. Fiscal Year 2016: \$147.8 million, or 67.5% of all expenditures.

| (In Thousands of \$)       | FY2012             | FY2013             | FY2014             | FY2015             | FY2016             |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Instruction                | \$79,449.2         | \$77,370.8         | \$77,267.6         | \$77,237.5         | \$74,645.3         |
| Organized Research         | 6,074.1            | 3,540.3            | 3,535.5            | 3,083.6            | 3,254.0            |
| Public Service             | 14,774.0           | 12,694.3           | 13,970.1           | 14,142.2           | 12,852.6           |
| Academic Support           | 8,701.9            | 8,925.6            | 8,847.8            | 8,829.6            | 8,109.0            |
| Student Services           | 41,066.6           | 42,830.7           | 48,119.7           | 49,661.2           | 48,895.0           |
| Subtotal-Dollars           | <u>\$150,065.8</u> | <u>\$145,361.7</u> | <u>\$151,740.7</u> | <u>\$152,954.1</u> | <u>\$147,755.9</u> |
| Subtotal-Percent           | 65.6%              | 63.7%              | 65.4%              | 66.2%              | 67.5%              |
| Institutional Support      | 9,277.7            | 9,473.6            | 9,675.4            | 10,238.6           | 9,006.5            |
| O&M of Physical Plant      | 30,200.5           | 30,446.2           | 31,023.6           | 27,711.3           | 24,066.9           |
| Independent Operations     | 34,944.1           | 38,651.4           | 35,090.6           | 35,419.8           | 33,722.4           |
| CMS Group Health Insurance | 2,724.2            | 2,735.9            | 2,909.5            | 2,998.1            | 2,722.3            |
| FICA/Medicare              | 1,564.6            | 1,602.4            | 1,668.9            | 1,666.5            | 1,611.9            |
| Total                      | <u>\$228,776.9</u> | <u>\$228,271.2</u> | <u>\$232,108.7</u> | <u>\$230,998.4</u> | <u>\$218,885.9</u> |

- 2) Completing Program Reviews in 45 areas between academic years 2012-2013 and 2016-2017.
  - a. Academic Year 2012-2013 Reviews: Curriculum and Instruction, Health Sciences, Instructional Design and Technology, Kinesiology, Law Enforcement and Justice Administration, and the Post-Baccalaureate Certificate in Teaching English to Speakers of Other Languages.
  - b. Academic Year 2013-2014 Reviews: Family and Consumer Sciences, Sociology, and the Illinois Institute for Rural Affairs.
  - c. Academic Year 2014-2015 Reviews: Best Practices in Early Childhood Education, College Student Personnel, Community Development, Geography, Instructional Design and Technology, Law Enforcement and Justice Administration, Meteorology, Political Science, School Psychology, and the Study of Masculinities and Men's Development, in addition to an initial three-year progress report on the new B.S. in Information Systems.
  - d. Academic Year 2015-2016 Reviews: Broadcasting; Communication; Communication Sciences and Disorders; Counseling; Journalism; Music; Psychology; and Recreation, Park and Tourism Administration.
  - e. Academic Year 2016-2017 Reviews: Programs in Art; Broadcasting; Chemistry; Communication; Communication Sciences and Disorders; Counseling; Journalism; Physics; Psychology; Recreation, Park and Tourism Administration; Social Work; Theatre; and the Center for Applied Criminal Justice. In addition required three-year progress reports for new programs implemented in fall 2013 were completed for the B.S. in Fire Protection Services, B.S. in Public Health, and Post Baccalaureate Certificates in Business Administration and Supply Chain Management.
- 3) Maintaining ongoing relationships with 17 discipline-specific agencies that accredit the University's academic programs, where appropriate to the discipline<sup>4</sup>:
  - a. Academic Year 2013-2014: 16 agencies accredit programs at the University.
  - f. Academic Year 2013-2014: 16 agencies accredit programs at the University.

<sup>4</sup> Additionally, the International Association of Counseling Services accredits the University Counseling Center, and the Accreditation Association for Ambulatory Health Care accredits Beu Health Center.

- g. Academic Year 2014-2015: 17 agencies accredit programs at the University.
  - h. Academic Year 2015-2016: 17 agencies accredit programs at the University.
  - i. Academic Year 2016-2017: 17 agencies accredit programs at the University.
- 4) Maintaining an on-gong relationship with Higher Learning Commission-North Central Association of Colleges and Schools.
- a. Academic Year 2012-2013 actions:
    - i. Applying to the Persistence and Completion Academy.
    - ii. Applying for Commission approval to establish the Ph.D. in Environmental Science.
    - iii. Remaining current on new accreditation criteria and processes.
  - b. Academic Year 2013-2014 actions:
    - i. Receiving distance education approvals with no prior Commission approvals required.
    - ii. Receiving approval to establish the Ph.D. in Environmental Science.
    - iii. Receiving State of Iowa approval to continue hosting Museum Studies and offering distance education in Iowa through November 2015.
    - iv. Initiating processes for closing 60th Street as a branch campus and opening Riverfront as a branch campus.
    - v. Preparing to host an onsite campus evaluation visit for Western Illinois University-Quad Cities.
    - vi. Preparing to host off-campus location reviews at Central Intermediate School in Washington, Illinois, and Peoria Manual High School in September 2014.
    - vii. Adopting a Formal Definition of a Credit Hour Policy.
    - viii. Preparing a long-term accreditation planning calendar for the University.
    - ix. Applying for institutional participation in the Persistence and Completion Academy.
  - c. Academic Year 2014-2015 actions:
    - i. Acquiring approval for closing 60th Street, and opening Riverfront as Western Illinois University's branch campus in the Quad Cities.
    - ii. Receiving reaffirmation of accreditation for off-campus program currently offered at 13 additional locations.
    - iii. Initiating preparations to achieve State of Iowa re-certification that is required every two years for the University to continue hosting Museum Studies at the Figge Art Museum in Davenport and offering distance education in Iowa.
    - iv. Completing year one (of four) participation in the Persistence and Completion Academy.
  - d. Academic Year 2015-2016 actions:
    - i. Receiving Illinois Board of Higher Education and National Council for State Authorization and Reciprocity Agreement approval for membership.
    - ii. Responding to Commission questions regarding the Fiscal Year 2016 State of Illinois budget impasse.
    - iii. Achieving Commission approval for Western Illinois University's Quality Initiative.
    - iv. Serving as a Teach Out partner for Ashford University.

- v. Reporting to the Commission on University Teach Out plans for baccalaureate degree programs in African American Studies, Philosophy, Religious Studies, and Women's Studies.
  - vi. Completing year two participation in the Persistence and Completion Academy
- e. Academic Year 2016-2017 actions:
- i. Maintaining:
    - a. National Council for State Authorization and Reciprocity Agreement approval for membership.
    - b. State of Iowa approval to house Museum Studies in Davenport and offer distance education to Iowa residents.
  - ii. Responding to Commission questions regarding:
    - a. Year two of the historic and unrepresented State of Illinois budget impasse.
    - b. Year three institutional participation in the Persistence and Completion Academy.
  - iii. Implementing year two of Western Illinois University's Quality Initiative, with priorities on:
    - a. Creating annual Strategic Plan Supplements.
    - b. Increasing enrollment, retention, and graduation rates.
    - c. Continuing participation in the Persistence and Completion Academy.
    - d. Engaging in fiscal reduction and reinvestment.
- 5) Implementing changes to the First Year Experience
- a. Academic Year 2013-2014 actions:
    - i. Clarifying program goals.
    - ii. Requiring a university transition course (University 100) and small section of a general education or pre-professional course.
    - iii. Providing residents assistants with additional resource and referral training.
    - iv. Branding the FYE.
    - v. Enhancing educational components to FYE web and social media sites.
  - b. Academic Year 2014-2015 actions:
    - i. Raised the minimum GPA eligibility requirement for Peer Mentors from 2.0 to 2.5.
    - ii. Revised the University 100 syllabus to add the Student Bill of Rights.
    - iii. Created and implemented rubrics for the Goals final assignment, Written assignment draft, and Written assignment final.
    - iv. Established a donation fund for University 100 student textbooks.
    - v. Created a four-week check in for peer mentors and instructors in University 100.
  - c. Academic Years 2014-2015 through 2016-2017 actions: None.

6) Supporting scholarly activity:

Context

Western Illinois University faculty authored 108 books and 1,581 chapter/monograph/refereed articles, made 4,693 conference presentations, and generated 4,979 creative activities between calendar years 2012 and 2016.

| Western Illinois University Faculty Scholarly Activity<br>Calendar Years 2012-2016 |             |             |              |             |             |       |
|--|-------------|-------------|--------------|-------------|-------------|-------|
|  | <u>2012</u> | <u>2013</u> | <u>2014-</u> | <u>2015</u> | <u>2016</u> | Total |
| Books  | 29          | 19          | 18           | 21          | 21          | 108   |
| Chapter/Monograph/Refereed   | 337         | 372         | 313          | 305         | 254         | 1,581 |
| Articles   |             |             |              |             |             |       |
| Conference Presentations   | 937         | 1,026       | 964          | 886         | 880         | 4,693 |
| Creative Activities  | 1,260       | 1,115       | 819          | 932         | 853         | 4,979 |

Faculty and staff have earned \$53.0 million in external awards between Fiscal Years 2013 and 2017, with the value annual value of awards increasing by \$1.0 million (10.3%) during this time.

- i. Fiscal Year 2013: \$9.7 million.
- ii. Fiscal Year 2014: \$9.9 million.
- iii. Fiscal Year 2015: \$11.1 million.
- iv. Fiscal Year 2016: \$11.6 million.
- v. Fiscal Year 2017: \$10.7 million.

#### Supporting Actions

- a. Granting 105 faculty sabbaticals between academic years 2012-2013 and 2016-2017.
  - i. Academic Year 2013-2014: 26 sabbaticals.
  - ii. Academic Year 2014-2015: 25 sabbaticals.
  - iii. Academic Year 2015-2016: 28 sabbaticals.
  - iv. Academic Year 2016-2017: 26 sabbaticals.
- b. Investing over \$6.8 million in faculty and staff travel between Fiscal Years 2012-2016.
  - i. Fiscal Year 2012: \$1.6 million.
  - ii. Fiscal Year 2013: \$1.6 million.
  - iii. Fiscal Year 2014: \$1.3 million.
  - iv. Fiscal Year 2015: \$1.4 million.
  - v. Fiscal Year 2016: \$0.9 million
- c. Engaging 1,339 participants in annual Undergraduate Research Days between spring 2013 and spring 2017.
  - i. Spring 2013: 197 student participants.
  - ii. Spring 2014: 214 student participants.
  - iii. Spring 2015: 265 student participants.
  - iv. Spring 2016: 305 student participants.
  - v. Spring 2017: 358 student participants.
- d. Establishing the annual Graduate Research Conference in spring 2014, with 317 students participating since that time; and the annual Quad Cities Student Research Conference in spring 2015, with 183 students participating since that time.
  - vi. The Graduate Research Conference
    - Spring 2014: 65 student participants.
    - Spring 2015: 69 student participants.
    - Spring 2016: 94 student participants.
    - Spring 2017: 89 student participants.

- vii. Quad Cities Student Research Conference
  - Spring 2015: 46 student participants.
  - Spring 2016: 55 student participants.
  - Spring 2017: 82 student participants.

7) Receiving \$119.2 million in state capital funding to support new instructional facilities.

- a. \$59.2 million was received to construct and furnish the Western Illinois University-Quad Cities Riverfront Campus.
  - i. Phase I opened January 2012.
  - ii. Phase II opened August 2014.
- b. \$60 million (currently frozen by the State) was received to construct and furnish the Center for Performing Arts in April 2014.

8) Supporting technology.

- a. Purchasing 2,356 new faculty and staff computers valued at \$2.4 million since Fiscal Year 2013.
  - i. Fiscal Year 2013: 864, valued at \$830,561
  - ii. Fiscal Year 2014: 925, valued at \$920,591
  - iii. Fiscal Year 2015: 451, valued at \$536,908
  - iv. Fiscal Year 2016: 116, valued at \$126,528
- b. Maintaining four-year technology rotations at Western Illinois University-Quad Cities by purchasing 392 new computers valued at \$451,757 since Fiscal Year 2013.
  - i. Fiscal Year 2013: 77 new computers, valued at \$77,875
  - ii. Fiscal Year 2014: 294 new computers for labs and staff, valued at \$353,580
  - iii. Fiscal Year 2015: 20 new computers, valued at \$18,733
  - iv. Fiscal Year 2016: 1 new computer, valued at \$1,569
- c. Upgrading 58 electronic classrooms and laboratories on the Macomb Campus since academic year 2013-2014.
  - i. Academic Year 2013-2014: 27
  - ii. Academic Year 2014-2015: 24
  - iii. Academic Year 2015-2016: 7
  - iv. Academic Year 2016-2017: 2
- d. Investing in the Macomb Campus technology by purchasing the following items between Fiscal Years 2013-2016.
  - i. 369 computers for Instructional laboratories and electronic classrooms valued at \$354,671
  - ii. 397 computers for University Technology Computer Labs annual valued at \$354,264
  - iii. 178 iPads for classroom instruction valued at \$95,788 since Fiscal Year 2016 to support instruction on the Macomb Campus



| Computing Purchases Supporting Electronic Classrooms and Laboratories<br>Macomb Campus<br>Fiscal Years 2013-2016 |  |                  |   |                  |               |                 |
|--|--|------------------|---|------------------|---------------|-----------------|
|  | <u>Instructional Laboratory and<br/>Electronic Classroom Computers</u> |                  | <u>University Technology<br/>Laboratory Computers</u> |                  | <u>iPads</u>  |                 |
|  | <u>Number</u>  | <u>Value</u>     | <u>Number</u>   | <u>Value</u>     | <u>Number</u> | <u>Value</u>    |
| 2013   | 148  | \$115,566        | 95  | \$79,237         | 128           | \$74,438        |
| 2014   | 81   | 47,834           | 133   | 142,073          | 50            | 21,350          |
| 2015   | 111  | 140,271          | 169   | 132,954          | 0             | 0               |
| 2016   | 29   | 51,000           | 0   | 0                | 0             | 0               |
| <b>Total</b>   | <b>369</b>   | <b>\$354,671</b> | <b>397</b>  | <b>\$354,264</b> | <b>178</b>    | <b>\$95,788</b> |

- e. Launching the 2013-2018 Information Technology Strategic Plan (October 2013) and resulting in:
- i. Establishing IT Governance, enabling wireless access in all residence hall rooms, centralizing technology staffing, launching the new university website with responsive design, updating the University's mobile application, and virtualizing Zimbra servers (Academic Year 2013-2014).
  - ii. Enhancing wireless connectivity, bandwidth, electronic classrooms, and video conference units; improving technology security; and updating the Macomb core infrastructure (Academic Year 2014-2015).
  - iii. Improving technology security, transitioning from Zimbra to Google collaborative software, and completing the University Technology reorganization (Academic Year 2015-2016).
- f. Launching the 2017-2022 Information Technology Strategic Plan. Annual accomplishments will be included in the next edition of the annual Strategic Plan Update.

### **Goal 3: Provide Educational Opportunity**

The University extends educational opportunity by:

- 1) Offering weekend and irregularly scheduled courses (those less than the regular semester length)
  - a. Fall 2014: 112, 3.5% of all scheduled classes.
  - b. Fall 2015: 82, 2.7% of all scheduled classes.
  - c. Fall 2016: 102, 3.5% of all scheduled classes.
- 2) Establishing new hybrid programs
  - a. Fall 2015: Masters degree programs in Business Administration (MBA) and College Student Personnel (CSP).
    - i. Initial course enrollments:
      - MBA: Five hybrid course sections, with 74 course enrollments of out of a maximum of 85 for a fill rate of 87.1%.
      - CSP: Two hybrid course sections, with 48 course enrollments of 48 of a maximum of 52 for a fill rate of 92.3%.

- Combined: Seven, hybrid course sections, with 126 course enrollments out of a maximum of 137 for a fill rate of 92.0%.
  - a. Fall 2016: Masters degree in Community and Economic Development
    - i. Initial course enrollments: Three hybrid course sections, with 27 course enrollments out of a maximum of 60 for a fill rate of 45.0%.

3) Signing:

- a. Dual Enrollment Agreements with Moline High School and Rivermont Collegiate Academy (academic year 2013-2014).
- b. Five Linkages (dual enrollment) and four Honors Articulation Agreements with new community college partners (See Goal 1, Actions 7 and 8).
- c. Compact (general education articulation) agreement with Saint Louis Community College (spring 2017).
- d. Four Accelerated Degree Agreements:
  - i. Bachelors in General Studies/Doctorate in Chiropractic with Palmer College of Chiropractic (spring 2014).
  - ii. Three-year accelerated baccalaureate degree in Recreation, Park and Tourism Administration (spring 2015).
  - iii. Integrated baccalaureate/master's degree in Museum Studies with Wartburg College (spring 2016).
  - iv. 3+3 Articulation Agreement with John Marshall School of Law (spring 2017).
- e. An agreement with Moline Public that allows reciprocal use of library resources (August 2014). In September 2016, the Library extended opportunities for patrons to enjoy cultural benefits of the Quad Cities by checking out admission passes for up to seven days for admission to the Quad City Botanical Center, Niabi Zoo, Family Museum, Figue Art Museum, Putnam Museum, and German American Heritage Center.

4) Serving 2,966 students with disabilities between Fiscal Years 2013 and 2017.

- a. Macomb Campus:
  - Fiscal Year 2013: 533 students served.
  - Fiscal Year 2014: 608 students served.
  - Fiscal Year 2015: 603 students served.
  - Fiscal Year 2016: 549 students served.
  - Fiscal Year 2017: 495 students served.
- Quad Cities Campus:
  - Fiscal Year 2013: 15 students served.
  - Fiscal Year 2014: 29 students served.
  - Fiscal Year 2015: 39 students served.
  - Fiscal Year 2016: 50 students served.
  - Fiscal Year 2017: 45 students served.

#### **Goal 4: Support Personal Growth**

The University Supports Personal Growth by:

- 1) Becoming a smoke-free University (July 2015).
- 2) Providing:
  - a. Student health services at Beu Health Center.
    - i. Academic Year 2013-2014: 13,106 patient visits, 3,659 immunizations, 7,688 laboratory tests, and filled 7,738 prescriptions.
    - ii. Academic Year 2014-2015: 13,106 patient visits, 3,659 immunizations, 7,688 laboratory tests, and filled 7,738 prescriptions.
    - iii. Academic Year 2015-2016: 14,200 patient visits, 2,355 immunizations, 11,573 laboratory tests, and filled 8,671 prescriptions.
    - iv. Academic Year 2016-2017: 12,272 patient visits, 3,458 immunizations, 11,266 laboratory tests, and filled 7,126 prescriptions.
  - b. In demand Campus Recreation services, measured by card swipes at the entrance of the Spencer Student Recreation Center.
    - i. Academic Year 2012-2013: 273,520.
    - ii. Academic Year 2013-2014: 259,775.
    - iii. Academic Year 2014-2015: 259,775.
    - iv. Academic Year 2015-2016: 254,739.
    - v. Academic Year 2016-2017: N/A.
  - c. Sport Clubs.
    - i. Academic Year 2012-2013: 29.
    - ii. Academic Year 2013-2014: 38.
    - iii. Academic Year 2014-2015: 35.
    - iv. Academic Year 2015-2016: 31.
    - v. Academic Year 2016-2017: 25.
- 3) Supporting University Theme year programming (listed below) with key note speakers, integration into the First Year Experience, and related curricular and co-curricular programs and events.
  - a. Academic Year 2012-2013: War and Peace: From Personal Conflict to Global Resolution
  - b. Academic Year 2013-2014: Food and Drink: Mind, Body and Soul
  - c. Academic Year 2014-2015: Ethics: A Foundation for Personal Growth and Social Responsibility
  - d. Academic Year 2015-2016: Environment: A Foundation for Social Responsibility
  - e. Academic Year 2016-2017: Economy: Moral Challenges and Opportunities
- 4) Promoting a comprehensive Division I athletic program with students successful in the classroom and in competition.
  - a. Academic Year 2012-2013 highlights:
    - i. The cumulative grade point average of student athletes was 3.03.
    - ii. Sixty-four student athletes earned Academic All-Conference Honors (Summit League and Missouri Valley Football Conference).
    - iii. Twenty-three student-athletes earned All-Conference honors.

- iv. Men's Basketball won its first conference championship in 30 years, set a record for most wins in its Division I history (22-8), and advanced to the College Basketball Insider Tournament for the second consecutive year.
- b. Academic Year 2013-2014 highlights:
- i. Awarded \$3.6 million in athletics scholarships.
  - i. The cumulative grade point average of student athletes was 3.07.
  - ii. Fifty-six student-athletes earned Academic All-Conference Honors in the Summit League and/or Missouri Valley Football Conference.
  - iii. Men's Soccer advanced to the Summit League Tournament championship game for the third consecutive year.
  - iv. Volleyball qualified for the Summit League postseason tournament for the first time since 2007.
  - v. Student-athletes performed 1,143 hours of community service, and collected \$6,639 for local and regional charities.
- c. Academic Year 2014-2015 highlights:
- i. The University awarded \$3.8 million in athletics scholarships.
  - ii. The cumulative grade point average of student athletes was 3.0.
  - iii. Forty-eight student-athletes earned Academic All-Conference Honors in the Summit League and/or Missouri Valley Football Conference.
  - iv. The men's soccer team shared the Summit League regular season championship.
- d. Academic Year 2015-2016 highlights:
- i. Awarded nearly \$3.9 million in athletics scholarships.
  - ii. Student athletes cumulative grade point average achieved the highest mark in nearly twenty years, reaching 3.12 in spring 2016.
  - iii. Two student-athletes received the NCAA's prestigious Post-Graduate Scholarship: Karissa Kouchis (softball) and Victoria Kappel (women's soccer). Kappel received the award in the fall and became the first female student-athlete in the history of the department to receive it.
  - iv. The women's basketball team participated in the Women's Basketball Invitational (WBI) post-season tournament. The WBI first-round victory over Southern Illinois was the first Division I postseason win in the history of either the men's or women's basketball programs.
  - v. The football team participated in the NCAA FCS playoffs for the first time in five years and advanced to the second round, defeating the University of Dayton in the first round.
  - vi. The men's basketball program earned its first-ever win over a nationally ranked opponent, defeating the University of Wisconsin in November 2015.
  - vii. The department partnered with the university's sports broadcasting program to nationally broadcast Leatherneck Athletics home events on ESPN3. Football, basketball, and volleyball contests were aired. The partnership is expected to expand, with men's and women's soccer, baseball and softball contests also airing in academic year 2016-2017.
  - viii. Leathernecks Excel as Athletes and People (LEAP) program was implemented to serve as a confidential, student-athlete sport performance initiative. The program offers student-athletes an opportunity to connect with sport psychology, mental health and other professionals on campus to enhance their sport performance and personal development.

- ix. The department became one of the first Division I programs in the country to partner with SM2 (Social Media Sport Management) to offer foundational social media education for coaches, student-athletes, and staff.
- e. Academic Year 2016-2017 highlights
    - i. Student athletes had higher retention rates than all other students for the 19<sup>th</sup> consecutive semester.
    - ii. Thirteen teams finished with a mean grade point average of 3.0 in fall 2016.
    - iii. Men's baseball finished with the highest mean grade point average in program history at 3.16.
    - iv. Football finished with its second consecutive winning season, defeated a FBS opponent for the first time since 2003 (Northern Illinois University), and was ranked in the top 25 for the majority of the season.
    - v. Women's basketball (26-7) won the Summit League Championship and played in the NCAA tournament.
    - vi. Women's tennis snapped a 36-match conference losing streak dating back to 2011, and finished 3-3 in the Summit League.
    - vii. Locker Room/Team Space enhancements were made for Football, Volleyball, Basketball, and Track and Field/Cross Country.
- 5) Continuing placements in the University's Affirmative Action Internship Program.
- a. Academic Year 2013-2014: Centennial Honors College; Facilities Management; Government Relations; President's Office; Provost's Office; and the School of Distance Learning, International Studies, and Outreach.
  - b. Academic Year 2014-2015: College of Education and Human Services Advising Office
  - c. Academic Year 2015-2016: Office of Student Judicial Programs and Facilities Management Administration.
- 6) Offering on-campus professional development opportunities.
- a. Academic Year 2013-2014 highlights:
    - i. The Center for Innovation in Teaching and Research provided 186 programs in Macomb and 25 in the Quad Cities.
    - ii. Ninety-eight employees completed Human Resources' Professional Supervisor Certificate Program, and 122 employees have taken sessions toward certificate completion.
    - iii. The LIFE (Learning is Forever) program had 685 enrollments in special-interest, non-credit courses.
  - b. Academic Year 2014-2015 highlights:
    - i. The Center for Innovation in Teaching and Research provided 178 programs in Macomb and 30 in the Quad Cities.
    - ii. One hundred and seven employees completed Human Resources' Professional Supervisor Certificate Program.
    - iii. The LIFE (Learning is Forever) program in Macomb had 1,615 enrollments in special-interest, non-credit courses.
    - iv. The LIFE program was established in the Quad Cities, and offered four courses.
  - c. Academic Year 2015-2016 highlights:
    - i. The Center for Innovation in Teaching and Research provided 185 programs in Macomb and 30 in the Quad Cities.

- ii. Forty-five employees completed Human Resources' Professional Supervisor Certificate Program.
  - iii. The LIFE (Learning is Forever) had 2,385 non-credit course enrollments in Macomb, and another 489 enrollments in the Quad Cities.
- d. Academic Year 2016-2017 highlights:
- i. The Center for Innovation provided:
    - a. Three sections of Best Practices in Teaching Online, with 47 faculty members participating in this program.
    - b. 53 workshops related to the University's distance learning platform, Desire2Learn.
    - c. With the number of sessions indicated parenthetically, additional programming was related to the Center for International Studies (1), Disability Resource Center (2), the University's Expanding Cultural Diversity Project (7), University Libraries (8), and the First Year Experience
  - ii. Human Resources:
    - a. Served 66 employees in a Talent Management (employee development) program with 12 offerings.
    - b. Continued active shooter training with the Office of Public Safety, offered campus tours, and engaged all new employees in orientation and onboarding.
    - c. Provided oversight to the Performance Evaluation implementation for Civil Service employees. All evaluations are reviewed and appropriate action is taken if/when necessary to discuss substandard reviews with employees and supervisors, offering training options and/or disciplinary recommendations.

### **Goal 5: Promote Social Responsibility**

The University supported social responsibility by:

- 1) The University has receiving grants totaling \$1.6 million to support experiential learning between Fiscal Years 2014 and 2017. This includes a \$137,325 (40.6%) increase in annual funds received during this time.
  - a. Fiscal Year 2014: \$338,553 received.
  - b. Fiscal Year 2015: \$423,704 received.
  - c. Fiscal Year 2016: \$337,181 received.
  - d. Fiscal Year 2017: \$475,878 received.
- 2) Hosting federally mandated U.S. Constitution Day observances on the Macomb Campus (fall 2012 to current).
- 3) Maintaining Carnegie Foundation Community Engagement Classification (academic year 2011-2012 to current). The University will apply for re-certification beginning in calendar year 2018.

- 4) Completing the comprehensive campaign, surpassing the University's \$60 million goal by \$2.1 million, increasing the endowment from \$16 million to \$40 million, and expanding the total asset base to \$55 million (December 2013).
- 5) Building a culture of alumni giving, measured by annual alumni giving rates.
  - a. Fiscal Year 2013: 5.1%.
  - b. Fiscal Year 2014: 4.8%.
  - c. Fiscal Year 2015: 4.3%.
  - d. Fiscal Year 2016: 3.9%.
  - e. Fiscal Year 2017: 4.4%.
- 6) Completing programming studies.
  - a. Macomb Campus Space Study, Currens Hall/Science Complex Study, Western Illinois University-Quad Cities Riverfront Campus Phase III (academic year 2013-2014).
- 7) Updating the *Macomb Campus Master Plan*: Completed academic year 2012-2013.
- 8) Achieving Master Plan goals and priorities, as stated in December:

2016

- Opening the second phase of the Greenhouse
- Updating one electronic classroom
- Leasing land for a new cellular tower
- Installing new seating in Western Hall
- Completing construction on a new Track & Field/Cross Country Team room in Western Hall
- Preparing for decommissioning of Higgins Hall and East Village
- Adding six additional Rocky on Parade statues

2015

- Purchasing and removing four houses to protect the integrity of the formal entry to Western Illinois University
- Removing the University Cinema Building
- Updating 21 classrooms and 29 electronic classrooms
- Completing Phase II of the Alumni Legacy Project
- Remodeling Tanner Hall Lobby

2014

- Constructing Memorial Hall replacement parking
- Opening the Agriculture Greenhouse and New Residence at Horn Field Campus
- Updating 15 classrooms and 17 electronic classrooms
- Renovating the University Union and Thompson Hall Lobby

2013

- Completing the Grand Entry to Western Illinois University
- Updating 22 classrooms and five electronic classrooms
- Installing a video board at Hanson Field
- Finishing Steam line upgrades and Thompson Hall renovations

2012

- Completing Phase I of the Alumni Legacy Project
- Renovating Corbin, Olson, Lincoln, and Washington Halls
- Decommissioning properties at 300 W. University Drive
- Opening the Three Dimensional Art Center in the Heating Plant Annex
- Imploding Wetzel Hall and creating Wetzel Park

9) Demonstrating sustainability:

- a. Receiving Silver Leadership in Energy and Environmental Design certification for Phase I of the Riverfront Campus (January 2013).
- b. Achieving and maintaining Tree Campus USA designation by the Arbor Day Foundation (academic years 2013-2014 to current).

**Goal 6: Demonstrate Accountability**

Western Illinois University continues to demonstrate strategic planning transparency and accountability by:

- 1) Including the University's Performance Indicator Dashboard on the University Planning Website.
- 2) Providing and placing monthly, quarterly, and annual Strategic Plan Updates, and annual Performance Reports on the University Planning Website.



**Part III**  
**2016-2017 Strategic Plan Supplement**  
**Accomplishments**

**1. Stabilize Enrollment.**

**A. Expand enrollment in the High School Admissions Program.**

1. Enrollment in the High School admissions program increased from 19 students in fall 2016 to 41 students in fall 2017, as of September 2<sup>nd</sup>. The primary reason for the enrollment increase was offering a Western Illinois University course, English 180, at a off-campus location (Cambridge High School).

**B. Increase student enrollment from the 16-counties closest to the Western Illinois University Macomb and Quad Cities campuses.**

1. Hosted Educational Summits in Macomb, Moline, Galesburg, Havana, Peoria, and Savanna for educational representatives in our service region to learn more about the Western's teacher education program and to plan ways to increase enrollment of local students. As a result of these Summits, the teacher education recruitment fair was reinstated, the University is piloting dual enrollment at Cambridge High School, and is busing more prospective students to campus for visits.

**C. Increase community college agreements and transfer student enrollment.**

1. The Vice President for Quad Cities and Planning met with presidents from 19 community colleges in Illinois, Iowa, and Missouri to explore partnerships and review student recruitment issues.
2. The University signed a Compact (general education articulation) Agreement with Saint Louis Community College.
3. The University is developing dual enrollment agreements with Kishwaukee, Rend Lake, Southeastern (Illinois and Iowa), and Richland Community Colleges.
4. Honors Articulation Agreements were developed and implemented with Elgin, Heartland, and Saint. Louis Community College.
5. Centennial Honors College is developing a articulation agreement with Sauk Valley College.

**D. Achieve a 10% participation rate of currently enrolled students in Centennial Honors College.**

1. Total honors student enrollment increased from 667 students in fall 2013 to a record 960 students in Spring 2017. Spring 2017 honors enrollment represents a 114 student (13.5%) increase over the past year alone, and a 293 (43.9%) increase since fall 2013.
2. The number Hispanic Honors College students increased from 26, or 5% of total participants in fall 2010 to 91 or 12.0% of total participants in spring 2017. The number of African American students increased from 15, or 2.9% of total participants to 123, or 12.8% of total participants during this time.
3. Methods used to increase honors student enrollment include establishing a Pre-Honors Program, Honors Mentor Program, Pre-Med Symposium, and retail discounts for Honors students; providing Centennial Honors College Scholarships; expanding articulation agreements; engaging in internal recruitment at University events, including Summer Orientation and Registration; establishing eight new honors

courses; offering Honors sponsored travel courses; enhancing the departmental website and newsletter; reallocating 20% of one full-time equivalent employee's time to Quad Cities recruitment; and using focus groups to assess honors students' perceptions, expectations and recommendations.

- E. Engage in corporate student recruitment.
  - 1. The University sponsored 13 courses for three cohorts of teachers.
  - 2. The University attracted 56 students who had their tuition paid by their employers. The top three employers sending the most students were AT&T, United Postal Service, and Unity Point Health Care. This total does not include students who were enrolled and received tuition reimbursement for their employers.
  
- F. Enroll 1,000 international students.
  - 1. The Center for International Studies (CIS) updated the *International Student Recruitment Plan* that has guided a 148 student (43.1%) growth in international student enrollment between fall 2012 and fall 2016.
  
- G. Participate in other activities designed to increase undergraduate and graduate student enrollment.
  - 1. In addition to the recruitment activities described earlier in this *Update*:
    - a. The Provost and Academic Vice President chairs the Academic Excellence Task Force that is addressing issues of recruitment from an academic perspective.
    - b. The Vice President for Student Services chairs the Educational Opportunity (Student Cost) Task Force that recommended no tuition increases for Fiscal Year 2017, and is currently examining cost drivers and the potential to lower student fees.
    - c. The Vice President for Quad Cities and Planning chairs the Social Responsibility (Planning) Task Force that authored recommendations in the previous and current Strategic Plan Supplements. The Vice President also chairs the Military Task Force that is benchmarking military tuition and fee policies at benchmark and other best practice institutions.
  
- H. Continue to develop innovative strategies to address concerns of price sensitivity and elasticity.
  - 1. See Action G (above).
  
- I. Improve retention and graduation rates.
  - 1. The University set a 70% first-year retention goal. Examples of new actions in support of this goal include expanding Living-Learning Communities and introducing of the Sophomore Year Experience in residence halls on the Macomb campus. It also includes identifying courses with the highest D/F/W rates and the implementation of a Student Learning Assistance Program on the Quad Cities campus, and continuation of the First Year Experience university wide.
  
- J. Engage in curricular efficiency studies to help examine trends influencing students time-to-degree.

1. The Provost and Academic Vice President charged the Faculty Senate with completing a review of the University's general education program with regard to program goals, appropriateness of the General Education categories, and the number of courses offered in each category. The current administrative structure of General Education will also be reviewed. A report is anticipated in academic year 2017-2018.
2. The Provost and Academic Vice President charged units within Academic Affairs to complete a review of the university-wide Teacher Education program with regard to the current administrative structure of teacher education, time to completion in relationship to the State licensure regulations, and curricular applications to fulfill the state required competencies. A report is anticipated in academic year 2017-2018.

2. **Provide Responsive Programs.**

- A. Continue to ground general education in the liberal arts to equip students with the necessary foundational skills to be successful in their chosen majors, professions, and continued graduate and professional studies.
  1. See Action J (above).
- B. Update Signature Program analyses.
- C. Engage in cyclic program reviews, documenting continuous improvements resulting from review processes.
  1. Program reviews were completed in 17 areas during academic year 2016-2017.
- D. Document continuous improvements resulting from annual assessment of student learning processes.
  1. Reports and recommendations are available from the Office of the Provost and Academic Vice President.
- E. Achieve and maintain discipline-specific accreditation, where appropriate to the discipline.
  1. Western Illinois University hosted or will host eight reaffirmation of accreditation visits from the following agencies during calendar years 2016 and 2017.
    - a. Academy of Nutrition and Dietetics/Accreditation Council for Education in Nutrition and Dietetics for the B.S. in Family and Consumer Sciences, Dietetics option.
    - b. American Speech-Language-Hearing Association/Council on Academic Accreditation for the M.S. in Communication Sciences and Disorders, Speech-Language option.
    - c. Council for Accreditation of Counseling & Related Educational Programs for the M.S. Ed. In Counseling.
    - d. Council on Social Work Education/Commission on Accreditation for the Bachelor of Social Work.
    - e. National Association of Schools of Art and Design for the B.A. in Art, B.F.A. in Art, and M.A. in Museum Studies.
    - f. National Association of Schools of Music for the B.A. in Music, B.M. in Music, and M.M. in Music.

- g. National Association of Schools of Theatre for the B.A. in Theatre, M.F.A. in Theatre, B.F.A. in Musical Theatre.
- h. Commission on English Language Program Accreditation for Western's English as a Second Language Institute.

F. Identify and eliminate barriers to interdisciplinary collaboration.

- 1. The Provost charged Academic Affairs with creating new interdisciplinary educational opportunities across departments and colleges.

G. Document new program areas.

- 1. New baccalaureate degrees in cyber security and middle level education, and a new master's degree in applied statistics and decision analytics are now available on the Macomb campus.
- 2. A new baccalaureate degree in mechanical engineering, hybrid master's degree in community and economic development, master's degree in applied statistics and decision analytics, a post-baccalaureate certificate in business analytics; and a minor in human resource management are now available on the Quad Cities campus.
- 3. A minor in Economics and major in Anthropology are now available online.

H. Develop a university planning process that documents workforce and graduate school placement rates, uses data from secondary sources (e.g., Occupational Outlook Quarterly) to evaluate demand and serve as the base for enrollment targets.

3. **Support Innovation.**

A. Design and implement an Executive Corporate Cluster as a means to increase student recruitment, sponsored credit, internships, advisory board service, on campus recruitment fairs, engagement of external experts, and the basis for future philanthropic relationships.

- 1. See actions reported in Goal 1D3.

B. Respond to changing market conditions by offering increased hybrid programs and increased online degrees.

- 1. All graduate programs have been granted permission to explore the development of hybrid programs, as appropriate to the discipline.
- 2. The University established a goal to offer 10% of courses in irregularly scheduled formats (e.g., weekend academy, online, hybrid) and to evaluate implementation as part of program review.
  - a. This goal was exceeded in Fiscal Year 2016, with 37.2% of the summer classes, 14.2% of the fall classes, and 17.8% of the spring classes offered in the aforementioned formats.

C. Document other forms of innovation in academic departments and administrative units.

4. **Reduce Reliance on State Funding.**

A. Establish giving expectations for the Western Illinois University Board of Trustees.

- B. Establish annual external revenue generation goals for the President, Vice Presidents, and Deans.
- C. Review contracts and grants rules and policies to identify and remove impediments to institutional effectiveness in generating external revenue.
  - 1. In the Pre-Award area, the Office of Sponsored Projects:
    - i. Registers members of the university community on the Grant Forward database system to maximize the number of people receiving notices of funding opportunities
    - ii. Provides assistance and training in all aspects of proposal and budget development through workshops, seminars, course lectures, and departmental and college meetings.
    - iii. Stays informed with regard to compliance issues with state and federal electronic proposal development and submission systems, and changing federal guidelines.
    - iv. Advises the campus community of international grant and fellowship opportunities.
  - 2. In the Post-Award area, the Office of Sponsored Projects:
    - i. Stays informed of policies and regulations at the federal, state, and local levels.
    - ii. Maintains strong working relationships project directors and agency contacts.
    - iii. Provides and meets new project directors with pertinent grant information as soon as their projects are funded.
    - iv. Offers workshops, course presentations, and post award training sessions.
- D. Increase revenue from contracts and grants.
  - 1. Western Illinois University faculty and staff earned \$53.0 million in external awards between Fiscal Years 2013 and 2017, with the annual value of awards increasing by \$1.0 million (10.3%) during this time.
- E. Transition funding of public service units from state appropriated funding.
  - 1. The University reduced public service expenditures from \$14.1 million in Fiscal Year 2015 to \$12.9 million in Fiscal Year 2016. This represents a \$1.2 million (9.3%) reduction.

5. **Increase Business Acumen.**

- A. Make necessary but difficult decisions on program continuation in recognition that a comprehensive university cannot be all things to all people.
  - 1. The University is engaged in teach-out plans for the African American Studies, Philosophy, Religious Studies, and Women's Studies majors.
  - 2. The University continues strategic review of academic programs.

- B. Engage in strategic reinvestment of institutional resources to support growth and academic excellence, with a three-year (FY16-FY18) ... reduction and reinvestment goal.
  - 1. Fiscal Years 2016 and 2017 power point presentations to the Western Illinois University Board of Trustees are available from the University Planning Website at [www.wiu.edu/university\\_planning/presentations.php](http://www.wiu.edu/university_planning/presentations.php).
  - 2. The Fiscal Year 2018 presentation will be made at today's Western Illinois University Board of Trustees meeting. It will be placed on the University Planning website after the Board meeting.
  
- C. Identify opportunities to streamline and improve efficiencies.
  - 1. The University:
    - i. Merged Instructional Design and Technology into Engineering Technology, and the Philosophy component of Department of Philosophy and Religious Studies into Mathematics
    - ii. Created a new Department of Liberal Arts as a result of merging African American Studies, the Religious Studies component of Department of Philosophy and Religious Studies, and Women's Studies.
    - iii. Prepared to phase out the B.A. in Music and Post Baccalaureate Certificates in Business Administration, English (Literary Studies, Professional Writing, and Teaching Writing), and Instructional Design and Technology (Graphics Applications and Multimedia).
  
- D. Restore institutional reserve funding.
  
- E. Communicate the plan and its results, internally and externally.
  - 1. President Thomas provided Budget Updates to the University community, hosted Town Hall meetings; attended meetings with the colleges, library, Quad Cities, and governance groups; continued student, faculty, and staff roundtables; and engaged with major donors and the President's National Advisory Group.
  - 2. President Thomas worked with legislative leaders and the Governor, provided testimony on budget and other issues affecting higher education, and served on the Illinois Board of Higher Education.
  - 3. Alumni, Community and Economic Development, and Education Summits were used to communicate and advance university goals and priorities.
  - 4. The Vice President for Quad Cities and Planning continued to provide monthly, quarterly, and annual strategic planning updates.

**Part IV**  
**2017-2018 Strategic Plan Supplement**  
**Plans**

**Goal 1: Stabilize Enrollment at 10,000 Students**

1. Providing opportunities for students, faculty, staff, and alumni to volunteer in the development and implementation of new recruitment and retention priorities
  - a. In addition to materials presented in the last section of this *Update*, there are many examples to become involved in student recruitment and retention. Examples for each campus and university-wide are listed below. Members of the University community are encouraged to ask their supervisor or vice president if they are not sure who to contact to learn more and/or volunteer.
    - i. Macomb: Serving in the Building Connections mentor program, assisting admissions with special initiatives (e.g., post card campaigns for accepted students), acting as an Honor's Mentor, and becoming involved in Western's All Volunteer Effort.
    - ii. Quad Cities: Helping with admissions events, volunteering to serve on the Quad Cities Cultural Alliance, and becoming part of the Student Learning Assistance Program.
    - iii. University-wide: Volunteering or providing recommendations to the Persistence and Completion Teams, Military Task Force, or Student Cost Task Force. Vice President is the first contact for the first two groups, and Vice President Williams is the contact group the third.
    - iv. There will be additional opportunities to provide suggestions later this fall as the University creates Higher Values in Higher Education 2017-2027. Ideas, suggestions, and recommendations will also continue to be solicited in monthly Strategic Plan Updates and through meetings with governance groups on both campuses.
2. Developing and implementing an integrated marketing plan to increase awareness of the academic colleges, majors and programs of study at Western Illinois University.
  - a. University Marketing will:
    - i. Increase the University's visual presence in Macomb, west-central Illinois, and throughout the state.
    - ii. Use digital marketing to advance Western in the digital arena
    - iii. Augment efforts to increase university pride internally and externally.
    - iv. Develop new 15- and 30-second commercials for television, theater, digital displays, etc.
    - v. Further promote Think Purple campaign with new success stories.
  - b. University Relations will continue to enhance Western's reputation and recognition as a top comprehensive university by using press releases, news media subscription services, posting services, media exposure, social media, and other venues.

- c. University Relations will also use of social media to promote the University's faculty, programs, and services to further enhance Western's eputation as a quality institution.
  - d. University Television and WQPT will continue promoting the University in our host communities and regions.
  - e. Public Information Specialist priorities in the Quad Cities include:
    - i. Increasing the presence on social media.
    - ii. Producing press releases on students, faculty, staff, events, and accomplishments.
    - iii. Interviewing alumni and friends of the University for publication on social media and in news features.
    - iv. Supporting, supporting, and branding Western Illinois University at high profile community events.
3. Engaging in University-wide and discipline-specific student recruitment activities on- and off-campus
- a. The Visual Production Center will research innovative methods to market services to students, parents, and local communities.
  - b. University Television will develop recruitment videos for the University and every college and department.
  - c. The Admissions Office will purchase an expanded range of ACT scores and increase communication with these high school juniors and seniors.
  - d. University Relations will use students focus groups to evaluate the quality and helpfulness of university recruitment publications.
  - e. All academic departments and schools will continue to refine recruitment and retention plans.
  - f. The Honors College will continue to work with Phi Theta Kappa chapters, negotiate Articulation Agreements, and develop a summer orientation session transfer students.
  - g. The Graduate School will:
    - i. Obtain feedback from students, graduate coordinators, faculty, advisors, and program staff to improve recruitment and admissions processes.
    - ii. Develop a comprehensive communication plan for newly admitted students.
  - h. Distance Learning/Bachelor of General Studies Program will:
    - i. Renew partnerships with community colleges and develop new partnerships with specific departments at those colleges.
    - ii. Develop a prospective student data tracking system.
  - i. The President's Executive Institute will continue to promote employer tuition assistance and reimbursement programs in corporate meetings as a means to attract working professionals to the University.
  - j. The College of Education and Human Services will develop webinars to inform school counselors, parents, and high school students about its programs.
4. Identifying additional means to bring prospective new students to campus. Accepted students who have experienced campus visit(s) have higher matriculation rates than accepted students who have not visited a Western Illinois University campus prior to their final college selection choice.
- a. Outcomes will be documented in the FY19 Strategic Plan Update, and initiatives are underway. For example:



- i. The School of Engineering is hosting over 400 high school students on campus. These visits were fiscally supported by external fundraising.
  - ii. The College of Education and Human Services plans to host career fairs for the Teacher Education and the Law Enforcement and Justice Administration programs.
- 5. Documenting outcomes from the newly established Military Task Force charged with increasing the outreach, recruitment, and retention of military personnel, reservists, and dependents from all branches of the United States Military.
  - a. The Task Force recommended expanded distance learning opportunities to better serve active duty personnel and reservists. Expanding distance learning is a goal of Academic Affairs.
  - b. The Taskforce will document benchmarking of best practices recommendations to the President's Leadership Team and the status of the recommendations with regard to tuition, recruitment, retention, and university programs and services in the FY19 Strategic Plan Update.
- 6. Advancing access and affordability by:
  - A. Providing Western's *Cost Guarantee* for tuition, fees, and room and board
    - i. Western in Fiscal Year 2018 remains the only Illinois public university to guarantee tuition, fees, and room and board.
  - B. Benchmarking the cost competitiveness of Western Commitment Scholarships for new freshmen and transfer students.
    - i. An analysis of transfer student scholarships has been completed.
  - C. Identifying to the President's Leadership Team future opportunities to leverage Western Commitment Scholarship programs.
    - i. Based on item B (above), Western Transfer Scholarships for academically qualified students will be extended to a \$1,000 annually renewable scholarship for two years.
  - D. Recommending to the Student Cost Task Force new opportunities for Western to continue national leadership in cost predictability and affordability
- 7. Increasing partnerships with high schools by:
  - A. Expanding the University's dual enrollment program
    - 5. Experiences from the pilot at Cambridge High School will be used to help expand the University's dual enrollment programs.
  - B. Providing special opportunities for dually enrolled high school students to learn more about the educational opportunities at the University in order to increase the number of dual enrolled students who stay at Western after high school graduation.
  - C. Exploring additional means of high school bridge programming to support early admission to Western Illinois University before the student enrolls full-time at the University.
    - 1. This is a priority of the Vice President for Student Services.

- D. Hosting regional Educational Summits with superintendents, principals, and guidance counselors to develop and implement recruitment strategies based on these Summits.
    - 1. Two Education Summits are scheduled for Decatur, Galesburg, Havana, Macomb, Moline, Peoria, Quincy, Rockford, Saint Louis, and Savana. The first Summit will focus on the academic offerings in the College of Arts and Sciences. The second Summit will focus on the Human Services offerings in the College of Education and Human Services.
    - 2. Spring Education Summits and topics will be scheduled later this semester.
  - E. Providing opportunities for high school students to participate in on-campus curricular and co-curricular program, events, and/or services
8. Expanding partnerships with community colleges by:
- A. Meeting with all Illinois community colleges and select community colleges in Iowa, Missouri, and Wisconsin to ensure Western's transfer friendliness and opportunities for new and expanded partnerships, at the university, college, school, and departmental level/
    - 1. This is an ongoing priority for the Vice President for Quad Cities and Planning.
  - B. Providing opportunities for prospective new transfer students to participate in on-campus curricular and co-curricular program, events, and/or services.
  - C. Developing and implementing new and enhanced partnerships at the institutional level. Examples include dual enrollment, financial aid consortium, general studies agreements, and/or honors articulation agreements/.
    - 1. The University is currently developing dual enrollment agreements with Kishwaukee, Rend Lake, Southeastern (Illinois and Iowa), and Richland Community Colleges.
  - D. Signing new articulation agreements, other program-specific agreements, and reverse transfer agreements between Western Illinois University and community colleges/
    - 1. The University is currently developing Reverse Transfer Agreements with the community colleges noted above.
    - 2. The Honors College is currently developing an articulation agreement with Sauk Valley College.
    - 3. The Director and Associate Director of the Honors College will attend the Directors meeting of the Honors Colleges in October. This will serve as a venue to cultivate new and expanded community college relations.
  - E. Increasing contact and engagement with community college students interested or enrolled in 2+2 and other program-specific agreements prior to their transfer to Western Illinois University. Examples include on-the-spot admissions and on-site advisement.
  - F. Benchmark and prepare recommendations to the President's Leadership Team adjustments to the Western Transfer Commitment Scholarship to make Western Illinois University's program financially competitive with competitor institutions
    - 1. Accomplished. See Goal 1, Priority 6.

9. Identifying opportunities for partnerships with:
  - A. Four-year colleges and universities that build enrollment pipelines to Western Illinois University.
  - B. Professional and graduate schools that build enrollment pipelines to Western Illinois University.
10. Augmenting the enrollment of working professionals through continued implementation of the President's Executive Institute (PEI).
  - A. The FY18 PEI Update will summarize these efforts.
  - B. One initial FY18 accomplishment is Nestle Purina Corporate Headquarters in Saint Louis arranging meetings with the leadership of production plants in Davenport and Clinton, Iowa, to discuss strategies for recruiting working professional to the University and use of their company tuition assistance policy.
  - C. A second initial FY18 accomplishment is the Executive Director of the Illinois Department of Corrections (IDOC) giving the Director of the School of Law Enforcement and Justice Administration permission to conduct a survey of all Corrections Officers (COs) with regard to interest in enrollment at Western Illinois University. The Department and State just passed policy that allows CO's to advance two paygrades for receipt of a baccalaureate degree. The position formerly did not require a college degree. The department also has a tuition assistance program for its employees.
11. Documenting outcomes of new initiatives designed to increase student persistence and completion rates.
  - A. Analyses of retention rates of students in Living-Learning Communities (LLCs) compared to students not participating in LLCs will be used. Results will inform future LLC planning.

## **Goal 2: Provide Educational Opportunity and Continue to Advance Academic Excellence**

Providing educational opportunity and continuing to advance academic excellence will be enhanced by:

1. Solidifying the future of Western Illinois University by supporting areas of growth and high demand as stated in Higher Values in Higher Education 2012-2022.
  - A. The FY19 Strategic Plan Update will document new degree programs established at the University.
2. Continuing to base academic program establishment, on-notice, and disestablishment decisions based on the policies, procedures, and protocol discussed in Goal 5C of this *Supplement*.
3. Increasing student participation in experiential learning opportunities through applied studies in external settings. These applied settings include internships, student teaching, clinical placements, and undergraduate and graduate student research days, and education abroad opportunities.

- A. The College of Arts and Sciences plans to increase student internship and service learning opportunities.
  - B. The College of Business and Technology plans to enhance professional development and internship opportunities for students.
  - C. The College of Education and Human Services plans to increase community service and/or implement service learning opportunities in coursework by cultivating partnerships with school districts near the Macomb and Quad Cities campuses, and expanding the use of College facilities on the Macomb and Quad Cities campuses.
  - D. The Interdisciplinary Studies Program plans to convene a committee of renewable energy experts to discuss curriculum updates for the program's Renewal Energy concentrations.
  - E. Study Abroad and Outreach established the goal of increasing the number of students going abroad by fifteen percent.
4. Responding to changing student demographic information and needs by offering additional hybrid programs and degrees online<sup>5</sup>
- A. All graduate programs are approved for hybrid development, where appropriate to the discipline.
  - B. Select undergraduate programs are approved for hybrid development.
5. Completing and implementing approved recommendations from the following priorities to assure and advance quality.
- A. General Education Review: The Provost and Academic Vice President charged the Faculty Senate with completing an academic year 2016-2017 review of the University's General Education program with regard to program goals, appropriateness of program categories, and the number of courses offered in each category. The current administrative structure of General Education was also reviewed.
    - i. A report is anticipated in academic year 2017-2018. Recommendations from the report will be reviewed upon receipt of the report.
  - B. Teacher Education Review: The Provost and Academic Vice President charged a Task Force within Academic Affairs to complete an academic year 2016-2017 review of the university-wide Teacher Education Program with regard to the current administrative structure of teacher education, time to completion in relation to State licensure regulations, and curricular applications to fulfill the state required competencies.
    - i. A report is anticipated in academic year 2017-2018. Recommendations from the report will be reviewed upon receipt of the report.
  - C. Scheduled program reviews for undergraduate programs in French Teacher Education, Spanish Teacher Education, Foreign Languages and Cultures, and the master's degree in Economics.

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<sup>5</sup> *The Higher Learning Commission defines a hybrid program as containing 25% in-person instruction (on- or off-campus) and 75% online instruction.*

- i. The first three areas were deferred until 2019.
    - ii. Reviews for the M.A. in Economics and the M.S. Ed. in Counseling will be completed this academic year.
  - D. Three year progress reports on new programs implemented in fall 2014, i.e., the Ph.D. in Environmental Science: Large River Ecosystems and Post-Baccalaureate Certificate in Business Analytics
    - i. Both progress reports will be prepared this year.
  - E. Reaffirmation of accreditation for the B.S. in Graphic Communication
    - i. The site visit will occur this academic year.
  - F. Initial accreditation for the B.S. in Mechanical Engineering
    - i. The site visit will occur this fall.
- 6. Continuing to advocate for the:
  - A. Release of previously allocated and currently frozen state capital funding that included construction funding for the Center for Performing Arts in Macomb and Phase III design planning in the Quad Cities
    - i. This is an ongoing priority of the Board of Trustees, President, and Assistant to the President for Governmental Relations.
  - B. Restoration of state capital renewal funding that provides funding to address the highest maintenance needs and priorities at the University.
    - i. This is an ongoing priority of the Board of Trustees, President, and Assistant to the President for Governmental Relations.

**Goal 3: Expand Community Engagement**

- 1. Developing and implementing the self-study process for the University's re-certification (renewal) as a Carnegie Foundation for the Advancement of Teaching's Community Engagement Classified institution.
  - A. The Director of the Illinois Institute for Rural Affairs and the Vice President for Quad Cities and Planning will lead a collaborative, university-wide self-study process once the new guidelines from the Carnegie Foundation are released according to the following timeline published by the Foundation.

2018

|          |                                  |
|----------|----------------------------------|
| January  | Announcement of the 2020 process |
| May-July | Request for applications         |

2019

|          |  |
|----------|--|
| April    | Applications due/Reviewing begins          |
| December | Review process completed/campuses notified |
| January  | 2020 classification results announced      |

2. Adopting an institutional mission statement on Community Engagement as we serve our host communities, regions, and beyond.

- A. This action was completed and will be ongoing. The University annually reviews its vision, mission, values, goals, and priorities when creating annual Strategic Plan Supplements and new editions of Higher Values in Higher Education every five years. In 2017, the University Mission statement was modified to add reference to alumni and community partners in the last sentence. This sentence was carefully worded to reflect institutional actions and further reinforce the importance of community engagement at Western Illinois University.

The Carnegie Foundation for the Advancement of Teaching defines community engagement as, “The collaboration between institutions of higher education and their larger communities (local, regional/state, national, global) for the mutually beneficial exchange of knowledge and resources in a context of partnership and reciprocity.” Our mission statement demonstrates adherence to this definition as we work collaboratively with internal and external partners to advance our educational mission and the students and global community that we serve and benefit from.

“Western Illinois University empowers students, faculty, and staff to lead dynamic and diverse communities. We provide student-centered undergraduate and graduate programs characterized by innovative teaching, research, and service, grounded in multidisciplinary, regional and global perspectives. We engage our students in educational opportunities guided by a professional and diverse faculty and staff in collaboration with alumni and community partners.”

3. Reviewing College Mission Statements for the inclusion of community engagement in these documents.
4. Hosting regional Community and Economic Development (CED) Summits to develop and implement strategies based on these Summits.
  - A. Fall CED Summits are scheduled in Macomb, Moline, Decatur, Galesburg, Havana, Peoria, Quincy, Rockford, Saint Louis, and Savanna.
  - B. Spring CED Summits will be scheduled later this semester.
5. Documenting outcomes from the President’s Executive Institute and collegiate efforts with regard to employer relations. This includes, but is not limited to increasing sponsored credit courses and enrollments, internship and experiential education opportunities, and enrollment of working professionals at Western Illinois University.
  - A. The President and Vice President for Quad Cities and Planning will continue to provide reports at quarterly Western Illinois University Board of Trustee meetings.
  - B. The Fiscal Year 2018 President’s Executive Institute Update will be presented at the June 2018 Western Illinois University Board of Trustees meeting.

6. Increasing pre-collegiate student participation in summer camps and other non-credit activities.
  - A. The College of Arts and Sciences and Study Abroad and Outreach will continue to develop summer opportunities that serve the K-12 population in the Quad Cities.
  - B. The College of Education and Human Services will host events such as Science Olympiad and other regionally sponsored activities.
  - C. Study Abroad and Outreach will implement priorities to increase the importance of youth enrichment programs across the region.
  
7. Present the Creating Entrepreneurial Opportunities (CEO) program for high-achieving students with business and/or entrepreneurial interests to our host communities and region.
  
8. Document funding received and actions taken to advance community and economic development. Examples include recently funded actions to expand the Small Business Development Center/International Trade Center, Vibrant Neighbors project, AmeriCorps school reading readiness program in a local Hispanic neighborhood, and student participation in community service learning projects planned over the next year.
  - A. All of these actions will be included in the Fiscal Year 2018 President's Executive Institute Update.

**Goal 4: Increase External Funding, While Limiting Cost Increases to Students**

1. Continuing to advocate for the end of the historic and unprecedented state budget impasse and the restoration of fair and predictable appropriated funding to Illinois public higher education in general, and Western Illinois University in particular
  - A. The Board of Trustees, President, President's Leadership Team, and Assistant to the President for Governmental Relations will continue to advocate the restoration of fair and predictable funding for higher education. These actions continue even as the historic and unrepresented two-year statewide budget impasse ended with FY18 appropriations.
  
2. Increasing the quantity of revenue received from external contracts and grants.
  - A. Faculty and staff will continue to pursue revenue from external contracts and grants that exceed Fiscal Year 2017 levels.
  
3. Engaging in strategic planning to position the University for the next comprehensive fundraising campaign, while also continuing to expand crowd funding, special projects such as the Mascot Memorial, and selling naming rights to classrooms, meeting rooms, and other facilities to increase the overall donor base and recognition<sup>6</sup>.
  - A. The University continues to prepare for the next comprehensive fundraising campaign as reported in the *2016-2017 Strategic Plan Supplement Accomplishments* of this *Update*.

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<sup>6</sup> Western Illinois University Foundation policy requires donation of 51% of construction costs for a classroom, meeting room, etc. to be named.

4. Documenting external funding received through the Foundation, grants and contracts, the President's Executive Institute, and other external sources.
  - A. The Western Illinois University Foundation will continue to prepare and distribute an annual *Year in Review*. It is available from the Vice President for Advancement and Public Services website at [www.wiu.edu/vpaps/foundation\\_and\\_development](http://www.wiu.edu/vpaps/foundation_and_development).
  - B. The Office of Sponsored Projects will continue to provide quarterly updates and an annual report to the Western Illinois Board of Trustees on external grants and contracts.
  - C. The President and Vice President for Quad Cities will continue to provide quarterly updates and an annual report to the Western Illinois Board of Trustees on the President's Executive Institute.

**Goal 5: Support Strategic and Operational Planning with Conservative, Mission-Driven Fiscal Management**

1. Leading the development of Higher Values in Higher Education 2017-2027, with the resultant document receiving endorsement from all governance groups on both campuses before presenting to the Western Illinois University Board of Trustees for implementation approval.
  - A. The Social Responsibility (Planning) Task Force will complete this charge this academic year. Membership is being updated at the time of writing this Update.
2. Beginning in Fiscal Year 2018, creating and implementing an annual Fiscal Year Operational Plan for Western Illinois University.
  - A. The creation of Higher Values in Higher Education 2017-2027 will contain an operational planning section with data from item #3 (below) as related to University strategic planning.
3. Including within the Fiscal Year 2018 Operational Plan, sections on:
  - A. Enrollment, with specific data regarding:
    - i. Fall 2011-2016 total university enrollment.
    - ii. The estimated number of new students needed in each of the next three falls (fall 2017-fall 2019) to stabilize total university enrollment at 10,000 students.
    - iii. An identification of the external challenges the University faces in new student recruitment.
    - iv. A summary of new initiatives started in FY16 and FY17 designed to help stabilize total university enrollment.
  - B. Finances, with specific data regarding:
    - i. Sources of revenue and identification of spending restrictions placed on these sources by state statute.
    - ii. A history of state appropriations that led to the initial announcement in March 2016 of "the need to engage in strategic reinvestment of institutional resources to support



growth and academic excellence, with a three-year ... reduction and reinvestment goal.”

- iii. Actions taken during FY16 and FY17 to reduce reliance on state appropriations
- iv. The fiscal impact or total operating and personal services expenditures reductions between FY15 and FY16.

C. Programs, Services, and Staffing, with sections on:

i. Guiding Principles, including:

- a. An operational definition of what it means to be a comprehensive university.
- b. Codified roles and responsibilities in shared governance, union agreements, and administrative decision-making in defining the academic programs offered at the University.

ii. Measures of Quality, including:

- a. Descriptions of methods used to evaluate program quality in Academic Affairs and all other vice presidential areas.

iii. Measures of Demand, including discussions on:

- a. Methods used to determine feasibility and need for new programs.
- b. An operational definition used to determine low enrolled programs.
- c. Reviews of low-enrolled programs, including discussions on
  - 1. The contractually agreed upon Academic Program Elimination and Review Committee’s purpose and process.
  - 2. Review processes if a program is placed on notice.

iv. Fiscal Considerations, including discussions regarding how:

- a. State appropriations effect university budgeting
- b. Contractual agreements effect operating and/or personal services expenditures
- c. University efforts to position itself for the next fundraising campaign.

4. Communicating Strategic Plan, Supplements, and Annual Operating Plan results internally and externally.

- A. The Vice President for Quad Cities and Planning will continue to provide monthly and annual Strategic Plan reporting.

5. Keeping students, faculty, and staff, and university governance groups informed on plans and results from Strategic Plans, Supplements, and Annual Operating Plans.

- A. The Vice President for Quad Cities and Planning will continue to:

- i. Seek feedback through Monthly Strategic Plan Updates and meetings with governance groups, academic departments, and administrative units.
- ii. Receive endorsement from all governance groups on university planning documents before presenting to the Western Illinois University Board of Trustees for implementation approval.

## Summary and Next Steps

Results of this *Update* demonstrated that the students, faculty, and staff of Western Illinois University continue successful advancement of the vision, mission, goals and priorities of *Higher Values in Higher Education* and its component parts. We continue a strong tradition of advancing in national comparisons of quality, opportunity, and affordability, despite Illinois higher education enduring the two-year historic and unprecedented State of Illinois budget impasse.

The information presented in this *Update* will inform the creation of Higher Values in Higher Education 2017-2027. The Social Responsibility Task Force will summarize the outcomes reported in this *Update* to identify institutional strengths, challenges, and opportunities. They will use this information and the criteria for accreditation from the Higher Learning Commission to prepare a draft of Higher Values in Higher Education 2017-2027. This draft will follow the University's inclusive planning model, with meetings with all governance groups and other interested parties, and feedback solicited through monthly Strategic Plan Updates, as well.

When Higher Values in Higher Education 2017-2027 is endorsed by all governance groups and approved for implementation by the Board of Trustees it will guide institutional self-study for reaffirmation of accreditation from the Higher Learning Commission. The self-study process will begin in academic year 2018-2019 and culminate after on-site visits to the Quad Cities campus and off-campus locations in academic year 2019-2020 and the Macomb campus in Academic Year 2020-2021.

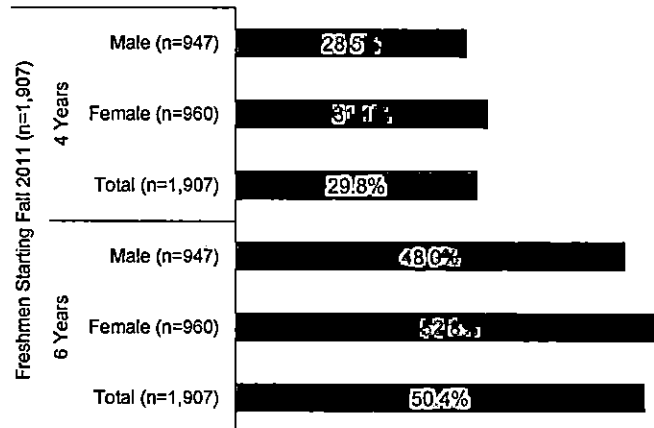
It will also guide institutional self study for re-certification (renewal) as a Carnegie Foundation for the Advancement of Teaching's Community Engagement Classified Institution. This process will begin in January 2018 and culminate in January 2020 when new classification results are announced.

Attachment E  
Retention and Graduation Rates of New Full-Time Freshmen by Sex  
Fall 2010-2016  
(Table from the Western Illinois University Fact Book, <http://www.wiu.edu/IRP/factbook.php>)

**Table 35. Retention and Graduation Rates of New Full-Time Freshmen by Sex, Fall 2010-2016**

| Year Enrolled |              | Number Enrolled | Continuation Rates % |                     | Cumulative Graduation Rates % |                    |                    |
|---------------|--------------|-----------------|----------------------|---------------------|-------------------------------|--------------------|--------------------|
|               |              |                 | Continued to 2nd Yr  | Continued to 3rd Yr | Graduated in 4 Yrs            | Graduated in 5 Yrs | Graduated in 6 Yrs |
| 2010          | Male         | 855             | 70.7%                | 62.7%               | 31.0%                         | 47.9%              | 52.5%              |
|               | Female       | 886             | 72.0%                | 62.6%               | 30.3%                         | 50.5%              | 53.7%              |
|               | <b>Total</b> | <b>1,741</b>    | <b>71.4%</b>         | <b>62.7%</b>        | <b>30.6%</b>                  | <b>49.2%</b>       | <b>53.1%</b>       |
| 2011          | Male         | 947             | 64.7%                | 56.0%               | 28.5%                         | 44.4%              | 48.0%              |
|               | Female       | 960             | 70.6%                | 60.9%               | 31.1%                         | 49.7%              | 52.8%              |
|               | <b>Total</b> | <b>1,907</b>    | <b>67.7%</b>         | <b>58.5%</b>        | <b>29.8%</b>                  | <b>47.1%</b>       | <b>50.4%</b>       |
| 2012          | Male         | 848             | 62.9%                | 53.9%               | 26.3%                         | 40.0%              |                    |
|               | Female       | 879             | 63.8%                | 57.3%               | 29.9%                         | 47.7%              |                    |
|               | <b>Total</b> | <b>1,727</b>    | <b>63.3%</b>         | <b>55.6%</b>        | <b>28.1%</b>                  | <b>43.9%</b>       |                    |
| 2013          | Male         | 783             | 72.5%                | 62.1%               | 34.8%                         |                    |                    |
|               | Female       | 821             | 71.6%                | 59.7%               | 32.0%                         |                    |                    |
|               | <b>Total</b> | <b>1,604</b>    | <b>72.1%</b>         | <b>60.8%</b>        | <b>33.4%</b>                  |                    |                    |
| 2014          | Male         | 729             | 66.0%                | 54.7%               |                               |                    |                    |
|               | Female       | 847             | 69.2%                | 55.7%               |                               |                    |                    |
|               | <b>Total</b> | <b>1,576</b>    | <b>67.7%</b>         | <b>55.2%</b>        |                               |                    |                    |
| 2015          | Male         | 695             | 68.8%                | 61.6%               |                               |                    |                    |
|               | Female       | 813             | 69.5%                | 58.8%               |                               |                    |                    |
|               | <b>Total</b> | <b>1,508</b>    | <b>69.2%</b>         | <b>60.1%</b>        |                               |                    |                    |
| 2016          | Male         | 632             | 68.0%                |                     |                               |                    |                    |
|               | Female       | 833             | 67.7%                |                     |                               |                    |                    |
|               | <b>Total</b> | <b>1,465</b>    | <b>67.8%</b>         |                     |                               |                    |                    |

**Figure 3. 4-Year and 6-Year Graduation Rates of New Full-Time Freshmen by Sex Fall 2011 Cohort**



**Attachment F**  
**FY 16 Audited Financial Statements of the Western Illinois University Foundation**

227 South Seventh Street  
Springfield, Illinois 62701  
217-525-1111  
Fax 217-525-1120  
www.espcpa.com

Adelfia LLC  
400 E. Randolph St., Suite 705  
Chicago, Illinois 60601

In connection with your audit of the group financial statements of Western Illinois University, we confirm the following:

1. We have audited the financial statements of Western Illinois University Foundation, which comprise the statement of net assets as of June 30, 2016 and the related statements of revenue, expenses, and changes in net position, cash flows, and related notes for the year then ended. Our audit report and the financial statements and communication to those charged with governance have been attached to this letter.
2. We have complied with the ethical requirements, including independence requirements as set forth in the American Institute of Certified Public Accountants Code of Professional Ethics.
3. We are independent of Western Illinois University and Western Illinois University Foundation.

*Eck, Schafner & Punke, LLP*

Springfield, Illinois  
November 3, 2016

To the Board of Directors  
Western Illinois University Foundation  
Macomb, Illinois

We have audited the financial statements of Western Illinois University Foundation (the Foundation) for the year ended June 30, 2016, and have issued our report thereon dated November 3, 2016. Professional standards require that we communicate to you the following information related to our audit.

**Our Responsibilities under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

*Financial Statements*

As stated in our engagement letter dated June 16, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

*Reporting on Internal Control and Compliance Matters*

As part of our audit, we considered the internal control of the Foundation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Foundation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests were not to provide an opinion on compliance with such provisions.



### **Planned Scope and Timing of the Audit**

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the Foundation and its environment, including internal control, sufficient to assess the risk of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Foundation or to acts by management or employees acting on behalf of the Foundation.

We performed the audit according to the planned scope. The audit completion was delayed due to personnel turnover at the Foundation.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note A to the financial statements. During 2016, the Foundation adopted the accounting and reporting guidance of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures affecting the financial statements. The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 3, 2016.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Western Illinois University Foundation and is not intended to be and should not be used by anyone other than these specified parties.

*Eck, Achafenz & Purke, LLP*

Springfield, Illinois  
November 3, 2016

WESTERN ILLINOIS UNIVERSITY FOUNDATION

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

June 30, 2016 and 2015

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**Western Illinois University Foundation  
Management's Discussion and Analysis  
Years Ended June 30, 2016 and 2015**

**Introduction**

This section of the Western Illinois University Foundation (the Foundation) annual financial report presents an overview of the financial performance and activities of the Foundation during the fiscal years ended June 30, 2016 and 2015. This discussion should be read in conjunction with the accompanying financial statements and footnotes, and it is designed to focus on current activities, resulting changes, current known facts, and future outlook. The financial statements, footnotes, and this discussion are the responsibility of the Foundation's management.

**Using the Annual Financial Report**

This annual report consists of financial statements, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

**Financial Highlights**

**Statement of Net Position**

The Statement of Net Position includes all assets and liabilities, as well as the net position of the Foundation at the end of the fiscal year. Current assets consist primarily of cash, investments, and receivables. Current liabilities consist of liabilities that are due within the following fiscal year.

The net position is divided into four major categories: net investment in capital assets, restricted non-expendable, restricted expendable, and unrestricted. Net investment in capital assets shows the Foundation's equity in capital assets. Restricted non-expendable net position includes endowments that are to be held and invested in perpetuity with earnings thereof to be used for various purposes as determined by donors. Restricted expendable net position includes assets held in charitable remainder trusts, as well as donor restricted earnings on endowments and annuities. The expenditure of these assets is at the discretion of the Foundation after giving consideration to any restrictions placed on the funds by donors. Unrestricted net position includes assets in which the donated principal was unrestricted. Unrestricted net position includes funds designated by the Foundation as quasi endowments, as well as non-endowment donations with no restrictions. Currently, it is the intent of the Foundation Board to only distribute the earnings on quasi endowments and to hold the principal on such assets in perpetuity.

During the fiscal year ended June 30, 2016, the net position of the Foundation increased \$1,299,604 (2.15%). Increase was primarily driven by the re-valuation of the farm land held for investment, which resulted in a gain of \$2,617,460 for the year ended June 30, 2016. During the same time, the endowment fund decreased in value by \$1,660,427 despite receiving an additional \$1,015,395 of contributions. The decline was due to sub-par performance of the endowment investment pool.

**Western Illinois University Foundation  
Management's Discussion and Analysis  
Years Ended June 30, 2016 and 2015**

Condensed Statement of Net Position

| <b>Assets</b>                                   | <b>2016</b>          | <b>% change<br/>'16-'15</b> | <b>2015</b>          |
|---|----------------------|-----------------------------|----------------------|
| <b>Current assets:</b>                          |                      |                             |                      |
| Cash and investments                            | \$ 5,922,306         | -30.5%                      | \$ 8,523,202         |
| Pledges receivable, net                         | 851,833              | 1.0%                        | 843,377              |
| Other receivables                               | 114,244              | -7.2%                       | 123,160              |
| Inventory                                       | -                    | -100.0%                     | 6,162                |
| Other current assets                            | 345,761              | 392.1%                      | 70,269               |
| <b>Noncurrent assets:</b>                       |                      |                             |                      |
| Endowment investments                           | 3,361,149            | -44.9%                      | 6,095,173            |
| Endowment investments, restricted               | 38,027,028           | 2.9%                        | 36,953,431           |
| Charitable remainder trusts, restricted         | 4,712,599            | -3.7%                       | 4,895,478            |
| Other investments                               | 7,941,601            | 204.2%                      | 2,610,694            |
| Pledges receivable, net                         | 545,533              | 1.2%                        | 538,942              |
| Long-term loans                                 | 84,778               | 3.0%                        | 82,309               |
| Cash surrender value of life insurance policies | 523,257              | 1.5%                        | 515,445              |
| Capital assets, net of accumulated depreciation | 658,304              | 69.5%                       | 388,304              |
| Total assets                                    | <u>63,088,393</u>    |                             | <u>61,645,946</u>    |
| <br><b>Liabilities</b>                          |                      |                             |                      |
| Current liabilities                             | 842,313              | -6.7%                       | 902,820              |
| Noncurrent liabilities                          | 472,618              | 75.5%                       | 269,268              |
| Total liabilities                               | <u>1,314,931</u>     |                             | <u>1,172,088</u>     |
| <br><b>Net Position</b>                         |                      |                             |                      |
| Net investment in capital assets                | 441,698              | 13.8%                       | 388,304              |
| Restricted for nonexpendable purposes           | 28,260,062           | 3.7%                        | 27,260,609           |
| Restricted for expendable purposes              | 13,116,425           | 7.3%                        | 12,218,862           |
| Unrestricted                                    | 19,955,277           | -3.2%                       | 20,606,083           |
| Total net position                              | <u>\$ 61,773,462</u> |                             | <u>\$ 60,473,858</u> |

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues of the Foundation and the expenses incurred during the year. The largest component of operating revenue is gifts (in the form of cash, pledges, and other considerations), which coincides with the purpose of the Foundation; to provide support to Western Illinois University. The Foundation's operating expenses are primarily distributions of gift income and earnings on investments utilized to carry out the mission of the Foundation.

**Western Illinois University Foundation  
Management's Discussion and Analysis  
Years Ended June 30, 2016 and 2015**

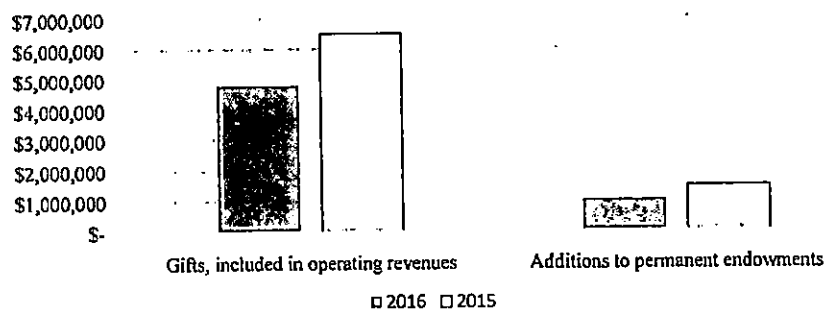
Condensed Statement of Revenues, Expenses and Changes in Net Position

|  | 2016                 | % change<br>'16-'15 | 2015                 |
|--|----------------------|---------------------|----------------------|
| Total operating revenues                                   | \$ 5,746,661         | -22.7%              | \$ 7,436,335         |
| Total operating expenses                                   | 7,607,197            | -0.1%               | 7,612,930            |
| Net operating loss   | (1,860,536)          |                     | (176,595)            |
| Net non-operating revenues                                 | 2,144,745            | 645.8%              | 287,594              |
| Gain before other revenues,<br>expenses, gains, and losses | 284,209              | 156.0%              | 110,999              |
| Additions to permanent endowments                          | 1,015,395            | -30.0%              | 1,451,268            |
| Change in net position                                     | 1,299,604            |                     | 1,562,267            |
| Net position, beginning of year                            | 60,473,858           |                     | 58,911,591           |
| Net position, end of year                                  | <u>\$ 61,773,462</u> |                     | <u>\$ 60,473,858</u> |

The largest component of operating revenues is contributions that support the purpose of the Foundation which is to enhance the programs, facilities and services of Western Illinois University (the University). The table below presents contribution revenues for fiscal years 2016 and 2015, including additions to the permanent endowment.

|                                       | 2016                | % change<br>'16-'15 | 2015                |
|---------------------------------------|---------------------|---------------------|---------------------|
| Gifts, included in operating revenues | \$ 4,788,623        | -26.1%              | \$ 6,483,262        |
| Additions to permanent endowments     | 1,015,395           | -30.0%              | 1,451,268           |
| Contribution revenues                 | <u>\$ 5,804,018</u> |                     | <u>\$ 7,934,530</u> |

**Contribution Revenue**



During fiscal year 2016, total contribution revenue was down approximately \$2.1 million from fiscal year 2015. The majority of the decrease is due to a significant planned gift receipt and a contribution to a charitable remainder trust received in fiscal year 2015, with no equivalent in fiscal year 2016.

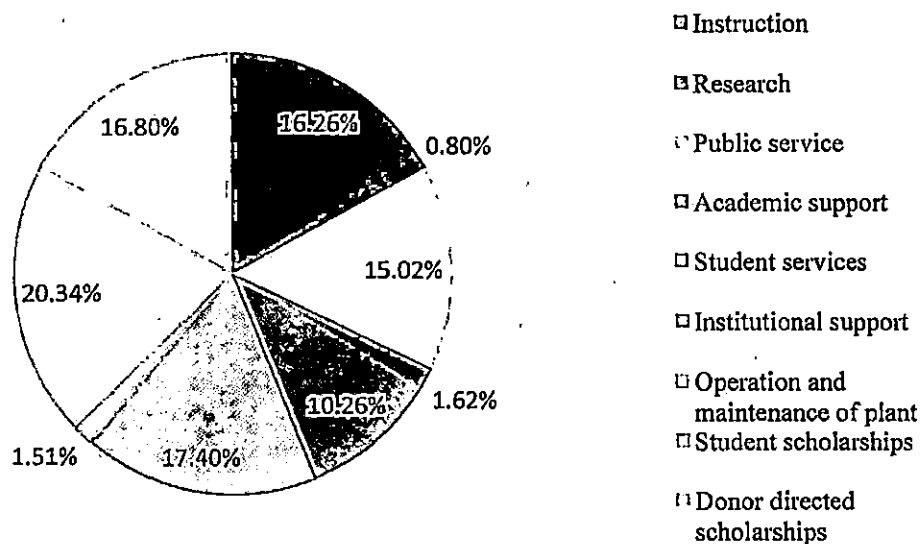
**Western Illinois University Foundation  
Management's Discussion and Analysis  
Years Ended June 30, 2016 and 2015**

In addition to the non-operating revenues shown in the condensed statement, the University provided the Foundation personal services, facility use, and other services, valued at \$1,859,935 during fiscal year 2016; this compares to a figure of \$1,677,045 for fiscal year 2015. Although the Foundation did not specifically pay for these services, the Foundation provided \$4,106,729 to the University in unrestricted funds and funds restricted only as to department and generally available for ongoing University operations during fiscal year 2016, which compares to a figure of \$3,992,273 for fiscal year 2015.

Operating expenses by functional category for the years ended June 30, 2016 and 2015 were as follows:

|                                    | 2016                | % change<br>'16-'15 | 2015                |
|------------------------------------|---------------------|---------------------|---------------------|
| Instruction                        | \$ 1,237,067        | 6.0%                | \$ 1,167,010        |
| Research                           | 61,232              | -61.3%              | 158,235             |
| Public service                     | 1,142,344           | 1.1%                | 1,129,495           |
| Academic support                   | 123,018             | -38.0%              | 198,373             |
| Student services                   | 780,129             | -7.8%               | 845,852             |
| Institutional support              | 1,323,557           | 3.9%                | 1,273,681           |
| Operation and maintenance of plant | 114,661             | -29.6%              | 162,886             |
| Student scholarships               | 1,547,087           | 9.1%                | 1,418,558           |
| Donor directed scholarships        | 1,278,102           | 1.5%                | 1,258,840           |
| <b>Total operating expenses</b>    | <b>\$ 7,607,197</b> |                     | <b>\$ 7,612,930</b> |

**FY2016 Expenses by Functional Category**





**Western Illinois University Foundation  
Management's Discussion and Analysis  
Years Ended June 30, 2016 and 2015**

**Statement of Cash Flows**

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities. It helps measure the ability to meet financial obligations as they mature.

Condensed Statement of Cash Flows

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| Cash provided by (used in):                  |                     |                     |
| Operating activities                         | \$ (2,271,996)      | \$ (739,869)        |
| Noncapital financing activities              | 1,549,266           | 1,907,726           |
| Capital and related financing activities     | (53,394)            | -                   |
| Investing activities                         | <u>(209,573)</u>    | <u>(1,377,532)</u>  |
| Net change in cash and cash equivalents      | (985,697)           | (209,675)           |
| Cash and cash equivalents, beginning of year | <u>3,331,851</u>    | <u>3,541,526</u>    |
| Cash and cash equivalents, end of year       | <u>\$ 2,346,154</u> | <u>\$ 3,331,851</u> |

Foundation's Economic Outlook

The mission of the Foundation is to maximize private support for the University and to assist in advancing the University's core values of academic excellence, educational opportunity, personal growth, and social responsibility. Private support enables the University to enhance educational opportunities for its students and advance its mission of instruction, research, and public service. As state appropriated funds continue to provide a smaller portion of the University's operating revenue, funds solicited by the Foundation will continue to play an important role in helping the University and its students achieve their mission and goals. To help solicit and manage contributions to support the University, the Foundation annually embarks on an aggressive campaign to contact our donors and prospects and make them aware of needs.

The economy continues to play a factor in both the solicitation of contributions and the performance of the investment pool. During fiscal year 2015, the endowment portfolio performance was sub-par and the endowment ended with the balance nearly even with the previous year. Unfortunately, the portfolio performance did not improve in fiscal year 2016, and the endowment ended with a 3.86% decrease from the fiscal year 2015 level, despite additional endowment contribution in excess of \$1.01 million being added during the year. The Foundation seeks guidance from an outside investment manager to assist the Foundation and its Board of Directors in establishing an appropriate investment portfolio for the endowment pool that will yield maximum income to meet our needs and goals while minimizing risk. The Foundation remains pleased with the performance of the endowment investment manager, Hammond Associates, Institutional Fund Consultants, Inc. d/b/a Mercer Investment Consulting.

**Western Illinois University Foundation  
Management's Discussion and Analysis  
Years Ended June 30, 2016 and 2015**

During both fiscal years 2015 and 2016, earnings on liquid money market funds and short-term certificates of deposit (CDs) held in the non-endowment portfolio were weak due to low interest rates. To help improve returns on cash/cash equivalent investments without taking on principal risk, the Foundation took advantage of higher yields by investing in alternative options, including both Certificate of Deposit Account Registry Service (CDARS) and Insured Cash Sweep (ICS) money market funds.

Looking toward fiscal year 2017, we expect contributions to the Foundation to remain stable. Despite uncertainties in the current economic climate, our expectations are that the Foundation's asset base will continue to grow in the long-term despite uncertainties in short-term investment performance.

## Independent Auditors' Report

The Board of Directors  
Western Illinois University Foundation  
Macomb, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Western Illinois University Foundation (the Foundation), which are comprised of the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Illinois University Foundation as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Eck, Schaefer & Punks, LLP*

Springfield, Illinois  
November 3, 2016

Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

The Board of Directors  
Western Illinois University Foundation  
Macomb, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Western Illinois University Foundation (the Foundation) as of and for the year ended June 30, 2016, and have issued our report thereon dated November 3, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eck, Schaefer & Punks, LLP*

Springfield, Illinois  
November 3, 2016

Western Illinois University Foundation

STATEMENTS OF NET POSITION

|  | June 30 |                      |                      |
|--|---------|----------------------|----------------------|
|  |         | <u>2016</u>          | <u>2015</u>          |
| ASSETS   |         |                      |                      |
| CURRENT ASSETS                                   |         |                      |                      |
| Cash and cash equivalents                        |         | \$ 2,346,154         | \$ 3,331,851         |
| Investments                                      |         | 3,576,152            | 5,191,351            |
| Pledges receivable, net                          |         | 851,833              | 843,377              |
| Other receivables                                |         | 114,244              | 123,160              |
| Inventories                                      |         | -                    | 6,162                |
| Prepaid expenses                                 |         | <u>345,761</u>       | <u>70,269</u>        |
| Total current assets                             |         | 7,234,144            | 9,566,170            |
| NONCURRENT ASSETS                                |         |                      |                      |
| Endowment investments                            |         | 3,361,149            | 6,095,173            |
| Endowment investments, restricted                |         | 38,027,028           | 36,953,431           |
| Charitable remainder trusts, restricted          |         | 4,712,599            | 4,895,478            |
| Other investments                                |         | 7,941,601            | 2,610,694            |
| Pledges receivable, net                          |         | 545,533              | 538,942              |
| Long-term loans                                  |         | 84,778               | 82,309               |
| Cash surrender value of life insurance policies  |         | 523,257              | 515,445              |
| Capital assets, net of accumulated depreciation  |         | <u>658,304</u>       | <u>388,304</u>       |
| Total noncurrent assets                          |         | <u>55,854,249</u>    | <u>52,079,776</u>    |
| TOTAL ASSETS                                     |         | <u>63,088,393</u>    | <u>61,645,946</u>    |
| LIABILITIES AND NET POSITION                     |         |                      |                      |
| CURRENT LIABILITIES                              |         |                      |                      |
| Accounts payable and accrued expenses            |         | 131,132              | 167,268              |
| Current portion of note payable                  |         | 19,381               | -                    |
| Due to Western Illinois University               |         | 178,231              | 174,954              |
| Annuities payable                                |         | 49,991               | 45,896               |
| Charitable remainder trust distributions payable |         | 195,731              | 189,935              |
| Deferred revenue                                 |         | <u>267,847</u>       | <u>324,767</u>       |
| Total current liabilities                        |         | 842,313              | 902,820              |
| NONCURRENT LIABILITIES                           |         |                      |                      |
| Note payable, less current portion               |         | 197,225              | -                    |
| Annuities payable                                |         | <u>275,393</u>       | <u>269,268</u>       |
| TOTAL LIABILITIES                                |         | <u>1,314,931</u>     | <u>1,172,088</u>     |
| NET POSITION                                     |         |                      |                      |
| Net investment in capital assets                 |         | 441,698              | 388,304              |
| Restricted - nonexpendable                       |         | 28,260,062           | 27,260,609           |
| Restricted - expendable                          |         | 13,116,425           | 12,218,862           |
| Unrestricted                                     |         | <u>19,955,277</u>    | <u>20,606,083</u>    |
| TOTAL NET POSITION                               |         | <u>\$ 61,773,462</u> | <u>\$ 60,473,858</u> |

The accompanying notes are an integral part of these financial statements.



Western Illinois University Foundation

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30

|  | <u>2016</u>          | <u>2015</u>          |
|--|----------------------|----------------------|
| <b>OPERATING REVENUES</b>                              |                      |                      |
| Gifts  | \$ 4,788,623         | \$ 6,483,262         |
| Other grants   | 301,429              | 196,050              |
| Sales and services                                     | <u>656,609</u>       | <u>757,023</u>       |
| Total operating revenues                               | 5,746,661            | 7,436,335            |
| <b>OPERATING EXPENSES</b>                              |                      |                      |
| Instruction  | 1,237,067            | 1,167,010            |
| Research   | 61,232               | 158,235              |
| Public service   | 1,142,344            | 1,129,495            |
| Academic support                                       | 123,018              | 198,373              |
| Student services                                       | 780,129              | 845,852              |
| Institutional support                                  | 1,323,557            | 1,273,681            |
| Operation and maintenance of plant                     | 114,661              | 162,886              |
| Student scholarships                                   | 1,547,087            | 1,418,558            |
| Donor directed scholarships                            | <u>1,278,102</u>     | <u>1,258,840</u>     |
| Total operating expenses                               | <u>7,607,197</u>     | <u>7,612,930</u>     |
| <b>NET OPERATING LOSS</b>                              | (1,860,536)          | (176,595)            |
| <b>NON-OPERATING REVENUES (LOSSES)</b>                 |                      |                      |
| Investment gain (loss), net of investment expense      | (771,752)            | 94,411               |
| Change in value of charitable remainder trusts         | (236,199)            | (91,640)             |
| Change in value of land held for investment            | 2,617,460            | -                    |
| Other non-operating revenues                           | <u>535,236</u>       | <u>284,823</u>       |
| Total non-operating revenues, net                      | <u>2,144,745</u>     | <u>287,594</u>       |
| Gain before other revenues, expenses, gains and losses | 284,209              | 110,999              |
| Additions to permanent endowments                      | <u>1,015,395</u>     | <u>1,451,268</u>     |
| <b>CHANGE IN NET POSITION</b>                          | 1,299,604            | 1,562,267            |
| <b>NET POSITION, BEGINNING OF YEAR</b>                 | <u>60,473,858</u>    | <u>58,911,591</u>    |
| <b>NET POSITION, END OF YEAR</b>                       | <u>\$ 61,773,462</u> | <u>\$ 60,473,858</u> |

The accompanying notes are an integral part of these financial statements.

Western Illinois University Foundation

STATEMENTS OF CASH FLOWS

Years Ended June 30

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                     |                     |
| Gifts for other than capital and endowment purposes             | \$ 4,137,902        | \$ 5,718,605        |
| Sales, services and other grants                                | 964,200             | 949,750             |
| Payments for goods and services                                 | (4,510,460)         | (4,688,705)         |
| Payment for scholarships and fellowships                        | (2,825,189)         | (2,677,398)         |
| Payments to annuitants  | <u>(38,449)</u>     | <u>(42,121)</u>     |
| Net cash flows from operating activities                        | (2,271,996)         | (739,869)           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                     |                     |
| Private contributions for endowment purposes                    | 1,015,395           | 1,451,268           |
| Non-operating revenues, net                                     | <u>533,871</u>      | <u>456,458</u>      |
| Net cash flows from noncapital financing activities             | 1,549,266           | 1,907,726           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                     |                     |
| Purchase of capital assets                                      | (270,000)           | -                   |
| Proceeds from note payable                                      | 270,606             | -                   |
| Payments made on note payable                                   | <u>(54,000)</u>     | <u>-</u>            |
| Net cash flows from capital and related financing activities    | (53,394)            | -                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                     |                     |
| Proceeds from sales and maturities of investments               | 8,458,736           | 5,958,368           |
| Earnings on investments, net of investment expense              | 1,574,907           | 1,383,963           |
| Purchase of investments   | <u>(10,243,216)</u> | <u>(8,719,863)</u>  |
| Net cash flows from investing activities                        | <u>(209,573)</u>    | <u>(1,377,532)</u>  |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>                      | (985,697)           | (209,675)           |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>             | <u>3,331,851</u>    | <u>3,541,526</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                   | <u>\$ 2,346,154</u> | <u>\$ 3,331,851</u> |

Western Illinois University Foundation

STATEMENTS OF CASH FLOWS - CONTINUED

Years Ended June 30

|  | <u>2016</u>           | <u>2015</u>         |
|--|-----------------------|---------------------|
| RECONCILIATION OF NET OPERATING LOSS TO<br>NET CASH FLOWS FROM OPERATING ACTIVITIES        |                       |                     |
| Net operating loss   | \$ (1,860,536)        | \$ (176,595)        |
| Adjustments to reconcile net operating loss to net<br>cash flows from operating activities |                       |                     |
| Stock gifts in process   | -                     | (207)               |
| Charitable remainder trust assets donated  | (53,320)              | (926,697)           |
| Actuarial adjustment to annuities payable  | 10,220                | 3,050               |
| Change in assets and liabilities   |                       |                     |
| Pledges receivable, net  | (15,047)              | 236,583             |
| Inventories  | 6,162                 | (3,323)             |
| Prepaid expenses   | (275,492)             | 19,768              |
| Accounts payable and accrued expenses  | (36,136)              | 59,811              |
| Due to Western Illinois University   | 3,277                 | 46,551              |
| Charitable remainder trust distributions payable   | 5,796                 | 75,526              |
| Deferred revenue   | <u>(56,920)</u>       | <u>(74,335)</u>     |
| Net cash flows from operating activities   | <u>\$ (2,271,996)</u> | <u>\$ (739,868)</u> |
| NONCASH NONCAPITAL FINANCING ACTIVITIES  |                       |                     |
| Gifts in kind  | <u>\$ 525,434</u>     | <u>\$ 559,640</u>   |

The accompanying notes are an integral part of these financial statements.

Western Illinois University Foundation  
NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Institution

The Western Illinois University Foundation (the Foundation) exists for the principal purpose of aiding and assisting Western Illinois University (the University) in achieving its educational, research, and service goals and responsibilities.

The Foundation is a "University Related Organization," as defined under the University Guidelines adopted by the Legislative Audit Commission in 1982, as amended in 1997, and a component unit of the State of Illinois for financial reporting purposes. Due to the significance of the financial relationship with the University, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB Statement No. 14, the Foundation is also included as a component unit of the University for financial reporting purposes. The financial balances and activities included in these financial statements are therefore also included as part of the University's financial statements and the State of Illinois Comprehensive Annual Financial Report. All funds of the Foundation are locally administered and are neither subject to the State of Illinois appropriation process nor held in the State Treasury.

2. Measurement Focus and Basis of Accounting

The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. The Foundation first utilizes its restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

The Foundation has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating:

Operating revenues and expenses include activities that have the characteristics of exchange transactions. Also included in operating revenues is contribution revenue, as the Foundation's primary purpose is to secure contributions of behalf of the University.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Measurement Focus and Basis of Accounting - Continued

Non-operating:

Non-operating revenues and expenses include activities that have the characteristics of non-exchange transactions, such as investment income and other revenue sources and expenditure uses that are defined as non-operating revenues and expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Non-exchange transactions, including contributions from donors, are in accordance with the recognition requirements of GASB Statement No. 53.

The financial statement presentation required by GASB Statement numbers 35, 37 and 38 provides a comprehensive perspective of the Foundation's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

3. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses and other changes in net position, during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

Cash and cash equivalents include bank accounts and investments with original maturities of ninety days or less.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Investments and Investment Income

The Foundation accounts for its investments based on fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in fair value of investments are reported in the non-operating section of the accompanying statements of revenues, expenses and changes in net position.

The Board of Directors of the Foundation is responsible for the management of the Foundation's investments. The Investment Committee is responsible for recommending investment policy for Board approval. Investment performance is reviewed three times by the Investment Committee and reviewed nine times by the Executive Committee during each fiscal year.

The Foundation's permissible investment categories include:

- Domestic equity
- International equity
- Emerging markets equity
- Fixed income
- Real assets
- Private equity
- Absolute return (hedge funds)
- Cash and cash equivalents

6. Capital Assets

Land and equipment purchased by the Foundation are recorded at cost. Donated assets are capitalized at fair value at the date of the contribution. The Foundation capitalizes all equipment items that cost \$ 5,000 or more, and have an estimated useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives (three to sixty years) of the class of assets.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Deferred Revenue

Revenues from dues for various memberships and donor directed scholarships for subsequent academic years are deferred and recognized in the periods to which they relate.

8. Endowments

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updates the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions for spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.15% and 1.25% for the years ended June 30, 2016 and 2015, respectively, for operational purposes. Distributions are based on a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowment's unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2016, the Foundation had a total of \$4,437,783 of net cumulative appreciation from investment of donor restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net position and unrestricted net position in the statement of net position based on the classification (restricted nonexpendable vs. unrestricted) of the underlying asset upon which the income was earned.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Federal Income Tax Status

The U. S. Treasury Department issued a determination letter dated January 1948 that the Foundation is exempt from Federal income taxes under what is now Section 501(c)(3) of the Internal Revenue Code.

10. Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets are reported in the statement of net position, and changes in the fair value of the assets are recognized in the statement of revenues, expenses and changes in net position. It is management's intent to record the contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation received \$ 53,320 and \$ 926,697 of new contribution income during fiscal years 2016 and 2015, respectively. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the statement of net position.

11. Net Position

The Foundation's net position is classified as follows:

*Net investment in capital assets:* Represents the investment in capital assets after depreciation, net of outstanding debt related to capital assets.

*Restricted - nonexpendable:* Represents endowed funds where the donors have stipulated, as a condition of the gift instrument, that the principal be maintained in perpetuity and invested for the purpose of producing income, which may either be expended or added to principal.

*Restricted - expendable:* Represents funds where the donors have stipulated a specific or general purpose restriction regarding the expenditure of the gift.

*Unrestricted:* Represents funds where the donors have not stipulated any restriction on the utilization of the gift and all other accumulated unrestricted resources. These resources may be used to meet current expenditures for any purpose. Unrestricted net position includes Foundation designated endowments.



Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Subsequent Events

The Foundation assessed events that have occurred subsequent to June 30, 2016 through November 3, 2016, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

13. Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the 2016 presentation.

NOTE B - CASH AND CASH EQUIVALENTS

1. Deposits

Cash and cash equivalents consist of the following at June 30:

|                           | <u>2016</u>                |                         | <u>2015</u>                |                         |
|---------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
|                           | <u>Carrying<br/>Amount</u> | <u>Bank<br/>Balance</u> | <u>Carrying<br/>Amount</u> | <u>Bank<br/>Balance</u> |
| Cash and cash equivalents | <u>\$ 2,346,154</u>        | <u>\$ 2,421,099</u>     | <u>\$ 3,331,851</u>        | <u>\$ 3,288,330</u>     |

The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2016 and 2015.

2. Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation and Security Investor Protection Corporation insured account balances of \$ 2,420,999 and \$ 3,198,491 as of June 30, 2016 and 2015, respectively.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - CASH AND CASH EQUIVALENTS - Continued

2. Custodial Credit Risk - Continued

During the year ended June 30, 2015, the Foundation held funds at the Illinois Funds. Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). See <http://www.treasurer.il.gov/programs/illinois-funds/about-illinois-funds.aspx> for information on the Illinois Funds. The Foundation's deposits in other institutions' money market funds are subject to the funds' collateralization and investment policies.

NOTE C - INVESTMENTS

1. Summary of Investments

The Foundation has the following investments as of June 30:

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| U. S. Treasury notes                      | \$ -                 | \$ 116,040           |
| U. S. Treasury bonds                      | -                    | 78,652               |
| U. S. agency obligations (FHLM, FNMA)     | 83,867               | 86,507               |
| Municipal bonds                           | 1,654,132            | 564,582              |
| Corporate debt securities                 | 6,971,168            | 3,214,734            |
| Corporate equity securities               | 66,152               | 59,139               |
| International equity securities           | 1,317,197            | 1,432,946            |
| Cash equivalents held in investment pools | 637,182              | 1,692,662            |
| Real assets tax-exempt                    | 2,728,944            | 2,301,139            |
| Real assets exchange traded funds         | 1,323,921            | 2,308,313            |
| Absolute return (hedge funds)             | 8,026,017            | 8,416,071            |
| Mutual funds, international equity        | 7,045,033            | 8,340,933            |
| Mutual funds, domestic equity             | 9,229,254            | 8,232,352            |
| Mutual funds, international debt          | 1,835,153            | 1,916,752            |
| Mutual funds, U. S. debt                  | 2,229,200            | 6,770,065            |
| Private equity                            | 3,906,492            | 3,100,310            |
| Certificates of deposit                   | 2,517,958            | 1,502,652            |
| Real estate (farm land)                   | <u>3,334,260</u>     | <u>716,800</u>       |
| Total investments                         | <u>\$ 52,905,930</u> | <u>\$ 50,850,649</u> |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - INVESTMENTS - Continued

2. Maturities of Investments

At June 30, 2016, the Foundation had the following investments and maturities:

|  | <u>2016</u>                 | <u>Maturities in Years</u>                       |                            |                            |                            |
|--|-----------------------------|--|----------------------------|----------------------------|----------------------------|
|  |                             | <u>Less Than One<br/>Year or No<br/>Maturity</u> | <u>1-5 Years</u>           | <u>6-10 Years</u>          | <u>Over 10<br/>Years</u>   |
| U. S. agency obligations<br>(FHLM, FNMA)     | \$ 83,867                   | \$ -   | \$ 83,867                  | \$ -                       | \$ -                       |
| Municipal bonds                              | 1,654,132                   | 123,854  | 1,274,568                  | 255,710                    | -                          |
| Corporate debt securities                    | 6,971,168                   | 1,640,877  | 4,409,259                  | 870,364                    | 50,668                     |
| Corporate equity securities                  | 66,152                      | 65,552   | 600                        | -                          | -                          |
| International equity<br>Securities           | 1,317,197                   | 1,317,197  | -                          | -                          | -                          |
| Cash equivalents held<br>in investment pools | 637,182                     | 637,182  | -                          | -                          | -                          |
| Real assets tax-exempt                       | 2,728,944                   | -  | 786,791                    | 793,903                    | 1,148,250                  |
| Real assets exchange<br>traded funds         | 1,323,921                   | 1,323,921  | -                          | -                          | -                          |
| Absolute return (hedge<br>funds)             | 8,026,017                   | 8,026,017  | -                          | -                          | -                          |
| Mutual funds,<br>international equity        | 7,045,033                   | 7,045,033  | -                          | -                          | -                          |
| Mutual funds,<br>domestic equity             | 9,229,254                   | 9,229,254  | -                          | -                          | -                          |
| Mutual funds,<br>international debt          | 1,835,153                   | 1,835,153  | -                          | -                          | -                          |
| Mutual funds,<br>U. S. debt                  | 2,229,200                   | 2,229,200  | -                          | -                          | -                          |
| Private equity                               | 3,906,492                   | -  | 107,394                    | 1,897,666                  | 1,901,432                  |
| Certificates of deposit                      | 2,517,958                   | -  | 2,517,958                  | -                          | -                          |
| Farm land                                    | 3,334,260                   | 3,334,260  | -                          | -                          | -                          |
| <b>Total investments</b>                     | <b><u>\$ 52,905,930</u></b> | <b><u>\$ 36,807,500</u></b>                      | <b><u>\$ 9,180,437</u></b> | <b><u>\$ 3,817,643</u></b> | <b><u>\$ 3,100,350</u></b> |

The Foundation adheres to the total return concept of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - INVESTMENTS - Continued

3. Summary of Carrying Values

Investments are reported in the statement of net position as follows at June 30:

|                                   | <u>2016</u>          | <u>2015</u>          |
|-----------------------------------|----------------------|----------------------|
| Current                           |                      |                      |
| Investments                       | \$ 3,576,152         | \$ 5,191,351         |
| Noncurrent                        |                      |                      |
| Endowment investments             | 3,361,149            | 6,095,173            |
| Endowment investments, restricted | 38,027,028           | 36,953,431           |
| Other investments                 | <u>7,941,601</u>     | <u>2,610,694</u>     |
| Total                             | <u>\$ 52,905,930</u> | <u>\$ 50,850,649</u> |

Investment gain (loss) was as follows for the years ended June 30:

|  | <u>2016</u>         | <u>2015</u>      |
|--|---------------------|------------------|
| Investment and dividend income                   | \$ 1,220,539        | \$ 1,480,544     |
| Loss on sale of investments                      | (497,552)           | (77,873)         |
| Net decrease in fair market value of investments | (891,545)           | (719,304)        |
| Investment expense                               | <u>(603,194)</u>    | <u>(588,956)</u> |
| Investment gain (loss), net                      | <u>\$ (771,752)</u> | <u>\$ 94,411</u> |

4. Concentration Risk

Concentration risk exists when a significant portion of the portfolio is invested in items with similar characteristics or subject to similar economic, political, or other conditions. As of June 30, 2016, the Foundation has three single user investments that each represent over 5% of the total assets of the Foundation. Foundation management believes these concentration risks represented below are not excessive when considering the overall diversification of the entire investment portfolio. The following issuers hold more than 5% of total Foundation assets as of June 30, 2016:

|                                   |              |       |
|-----------------------------------|--------------|-------|
| Vanguard Total Stock Market Index | \$ 5,110,044 | 9.8%  |
| Mercer Hedge Fund Investors SPC   | 8,026,017    | 15.4% |
| MidAmerica National Bank Fixed    | 3,447,865    | 6.6%  |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - INVESTMENTS - Continued

5. Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk. The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30:

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| U. S. Treasury notes                          | \$ -                 | \$ 116,040           |
| U. S. Treasury bonds                          | -                    | 78,652               |
| U. S. agency obligations (FHLM, FNMA)         | 83,867               | 86,507               |
| Municipal bonds                               | 1,654,132            | 564,582              |
| Corporate debt securities                     | 6,971,168            | 3,214,734            |
| Cash equivalents held in investment pools     | 637,182              | 1,692,662            |
| Mutual funds, international debt              | 1,835,153            | 1,916,752            |
| Mutual funds, U. S. debt                      | 2,229,200            | 6,770,065            |
| Certificates of deposit                       | <u>2,517,958</u>     | <u>1,502,652</u>     |
| Sub-total investments                         | 15,928,660           | 15,942,646           |
| Demand deposit interest bearing funds         | 2,222,725            | 2,947,679            |
| Illinois Funds money market                   | <u>-</u>             | <u>95,193</u>        |
| Sub-total cash and cash equivalents           | <u>2,222,725</u>     | <u>3,042,872</u>     |
| Total assets subject to interest<br>rate risk | <u>\$ 18,151,385</u> | <u>\$ 18,985,518</u> |

6. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation's short-term investments generally are not exposed to foreign currency risk.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - INVESTMENTS - Continued

6. Foreign Currency Risk - Continued

The Foundation's investments in international stock and mutual funds represent 18.4% and 19.5% of the total Foundation investments at June 30, 2016 and 2015, respectively. The Foundation does not have a policy on foreign currency risk. The U. S. dollar balances of the Foundation's investment exposed to foreign currency risk as of June 30, 2016 and 2015 are listed below.

| <u>2016</u>  |                     |
|--|---------------------|
| Euro   | \$ 1,575,703        |
| United Kingdom British Pound   | 1,501,386           |
| Japanese Yen   | 1,305,535           |
| Swiss Franc  | 778,937             |
| Yuan Renminbi (China)  | 577,371             |
| Other currencies, individually less<br>than 1% of investment portfolio | <u>4,013,452</u>    |
| Total  | <u>\$ 9,752,384</u> |

| <u>2015</u>  |                     |
|--|---------------------|
| Euro   | \$ 1,934,636        |
| United Kingdom British Pound   | 1,665,439           |
| Japanese Yen   | 1,415,731           |
| Swiss Franc  | 823,925             |
| Yuan Renminbi (China)  | 610,226             |
| Other currencies, individually less<br>than 1% of investment portfolio | <u>3,300,995</u>    |
| Total  | <u>\$ 9,750,952</u> |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - INVESTMENTS - Continued

7. Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit quality ratings are not required for U. S. government securities that are explicitly guaranteed by the U. S. government.

At June 30, 2016, the Foundation had the following investments and their ratings.

Credit Rating Per Standard and Poor's  
June 30, 2016

|           | U.S. Treasury<br>Notes | U.S. Treasury<br>Bonds | U.S. Agency<br>Obligations<br>(FHLM, FNMA) | Corporate<br>Debt<br>Securities | Municipal<br>Bonds | Total        |
|-----------|------------------------|------------------------|--|---------------------------------|--------------------|--------------|
| Not rated | \$ -                   | \$ -                   | \$ 83,867                                  | \$ 6,900,168                    | \$ 1,654,132       | \$ 8,638,167 |
| BBB+      | -                      | -                      | -  | 71,000                          | -                  | 71,000       |
| Total     | \$ -                   | \$ -                   | \$ 83,867                                  | \$ 6,971,168                    | \$ 1,654,132       | \$ 8,709,167 |

Credit Rating Per Moody's  
June 30, 2016

|           | U.S. Treasury<br>Notes | U.S. Treasury<br>Bonds | U.S. Agency<br>Obligations<br>(FHLM, FNMA) | Corporate<br>Debt<br>Securities | Municipal<br>Bonds | Total        |
|-----------|------------------------|------------------------|--|---------------------------------|--------------------|--------------|
| Not rated | \$ -                   | \$ -                   | \$ -                                       | \$ 4,546,769                    | \$ 44,464          | \$ 4,591,233 |
| Aaa       | -                      | -                      | 83,867                                     | 80,260                          | 21,080             | 185,207      |
| Aa1       | -                      | -                      | -  | 96,090                          | 53,996             | 150,086      |
| Aa2       | -                      | -                      | -  | 107,026                         | 261,905            | 368,931      |
| Aa3       | -                      | -                      | -  | 129,540                         | 362,036            | 491,576      |
| A1        | -                      | -                      | -  | 408,278                         | -                  | 408,278      |
| A2        | -                      | -                      | -  | 434,657                         | 123,854            | 558,511      |
| A3        | -                      | -                      | -  | -                               | 516,796            | 516,796      |
| B1        | -                      | -                      | -  | -                               | -                  | -            |
| B3        | -                      | -                      | -  | 361,103                         | -                  | 361,103      |
| Baa1      | -                      | -                      | -  | 294,885                         | -                  | 294,885      |
| Baa2      | -                      | -                      | -  | 89,408                          | -                  | 89,408       |
| Baa3      | -                      | -                      | -  | 423,152                         | 270,001            | 693,153      |
| Total     | \$ -                   | \$ -                   | \$ 83,867                                  | \$ 6,971,168                    | \$ 1,654,132       | \$ 8,709,167 |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE D - PLEDGES RECEIVABLE

At June 30, pledges receivable balances consisted of the following:

|                                    | <u>2016</u>       |                   |
|------------------------------------|-------------------|-------------------|
|                                    | <u>Current</u>    | <u>Noncurrent</u> |
| Pledges receivable                 |                   |                   |
| Due within 1 year                  | \$ 878,178        | \$ -              |
| Due in more than 1 year            | <u>-</u>          | <u>604,465</u>    |
| Total pledges receivable           | 878,178           | 604,465           |
| Less                               |                   |                   |
| Discount for time - value of money | -                 | (42,060)          |
| Allowance for doubtful accounts    | <u>(26,345)</u>   | <u>(16,872)</u>   |
|                                    | <u>\$ 851,833</u> | <u>\$ 545,533</u> |
|                                    |                   |                   |
|                                    | <u>2015</u>       |                   |
|                                    | <u>Current</u>    | <u>Noncurrent</u> |
| Pledges receivable                 |                   |                   |
| Due within 1 year                  | \$ 869,461        | \$ -              |
| Due in more than 1 year            | <u>-</u>          | <u>583,900</u>    |
| Total pledges receivable           | 869,461           | 583,900           |
| Less                               |                   |                   |
| Discount for time - value of money | -                 | (28,290)          |
| Allowance for doubtful accounts    | <u>(26,084)</u>   | <u>(16,668)</u>   |
|                                    | <u>\$ 843,377</u> | <u>\$ 538,942</u> |

Management believes the allowance for uncollectible pledges is adequate based on information currently known. However, events impacting donors could occur in the future which would materially increase the allowance for pledges receivable.



Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE E - CAPITAL ASSETS

The following is a summary of capital assets activity for the years ended June 30:

|                            | Balance<br>June 30,<br><u>2015</u> | <u>Additions</u>  | <u>Adjustments</u> | Balance<br>June 30,<br><u>2016</u> |
|----------------------------|------------------------------------|-------------------|--------------------|------------------------------------|
| Land and land improvements | \$ <u>388,304</u>                  | \$ <u>270,000</u> | \$ <u>-</u>        | \$ <u>658,304</u>                  |
|                            | Balance<br>June 30,<br><u>2014</u> | <u>Additions</u>  | <u>Adjustments</u> | Balance<br>June 30,<br><u>2015</u> |
| Land and land improvements | \$ <u>388,304</u>                  | \$ <u>-</u>       | \$ <u>-</u>        | \$ <u>388,304</u>                  |

NOTE F - ASSETS HELD IN TRUST

The Foundation is named as the residual beneficiary of the following charitable remainder unitrusts: Arlington L. & Arlene Seymour Charitable Remainder Trust, Marian Harvey Charitable Remainder Trust, Charles R. O'Brien Charitable Remainder Trust, Kenneth and Lorriane Epperson Charitable Remainder Trust, William G. Hoover Charitable Remainder Trust, and the Strong Western Piano Trust.

The terms of the unitrust agreements provide for annual distributions to primary beneficiaries based on a predetermined percentage of the net fair market value of the trust as of the first day of the taxable year. At the death of the primary beneficiaries, the Foundation receives the remainder of the trusts' principal and income, net of any amounts established in the trust agreements for other residual beneficiaries.

The Foundation is a named beneficiary of the Knappenberger Charitable Trust from which the Foundation receives a set percentage distribution of earnings for 50 years, as well as a distribution of a percentage of the corpus of the trust after 50 years. The Foundation is also a named beneficiary of the Dale and Esther Armstrong WIU Foundation Trust, of which the Foundation will receive a set percentage distribution after the death of the first primary beneficiary, as well as a distribution of the entire corpus of the trust after the death of the second primary beneficiary.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - ASSETS HELD IN TRUST - Continued

The Foundation's share of the fair value of the underlying assets totaled \$ 4,712,599 and \$ 4,895,478 at June 30, 2016 and 2015, respectively, and are reported as noncurrent assets in the statement of net position. The outstanding liability arising from annual unitrust distribution requirements totaled \$ 195,731 and \$ 189,935 at June 30, 2016 and 2015, respectively, and is reported in the statement of net position. The change in the Foundation's share of the fair market value of the underlying assets is recorded as non-operating revenues in the statement of revenues, expenses, and changes in net position as a loss of \$ 236,199 and a loss of \$ 91,640 for the years ended June 30, 2016 and 2015, respectively.

NOTE G - LONG-TERM DEBT

During the year ended June 30, 2016, the Foundation obtained a note payable for the purchase of three lots of land near the University.

\$ 216,606 note payable, annual installments through  
June 1, 2026, including interest at 4.35%. \$ 216,606

Future principal and interest requirements on this note payable are as follows:

|                      | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|----------------------|-------------------|------------------|-------------------|
| Year ending June 30, |                   |                  |                   |
| 2017                 | \$ 19,381         | \$ 10,127        | \$ 29,508         |
| 2018                 | 18,539            | 8,699            | 27,238            |
| 2019                 | 19,356            | 7,882            | 27,238            |
| 2020                 | 20,193            | 7,045            | 27,238            |
| 2021                 | 21,101            | 6,137            | 27,238            |
| 2022-2026            | <u>118,036</u>    | <u>15,883</u>    | <u>133,919</u>    |
|                      | <u>\$ 216,606</u> | <u>\$ 55,773</u> | <u>\$ 272,379</u> |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE H - ANNUITY OBLIGATIONS

The Foundation administers various charitable gift annuities. A charitable gift annuity provides for distributions to the grantor or other designated beneficiaries based on the terms of the agreements. The annuities payable to beneficiaries resulting from these agreements are reported as a liability at the present value of the estimated future payments to be distributed over the beneficiaries' lives. The Foundation recalculates the present value of these payments through the use of Internal Revenue Service (IRS) discount rates and IRS expectancy tables.

The following is a summary of annuity obligations for the Foundation for the years ended June 30:

|                   | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deductions</u>  | <u>Ending<br/>Balance</u> | <u>Current<br/>Portion</u> |
|-------------------|------------------------------|------------------|--------------------|---------------------------|----------------------------|
| <u>2016</u>       |                              |                  |                    |                           |                            |
| Annuities payable | \$ <u>315,164</u>            | \$ <u>25,394</u> | \$ <u>(15,174)</u> | \$ <u>325,384</u>         | \$ <u>49,991</u>           |
| <u>2015</u>       |                              |                  |                    |                           |                            |
| Annuities payable | \$ <u>312,114</u>            | \$ <u>23,282</u> | \$ <u>(20,232)</u> | \$ <u>315,164</u>         | \$ <u>45,896</u>           |

NOTE I - RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation, errors and omissions, employee health and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE J - ENDOWMENTS

The Foundation's endowments consist of approximately 630 individual funds established for a variety of purposes. Its endowments include both donor restricted endowment funds and funds designated by the Foundation to function as endowments. As required by accounting principles generally accepted in the United States of America, net position associated with endowment funds, including funds designated by the Foundation to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE J - ENDOWMENTS - Continued

The fair market value of donor restricted endowment funds are reported as restricted-nonexpendable net position. The fair market value of endowment funds designated as such by the Foundation are reported as either restricted-expendable or unrestricted based on the original intent of the donor. The following summarizes the endowments at June 30:

|  | <u>2016</u>          | <u>2015</u>          |
|--|----------------------|----------------------|
| Restricted by the donor, included as:      |                      |                      |
| Restricted-nonexpendable net position      | \$ 28,260,062        | \$ 27,260,609        |
| Designated by the Foundation, included as: |                      |                      |
| Restricted-expendable net position         | 4,990,911            | 4,887,899            |
| Unrestricted net position                  | <u>8,564,051</u>     | <u>11,194,413</u>    |
| Total board-designated endowments          | <u>13,554,962</u>    | <u>16,082,312</u>    |
| Total endowment net position               | <u>\$ 41,815,024</u> | <u>\$ 43,342,921</u> |

Although not required by law, it is the intent of the Foundation to maintain the corpus of both donor restricted endowment funds and endowment funds designated by the Foundation in perpetuity, only allowing the income on the principal to be spent.

NOTE K - TRANSACTIONS WITH WESTERN ILLINOIS UNIVERSITY

The Foundation has a contract with the University Board of Trustees (acting for and on behalf of the University) in which the Foundation has agreed to aid and assist the University in achieving its educational, research, and service goals by developing and administering gifts made to the Foundation to be used for the benefit of the University for scholarships, loans, grants and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation.

For fiscal year 2016 and 2015, the University provided for the Foundation's personal service costs, facility use, and other costs totaling \$ 1,859,935 and \$ 1,677,045, respectively. The Foundation did not specifically pay for these services; however, for fiscal year 2016 and 2015, the Foundation gave the University \$ 4,106,729 and \$ 3,992,273, respectively, in unrestricted funds or funds restricted only as to department and generally available for ongoing University operations.

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - FAIR VALUE MEASUREMENTS

The Foundation measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 - Quoted prices for identical investments in active markets
- Level 2 - Observable inputs other than quoted market prices
- Level 3 - Unobservable inputs

At June 30, 2016, the Foundation had the following recurring fair value measurements.

|   | <u>2016</u>       | <u>Fair Value Measurements Using</u> |                      |                     |
|---|-------------------|--------------------------------------|----------------------|---------------------|
|   |                   | <u>Level 1</u>                       | <u>Level 2</u>       | <u>Level 3</u>      |
| <b>Debt securities</b>                  |                   |                                      |                      |                     |
| U.S. agency obligations<br>(FHLM, FNMA) | \$ 83,867         | \$ 83,867                            | \$ -                 | \$ -                |
| Municipal bonds                         | 1,654,132         | -                                    | 1,654,132            | -                   |
| Corporate debt securities               | 6,971,168         | -                                    | 6,971,168            | -                   |
| Mutual funds, international debt        | 1,835,153         | 1,835,153                            | -                    | -                   |
| Mutual funds, U.S. debt                 | <u>2,229,200</u>  | <u>2,229,200</u>                     | -                    | -                   |
| Total debt securities                   | 12,773,520        | 4,148,220                            | 8,625,300            | -                   |
| <b>Equity securities</b>                |                   |                                      |                      |                     |
| Corporate equity securities             | 66,152            | 66,152                               | -                    | -                   |
| International equity securities         | 1,317,197         | 1,317,197                            | -                    | -                   |
| Mutual funds, international equity      | 7,045,033         | 7,045,033                            | -                    | -                   |
| Mutual funds, domestic equity           | <u>9,229,254</u>  | <u>9,229,254</u>                     | -                    | -                   |
| Total equity securities                 | 17,657,636        | 17,657,636                           | -                    | -                   |
| Real assets exchange traded funds       | 1,323,921         | 1,323,921                            | -                    | -                   |
| Real estate (farm land)                 | 3,334,260         | -                                    | 3,334,260            | -                   |
| Charitable remainder trusts             | <u>4,712,599</u>  | -                                    | -                    | <u>4,712,599</u>    |
| Total investments by fair value level   | <u>39,801,936</u> | <u>\$ 23,129,777</u>                 | <u>\$ 11,959,560</u> | <u>\$ 4,712,599</u> |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - FAIR VALUE MEASUREMENTS - Continued

|  | 2016                 | Fair Value Measurements Using |         |         |
|--|----------------------|-------------------------------|---------|---------|
|  |                      | Level 1                       | Level 2 | Level 3 |
| Investments measured at net asset value (NAV)  |                      |                               |         |         |
| Real assets tax-exempt                         | \$ 2,728,944         |                               |         |         |
| Absolute return (hedge funds)                  | 8,026,017            |                               |         |         |
| Private equity                                 | <u>3,906,492</u>     |                               |         |         |
| Total other                                    | <u>14,661,453</u>    |                               |         |         |
| Total  | 54,463,389           |                               |         |         |
| Plus cash equivalents held in investment pools | 637,182              |                               |         |         |
| Plus certificates of deposit                   | 2,517,958            |                               |         |         |
| Less charitable remainder trusts               | <u>(4,712,599)</u>   |                               |         |         |
| Total investments                              | <u>\$ 52,905,930</u> |                               |         |         |

At June 30, 2015, the Foundation had the following recurring fair value measurements.

|                                      | 2015             | Fair Value Measurements Using |           |         |
|--------------------------------------|------------------|-------------------------------|-----------|---------|
|                                      |                  | Level 1                       | Level 2   | Level 3 |
| Debt securities                      |                  |                               |           |         |
| U.S. Treasury notes                  | \$ 116,040       | \$ 116,040                    | \$ -      | \$ -    |
| U.S. Treasury bonds                  | 78,652           | 78,652                        | -         | -       |
| U.S. agency obligations (FHLM, FNMA) | 86,507           | 86,507                        | -         | -       |
| Municipal bonds                      | 564,582          | -                             | 564,582   | -       |
| Corporate debt securities            | 3,214,734        | -                             | 3,214,734 | -       |
| Mutual funds, international debt     | 1,916,752        | 1,916,752                     | -         | -       |
| Mutual funds, U.S. debt              | <u>6,770,065</u> | <u>6,770,065</u>              | -         | -       |
| Total debt securities                | 12,747,332       | 8,968,016                     | 3,779,316 | -       |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - FAIR VALUE MEASUREMENTS - Continued

|  | <u>2015</u>          | <u>Fair Value Measurements Using</u> |                     |                     |
|--|----------------------|--------------------------------------|---------------------|---------------------|
|  |                      | <u>Level 1</u>                       | <u>Level 2</u>      | <u>Level 3</u>      |
| Equity securities                              |                      |                                      |                     |                     |
| Corporate equity securities                    | \$ 59,139            | \$ 59,139                            | \$ -                | \$ -                |
| International equity securities                | 1,432,946            | 1,432,946                            | -                   | -                   |
| Mutual funds, international equity             | 8,340,933            | 8,340,933                            | -                   | -                   |
| Mutual funds, domestic equity                  | <u>8,232,352</u>     | <u>8,232,352</u>                     | -                   | -                   |
| Total equity securities                        | 18,065,370           | 18,065,370                           | -                   | -                   |
| Real assets exchange traded funds              | 2,308,313            | 2,308,313                            | -                   | -                   |
| Real estate (farm land)                        | 716,800              | -                                    | 716,800             | -                   |
| Charitable remainder trusts                    | <u>4,895,478</u>     | -                                    | -                   | <u>4,895,478</u>    |
| Total investments by fair value level          | <u>38,733,293</u>    | <u>\$ 29,341,699</u>                 | <u>\$ 4,496,116</u> | <u>\$ 4,895,478</u> |
| Investments measured at net asset value (NAV)  |                      |                                      |                     |                     |
| Real assets tax-exempt                         | 2,301,139            |                                      |                     |                     |
| Absolute return (hedge funds)                  | 8,416,071            |                                      |                     |                     |
| Private equity                                 | <u>3,100,310</u>     |                                      |                     |                     |
| Total other                                    | <u>13,817,520</u>    |                                      |                     |                     |
| Total  | 52,550,813           |                                      |                     |                     |
| Plus cash equivalents held in investment pools | 1,692,662            |                                      |                     |                     |
| Plus certificates of deposit                   | 1,502,652            |                                      |                     |                     |
| Less charitable remainder trusts               | <u>(4,895,478)</u>   |                                      |                     |                     |
| Total investments                              | <u>\$ 50,850,649</u> |                                      |                     |                     |

Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - FAIR VALUE MEASUREMENTS - Continued

Debt and equity securities and real estate exchange traded funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active, quoted prices for similar securities in active markets, and matrix pricing based on the securities' relationship to benchmark quoted prices. Real estate classified in Level 2 is valued using recent appraisals of the real estate's value. Charitable remainder trusts classified in Level 3 are valued at the present value of the estimated future cash receipts from the trust assets. Such present values are generally assumed to be the fair market value of the percentage interest of the underlying assets of the trust.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Foundation values these investments based on the partnerships' audited financial statements, when available, or internal interim financial statements.

NOTE M - COMMITMENT TO INVEST IN LIMITED PARTNERSHIPS

The Foundation has invested in various limited partnerships. According to the terms of the investment agreements, the Foundation committed to invest \$14,600,000 as of June 30, 2016 and 2015. As of June 30, 2016 and 2015, the Foundation had invested \$7,071,127 and \$5,709,658, respectively. The balance of the Foundation's investment commitments at June 30, 2016 and 2015 was \$7,528,873 and \$8,890,342, respectively. The amount of recallable distributions from limited partnerships at June 30, 2016 and 2015 was \$15,234 and \$14,107, respectively.



Western Illinois University Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE N - ADOPTION OF NEW ACCOUNTING POLICIES

During the year ended June 30, 2016, the Foundation adopted GASB Statement No. 72, *Fair Value Measurement and Application* (GASB No. 72), which provides guidance for determining fair value measurements for financial reporting purposes and disclosure requirements for all fair value measurements.

The adoption of GASB No. 72 required that certain Foundation real estate property held for investment purposes be carried at its current fair value (based on appraisal). This was a change from the historical approach of using the fair value at the date of donation.

The June 30, 2015 financial statements have been restated to incorporate GASB No. 72 guidance for comparability.

The following changes were made to statement of net position as of June 30, 2015:

|   | <u>As Previously<br/>Reported</u> | <u>Adjustment</u> | <u>As Restated</u> |
|---|-----------------------------------|-------------------|--------------------|
| <b>ASSETS</b>                                   |                                   |                   |                    |
| Other investments                               | \$ 1,893,894                      | \$ 716,800        | \$ 2,610,694       |
| Capital assets, net of accumulated depreciation | 1,105,104                         | <u>(716,800)</u>  | 388,304            |
|   |                                   | <u>\$ -</u>       |                    |
| <b>NET POSITION</b>                             |                                   |                   |                    |
| Net investment in capital assets                | \$ 1,105,104                      | \$ (716,800)      | \$ 388,304         |
| Unrestricted                                    | 19,889,283                        | <u>716,800</u>    | 20,606,083         |
|   |                                   | <u>\$ -</u>       |                    |

The adoption of GASB No. 72 had no effect on the statement of revenues, expenses and changes in net position for the year ended June 30, 2015.

The financial statement disclosure requirements of GASB No. 72 are located at Note L, Fair Value Measurements.

Attachment G  
Western Illinois University Audited Financial Statement  
Fiscal Year 2014

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY**

**FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 2014**

Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois

**State of Illinois  
Western Illinois University  
Financial Audit  
For the Year Ended June 30, 2014**

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**Related Report Issued Under a Separate Cover**

Western Illinois University  
Compliance Examination (In accordance with the Single Audit Act and  
OMB Circular A-133) for the Year Ended June 30, 2014

**State of Illinois  
Western Illinois University  
Financial Audit  
For the Year Ended June 30, 2014**

**University Officials**

|  |   |
|--|---|
| President  | Dr. Jack Thomas   |
| Provost and Academic Vice President                | Dr. Kenneth Hawkinson   |
| Vice President for Student Services                | Dr. Gary Biller   |
| Vice President for Administrative Services         | Ms. Julie DeWees  |
| Vice President for Advancement and Public Services | Mr. Brad Bainter  |
| Vice President for Quad Cities and Planning        | Dr. Joseph Rives  |
| Director of Business and Financial Services        | Mr. Matthew Bierman, Interim (09/01/14 to Present)<br>Vacant (09/07/13 to 08/31/14)<br>Ms. Dana Biernbaum, Interim (Through 09/06/13) |
| Director of Internal Auditing                      | Ms. Rita Moore  |

**Board of Trustees (as of June 30, 2014)**

|                |                                 |
|----------------|---------------------------------|
| Chair          | Cathy E. Early, Macomb          |
| Vice Chair     | Carolyn J. Ehlert Fuller, Milan |
| Secretary      | Lynier R. Cole, Chicago         |
| Member         | Roger D. Clawson, Moline        |
| Member         | William L. Epperly, Chicago     |
| Member         | Phil G. Hare, Rock Island       |
| Member         | Yvonne S. Savala, Moline        |
| Student Member | Andre B. Ashmore                |

University offices are located at:

Macomb Campus  
1 University Circle  
Macomb, Illinois 61455-1390

Quad Cities Campus  
3300 River Drive  
Moline, Illinois 61265-5881

**State of Illinois  
Western Illinois University  
Financial Audit  
For the Year Ended June 30, 2014**

**Financial Statement Report Summary**

The audit of the accompanying financial statements of Western Illinois University (University) was performed by E. C. Ortiz and Co., LLP.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements.

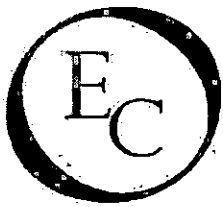
**Summary of Findings**

The auditors identified matters involving the University's internal control over financial reporting that they considered to be significant deficiencies. The significant deficiencies are described in the accompanying Schedule of Findings on pages 44 through 48 of this report as items 2014-001, *Inadequate Controls Over Journal Entries*, and 2014-002, *Inaccurate Recording of Transactions*.

**Exit Conference**

The University waived having an exit conference in a letter dated November 26, 2014 from Matthew Bierman, Interim Director of Business and Financial Services and Budget Director.

The responses to the recommendations were provided by Matthew Bierman, Interim Director of Business and Financial Services and Budget Director, in a letter dated December 11, 2014.



E.C. ORTIZ & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

Honorable William G. Holland  
Auditor General  
State of Illinois

and

The Board of Trustees  
Western Illinois University

### Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Western Illinois University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and its aggregate discretely presented component unit, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in Fiscal Year 2014, the University adopted new accounting guidance Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

### ***Report on Summarized Comparative Information***

We have previously audited the University's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and aggregate discretely presented component unit of the University in our report dated December 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived, with the exception of the effects of the implementation of GASB Statement 65, as discussed in the emphasis of matter paragraph immediately preceding this section. Certain 2013 amounts have been reclassified to conform to the 2014 presentation.



***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*C. C. G. & Co. LLP*  
Chicago Illinois  
December 18, 2014

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2014**

This section of the Western Illinois University (University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2014. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting change, current known facts, and future outlook. The financial statements, footnotes and this discussion are the responsibility of University management.

This MD&A focuses on the University. The University's component unit, Western Illinois University Foundation (Foundation), issues separate financial statements that may be obtained at the Foundation's administrative office as summarized in Note 1.

**Using the Financial Report**

The University's annual report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) which require that financial statements be presented on a consolidated basis to focus on the University as a whole.

The financial statements are prepared under the accrual basis of accounting. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are categorized as current (due within one year) and noncurrent (due in greater than one year). Current year revenues and expenses are recognized when earned or incurred, regardless of when cash is exchanged. Revenues and expenses are reported as either operating or nonoperating. Significant recurring sources of the University's revenues, including State appropriations, gifts and investment income, are nonoperating as defined by GASB. Scholarship discounts and allowances applied to student accounts are shown as a reduction of tuition and fee revenue and auxiliary enterprise revenue. Stipends and other payments made directly to students are presented as student aid expenses. Depreciation is considered an operating expense and capital assets are reported at cost less accumulated depreciation.

**Financial Highlights**

**Statement of Net Position**

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, net position, is one indicator of the

**State of Illinois**  
**Western Illinois University**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2014**

financial condition of the University, while the change in net position that occurs over time indicates improvement or deterioration in the University's financial condition. Non-financial factors such as enrollment levels and the condition of facilities are relevant when assessing the overall health of the University. Net position is divided into three major categories, as follows: net investment in capital assets reflects the University's equity in capital assets; restricted net position are available for expenditure by the institution, but must be spent for purposes as determined by law, donors and/or external entities that have placed time or purpose restrictions on the use of the assets; and unrestricted net position are available to the University for any lawful purpose of the institution.

A comparative summary of the condensed Statement of Net Position for the years ended June 30, 2014 and 2013 is as follows. Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

Condensed Statement of Net Position

|   | <u>2014</u>           | <u>2013</u>           |
|---|-----------------------|-----------------------|
| <b>Assets</b>                                   |                       |                       |
| Current assets                                  | \$ 84,485,888         | \$ 98,449,655         |
| Capital assets, net of accumulated depreciation | 270,221,524           | 244,022,963           |
| Other assets                                    | <u>2,184,072</u>      | <u>2,396,220</u>      |
| Total assets                                    | <u>356,891,484</u>    | <u>344,868,838</u>    |
| <br>  |                       |                       |
| Deferred outflow of resources                   | <u>547,510</u>        | <u>629,052</u>        |
| <br>  |                       |                       |
| <b>Liabilities</b>                              |                       |                       |
| Current liabilities                             | 35,697,988            | 40,656,194            |
| Noncurrent liabilities                          | <u>105,788,666</u>    | <u>111,879,672</u>    |
| Total liabilities                               | <u>141,486,654</u>    | <u>152,535,866</u>    |
| <br>  |                       |                       |
| <b>Net position</b>                             |                       |                       |
| Net investment in capital assets                | 169,896,891           | 140,096,553           |
| Restricted                                      | 1,877,287             | 1,921,875             |
| Unrestricted                                    | <u>44,178,162</u>     | <u>50,943,596</u>     |
| Total net position                              | <u>\$ 215,952,340</u> | <u>\$ 192,962,024</u> |

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2014**

A review of the University's Statement of Net Position at June 30, 2014 shows that the University continues to build upon its strong financial foundation with assets and deferred outflow of resources of \$357.4 million and liabilities of \$141.5 million. Net position, the difference between total assets and deferred outflow of resources and total liabilities, increased \$23 million or 11.9% over the previous year.

Total assets and deferred outflow of resources increased \$11.9 million or 3.5% during Fiscal Year 2014. Cash and cash equivalents decreased \$13.2 million as funds were expended for capital projects, deferred maintenance and operations. The University continued to experience delays in reimbursement for State-funded expenditures. Capital assets increased \$26.2 million due to the construction of additional buildings on the University's Quad Cities campus which were funded by the Capital Development Board.

Total liabilities decreased \$11.0 million or 7.2% during Fiscal Year 2014. Total long-term debt decreased \$5.3 million from scheduled debt payments. Accounts payable decreased \$5.3 million due to a decrease in University funded construction projects.

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position presents the University's changes in financial position. Revenues and expenses are classified as operating or nonoperating. A public University's dependency on State appropriations and gifts usually results in operating deficits because the GASB reporting standards classify these revenue sources as nonoperating.

A comparative summary of the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2014 and 2013 is as follows:

Condensed Statement of Revenues, Expenses and Changes in Net Position

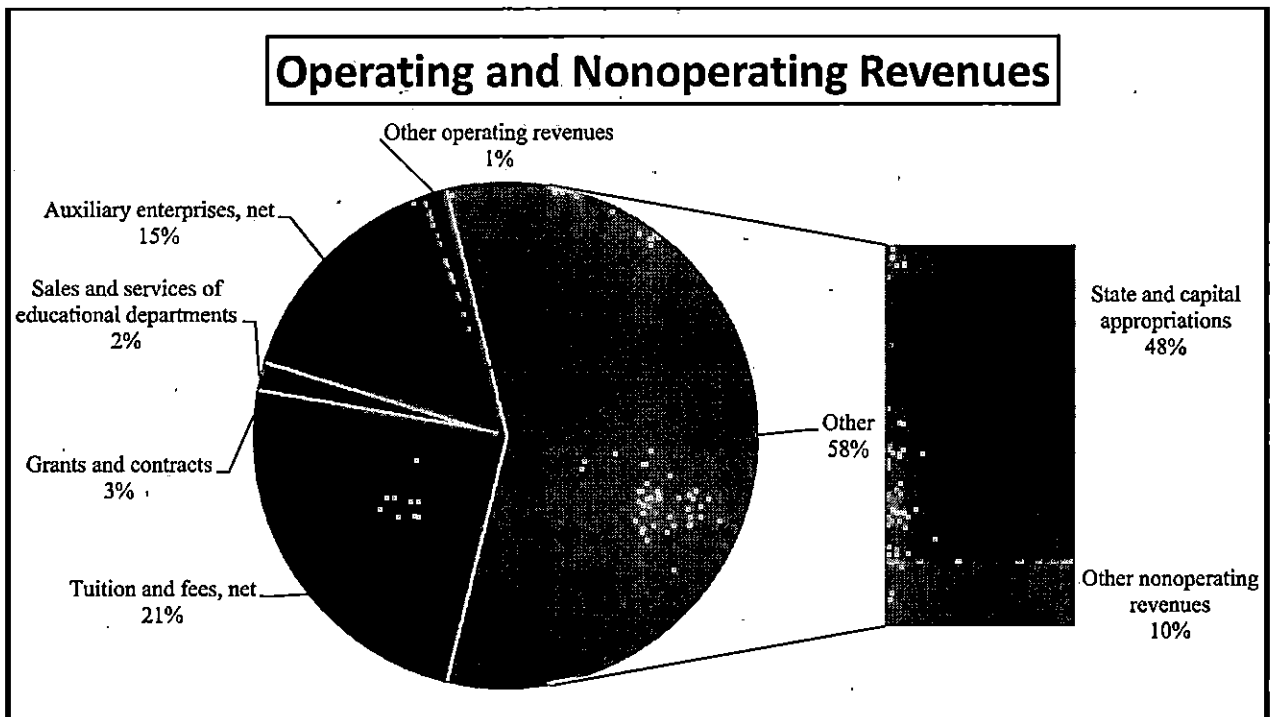
|   | 2014                  | 2013                  |
|---|-----------------------|-----------------------|
| Total operating revenues                                | \$ 139,300,249        | \$141,096,311         |
| Total operating expenses                                | (300,255,906)         | (301,303,008)         |
| Operating loss  | (160,955,657)         | (160,206,697)         |
| Nonoperating revenues                                   | 162,494,351           | 163,292,941           |
| Nonoperating expenses                                   | (4,915,927)           | (4,070,039)           |
| Loss before capital items                               | (3,377,233)           | (983,795)             |
| Capital State appropriations                            | 26,367,549            | 6,187,500             |
| Increase in net position                                | 22,990,316            | 5,203,705             |
| Net position, beginning of year, as previously reported | 192,962,024           | 189,538,093           |
| Prior period adjustment                                 | -                     | (1,779,774)           |
| Net position, beginning of year, as restated            | 192,962,024           | 187,758,319           |
| Net position, end of year                               | <u>\$ 215,952,340</u> | <u>\$ 192,962,024</u> |

**State of Illinois  
 Western Illinois University  
 Management's Discussion and Analysis (Unaudited)  
 For the Year Ended June 30, 2014**

Total revenues increased \$17.6 million or 5.7% to \$328.2 million in 2014. Capital State appropriations increased \$20.2 million as the University received funds from the Capital Development Board for construction on the University's Quad Cities campus.

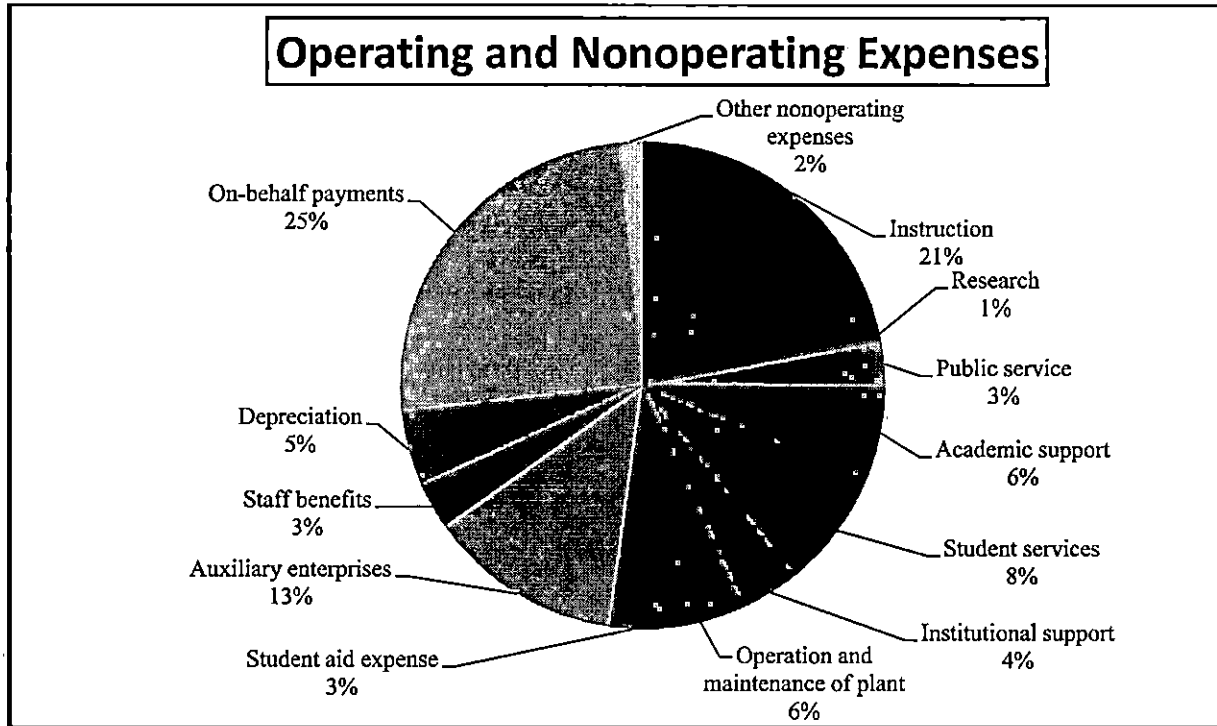
Total expenses decreased \$2 million or .65% to \$305.2 million in 2014. Total operating expenses decreased by \$1.0 million in 2014 due to reduced spending. There was a decrease in the loss of disposal of capital assets of \$2.6 million due to the demolition of a residence hall incurred and completed during Fiscal Year 2013 and a \$1.8 million prior period adjustment attributable to the accounting treatment of bond issuance cost in accordance with GASB No. 65, *Items Previously Reported as Assets and Liabilities*. Interest on capital asset-related debt increased \$3.5 million due to lower interest cost capitalized on capital projects in Fiscal Year 2014 as most of these projects were completed during 2014.

For the fiscal year ended June 30, 2014, all sources of revenues totaled \$328.2 million. The following is a graphical illustration of revenues by source:



**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2014**

For the fiscal year ended June 30, 2014, expenses totaled \$305.2 million. The following is a graphical illustration of expenses:



**Statement of Cash Flows**

The Statement of Cash Flows presents information related to the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate future cash flows and meet obligations as they come due.

A comparative summary of the condensed Statement of Cash Flows for the years ended June 30, 2014 and 2013 is as follows:

Condensed Statement of Cash Flows

|  | 2014                 | 2013                 |
|--|----------------------|----------------------|
| Cash provided by (used in):                  |                      |                      |
| Operating activities                         | \$ (73,390,264)      | \$ (54,142,450)      |
| Noncapital financing activities              | 85,908,047           | 81,637,505           |
| Capital and related financing activities     | (25,821,226)         | (54,893,356)         |
| Investing activities                         | 136,223              | 13,275,989           |
| Net decrease in cash and cash equivalents    | (13,167,220)         | (14,122,312)         |
| Cash and cash equivalents, beginning of year | 70,352,805           | 84,475,117           |
| Cash and cash equivalents, end of year       | <u>\$ 57,185,585</u> | <u>\$ 70,352,805</u> |

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2014**

Major sources of funds included in operating activity are student tuition and fees, grants and contracts and auxiliary enterprises. Payment for employee salaries and benefits, goods and services and scholarships and fellowships continue to comprise the major use of operating funds. Cash used in operating activities increased \$19.2 million.

Cash inflows from noncapital financing activities consist primarily of State appropriations, Monetary Award Program awards and Pell grant revenues. Cash provided by noncapital financing activities increased \$4.3 million.

Several capital projects were completed in Fiscal Year 2013 contributing to an overall decrease of \$29.1 million in cash used in capital and related financing activities.

Cash provided by investing activity decreased by \$13.1 million as investments were liquidated to fund capital projects in Fiscal Year 2013.

**Capital Assets and Debt Administration**

The University had \$509.9 million invested in capital assets at the end of Fiscal Year 2014. Capital assets net of accumulated depreciation totaled \$270.2 million. Depreciation expense for the current year was \$14.7 million.

The University continues to renovate its campus facilities. Renovations on Thompson Hall and Heating Plant were completed during Fiscal Year 2014 totaling \$27.8 million and \$4.9 million, respectively. Constructions of three new buildings on the Quad Cities Riverfront campus were in progress at the end of Fiscal Year 2014.

**University's Economic Outlook**

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support and the cost of health care, utilities, employee compensation and benefits and State and federal mandates.

A crucial element to the University's future will continue to be our relationship with the State of Illinois, as we work to manage tuition to make it competitive while providing an outstanding college education for our students. There is a direct relationship between the growth or decline of State support, the impact of state regulations and the University's ability to control tuition growth. The trend of declining State support, the lack of capital investment, declining student assistance and the increase in regulations have and will continue to create more financial burden for our students through increased tuition and fees.

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2014**

State appropriations represent operating support provided by the Governor and General Assembly for University programs. A Fiscal Year 2015 budget of \$52.6 million was passed by the General Assembly and signed by the Governor. This is essentially a level appropriation from Fiscal Year 2014.

The University projects an increase in tuition and miscellaneous revenues. The approved Fiscal Year 2015 budget projects a \$3.0 million increase in tuition and miscellaneous revenues. The estimated increase in tuition revenues is the result of a 2.7% tuition rate increase approved by the Board of Trustees in March 2014. With the Fiscal Year 2015 State appropriation, the University's recommended income fund expenditure budget is \$79.9 million. The University offers guaranteed tuition and fees, as well as guaranteed room and board rates for each new class of entering students. The tuition increase is only for new students, those enrolling for the first time in Fall 2014.

The University's Auxiliary Enterprises funds budget for Fiscal Year 2015 as approved by the Board of Trustees reflects level spending over Fiscal Year 2014. Other institutional funds include revenues from sponsored projects and departmental activity revenues. The 2015 budget for these funds as approved by the Board of Trustees reflects a \$1.0 million increase in spending over Fiscal Year 2014.

Private gifts are an important supplement to the University's sources of funding for operating costs. In Fiscal Year 2014, alumni, friends, staff, corporations, and other organizations contributed nearly \$7.2 million to the Foundation in support of the University. The Foundation distributed nearly \$7.7 million in Fiscal Year 2014 to support academic enhancement and instructional initiatives, student scholarships, capital improvements, cultural activities, athletics, regional outreach efforts, and alumni and Foundation-sponsored programs at Western Illinois University.

The University is committed to pursuing its goal in developing the Quad Cities campus while strategically adding, and when appropriate, eliminating programs. Cost containment and revenue initiatives are challenges the University continues to encounter. Management has historically made the necessary decisions to ensure the strength of the University.



STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF NET POSITION  
JUNE 30, 2014  
(With Partial Financial Information as of June 30, 2013)

|  | University            |                       | Component Unit       |                      |
|--|-----------------------|-----------------------|----------------------|----------------------|
|  | 2014                  | 2013                  | 2014                 | 2013                 |
| <b>ASSETS</b>                                    |                       |                       |                      |                      |
| <i>Current assets:</i>                           |                       |                       |                      |                      |
| Cash and cash equivalents                        | \$ 57,010,613         | \$ 70,251,817         | \$ 3,541,526         | \$ 3,562,469         |
| Cash and cash equivalents, restricted            | 174,972               | 100,988               | -                    | -                    |
| Investments                                      | -                     | -                     | 4,708,053            | 4,390,180            |
| Accounts receivable, net                         | 9,728,314             | 10,553,007            | 1,163,602            | 1,245,545            |
| Student loans receivable, net                    | 430,373               | 395,246               | -                    | -                    |
| Due from component unit                          | 128,403               | 120,997               | -                    | -                    |
| Due from primary government                      | 13,914,961            | 14,270,508            | -                    | -                    |
| Inventories                                      | 2,978,433             | 2,668,280             | 2,839                | 61,085               |
| Prepaid expenses                                 | 98,838                | 67,831                | 90,037               | 101,968              |
| Other assets                                     | 20,981                | 20,981                | -                    | 3,000,000            |
| <i>Total current assets</i>                      | <u>84,485,888</u>     | <u>98,449,655</u>     | <u>9,506,057</u>     | <u>12,361,247</u>    |
| <i>Noncurrent assets:</i>                        |                       |                       |                      |                      |
| Investments                                      | -                     | -                     | 733,425              | 473,486              |
| Endowment investments                            | -                     | -                     | 5,983,850            | 5,802,420            |
| Endowment investments, restricted                | -                     | -                     | 37,236,371           | 26,331,829           |
| Charitable remainder trusts, restricted          | -                     | -                     | 4,060,421            | 2,692,991            |
| Accounts receivable, net                         | -                     | -                     | 564,405              | 730,986              |
| Student loans receivable, net                    | 1,344,740             | 1,473,984             | 79,912               | 77,556               |
| Capital assets, net of accumulated depreciation  | 270,221,524           | 244,022,963           | 1,105,104            | 1,105,104            |
| Other assets                                     | 839,332               | 922,236               | 703,531              | 675,754              |
| <i>Total noncurrent assets</i>                   | <u>272,405,596</u>    | <u>246,419,183</u>    | <u>50,467,019</u>    | <u>37,890,126</u>    |
| <b>TOTAL ASSETS</b>                              | <u>356,891,484</u>    | <u>344,868,838</u>    | <u>59,973,076</u>    | <u>50,251,373</u>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>             |                       |                       |                      |                      |
| Unamortized losses on bond refundings            | 547,510               | 629,052               | -                    | -                    |
| <b>LIABILITIES</b>                               |                       |                       |                      |                      |
| <i>Current liabilities:</i>                      |                       |                       |                      |                      |
| Accounts payable and accrued liabilities         | 4,780,226             | 10,108,992            | 107,457              | 80,825               |
| Accrued payroll                                  | 16,593,016            | 16,313,865            | -                    | -                    |
| Due to primary government                        | 126,933               | 121,880               | 128,403              | 120,997              |
| Unearned revenue                                 | 4,847,622             | 5,172,684             | 399,102              | 120,352              |
| Charitable remainder trust distributions payable | -                     | -                     | 114,409              | 44,335               |
| Other liabilities                                | 1,534,187             | 1,355,581             | 44,940               | 41,190               |
| Notes payable                                    | 128,835               | 34,649                | -                    | -                    |
| Revenue bonds payable                            | 4,200,133             | 4,095,420             | -                    | -                    |
| Certificates of participation                    | 1,615,562             | 1,564,808             | -                    | -                    |
| Compensated absences                             | 1,871,474             | 1,888,315             | -                    | -                    |
| <i>Total current liabilities</i>                 | <u>35,697,988</u>     | <u>40,656,194</u>     | <u>794,311</u>       | <u>407,699</u>       |
| <i>Noncurrent liabilities:</i>                   |                       |                       |                      |                      |
| Notes payable                                    | 263,951               | -                     | -                    | -                    |
| Revenue bonds payable                            | 69,080,317            | 73,280,449            | -                    | -                    |
| Certificates of participation                    | 25,769,190            | 27,384,752            | -                    | -                    |
| Other liabilities                                | -                     | -                     | 267,174              | 259,142              |
| Compensated absences                             | 10,675,208            | 11,214,471            | -                    | -                    |
| <i>Total noncurrent liabilities</i>              | <u>105,788,666</u>    | <u>111,879,672</u>    | <u>267,174</u>       | <u>259,142</u>       |
| <b>TOTAL LIABILITIES</b>                         | <u>141,486,654</u>    | <u>152,535,866</u>    | <u>1,061,485</u>     | <u>666,841</u>       |
| <b>NET POSITION</b>                              |                       |                       |                      |                      |
| Net investment in capital assets                 | 169,896,891           | 140,096,553           | 1,105,104            | 1,105,104            |
| Restricted - nonexpendable                       | -                     | -                     | 25,737,410           | 21,765,670           |
| Restricted - expendable                          |                       |                       |                      |                      |
| Loans  | 1,877,287             | 1,921,875             | -                    | -                    |
| Other  | -                     | -                     | 11,281,971           | 9,330,375            |
| Unrestricted                                     | 44,178,162            | 50,943,596            | 20,787,106           | 17,383,383           |
| <b>TOTAL NET POSITION</b>                        | <u>\$ 215,952,340</u> | <u>\$ 192,962,024</u> | <u>\$ 58,911,591</u> | <u>\$ 49,584,532</u> |

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Partial Financial Information for the Year Ended June 30, 2013)

|   | University            |                       | Component Unit       |                      |
|---|-----------------------|-----------------------|----------------------|----------------------|
|   | 2014                  | 2013                  | 2014                 | 2013                 |
| <b>OPERATING REVENUES</b>                                     |                       |                       |                      |                      |
| Tuition and fees, net   | \$ 70,658,513         | \$ 71,342,301         | \$ -                 | \$ -                 |
| Grants and contracts  | 10,649,936            | 9,833,111             | -                    | -                    |
| Sales and services of educational departments                 | 5,156,684             | 5,474,752             | -                    | -                    |
| Auxiliary enterprises, net                                    | 48,008,630            | 50,625,418            | -                    | -                    |
| Student loan activities                                       | 51,256                | 58,445                | -                    | -                    |
| Other operating revenues                                      | 4,775,230             | 3,762,284             | 6,661,486            | 5,203,551            |
| <i>Total operating revenues</i>                               | <u>139,300,249</u>    | <u>141,096,311</u>    | <u>6,661,486</u>     | <u>5,203,551</u>     |
| <b>OPERATING EXPENSES</b>                                     |                       |                       |                      |                      |
| Instruction   | 63,851,972            | 62,799,450            | 1,224,730            | 938,398              |
| Research  | 3,575,944             | 3,835,902             | 106,933              | 75,592               |
| Public service  | 10,478,375            | 9,250,223             | 1,157,037            | 927,737              |
| Academic support  | 17,401,648            | 17,712,701            | 122,927              | 147,121              |
| Student services  | 23,698,404            | 19,997,584            | 577,248              | 546,989              |
| Institutional support   | 13,810,986            | 13,321,350            | 1,510,550            | 1,163,223            |
| Operation and maintenance of plant                            | 17,459,050            | 16,437,591            | 369,318              | 162,490              |
| Student aid expense   | 9,007,606             | 8,504,416             | 2,601,568            | 2,215,815            |
| Auxiliary enterprises   | 40,559,720            | 47,017,745            | -                    | -                    |
| Staff benefits  | 8,281,208             | 9,357,808             | -                    | -                    |
| Depreciation  | 14,700,384            | 12,633,211            | -                    | -                    |
| On-behalf payments  | 77,330,961            | 80,402,307            | -                    | -                    |
| Other operating expenses                                      | 99,648                | 32,720                | -                    | -                    |
| <i>Total operating expenses</i>                               | <u>300,255,906</u>    | <u>301,303,008</u>    | <u>7,670,311</u>     | <u>6,177,365</u>     |
| <b>OPERATING LOSS</b>   | <u>(160,955,657)</u>  | <u>(160,206,697)</u>  | <u>(1,008,825)</u>   | <u>(973,814)</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                       |                       |                       |                      |                      |
| State appropriations  | 130,106,057           | 132,570,103           | -                    | -                    |
| Gifts   | 642,295               | 434,795               | -                    | -                    |
| Nonoperating grants   | 31,443,005            | 29,863,852            | -                    | -                    |
| Gain/(loss) on disposal of capital assets                     | (8,076)               | (2,641,282)           | 2,637,264            | -                    |
| Investment income   | 136,223               | 243,606               | 5,412,970            | 3,163,011            |
| Interest on capital asset - related debt                      | (4,907,851)           | (1,428,757)           | -                    | -                    |
| Change in value of charitable remainder trusts                | -                     | -                     | 212,213              | 194,765              |
| Other nonoperating revenues                                   | 166,771               | 180,585               | 582,836              | 398,653              |
| <i>Net nonoperating revenues</i>                              | <u>157,578,424</u>    | <u>159,222,902</u>    | <u>8,845,283</u>     | <u>3,756,429</u>     |
| <b>INCOME (LOSS) BEFORE CAPITAL ITEMS</b>                     | <u>(3,377,233)</u>    | <u>(983,795)</u>      | <u>7,836,458</u>     | <u>2,782,615</u>     |
| Capital State appropriations                                  | 26,367,549            | 6,187,500             | -                    | -                    |
| Additions to permanent endowments                             | -                     | -                     | 1,490,601            | 1,257,329            |
| <i>Total capital items</i>                                    | <u>26,367,549</u>     | <u>6,187,500</u>      | <u>1,490,601</u>     | <u>1,257,329</u>     |
| <b>INCREASE IN NET POSITION</b>                               | <u>22,990,316</u>     | <u>5,203,705</u>      | <u>9,327,059</u>     | <u>4,039,944</u>     |
| <b>NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b> | <u>192,962,024</u>    | <u>189,538,093</u>    | <u>49,584,532</u>    | <u>45,544,588</u>    |
| <b>PRIOR PERIOD ADJUSTMENT</b>                                | <u>-</u>              | <u>(1,779,774)</u>    | <u>-</u>             | <u>-</u>             |
| <b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>            | <u>192,962,024</u>    | <u>187,758,319</u>    | <u>49,584,532</u>    | <u>45,544,588</u>    |
| <b>NET POSITION, END OF YEAR</b>                              | <u>\$ 215,952,340</u> | <u>\$ 192,962,024</u> | <u>\$ 58,911,591</u> | <u>\$ 49,584,532</u> |

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Partial Financial Information for the Year Ended June 30, 2013)

|   | University    |               | Component Unit |              |
|---|---------------|---------------|----------------|--------------|
|   | 2014          | 2013          | 2014           | 2013         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |               |               |                |              |
| Tuition and fees, net   | \$ 70,744,748 | \$ 71,414,365 | \$ -           | \$ -         |
| Grants and contracts  | 10,970,451    | 10,157,371    | -              | -            |
| Gifts for other than capital and endowment purposes                     | -             | -             | 4,462,499      | 4,052,285    |
| Payments for employee salaries and benefits                             | (140,695,545) | (128,571,418) | -              | -            |
| Payments for goods and services   | (63,570,580)  | (58,000,981)  | (4,138,350)    | (3,356,761)  |
| Payments to annuitants  | -             | -             | (282,945)      | (206,085)    |
| Payments for scholarships and fellowships                               | (8,964,951)   | (8,675,015)   | (2,601,568)    | (2,215,815)  |
| Student loans issued  | (403,845)     | (487,855)     | -              | -            |
| Student loans collected   | 455,307       | 453,376       | -              | -            |
| Student loans interest and fees collected                               | 72,992        | 72,720        | -              | -            |
| Auxiliary enterprises charges   | 48,015,630    | 50,356,439    | -              | -            |
| Sales and services of educational departments                           | 5,210,299     | 5,376,264     | -              | -            |
| Other receipts  | 4,775,230     | 3,762,284     | 1,007,959      | 689,460      |
| Net cash used in operating activities                                   | (73,390,264)  | (54,142,450)  | (1,552,405)    | (1,036,916)  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                  |               |               |                |              |
| State appropriations  | 53,334,121    | 51,279,933    | -              | -            |
| Capital appropriations for operating expenses                           | 648,860       | 110,127       | -              | -            |
| Gifts   | 298,712       | 244,131       | 1,490,601      | 1,257,329    |
| Nonoperating grants   | 31,443,005    | 29,863,852    | -              | -            |
| Nonoperating revenues, net  | 183,349       | 139,462       | 309,400        | 395,280      |
| Cash provided by noncapital financing activities                        | 85,908,047    | 81,637,505    | 1,800,001      | 1,652,609    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>         |               |               |                |              |
| Capital State appropriations  | -             | 64,259        | -              | -            |
| Acquisition of capital assets   | (15,476,943)  | (44,526,869)  | -              | -            |
| Proceeds from sale of land  | -             | -             | 5,637,264      | -            |
| Payments of bond issuance costs   | -             | (1,360)       | -              | -            |
| Principal paid on capital debt  | (5,504,649)   | (5,473,331)   | -              | -            |
| Interest paid on capital debt   | (4,839,634)   | (4,956,055)   | -              | -            |
| Net cash provided by (used in) capital and related financing activities | (25,821,226)  | (54,893,356)  | 5,637,264      | -            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |               |               |                |              |
| Proceeds from sales and maturities of investments                       | -             | 13,021,405    | 3,201,292      | 5,972,819    |
| Earnings on investments   | 136,223       | 254,584       | 2,857,295      | 1,860,378    |
| Purchase of investments   | -             | -             | (11,964,390)   | (7,983,257)  |
| Net cash provided by (used in) investing activities                     | 136,223       | 13,275,989    | (5,905,803)    | (150,060)    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>             | (13,167,220)  | (14,122,312)  | (20,943)       | 465,633      |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                     | 70,352,805    | 84,475,117    | 3,562,469      | 3,096,836    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                           | \$ 57,185,585 | \$ 70,352,805 | \$ 3,541,526   | \$ 3,562,469 |

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Partial Financial Information for the Year Ended June 30, 2013)

|   | University             |                        | Component Unit        |                       |
|---|------------------------|------------------------|-----------------------|-----------------------|
|   | 2014                   | 2013                   | 2014                  | 2013                  |
| <b>Reconciliation of operating loss to net cash used in operating activities:</b> |                        |                        |                       |                       |
| Operating loss  | \$ (160,955,657)       | \$ (160,206,697)       | \$ (1,008,825)        | \$ (973,814)          |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                        |                        |                       |                       |
| On-behalf payments  | 77,330,961             | 80,402,307             | -                     | -                     |
| Capital assets donated  | -                      | -                      | -                     | 35,000                |
| Stock gifts in process  | -                      | -                      | (46,670)              | -                     |
| Charitable remainder trust assets donated   | -                      | -                      | (1,110,712)           | -                     |
| Depreciation  | 14,700,384             | 12,633,211             | -                     | -                     |
| Actuarial adjustment to annuities payable   | -                      | -                      | 11,782                | 44,321                |
| Changes in assets and liabilities:  |                        |                        |                       |                       |
| Receivables, net  | 601,700                | (142,814)              | 148,981               | (42,509)              |
| Student loans receivables, net  | 94,117                 | 15,815                 | -                     | -                     |
| Inventories   | (310,153)              | (257,189)              | 58,246                | (32,640)              |
| Prepaid expenses and other assets   | 51,897                 | (160,005)              | 11,931                | (21,288)              |
| Accounts payable and accrued liabilities  | (4,513,303)            | 4,162,878              | 26,632                | (22,218)              |
| Accrued payroll   | 279,151                | 8,055,565              | -                     | -                     |
| Due to primary government, net  | -                      | -                      | 7,406                 | (25,346)              |
| Charitable remainder trust distributions payable                                  | -                      | -                      | 70,074                | 2,605                 |
| Other liabilities   | (113,257)              | 321,291                | 278,750               | (1,027)               |
| Compensated absences  | (556,104)              | 1,033,188              | -                     | -                     |
| Net cash used in operating activities   | <u>\$ (73,390,264)</u> | <u>\$ (54,142,450)</u> | <u>\$ (1,552,405)</u> | <u>\$ (1,036,916)</u> |

**NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES**

|   |               |               |         |         |
|---|---------------|---------------|---------|---------|
| On-behalf payments                                    | \$ 77,330,961 | \$ 80,402,307 | \$ -    | \$ -    |
| Capital asset acquisition via capital appropriations  | 25,718,689    | 6,013,114     | -       | -       |
| Capital asset acquisition via support from Foundation | 343,583       | 190,664       | -       | -       |
| Capitalized interest                                  | 223,654       | 3,401,692     | -       | -       |
| Capital asset changes in accounts payable             | 801,327       | (5,591,773)   | -       | -       |
| Other capital asset adjustments                       | -             | 263,505       | -       | -       |
| Gifts in kind   | -             | -             | 519,623 | 418,270 |
| Loss on disposal of equipment                         | (8,076)       | (2,641,282)   | -       | -       |

See accompanying notes to the basic financial statements.

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June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

Western Illinois University (University), a component unit of the State of Illinois (State), with a primary focus on instruction and an additional commitment to research and public service, has campuses located in Macomb and Moline, Illinois. The governing body of the University is the Board of Trustees of Western Illinois University (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its component unit, the Western Illinois University Foundation (Foundation). The Foundation is included in the University's reporting entity because of the significance of its financial relationship with the University. Complete financial statements for the Foundation may be obtained by contacting the WIU Foundation, 1 University Circle, Macomb, IL 61455-1390.

The Foundation is a University-related organization as defined under *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982 as amended in 1997. The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's comprehensive annual financial report.

**B. Basis of Accounting and Presentation**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The University reports as a Business Type Activity. Business Type Activities are those financed in whole or in part by fees charged to external parties for goods and services.

The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

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C. Prior-Year Information

The basic financial statements include certain prior-year partial comparative information. Such information does not include full comparative footnote disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2013, from which the partial information was derived. Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

E. Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2014, cash equivalents consisted primarily of money market and similar funds.

F. Investments

The University accounts for its investments at fair value as determined by quoted market prices in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Illinois statutes and Board policy authorize the University to invest in certificates of deposit, The Illinois Funds, United States Government Securities, securities guaranteed by the full faith and credit of the United States government, and any other security permitted by law and approved by the Board.

G. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, amounts receivable from funding agencies for grants, amounts receivable from third parties and charges for

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**Notes to the Basic Financial Statements**  
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auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is presented net of estimated uncollectible amounts.

H. Bonds and Certificates of Participation Issue Costs

The insurance premium on the bonds and certificates of participation issue costs incurred on the revenue bonds and certificates of participation are being amortized over the life of the bonds/certificates of participation using the straight-line method. Total amortization for the year ended June 30, 2014 was \$20,981.

I. Student Loans Receivable

The University makes loans to students under various federal and other loan programs. Such loans receivable is presented net of estimated uncollectible amounts.

J. Inventories

Inventories are carried at the lower of cost (determined by first-in, first-out or average cost method, depending on the nature of the inventory item) or market.

K. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The University's capitalization policy for capital assets is as follows: equipment - \$5,000 or greater; land or buildings - \$100,000 or greater; and site or building improvements - \$25,000 or greater. Intangible assets which are purchased are capitalized at \$100,000 or greater. Internally-generated intangible assets which are primarily software are capitalized at \$1,000,000 or greater. Renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets. The following estimated useful lives are being used by the University:

|                           |               |
|---------------------------|---------------|
| Site improvements         | 25 years      |
| Buildings                 | 60 years      |
| Building improvements     | 20 years      |
| Computer equipment        | 3 years       |
| Trucks greater than 1 ton | 12 years      |
| Capital lease equipment   | Life of lease |
| All other equipment       | 7 years       |

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University capital assets financed by the State of Illinois Capital Development Board (CDB) are recorded by the University as the funds are expended by the CDB.

L. Unearned Revenue

Unearned revenue represents unearned student tuition and fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

M. Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the Statement of Net Position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

N. Net Position

The University's net position is classified as follows:

*Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets and deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

*Restricted net position - nonexpendable* - are required to be retained and invested in perpetuity.

*Restricted net position - expendable* - are noncapital assets that must be used for a particular purpose as specified by laws, creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.



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*Unrestricted* - is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

O. Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

*Operating revenues* include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) interest on student loans.

*Nonoperating revenues* include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as State appropriations and investment income, that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The State of Illinois General Revenue Fund appropriations are reported as nonoperating revenues to the extent that they are expended during the current fiscal year. The University relies on these appropriations to provide funding for operations.

P. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, State or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2014 were \$23,975,380 and \$5,163,310, respectively.

Q. Collections

The University has collections of rare manuscripts and art that it does not depreciate. These collections adhere to the University's policy to (a) maintain them for public

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exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items.

R. Endowments

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions in spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, the UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.40% for operational purposes, of a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowments' unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2014, the Foundation had a total of \$9,285,602 of net cumulative appreciation from investment of donor-restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net position and unrestricted net position in the Statement of Net Position based on the classification of the underlying asset upon which the income was earned.

S. Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets are reported in the Statement of Net Position and changes in the fair value of the assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Position. It is management's intent to record

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the contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation received \$1,214,858 of new contribution income during Fiscal Year 2014. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the Statement of Net Position.

**T. Income Taxes**

As a State institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

**U. New Accounting Pronouncements**

Effective July 1, 2013, the University adopted the following accounting pronouncements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items previously reported as assets and liabilities and recognize, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. As discussed in Notes 18 and 19, the University has restated its financial statements to remove most unamortized debt issuance costs as assets and to reclassify refunding losses as deferred outflow of resources.
- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, resolves conflicting guidance that resulted from the issuance of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, as well as No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Because the Statement incorporates existing guidance, the Statement does affect the University, but does not significantly change the University's financial statements.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement amends Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, which revised existing guidance for financial reporting of pension plans of state and local governments.

The implementation of GASB Statement Nos. 66 and 67 had no significant impact on the University's financial statements.

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**NOTE 2 - DEPOSITS**

**University**

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Illinois; bonds of any city, county, school district or special road district of the State of Illinois; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2014, the book balance of various University bank accounts and certificates of deposit was \$262,960, while the bank balance was \$275,495. The difference between these amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2014.

**Foundation**

At June 30, 2014, the book balance of the Foundation's various bank accounts was \$187,517, while the bank balance was \$239,535. The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2014.

Reconciliation of cash and cash equivalents to deposits:

|   | <u>University</u> | <u>Foundation</u> |
|---|-------------------|-------------------|
| Cash and cash equivalents   | \$ 57,010,613     | \$ 3,541,526      |
| Cash and cash equivalents, restricted                               | 174,972           | -                 |
| Less: Money market funds classified as cash<br>and cash equivalents | (56,860,760)      | (3,354,009)       |
| Cash on hand  | <u>(61,865)</u>   | <u>-</u>          |
| Carrying amount of deposits   | <u>\$ 262,960</u> | <u>\$ 187,517</u> |

**NOTE 3 - INVESTMENTS**

**University**

The University held no investments as of June 30, 2014.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a financial institution's failure, a government's deposits, investments or collateral securities that are in the possession of an

**State of Illinois**  
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**Notes to the Basic Financial Statements**  
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outside party may not be returned to it. The University's policy for custodial credit risk requires compliance with the provisions of State law.

*Interest Rate Risk*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits maturity of its investments to five years or less from the date of purchase.

*Credit Risk*

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The University's policy limits its investments to the Illinois Funds investment pool, United States Treasury bills, United States Treasury notes, United States Treasury bonds, Federal Farm Credit Banks bonds, Federal Home Loan Banks notes, Federal National Mortgage Association, Federal Land Bank bonds, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation.

**Foundation**

At June 30, 2014, the Foundation held investments with the following maturities:

| Type                                      | Total Fair Value     | Maturities in Years               |                     |                     |                    |
|---|----------------------|-----------------------------------|---------------------|---------------------|--------------------|
|   |                      | Less Than One Year or No Maturity | 1-5 Years           | 6-10 Years          | Over 10 Years      |
| U.S. Treasury notes                       | \$ 491,639           | \$ —                              | \$ 119,533          | \$ 372,106          | \$ —               |
| U.S. Treasury bonds                       | 104,110              | —                                 | —                   | —                   | 104,110            |
| U.S. agency obligations (FHLM, FNMA)      | 195,320              | —                                 | 57,843              | 98,184              | 39,293             |
| Municipal bonds                           | 626,454              | 51,725                            | 174,349             | 330,867             | 69,513             |
| Corporate debt securities                 | 2,706,695            | 521,267                           | 1,265,860           | 871,624             | 47,944             |
| Corporate equity securities               | 78,938               | 78,338                            | 600                 | —                   | —                  |
| International equity securities           | 2,020,502            | 2,020,502                         | —                   | —                   | —                  |
| Cash equivalents held in investment pools | 332,896              | 332,896                           | —                   | —                   | —                  |
| Real asset tax-exempt                     | 2,106,892            | —                                 | 612,967             | 918,875             | 575,050            |
| Real assets exchange traded funds         | 3,141,142            | 3,141,142                         | —                   | —                   | —                  |
| Absolute return                           | 8,099,006            | 8,099,006                         | —                   | —                   | —                  |
| Mutual funds, international equity        | 9,036,891            | 9,036,891                         | —                   | —                   | —                  |
| Mutual funds, domestic equity             | 8,286,690            | 8,286,690                         | —                   | —                   | —                  |
| Mutual funds, international debt          | 2,049,220            | 2,049,220                         | —                   | —                   | —                  |
| Open ended mutual funds, U.S. debt        | 6,963,480            | 6,963,480                         | —                   | —                   | —                  |
| Private equity                            | 2,421,824            | 50,000                            | —                   | 1,437,012           | 934,812            |
| <b>Total investments</b>                  | <b>\$ 48,661,699</b> | <b>\$ 40,631,157</b>              | <b>\$ 2,231,152</b> | <b>\$ 4,028,668</b> | <b>\$1,770,722</b> |

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The Foundation adheres to the total return concepts of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

*Custodial Credit Risk*

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation and Security Investor Protection Corporation insured account balance of \$3,544,066 as of June 30, 2014. Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). See <http://www.treasurer.il.gov/programs/illinois-funds/about-illinois-funds.aspx> for information on the Illinois Funds. The Foundation's deposits in other institutions' money market funds are subject to the Funds' collateralization and investment policies.

*Concentration Risk*

The Foundation does not have any investments representing 5% or more of the total assets in any single issuer. Managers may not purchase securities on margin or leverage. The Foundation does not have a policy that specifically addresses concentration risk.

*Interest Rate Risk*

Interest rate risk is the risk when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk. The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30, 2014:

|  |                      |
|--|----------------------|
| U.S. Treasury notes                        | \$ 491,639           |
| U.S. Treasury bonds                        | 104,110              |
| U.S. agency obligations (FHLM, FNMA)       | 195,320              |
| Municipal bonds                            | 626,454              |
| Corporate debt securities                  | 2,706,695            |
| Cash equivalents held in investment pools  | 332,896              |
| Mutual funds, international debt           | 2,049,220            |
| Open ended mutual funds, U. S. debt        | 6,963,480            |
| Sub-total investments                      | <u>13,469,814</u>    |
| Bank money market funds                    | 3,304,630            |
| Illinois Funds money market funds          | <u>49,378</u>        |
| Sub-total cash and cash equivalents        | <u>3,354,008</u>     |
| Total assets subject to interest rate risk | <u>\$ 16,823,822</u> |

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*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation's short-term investments generally are not exposed to foreign currency risk.

The Foundation's investments in international stock and mutual funds represent 22.7% of the total Foundation investments as of June 30, 2014. The Foundation does not have a policy on foreign currency risk. The U.S. dollar balances of the Foundation's investment exposed to foreign currency risk as of June 30, 2014 are listed below.

| <u>Currency</u>  | <u>United States<br/>Dollar Equivalent</u> |
|--|--|
| Euro   | \$ 2,111,279                               |
| United Kingdom British Pound                                     | 1,809,906                                  |
| Japanese Yen   | 1,547,926                                  |
| Swiss Franc  | 797,287                                    |
| Yuan Renminbi (China)  | 651,351                                    |
| Other currencies, individually less<br>than 1% of fund portfolio | 4,139,644                                  |
| Total  | <u>\$ 11,057,393</u>                       |

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities that are explicitly guaranteed by the U.S. government.

At June 30, 2014, the Foundation had the following investments and their ratings:

|           | <b>Credit Rating per Standard and Poor's</b> |                           |                           |  |                                 |                    |
|-----------|--|---------------------------|---------------------------|--|---------------------------------|--------------------|
|           | Total Fair<br>Value                          | U.S.<br>Treasury<br>Notes | U.S.<br>Treasury<br>Bonds | U.S. Agency<br>Obligations<br>(FHLM, FNMA) | Corporate<br>Debt<br>Securities | Municipal<br>Bonds |
| AAA       | \$ 223,643                                   | \$ 119,533                | \$ 104,110                | \$ -                                       | \$ -                            | \$ -               |
| BBB+      | 72,350                                       | -                         | -                         | -  | 72,350                          | -                  |
| Not Rated | 3,828,225                                    | 372,106                   | -                         | 195,320                                    | 2,634,345                       | 626,454            |
|           | <u>\$ 4,124,218</u>                          | <u>\$ 491,639</u>         | <u>\$ 104,110</u>         | <u>\$ 195,320</u>                          | <u>\$ 2,706,695</u>             | <u>\$ 626,454</u>  |

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**Credit Rating per Moody's**

|           | Total Fair Value    | U.S. Treasury Notes | U.S. Treasury Bonds | U.S. Agency Obligations (FHLM, FNMA) | Corporate Debt Securities | Municipal Bonds   |
|-----------|---------------------|---------------------|---------------------|--------------------------------------|---------------------------|-------------------|
| Aaa       | \$ 791,069          | \$ 491,639          | \$ 104,110          | \$ 195,320                           | \$ -                      | \$ -              |
| Aa1       | 21,626              | -                   | -                   | -                                    | -                         | 21,626            |
| Aa2       | 132,786             | -                   | -                   | -                                    | 90,932                    | 41,854            |
| Aa3       | 191,424             | -                   | -                   | -                                    | 100,398                   | 91,026            |
| A1        | 149,454             | -                   | -                   | -                                    | 127,539                   | 21,915            |
| A2        | 302,566             | -                   | -                   | -                                    | 271,324                   | 31,242            |
| A3        | 495,024             | -                   | -                   | -                                    | 385,473                   | 109,551           |
| Baa1      | 123,411             | -                   | -                   | -                                    | 123,411                   | -                 |
| Baa2      | 67,371              | -                   | -                   | -                                    | 67,371                    | -                 |
| Baa3      | 80,099              | -                   | -                   | -                                    | 80,099                    | -                 |
| B3        | 50,621              | -                   | -                   | -                                    | 50,621                    | -                 |
| Not Rated | 1,718,767           | -                   | -                   | -                                    | 1,409,527                 | 309,240           |
|           | <u>\$ 4,124,218</u> | <u>\$ 491,639</u>   | <u>\$ 104,110</u>   | <u>\$ 195,320</u>                    | <u>\$ 2,706,695</u>       | <u>\$ 626,454</u> |

*Summary of Carrying Values*

The carrying values of cash and cash equivalents and investments shown on previous pages are included in the Statement of Net Position as follows:

|                                       | University           | Foundation           |
|---------------------------------------|----------------------|----------------------|
| Cash and cash equivalents             | \$ 57,010,613        | \$ 3,541,526         |
| Cash and cash equivalents, restricted | 174,972              | -                    |
| Investments                           | -                    | 48,661,699           |
| Total                                 | <u>\$ 57,185,585</u> | <u>\$ 52,203,225</u> |

Investments at June 30, 2014 are as follows:

|                                   | University  | Foundation           |
|-----------------------------------|-------------|----------------------|
| Current:                          |             |                      |
| Investments                       | \$ -        | \$ 4,708,053         |
| Noncurrent:                       |             |                      |
| Endowment investments             | -           | 5,983,850            |
| Endowment investments, restricted | -           | 37,236,371           |
| Other investments                 | -           | 733,425              |
| Sub-total                         | -           | <u>43,953,646</u>    |
| Total investments                 | <u>\$ -</u> | <u>\$ 48,661,699</u> |



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Investment income for the year ended June 30, 2014 consisted of:

|   | <u>University</u> | <u>Foundation</u>   |
|---|-------------------|---------------------|
| Interest, dividends, realized gains<br>and market value changes | <u>\$ 136,223</u> | <u>\$ 5,412,970</u> |

**NOTE 4 - ACCOUNTS AND STUDENT LOANS RECEIVABLE**

Accounts receivable are reported net of allowances for uncollectible accounts of \$4,225,400 at June 30, 2014. Accounts receivable consisted of the following as of June 30, 2014:

|                                   |                     |
|-----------------------------------|---------------------|
| Receivables from students         | \$ 10,216,661       |
| Receivables from third parties    | 1,814,538           |
| Receivables from funding agencies | <u>1,922,515</u>    |
| Total gross receivables           | 13,953,714          |
| Allowance for doubtful accounts   | <u>(4,225,400)</u>  |
| Total net receivables             | <u>\$ 9,728,314</u> |

Student loans receivable totaling \$2,262,213 are reported net of allowance for uncollectible loans of \$487,100 at June 30, 2014.

**NOTE 5 - CAPITAL ASSETS**

The University capitalizes net interest costs incurred on borrowed funds during the construction of capital assets. Total interest of \$4,837,788 was incurred and net interest of \$223,654 was capitalized during Fiscal Year 2014.

Capital asset activities for the University for the year ended June 30, 2014 were as follows:

|   | <u>Balance<br/>June 30, 2013</u> | <u>Additions</u>  | <u>Retirements</u> | <u>Transfers</u>    | <u>Balance<br/>June 30, 2014</u> |
|---|----------------------------------|-------------------|--------------------|---------------------|----------------------------------|
| <b>Non-depreciable capital assets:</b>      |                                  |                   |                    |                     |                                  |
| Land and land improvements                  | \$ 3,236,432                     | \$ -              | \$ -               | \$ -                | \$ 3,236,432                     |
| Works of art and historical treasures       | 486,569                          | 101,252           | -                  | -                   | 587,821                          |
| Construction in progress                    | <u>49,888,849</u>                | <u>34,817,286</u> | -                  | <u>(39,042,702)</u> | <u>45,663,433</u>                |
| <b>Total non-depreciable capital assets</b> | <u>53,611,850</u>                | <u>34,918,538</u> | -                  | <u>(39,042,702)</u> | <u>49,487,686</u>                |
| <b>Depreciable capital assets:</b>          |                                  |                   |                    |                     |                                  |
| Site improvements                           | 43,999,136                       | 320,402           | (62,000)           | 2,712,053           | 46,969,591                       |
| Buildings and building improvements         | 296,024,613                      | 2,445,763         | -                  | 36,330,649          | 334,801,025                      |
| Equipment                                   | <u>77,739,111</u>                | <u>3,261,585</u>  | <u>(2,340,247)</u> | -                   | <u>78,660,449</u>                |
| <b>Total depreciable capital assets</b>     | <u>417,762,860</u>               | <u>6,027,750</u>  | <u>(2,402,247)</u> | <u>39,042,702</u>   | <u>460,431,065</u>               |

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|  | Balance<br>June 30, 2013 | Additions            | Retirements        | Transfers         | Balance<br>June 30, 2014 |
|--|--------------------------|----------------------|--------------------|-------------------|--------------------------|
| <b>Less accumulated depreciation:</b>        |                          |                      |                    |                   |                          |
| Site improvements                            | 17,303,556               | 1,572,709            | (50,840)           | -                 | 18,825,425               |
| Buildings and building improvements          | 139,187,561              | 10,539,930           | -                  | -                 | 149,727,491              |
| Equipment                                    | 70,860,630               | 2,587,745            | (2,304,064)        | -                 | 71,144,311               |
| <b>Total accumulated depreciation</b>        | <u>227,351,747</u>       | <u>14,700,384</u>    | <u>(2,354,904)</u> | <u>-</u>          | <u>239,697,227</u>       |
| <b>Total depreciable capital assets, net</b> | <u>190,411,113</u>       | <u>(8,672,634)</u>   | <u>(47,343)</u>    | <u>39,042,702</u> | <u>220,733,838</u>       |
| <b>Capital assets, net</b>                   | <u>\$ 244,022,963</u>    | <u>\$ 26,245,904</u> | <u>\$ (47,343)</u> | <u>\$ -</u>       | <u>\$ 270,221,524</u>    |

Capital asset activities for the Foundation for the year ended June 30, 2014 were as follows:

|                            | Balance<br>June 30, 2013 | Additions   | Retirements | Balance<br>June 30, 2014 |
|----------------------------|--------------------------|-------------|-------------|--------------------------|
| Land and land improvements | <u>\$ 1,105,104</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,105,104</u>      |

**NOTE 6 - DEFERRED OUTFLOW OF RESOURCES**

Deferred outflow of resources included losses on bond refundings which resulted from the difference between the reacquisition price and the net carrying amount of the old debt. Total amortization for the year ended June 30, 2014 was \$81,542.

**NOTE 7 - UNEARNED REVENUE**

Unearned revenues consist of the following as of June 30, 2014:

|   |                     |
|---|---------------------|
| Tuition and fees                              | \$ 2,953,458        |
| Grants and contracts                          | 1,374,342           |
| Sales and services of educational departments | 276,413             |
| Auxiliary enterprises                         | 243,409             |
| Total   | <u>\$ 4,847,622</u> |

**NOTE 8 - NOTES PAYABLE**

The University has entered into installment purchase agreement for networking equipment with an original cost of \$392,786. As of June 30, 2014, the related notes payable obligation was recorded at the present value of the future minimum installment payments, discounted

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using an applicable discount rate of 1.62%. Notes payable activities for the year ended June 30, 2014 were as follows:

|                            |                   |
|----------------------------|-------------------|
| Balance, beginning of year | \$ 34,649         |
| New notes                  | 392,786           |
| Payments                   | <u>(34,649)</u>   |
| Balance, end of year       | <u>\$ 392,786</u> |
| Current Portion            | <u>\$ 128,835</u> |

**NOTE 9 - REVENUE BONDS PAYABLE.**

*General*

At June 30, 2014, revenue bonds payable consists of Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2012, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2010, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2006, and Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2005.

*Series 2012 Bonds*

On March 6, 2012, the Series 2012 Revenue Bonds were issued in the principal amount of \$33,520,000. The Series 2012 bonds are due April 1, 2032, with annual principal payments ranging from \$1,290,000 to \$3,130,000 commencing on April 1, 2013 and semi-annual interest payments beginning April 1, 2013 at 3.00% to 4.20%.

Proceeds from the sale of the Series 2012 Bonds were used to finance capital improvements to Thompson Hall and the University Union. In addition, a portion of the proceeds from the Series 2012 Bonds were used to provide for the advance refunding of the outstanding Series 2002 Bonds in the principal amount of \$7,890,000. The total principal amount was deposited into the Series 2002 Refunding Fund to redeem all of the Refunded Series 2002 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2002 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Although the current refunding resulted in the recognition of an accounting loss of \$121,273 for the year ended June 30, 2012, the University in effect reduced its aggregate debt service payments by \$983,824 over the next 10 years and obtained an economic gain of \$851,778.

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*Series 2010 Bonds*

On August 5, 2010, the Series 2010 Revenue Bonds (Build America Bonds) were issued in the principal amount of \$25,510,000. The Series 2010 bonds are due April 1, 2033, with annual principal payments ranging from \$1,120,000 to \$2,010,000 commencing on April 1, 2017 and semi-annual interest payments beginning April 1, 2011 at 4.35% to 6.60%.

Proceeds from the sale of the Series 2010 Bonds were used to finance capital improvement renovations to Corbin and Olson Residence Halls including the Commons Dining Center.

*Series 2006 Bonds*

On March 9, 2006, the Series 2006 Bonds were issued in the principal amount of \$15,250,000. The Series 2006 Bonds are due April 1, 2027, with annual principal payments ranging from \$265,000 to \$1,170,000 commencing April 1, 2009 and semi-annual interest payments beginning October 1, 2006 at 3.5% to 4.5%.

Proceeds from the sale of the Series 2006 Bonds were used to install fire sprinkler systems in residence hall facilities and graduate and family apartments and to construct an expansion to the Donald S. Spencer Student Recreation Center. In addition, proceeds from the sales of the Series 2006 Bonds, together with other funds of the University, were used to provide for the advance refunding of a portion of the Series 1999 Bonds and to pay certain expenses related to the issuance of the bonds. A portion of bond proceeds plus funds provided by the University were deposited in an irrevocable trust with an escrow agent to provide for a portion of the debt service payments on the 1999 Series Bonds. As a result, a portion of the Series 1999 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position. The Series 1999 Bonds were retired on April 1, 2009.

Although the advance refunding resulted in the recognition of an accounting loss of \$249,562, for the year ended June 30, 2006, the University in effect reduced its aggregate debt service payments by \$401,922 over the next 19 years and obtained an economic gain of \$365,626.

*Series 2005 Bonds*

On February 16, 2005, the Series 2005 Bonds were issued in the principal amount of \$25,715,000. The Series 2005 Bonds are due April 1, 2020, with annual principal payments ranging from \$580,000 to \$2,845,000 commencing April 1, 2006 and semi-annual interest payments beginning October 1, 2005 at 3.00% to 4.25%.

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Proceeds from the sale of the Series 2005 Bonds, together with other funds of the University, were used to provide for the advance refunding of a portion of the Series 1993 Bonds and the Series 1995 Bonds and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 and 1995 Series Bonds. As a result, the 1993 and 1995 Series Bonds are considered defeased and the liability for those bonds has been removed from the University's Statement of Net Position.

Although the advance refunding resulted in the recognition of an accounting loss of \$1,345,010, for the year ended June 30, 2005, the University in effect reduced its aggregate debt service payments by \$7,682,725 over the next 15 years and obtained an economic gain of \$2,548,409.

*Advance Refunded Bonds*

Certain revenue bonds of the University have been defeased in prior years through advance refunding and, accordingly, have been accounted for as if they were retired. The principal amount of advance refunded bonds was fully paid.

*Debt Service Activity Requirements and Collateral*

Following is a schedule depicting Revenue Bonds Payable activities for the year ended June 30, 2014:

|                      | Beginning<br>Balance | Additions   | Deletions           | Ending Balance       | Current<br>Portion  |
|----------------------|----------------------|-------------|---------------------|----------------------|---------------------|
| Series 2005 Bonds    | \$ 7,225,000         | \$ -        | \$ 1,525,000        | \$ 5,700,000         | \$ 1,585,000        |
| Series 2006 Bonds    | 12,105,000           | -           | 785,000             | 11,320,000           | 815,000             |
| Series 2010 Bonds    | 25,510,000           | -           | -                   | 25,510,000           | -                   |
| Series 2012 Bonds    | 31,915,000           | -           | 1,590,000           | 30,325,000           | 1,640,000           |
| Unamortized premium  | 700,915              | -           | 204,716             | 496,199              | 170,094             |
| Unamortized discount | (80,046)             | -           | (9,297)             | (70,749)             | (9,961)             |
|                      | <u>\$ 77,375,869</u> | <u>\$ -</u> | <u>\$ 4,095,419</u> | <u>\$ 73,280,450</u> | <u>\$ 4,200,133</u> |

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Aggregate maturities of the bonds outstanding as of June 30, 2014 are as follows:

|                      | <u>Principal</u>     | <u>Interest</u>      |
|----------------------|----------------------|----------------------|
| 2015                 | \$ 4,040,000         | \$ 3,367,685         |
| 2016                 | 4,190,000            | 3,206,085            |
| 2017                 | 4,350,000            | 3,038,485            |
| 2018                 | 4,515,000            | 2,860,565            |
| 2019                 | 4,680,000            | 2,671,340            |
| 2020-2024            | 21,440,000           | 10,435,908           |
| 2025-2029            | 16,875,000           | 6,071,015            |
| 2030-2033            | 12,765,000           | 1,707,373            |
|                      | <u>72,855,000</u>    | <u>33,358,456</u>    |
| Unamortized premium  | 496,199              | -                    |
| Unamortized discount | (70,749)             | -                    |
|                      | <u>\$ 73,280,450</u> | <u>\$ 33,358,456</u> |

None of the bonds described above constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by: a) the net revenues of the Western Illinois University Auxiliary Facilities System, b) certain pledged student fees, and c) a pledge of student tuition. Maximum annual debt service as defined for all outstanding revenue bonds is \$7,407,685. The estimated debt service coverage ratio based on revenues generated from operations is 1.38. The future pledged revenues for principal and interest in Fiscal Year 2014 are \$106,213,456. Pledged revenue coverage is 12.50 in Fiscal Year 2014. Pledged revenues have a term of commitment through 2033.

**NOTE 10 - CERTIFICATES OF PARTICIPATION PAYABLE**

*General*

At June 30, 2014, certificates of participation consist of Western Illinois University Series 2011 Certificates of Participation, Western Illinois University Series 2010 Certificates of Participation and Western Illinois University Series 2005 Certificates of Participation.

*Series 2011 Certificates of Participation*

On March 30, 2011, the Series 2011 Certificates of Participation were issued in the principal amount of \$11,775,000. The Series 2011 Certificates of Participation are due October 1, 2025 with annual principal payments ranging from \$600,000 to \$1,060,000 commencing October 1, 2011 and semi-annual interest payments beginning October 2, 2011 at 2.50% to 5.375%.

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Proceeds from the sale of the Series 2011 Certificates of Participation were used to finance capital improvements projects to several campus buildings as well as Phase II of the campus steam line replacement plan.

*Series 2010 Certificates of Participation*

On February 23, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of \$11,585,000. The Series 2010 Certificates of Participation are due October 1, 2029 with annual principal payments ranging from \$415,000 to \$825,000 commencing October 1, 2010 and semi-annual interest payments beginning October 1, 2010 at 1.30% to 6.375%.

Proceeds from the sale of the Series 2010 Certificates of Participation were used to finance heating plant capital improvements and steam line replacements. Additionally, proceeds from the sale will reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

*Series 2005 Certificates of Participation*

On December 7, 2005, the Series 2005 Certificates of Participation (Capital Improvement Projects) were issued in the principal amount of \$10,290,000. The Series 2005 Certificates of Participation are due October 1, 2025 with annual principal payments ranging from \$400,000 to \$805,000 commencing October 1, 2008 and semi-annual interest payments beginning April 1, 2006 at 3.3% to 4.5%.

Proceeds from the sale of the Series 2005 Certificates of Participation were used to renovate the student section of the football stadium, to construct a new multicultural center, and to construct a combination Document and Publication Services and Property Accounting and Redistribution Center. In addition, Series 2005 proceeds were used to pay the costs of issuing the Series 2005 Certificates of Participation.

*Debt Service Activity Requirements and Collateral*

Following is a schedule depicting Certificates of Participation activities for the year ended June 30, 2014:

|                      | Beginning<br>Balance | Additions   | Deletions           | Ending<br>Balance    | Current<br>Portion  |
|----------------------|----------------------|-------------|---------------------|----------------------|---------------------|
| Series 2005          | \$ 8,140,000         | \$ —        | \$ 480,000          | \$ 7,660,000         | \$ 500,000          |
| Series 2010          | 10,285,000           | —           | 455,000             | 9,830,000            | 465,000             |
| Series 2011          | 10,555,000           | —           | 635,000             | 9,920,000            | 655,000             |
| Unamortized discount | (30,440)             | —           | (5,192)             | (25,248)             | (4,438)             |
|                      | <u>\$ 28,949,560</u> | <u>\$ —</u> | <u>\$ 1,564,808</u> | <u>\$ 27,384,752</u> | <u>\$ 1,615,562</u> |

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Aggregate maturities of the certificates of participation outstanding as of June 30, 2014 are as follows:

|                      | <u>Principal</u>     | <u>Interest</u>      |
|----------------------|----------------------|----------------------|
| 2015                 | \$ 1,620,000         | \$ 1,279,625         |
| 2016                 | 1,670,000            | 1,221,826            |
| 2017                 | 1,730,000            | 1,156,861            |
| 2018                 | 1,795,000            | 1,085,534            |
| 2019                 | 1,870,000            | 1,007,615            |
| 2020-2024            | 10,655,000           | 3,623,609            |
| 2025-2029            | 7,245,000            | 1,029,144            |
| 2030                 | 825,000              | 26,297               |
|                      | <u>27,410,000</u>    | <u>10,430,511</u>    |
| Unamortized discount | (25,248)             | -                    |
|                      | <u>\$ 27,384,752</u> | <u>\$ 10,430,511</u> |

The Certificates of Participation described above do not constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by lawful appropriations by the General Assembly for such purposes and legally available nonappropriated funds on an annual basis.

**NOTE 11 - ACCRUED COMPENSATED ABSENCES**

Vacation pay earned but not taken may be accumulated up to a specified maximum from 24 to 56 work days, and received as a lump sum payment upon termination. At June 30, 2014, such accumulated benefits totaled \$8,353,701.

Administrative and faculty unused sick leave may be accumulated up to a specified maximum, generally 360 calendar days. Unused and unpaid sick leave can be applied toward the service time requirements for computing retirement benefits. Civil service exempt and nonexempt employees have no specified maximum accumulation of unused sick leave days. One-half of any unused sick leave earned from January 1, 1984 and prior to January 1, 1998 can be received as a lump sum payment upon termination. At June 30, 2014, such accumulated benefits totaled \$4,192,981. Compensated absences activity for the year ended June 30, 2014 was as follows:

|   |                      |
|---|----------------------|
| Balance, beginning of year                | \$ 13,102,786        |
| Additions                                 | <u>(556,104)</u>     |
| Balance, end of year                      | 12,546,682           |
| Less: current portion                     | <u>(1,871,474)</u>   |
| Balance, end of year - noncurrent portion | <u>\$ 10,675,208</u> |



**State of Illinois  
Western Illinois University  
Notes to the Basic Financial Statements  
June 30, 2014**

**NOTE 12 - RETIREMENT PLAN**

*Plan Description*

The University contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org) or by calling 1-800-275-7877.

*Funding Policy*

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate for Fiscal Year 2015 is 35.80% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ending June 30, 2014, 2013, and 2012 were \$41,579,382, \$38,500,752, and \$27,890,164, respectively, equal to the required contributions for each year.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

**State of Illinois**  
**Western Illinois University**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**

Public Act 97-0695, effective July 1, 2012, altered the contributions to be paid by the State, annuitants, survivors, and retired employees under the State Employees Group Insurance Act. This act requires the Director of Central Management Services to, on an annual basis, determine the amount that the State should contribute. The remainder of the cost of coverage shall be the responsibility of the annuitant, survivor, or retired employee. These costs were to be assessed beginning July 1, 2013. However, four putative class actions were filed challenging the validity of this legislation under, among other things, the pension protection clause of the Illinois Constitution of 1970. The four class actions were consolidated in the circuit court of Sangamon County. The circuit court dismissed each of them for failure to state a cause of action, without certifying any classes. The Illinois Supreme Court allowed direct appeal. In July of 2014, the Illinois Supreme Court ruled that state retiree health care benefits are protected by the State constitution. The case then reverted to the Circuit Court for further proceedings. As a result, on August 28, 2014, the Sangamon County Circuit Court ordered the State to stop deducting monthly percentage-of-annuity health care premiums from annuity checks of State retirees and survivors enrolled in the State of Illinois Group Health Insurance Plan. The refunding of premiums paid since July 2013 is unresolved and will be decided by the courts.

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62606-4100.

**NOTE 14 - INSURANCE**

The University participates in the State University Risk Management Association (SURMA), a self-insurance pool. Through its participation in the Illinois Public Higher Education Cooperative (IPHC), the University has contracted with commercial carriers to provide various insurance coverages, including educators' legal and other general liability insurance. The University's liability coverages have a \$250,000 to \$350,000 deductible per occurrence.

**State of Illinois**  
**Western Illinois University**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**

SURMA member schools may request reimbursement for claim related expenses from SURMA funds. Additionally, the University purchases property insurance coverage for the replacement value of University real property and contents. Settled claims have not exceeded commercial coverage in any of the three preceding years.

**NOTE 15 - OPERATING EXPENSES BY NATURAL CLASSIFICATION**

Operating expenses by natural classification for the year ended June 30, 2014, for the University are summarized as follows:

|                                    | Compensation<br>and Benefits | Supplies and<br>Services | Scholarships<br>and<br>Fellowships | Depreciation         | Total                 |
|------------------------------------|------------------------------|--------------------------|------------------------------------|----------------------|-----------------------|
| Instruction                        | \$ 61,104,868                | \$ 2,747,104             | \$ —                               | \$ —                 | \$ 63,851,972         |
| Research                           | 2,814,702                    | 761,242                  | —                                  | —                    | 3,575,944             |
| Public service                     | 6,650,335                    | 3,828,040                | —                                  | —                    | 10,478,375            |
| Academic support                   | 13,317,898                   | 4,083,750                | —                                  | —                    | 17,401,648            |
| Student services                   | 11,890,798                   | 11,807,606               | —                                  | —                    | 23,698,404            |
| Institutional support              | 10,701,260                   | 3,109,726                | —                                  | —                    | 13,810,986            |
| Operation and maintenance of plant | 9,475,468                    | 7,983,582                | —                                  | —                    | 17,459,050            |
| Student aid expense                | —                            | —                        | 9,007,606                          | —                    | 9,007,606             |
| Auxiliary enterprises              | 16,166,195                   | 24,393,525               | —                                  | —                    | 40,559,720            |
| Staff benefits                     | 8,281,208                    | —                        | —                                  | —                    | 8,281,208             |
| Depreciation                       | —                            | —                        | —                                  | 14,700,384           | 14,700,384            |
| On-behalf payments                 | 77,330,961                   | —                        | —                                  | —                    | 77,330,961            |
| Other operating expenses           | —                            | 99,648                   | —                                  | —                    | 99,648                |
| Total                              | <u>\$ 217,733,693</u>        | <u>\$ 58,814,223</u>     | <u>\$ 9,007,606</u>                | <u>\$ 14,700,384</u> | <u>\$ 300,255,906</u> |

**NOTE 16 - CONTRACT WITH WESTERN ILLINOIS UNIVERSITY FOUNDATION**

The University has a contract with the Western Illinois University Foundation in which the Foundation has agreed to aid and assist the University in achieving its educational, research, and service goals by developing and administering its gifts. These gifts received by the Foundation are to be used for the benefit of the University in its scholarship, loan, grant and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation.

For Fiscal Year 2014, the Foundation did not specifically reimburse the University for \$1,517,077 of personal service costs, facility use and other costs provided by the University. However, the Foundation gave the University \$3,788,921 for Fiscal Year 2014, in totally unrestricted funds or funds restricted as to department but generally available for on-going University operations.

**State of Illinois  
Western Illinois University  
Notes to the Basic Financial Statements  
June 30, 2014**

**NOTE 17 - COMMITMENTS AND CONTINGENCIES**

*Claims and Litigation*

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes that ultimate disposition of the actions will not have a material effect on the financial statements of the University.

*Government Grants*

The University is currently participating in numerous grants from various departments and agencies of the federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursements of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

**NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE**

The University implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This statement provides guidance on which balances previously reported as assets and liabilities should now be reported as deferred outflows or inflows. In implementing this pronouncement, the University reported an effect of a change in accounting principle which adjusted the beginning net position as of July 1, 2012, to eliminate the unamortized bond issuance costs previously capitalized as follows:

|   |                       |
|---|-----------------------|
| Net position, beginning of year, as previously reported | \$ 189,538,093        |
| Cumulative effect of change in accounting principle     | <u>(1,779,774)</u>    |
| Net position, beginning of year, as restated            | <u>\$ 187,758,319</u> |

Additionally, an adjustment was made to the 2013 Statement of Net Position totaling \$629,052 to reclassify the net accounting loss on debt refunding from revenue bonds payable to deferred outflow of resources.

**State of Illinois**  
**Western Illinois University**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**

**NOTE 19 - PRIOR PERIOD RESTATEMENT AND RECLASSIFICATION**

As discussed in Note 1. C., Note 1. U., and Note 18, certain restatement and reclassification were made to Fiscal Year 2013 amounts, due to the following:

- (a) The University restated its net position balance in Fiscal Year 2013 from \$189.5 million to \$187.8 million, to reflect accounting treatment for bond issuance costs in accordance with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These adjustments decreased net position (net investment in capital assets) by about \$1.8 million.
- (b) The University restated the Fiscal Year 2013 deferred outflow of resources balance to reflect losses on bond refundings totaling over \$629,000, in accordance with GASB Statement No. 65. This adjustment had no effect on the net position balance.
- (c) The University reclassified various Fiscal Year 2013 revenues and expenses balances to reflect revenues and scholarship discounts and allowances not reported on Monetary Award Program grants received and awarded totaling about \$11.1 million. This adjustment had no effect on the net position balance.



E.C. ORTIZ & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Honorable William G. Holland  
Auditor General  
State of Illinois

and

The Board of Trustees  
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Western Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies; in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

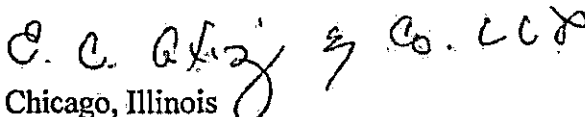
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **University's Responses to Findings**

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings. The University's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Chicago, Illinois  
December 18, 2014

**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2014**

**Current Findings - *Government Auditing Standards***

**2014-001 - Inadequate Controls Over Journal Entries**

Western Illinois University (University) did not have adequate controls over its journal entries. Effective policies and procedures are not in place to ensure the propriety and completeness of journal entries. Specifically, there were not effective processes in place to ensure that all journal entries are properly prepared, supported, and approved.

The University used the Financial Records System (FRS) to initiate and process financial information and facilitate its financial reporting. The FRS maintains all general ledger and subsidiary ledger accounts and sub-accounts with specific funds and account groups in accordance with the Statewide Accounting Management System (SAMS). A significant number of accounting transactions were recorded into the FRS through the use of journal entries. These entries were initiated and posted by the respective Accountants in-charge of specific accounts in the Business and Financial Services Department. In order to control the journal entry process, Accountants in-charge used standardized journal entry forms which included the name of the preparer, date the entry was prepared, description of the entry (which included the reason for the entry and amount), and a comment box. Support for the journal entries were scanned into laser fiche.

On July 1, 2014, the University adopted journal entry review and approval policies and procedures. The newly implemented procedures require that all journal entries of \$100,000 or more require the approval by either the Director of Business and Financial services, the Vice President for Administrative Services, or an Assistant Comptroller, prior to entry into the FRS. The approval process will include a review of the documentation to ensure the entries are adequately supported.

During our review of 25 batches of journal entries, we noted the following:

- One of 25 (4%) batches of journal entries totaling \$816,062 was approved but not supported. The entry pertained to accrual of accounts payable at fiscal year-end.
- No independent review and/or approval was noted for two of 25 (8%) batches of journal entries totaling \$13,078,569. Each of these batches of journal entries totaled more than the \$100,000 threshold for journal entry approval. These transactions pertained to recording of Capital Development Board's property transfers at year-end.
- A journal entry was made in Fiscal Year 2014 to correct a prior year error on capitalized interest. The transaction was in relation to a journal entry prepared in Fiscal Year 2013 which was not subjected to an independent review. The error resulted in an overstatement of capital assets and interest on capital asset related debt by \$1,383,438 in the prior fiscal year.



**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2014**

**Current Findings - *Government Auditing Standards* (Continued)**

**2014-001 - Inadequate Controls Over Journal Entries (Continued)**

- Seven of 25 (28%) batches of journal entries totaling \$656,649 were not reviewed by the University at all. No single entry in these batches met the \$100,000 threshold. These transactions pertained to recording of accounts payable, lease payments and equipment maintenance, reversal of payroll entry and reclassification entries relating to inventory and contractual services expenditures. There were about 2,705 manual batches of journal entries, totaling approximately \$29,200,000, not reviewed during Fiscal Year 2014 because they were below the approval threshold. In addition, the process in place still allows journal entries to be both prepared and posted by the same individual.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable law; and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Also, sound internal controls require all journal entries, including nonstandard/nonroutine entries, have adequate supporting documentation, and be reviewed and approved independently prior to posting, to prevent errors and fraud.

University management stated: the lack of support was due to human error; manual entries to the fixed assets system were not approved due to a misunderstanding regarding the approval of these entries; the error in Fiscal Year 2013 entry occurred as a result of human error and due to absence of review; and the journal entries below the threshold were not approved based on University policy in effect during Fiscal Year 2014.

In the prior audit, the University had no formal policy on review and approval prior to posting of journal entries in the general ledger. Further, journal entries were not adequately supported or independently reviewed and/or approved prior to posting to the general ledger. Management stated these exceptions were due to a lack of formal policies and procedures due to a lack of resources, and stated formal policies and procedures would be implemented. However, the policy adopted July 1, 2014 only required review and approval of journal entries of \$100,000 or more and was not consistently followed for Fiscal Year 2014 journal entries.

The lack of effective controls over journal entries increases the risk of incorrect or unauthorized adjustments posted to the general ledger, which may cause material misstatements to the financial statements. (Finding Code Nos. 2014-001 and 2013-001)

**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2014**

**Current Findings - *Government Auditing Standards* (Continued)**

**2014-001 - Inadequate Controls Over Journal Entries (Continued)**

*Recommendation*

We recommend the University develop effective policies and procedures that will strengthen controls over the journal entry review and approval process to ensure all journal entries are complete, accurate, properly supported and approved prior to posting in the general ledger. Further, effective policies and procedures should also be developed to address processing of nonstandard/nonroutine transactions.

*University Response*

The University agrees with the finding. The University will review its existing policy and procedures for processing, reviewing and approving journal entries. The University will also consider revisions to the policy that will strengthen controls.

**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2014**

**Current Findings - *Government Auditing Standards* (Continued)**

**2014-002 - Inaccurate Recording of Transactions**

Western Illinois University (University) did not properly record certain transactions in the general ledger.

The University issued Revenue Bonds (Bonds) and Certificate of Participation (COPs) in order to fund construction/renovation of various capital projects. Bonds and COPs series issued were associated with either a single or multiple capital projects as predetermined by the University at the point of debt issuance. Generally, the University capitalizes interest costs incurred during the construction period of a project as part of the cost of the project. Also, investment earnings on the unspent bond proceeds are offset by the amount of interest expense capitalized.

During our review of the capitalized interest on various capital projects, we noted the University capitalized interest on projects already completed. This error resulted in an overstatement of the capitalized interest recorded in the Fiscal Year 2014 financial statements by approximately \$800 thousand.

Paragraphs 16 and 17 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, state that interest capitalization period should begin when three conditions are present, namely: (1) outlays for the assets have been made, (2) activities that are necessary to get the asset ready for its intended use are in progress, and (3) interest cost is being incurred. Interest capitalization should continue as long as those three conditions are present. The capitalization period should end when the asset is substantially complete and ready for its intended use. Some assets are completed in parts, and each part is capable of being used independently while work is continuing on other parts. For such assets, interest capitalization should stop on each part when it is substantially complete and ready for use.

Lastly, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable law; and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

University management stated the capitalized interest on capital projects was not properly recorded due to incorrect interpretation of the applicable accounting standards.

Failure to properly record capitalized interest on capital projects may result in misstatements in the University's financial statements. (Finding Code No. 2014-002)

**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2014**

**Current Findings - *Government Auditing Standards* (Continued)**

**2014-002 - Inaccurate Recording of Transactions (Continued)**

*Recommendation*

We recommend the University review its current process of recording and accounting for transactions to ensure interest capitalized is recorded in accordance with generally accepted accounting principles. We further recommend the University ensure accounting staff receive appropriate training on financial reporting.

*University Response*

The University agrees with the finding. The University will review and adjust the existing procedures to ensure capitalized interest is accurately recorded.

Attachment H  
Western Illinois University Audited Financial Statement  
Fiscal Year 2015

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY**

**FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 2015**

Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois

**State of Illinois  
Western Illinois University  
Financial Audit  
For the Year Ended June 30, 2015**

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**Related Report Issued Under a Separate Cover**

Western Illinois University  
Compliance Examination (In accordance with the Single Audit Act and  
OMB Circular A-133) for the Year Ended June 30, 2015

**State of Illinois  
Western Illinois University  
Financial Audit  
For the Year Ended June 30, 2015**

**University Officials**

|  |   |
|--|---|
| President  | Dr. Jack Thomas   |
| Provost and Academic Vice President                | Dr. Kathleen Neumann, Interim (05/20/15 to Present)<br>Dr. Kenneth Hawkinson (Through 05/19/15)                   |
| Vice President for Student Services                | Dr. Gary Biller   |
| Vice President for Administrative Services         | Ms. Julie DeWees  |
| Vice President for Advancement and Public Services | Mr. Brad Bainter  |
| Vice President for Quad Cities and Planning        | Dr. Joseph Rives  |
| Director of Business and Financial Services        | Mr. Matthew Bierman, Interim (09/01/14 to Present)  |
| Director of Internal Auditing                      | Mr. Michael Sartorius (09/08/15 to Present)<br>Vacant (07/01/15 to 09/07/15)<br>Ms. Rita Moore (Through 06/30/15) |

**Board of Trustees (as of June 30, 2015)**

|                |                                 |
|----------------|---------------------------------|
| Chair          | Cathy E. Early, Macomb          |
| Vice Chair     | Roger D. Clawson, Moline        |
| Secretary      | Phil G. Hare, Rock Island       |
| Member         | Lynier R. Cole, Chicago         |
| Member         | William L. Epperly, Chicago     |
| Member         | Carolyn J. Ehlert Fuller, Milan |
| Member         | Yvonne S. Savala, Moline        |
| Student Member | Michael W. Quigley              |

University offices are located at:

Macomb Campus  
1 University Circle  
Macomb, Illinois 61455-1390

Quad Cities Campus  
3300 River Drive  
Moline, Illinois 61265-5881



**State of Illinois  
Western Illinois University  
Financial Audit  
For the Year Ended June 30, 2015**

**Financial Statement Report**

**Summary**

The audit of the accompanying financial statements of Western Illinois University (University) was performed by E. C. Ortiz and Co., LLP.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements.

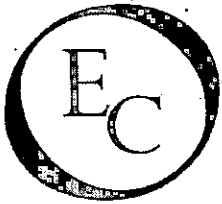
**Summary of Finding**

The auditors identified a matter involving the University's internal control over financial reporting that they considered to be a significant deficiency. The significant deficiency is described in the accompanying Schedule of Finding on pages 53 through 55 of this report as item 2015-001, *Inadequate Controls Over Journal Entries*.

**Exit Conference**

The University waived having an exit conference in a letter dated November 25, 2015 from Dr. Jack Thomas, President.

The response to the recommendation was provided by Dr. Jack Thomas, President, in a letter dated November 25, 2015.



E.C. ORTIZ & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

Honorable William G. Holland  
Auditor General  
State of Illinois

and

The Board of Trustees  
Western Illinois University

### Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Western Illinois University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and its aggregate discretely presented component unit, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the financial statements, in Fiscal Year 2015, the University adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. In addition, as discussed in Note 20 to the financial statements, the University's financial statements have been restated as of July 1, 2014 due to adoption of GASB Statement Nos. 68 and 71 and for prior reporting errors pertaining to capitalized interest. Our opinion is not modified with respect to these matters.

### ***Report on Summarized Comparative Information***

We have previously audited the University's 2014 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and aggregate discretely presented component unit of the University in our report dated December 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived. Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 12, Required Supplementary Information - Pension on page 49, and Notes to the Required Supplementary Information - Pension on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*E. C. Ortiz & Co., LLP*

Chicago Illinois  
December 18, 2015

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2015**

This section of the Western Illinois University (University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2015. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting change, current known facts, and future outlook. The financial statements, footnotes and this discussion are the responsibility of University management.

This MD&A focuses on the University. The University's component unit, Western Illinois University Foundation (Foundation), issues separate financial statements that may be obtained at the Foundation's administrative office as summarized in Note 1.

**Using the Financial Report**

The University's annual report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) which require that financial statements be presented on a consolidated basis to focus on the University as a whole.

The financial statements are prepared under the accrual basis of accounting. Assets and liabilities are categorized as current (due within one year) and noncurrent (due in greater than one year). Current year revenues and expenses are recognized when earned or incurred, regardless of when cash is exchanged. Revenues and expenses are reported as either operating or nonoperating. Significant recurring sources of the University's revenues, including State appropriations, gifts and investment income, are nonoperating as defined by GASB. Scholarship discounts and allowances applied to student accounts are shown as a reduction of tuition and fee revenue and auxiliary enterprise revenue. Stipends and other payments made directly to students are presented as student aid expenses. Depreciation is considered an operating expense and capital assets are reported at cost less accumulated depreciation.

**Financial Highlights**

**Statement of Net Position**

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, and liabilities. The difference between total assets and deferred outflows of resources and total liabilities, net position, is one indicator of the financial condition of the University, while the change in net

**State of Illinois**  
**Western Illinois University**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2015**

position that occurs over time indicates improvement or deterioration in the University's financial condition. Non-financial factors such as enrollment levels and the condition of facilities are relevant when assessing the overall health of the University. Net position is divided into three major categories, as follows: net investment in capital assets reflects the University's equity in capital assets; restricted net position are available for expenditure by the institution, but must be spent for purposes as determined by law, donors and/or external entities that have placed time or purpose restrictions on the use of the assets; and unrestricted net position are available to the University for any lawful purpose of the institution.

A comparative summary of the condensed Statement of Net Position for the years ended June 30, 2015 and 2014 is as follows. The information below includes certain prior-year partial comparative information, which has been derived from the University's 2014 financial statements. This information should be read in conjunction with Notes 19 and 20 in the notes to the basic financial statements which explains certain prior period adjustments.

Condensed Statement of Net Position

|   | <u>2015</u>           | <u>2014</u>           |
|---|-----------------------|-----------------------|
| <b>Assets</b>                                   |                       |                       |
| Current assets                                  | \$ 86,483,309         | \$ 84,485,888         |
| Capital assets, net of accumulated depreciation | 261,653,910           | 270,221,524           |
| Other assets                                    | <u>2,136,771</u>      | <u>2,184,072</u>      |
| Total assets                                    | <u>350,273,990</u>    | <u>356,891,484</u>    |
| <br>  |                       |                       |
| Deferred outflows of resources                  | <u>821,013</u>        | <u>547,510</u>        |
| <br>  |                       |                       |
| <b>Liabilities</b>                              |                       |                       |
| Current liabilities                             | 34,784,411            | 35,697,988            |
| Noncurrent liabilities                          | <u>99,587,729</u>     | <u>105,788,666</u>    |
| Total liabilities                               | <u>134,372,140</u>    | <u>141,486,654</u>    |
| <br>  |                       |                       |
| <b>Net position</b>                             |                       |                       |
| Net investment in capital assets                | 166,916,855           | 169,896,891           |
| Restricted - Expendable                         | 1,889,880             | 1,877,287             |
| Unrestricted                                    | <u>47,916,128</u>     | <u>44,178,162</u>     |
| Total net position                              | <u>\$ 216,722,863</u> | <u>\$ 215,952,340</u> |

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2015**

A review of the University's Statement of Net Position at June 30, 2015 shows that the University continues to build upon its strong financial foundation with assets and deferred outflows of resources of \$351.1 million and liabilities of \$134.4 million. Net position is the difference between total assets and deferred outflows of resources and total liabilities. After the restatement, net position increased by approximately \$771 thousand or 0.4% over the previous year.

Total assets and deferred outflows of resources decreased \$6.3 million or 1.8% during Fiscal Year 2015. Cash and cash equivalents increased \$6.1 million as funds were available due to timing of State payments compared to the Fiscal Year 2014. Capital assets decreased \$8.6 million due mostly to depreciation expense, and a decrease in capital assets construction over the prior fiscal year.

Total liabilities decreased \$7.1 million or 5.0% during Fiscal Year 2015. Total long-term debt decreased due to scheduled debt payments and the refunding of the Series 2005 Revenue Bonds.

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position presents the University's changes in financial position. Revenues and expenses are classified as operating or nonoperating. A public University's dependency on State appropriations and gifts usually results in operating deficits because the GASB reporting standards classify these revenue sources as nonoperating.

A comparative summary of the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2015 and 2014 is as follows:

Condensed Statement of Revenues, Expenses and Changes in Net Position

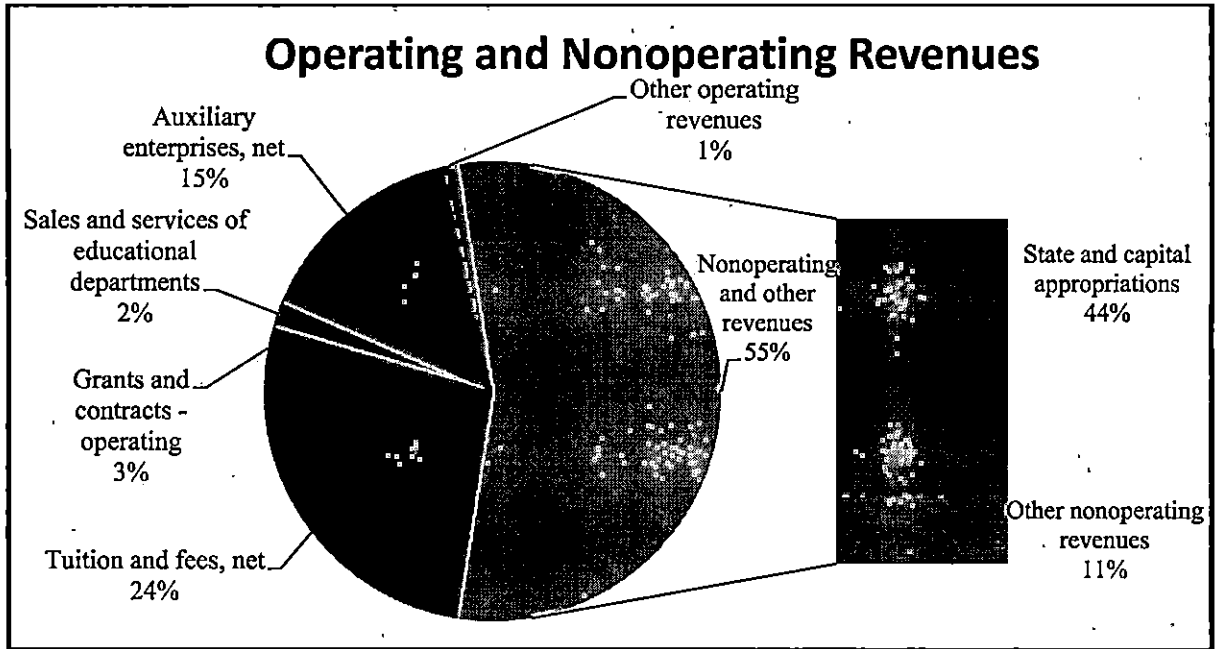
|   | 2015                  | 2014                  |
|---|-----------------------|-----------------------|
| Total operating revenues                                | \$ 142,149,667        | \$ 139,300,249        |
| Total operating expenses                                | <u>(309,223,143)</u>  | <u>(300,255,906)</u>  |
| Operating loss  | (167,073,476)         | (160,955,657)         |
| Nonoperating revenues                                   | 167,063,219           | 162,494,351           |
| Nonoperating expenses                                   | <u>(4,522,528)</u>    | <u>(4,915,927)</u>    |
| Loss before capital items                               | (4,532,785)           | (3,377,233)           |
| Capital State appropriations                            | <u>7,799,444</u>      | <u>26,367,549</u>     |
| Increase in net position                                | <u>3,266,659</u>      | <u>22,990,316</u>     |
| Net position, beginning of year, as previously reported | 215,952,340           | 192,962,024           |
| Prior period adjustments                                | <u>(2,496,136)</u>    | -                     |
| Net position, beginning of year, as restated            | <u>213,456,204</u>    | <u>192,962,024</u>    |
| Net position, end of year                               | <u>\$ 216,722,863</u> | <u>\$ 215,952,340</u> |

**State of Illinois  
 Western Illinois University  
 Management's Discussion and Analysis (Unaudited)  
 For the Year Ended June 30, 2015**

Total revenues decreased \$11.1 million or 3.4% to \$317.0 million in 2015. Capital State appropriations decreased \$18.6 million in funds from the Capital Development Board, as the University completed Phase II of construction on the University's Quad Cities campus.

Total expenses increased \$8.6 million or 2.8% to \$313.7 million in 2015. Total operating expenses increased by \$9.0 million in 2015 due to increase in on-behalf payments of approximately \$4.2 million and increase in student aid expense of \$3.2 million. Depreciation expense also increased by \$1.9 million due to the completion of large construction projects in 2014.

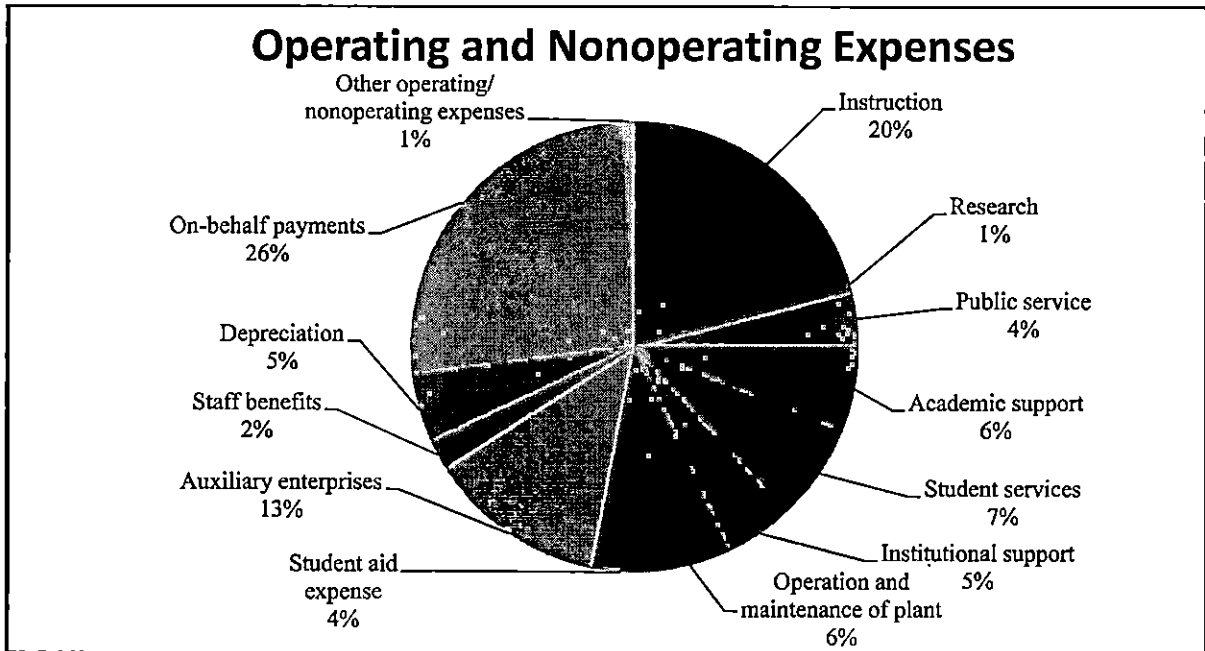
For the fiscal year ended June 30, 2015, all sources of revenues totaled \$317.0 million. The following is a graphical illustration of the University's revenues by source:





**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2015**

For the fiscal year ended June 30, 2015, expenses totaled \$313.7 million. The following is a graphical illustration of the University's expenses:



**Statement of Cash Flows**

The Statement of Cash Flows presents information related to the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate future cash flows and meet obligations as they come due.

A comparative summary of the condensed Statement of Cash Flows for the years ended June 30, 2015 and 2014 is as follows:

Condensed Statement of Cash Flows

|  | 2015                 | 2014                 |
|--|----------------------|----------------------|
| Cash provided by (used in):                          |                      |                      |
| Operating activities                                 | \$ (70,183,985)      | \$ (73,390,264)      |
| Noncapital financing activities                      | 92,968,557           | 85,908,047           |
| Capital and related financing activities             | (16,780,612)         | (25,821,226)         |
| Investing activities                                 | 144,469              | 136,223              |
| Net increase (decrease) in cash and cash equivalents | 6,148,429            | (13,167,220)         |
| Cash and cash equivalents, beginning of year         | 57,185,585           | 70,352,805           |
| Cash and cash equivalents, end of year               | <u>\$ 63,334,014</u> | <u>\$ 57,185,585</u> |

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2015**

Major sources of funds included in operating activities are student tuition and fees, grants and contracts and auxiliary enterprises. Payment for employee salaries and benefits, goods and services and scholarships and fellowships continue to comprise the major use of operating funds. Cash used in operating activities decreased \$3.2 million.

Cash inflows from noncapital financing activities consist primarily of State appropriations, Monetary Award Program awards and Pell grant revenues. Cash provided by noncapital financing activities increased \$7.1 million.

Several capital projects were completed in Fiscal Year 2014 contributing to an overall decrease of \$9.0 million in cash used in capital and related financing activities.

Cash provided by investing activity remained consistent with the prior year.

**Capital Assets and Debt Administration**

The University had \$516.1 million invested in capital assets at the end of Fiscal Year 2015. Capital assets net of accumulated depreciation totaled \$261.7 million. Depreciation expense for the current year was \$16.6 million.

Construction of three new buildings on the Quad Cities Riverfront campus and renovations to the University Union were completed during Fiscal Year 2015 totaling \$29.6 million and \$8.2 million, respectively. For the year ended June 30, 2015, construction in progress consisted of engineering and planning costs associated with a new performing arts center on the Macomb campus, with a balance of \$4.6 million.

**University's Economic Outlook**

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support and the cost of health care, utilities, employee compensation and benefits and State and federal mandates.

A crucial element to the University's future will continue to be our relationship with the State of Illinois, as we work to manage tuition to make it competitive while providing an outstanding college education for our students. There is a direct relationship between the growth or decline of State support, the impact of State regulations and the University's ability to control tuition growth. The trend of declining State support, the lack of capital investment, declining student assistance and the increase in regulations have and will continue to create more financial burden for our students through increased tuition and fees.

**State of Illinois  
Western Illinois University  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2015**

The State of Illinois has not adopted a complete Fiscal Year 2016 operating budget as of the date of this report, December 18, 2015. The University is part of the executive branch of government and operates under a budget approved by the State of Illinois, in which resources are appropriated for the use of the University. On-behalf payments and operating budget are the annual State appropriations provided by the State of Illinois to the University. Fiscal Year 2015 State appropriations' operating budget was \$51.5 million. This is a decrease in appropriations of \$1.3 million, or 2.5% from Fiscal Year 2014. Additionally, the appropriation for the Fiscal Year 2016 Monetary Assistance Program (MAP) has not yet been approved. The University has applied MAP funding to students accounts in anticipation of this appropriation. The expected MAP funds for Fiscal Year 2016 total \$13.2 million.

The University projects tuition and miscellaneous revenues to remain level with Fiscal Year 2015. In March of 2015, the Board of Trustees passed a 2.0% increase in the tuition rate for new students, those enrolling for the first time in fall 2015. The University offers guaranteed tuition and fees, as well as guaranteed room and board rates for each new class of entering students. Because of an expected decline in enrollment, the tuition increase will not result in increase in overall tuition and miscellaneous revenues. The University's recommended income fund expenditure budget for Fiscal Year 2016 is \$84.4 million.

The University's Auxiliary Enterprises funds budget for Fiscal Year 2016 as approved by the Board of Trustees reflects a level less than Fiscal Year 2015 of approximately \$900 thousand. Other institutional funds include revenues from sponsored projects and departmental activity revenues. The 2016 budget for these funds as approved by the Board of Trustees reflects a \$1.1 million decrease in spending over Fiscal Year 2015.

Private gifts are an important supplement to the University's sources of funding for operating costs. In Fiscal Year 2015, alumni, friends, staff, corporations, and other organizations contributed nearly \$7.9 million to the Foundation in support of the University. These contributions include gifts and additions to permanent endowments. The Foundation distributed nearly \$7.6 million in Fiscal Year 2015 to support academic enhancement and instructional initiatives, student scholarships, capital improvements, cultural activities, athletics, regional outreach efforts, and alumni and Foundation-sponsored programs at Western Illinois University.

The University is committed to pursuing its goal in developing the Quad Cities campus while strategically adding, and when appropriate, eliminating programs. Cost containment and revenue initiatives are challenges the University continues to encounter. Management has historically made the necessary decisions to ensure the strength of the University.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF NET POSITION  
JUNE 30, 2015  
(With Partial Financial Information as of June 30, 2014)

|  | University            |                       | Component Unit       |                      |
|--|-----------------------|-----------------------|----------------------|----------------------|
|  | 2015                  | 2014                  | 2015                 | 2014                 |
| <b>ASSETS</b>                                    |                       |                       |                      |                      |
| <i>Current assets:</i>                           |                       |                       |                      |                      |
| Cash and cash equivalents                        | \$ 63,207,905         | 57,010,613            | \$ 3,331,851         | \$ 3,541,526         |
| Cash and cash equivalents, restricted            | 126,109               | 174,972               | -                    | -                    |
| Investments                                      | -                     | -                     | 5,191,351            | 4,708,053            |
| Accounts receivable, net                         | 10,574,095            | 9,728,314             | 966,537              | 1,163,602            |
| Student loans receivable, net                    | 390,748               | 430,373               | -                    | -                    |
| Due from component unit                          | 174,954               | 128,403               | -                    | -                    |
| Due from primary government                      | 9,044,265             | 13,914,961            | -                    | -                    |
| Inventories                                      | 2,899,045             | 2,978,433             | 6,162                | 2,839                |
| Prepaid expenses                                 | 50,904                | 98,838                | 70,269               | 90,037               |
| Other assets                                     | 15,284                | 20,981                | -                    | -                    |
| <i>Total current assets</i>                      | <u>86,483,309</u>     | <u>84,485,888</u>     | <u>9,566,170</u>     | <u>9,506,057</u>     |
| <i>Noncurrent assets:</i>                        |                       |                       |                      |                      |
| Investments                                      | -                     | -                     | 1,893,894            | 733,425              |
| Endowment investments                            | -                     | -                     | 6,095,173            | 5,983,850            |
| Endowment investments, restricted                | -                     | -                     | 36,953,431           | 37,236,371           |
| Charitable remainder trusts, restricted          | -                     | -                     | 4,895,478            | 4,060,421            |
| Accounts receivable, net                         | -                     | -                     | 538,942              | 564,405              |
| Student loans receivable, net                    | 1,335,080             | 1,344,740             | 82,309               | 79,912               |
| Capital assets, net of accumulated depreciation  | 261,653,910           | 270,221,524           | 1,105,104            | 1,105,104            |
| Other assets                                     | 801,691               | 839,332               | 515,445              | 703,531              |
| <i>Total noncurrent assets</i>                   | <u>263,790,681</u>    | <u>272,405,596</u>    | <u>52,079,776</u>    | <u>50,467,019</u>    |
| <b>TOTAL ASSETS</b>                              | <u>350,273,990</u>    | <u>356,891,484</u>    | <u>61,645,946</u>    | <u>59,973,076</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                       |                       |                      |                      |
| Unamortized losses on bond refundings            | 491,758               | 547,510               | -                    | -                    |
| Pension  | 329,255               | -                     | -                    | -                    |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>       | <u>821,013</u>        | <u>547,510</u>        | <u>-</u>             | <u>-</u>             |
| <b>LIABILITIES</b>                               |                       |                       |                      |                      |
| <i>Current liabilities:</i>                      |                       |                       |                      |                      |
| Accounts payable and accrued liabilities         | 3,672,512             | 4,780,226             | 167,268              | 107,457              |
| Accrued payroll                                  | 16,636,706            | 16,593,016            | -                    | -                    |
| Due to primary government                        | 110,034               | 126,933               | 174,954              | 128,403              |
| Unearned revenue                                 | 5,183,253             | 4,847,622             | 324,767              | 399,102              |
| Charitable remainder trust distributions payable | -                     | -                     | 189,935              | 114,409              |
| Other liabilities                                | 1,165,283             | 1,534,187             | 45,896               | 44,940               |
| Notes payable                                    | 145,175               | 128,835               | -                    | -                    |
| Capital leases payable                           | 9,275                 | -                     | -                    | -                    |
| Revenue bonds payable                            | 4,377,649             | 4,200,133             | -                    | -                    |
| Certificates of participation                    | 1,666,177             | 1,615,562             | -                    | -                    |
| Compensated absences                             | 1,818,347             | 1,871,474             | -                    | -                    |
| <i>Total current liabilities</i>                 | <u>34,784,411</u>     | <u>35,697,988</u>     | <u>902,820</u>       | <u>794,311</u>       |
| <i>Noncurrent liabilities:</i>                   |                       |                       |                      |                      |
| Notes payable                                    | 147,521               | 263,951               | -                    | -                    |
| Capital leases payable                           | 11,982                | -                     | -                    | -                    |
| Revenue bonds payable                            | 64,776,575            | 69,080,317            | -                    | -                    |
| Certificates of participation                    | 24,103,013            | 25,769,190            | -                    | -                    |
| Other liabilities                                | 150,000               | -                     | 269,268              | 267,174              |
| Compensated absences                             | 10,398,638            | 10,675,208            | -                    | -                    |
| <i>Total noncurrent liabilities</i>              | <u>99,587,729</u>     | <u>105,788,666</u>    | <u>269,268</u>       | <u>267,174</u>       |
| <b>TOTAL LIABILITIES</b>                         | <u>134,372,140</u>    | <u>141,486,654</u>    | <u>1,172,088</u>     | <u>1,061,485</u>     |
| <b>NET POSITION</b>                              |                       |                       |                      |                      |
| Net investment in capital assets                 | 166,916,855           | 169,896,891           | 1,105,104            | 1,105,104            |
| Restricted - nonexpendable                       | -                     | -                     | 27,260,609           | 25,737,410           |
| Restricted - expendable                          |                       |                       |                      |                      |
| Loans  | 1,834,116             | 1,877,287             | -                    | -                    |
| Other  | 55,764                | -                     | 12,218,862           | 11,281,971           |
| Unrestricted                                     | 47,916,128            | 44,178,162            | 19,889,283           | 20,787,106           |
| <b>TOTAL NET POSITION</b>                        | <u>\$ 216,722,863</u> | <u>\$ 215,952,340</u> | <u>\$ 60,473,858</u> | <u>\$ 58,911,591</u> |

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015  
(With Partial Financial Information for the Year Ended June 30, 2014)

|   | University            |                       | Component Unit       |                      |
|---|-----------------------|-----------------------|----------------------|----------------------|
|   | 2015                  | 2014                  | 2015                 | 2014                 |
| <b>OPERATING REVENUES</b>                                     |                       |                       |                      |                      |
| Tuition and fees, net   | \$ 75,644,261         | 70,658,513            | \$ -                 | \$ -                 |
| Grants and contracts  | 10,684,439            | 10,649,936            | -                    | -                    |
| Sales and services of educational departments                 | 5,009,786             | 5,156,684             | -                    | -                    |
| Auxiliary enterprises, net                                    | 46,132,136            | 48,008,630            | -                    | -                    |
| Student loan activities                                       | 72,523                | 51,256                | -                    | -                    |
| Other operating revenues                                      | 4,606,522             | 4,775,230             | 7,436,335            | 6,661,486            |
| <i>Total operating revenues</i>                               | <u>142,149,667</u>    | <u>139,300,249</u>    | <u>7,436,335</u>     | <u>6,661,486</u>     |
| <b>OPERATING EXPENSES</b>                                     |                       |                       |                      |                      |
| Instruction   | 63,986,896            | 63,851,972            | 1,167,010            | 1,224,730            |
| Research  | 3,496,122             | 3,575,944             | 158,235              | 106,933              |
| Public service  | 10,990,006            | 10,478,375            | 1,129,495            | 1,157,037            |
| Academic support  | 17,302,049            | 17,401,648            | 198,373              | 122,927              |
| Student services  | 22,345,473            | 23,698,404            | 845,852              | 577,248              |
| Institutional support   | 14,403,915            | 13,810,986            | 1,273,681            | 952,988              |
| Operation and maintenance of plant                            | 17,855,888            | 17,459,050            | 162,886              | 369,318              |
| Student aid expense   | 12,255,127            | 9,007,606             | 2,677,398            | 2,601,568            |
| Auxiliary enterprises   | 40,502,628            | 40,559,720            | -                    | -                    |
| Staff benefits  | 7,661,259             | 8,281,208             | -                    | -                    |
| Depreciation  | 16,573,123            | 14,700,384            | -                    | -                    |
| On-behalf payments  | 81,503,276            | 77,330,961            | -                    | -                    |
| Other operating expenses                                      | 347,381               | 99,648                | -                    | -                    |
| <i>Total operating expenses</i>                               | <u>309,223,143</u>    | <u>300,255,906</u>    | <u>7,612,930</u>     | <u>7,112,749</u>     |
| <b>OPERATING LOSS</b>   | <u>(167,073,476)</u>  | <u>(160,955,657)</u>  | <u>(176,595)</u>     | <u>(451,263)</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                       |                       |                       |                      |                      |
| State appropriations  | 132,968,476           | 130,106,057           | -                    | -                    |
| Gifts   | 923,695               | 642,295               | -                    | -                    |
| Nonoperating grants   | 32,859,506            | 31,443,005            | -                    | -                    |
| Gain/(loss) on disposal of capital assets                     | (8,638)               | (8,076)               | -                    | 2,637,264            |
| Investment income   | 144,469               | 136,223               | 94,411               | 4,855,408            |
| Interest on capital asset - related debt                      | (4,513,890)           | (4,907,851)           | -                    | -                    |
| Change in value of charitable remainder trusts                | -                     | -                     | (91,640)             | 212,213              |
| Other nonoperating revenues                                   | 167,073               | 166,771               | 284,823              | 582,836              |
| <i>Net nonoperating revenues</i>                              | <u>162,540,691</u>    | <u>157,578,424</u>    | <u>287,594</u>       | <u>8,287,721</u>     |
| <b>INCOME (LOSS) BEFORE CAPITAL ITEMS</b>                     | <u>(4,532,785)</u>    | <u>(3,377,233)</u>    | <u>110,999</u>       | <u>7,836,458</u>     |
| Capital State appropriations                                  | 7,799,444             | 26,367,549            | -                    | -                    |
| Additions to permanent endowments                             | -                     | -                     | 1,451,268            | 1,490,601            |
| <i>Total capital items</i>                                    | <u>7,799,444</u>      | <u>26,367,549</u>     | <u>1,451,268</u>     | <u>1,490,601</u>     |
| <b>INCREASE IN NET POSITION</b>                               | <u>3,266,659</u>      | <u>22,990,316</u>     | <u>1,562,267</u>     | <u>9,327,059</u>     |
| <b>NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b> | 215,952,340           | 192,962,024           | 58,911,591           | 49,584,532           |
| <b>PRIOR PERIOD ADJUSTMENTS</b>                               | <u>(2,496,136)</u>    | <u>-</u>              | <u>-</u>             | <u>-</u>             |
| <b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>            | <u>213,456,204</u>    | <u>192,962,024</u>    | <u>58,911,591</u>    | <u>49,584,532</u>    |
| <b>NET POSITION, END OF YEAR</b>                              | <u>\$ 216,722,863</u> | <u>\$ 215,952,340</u> | <u>\$ 60,473,858</u> | <u>\$ 58,911,591</u> |

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015  
(With Partial Financial Information for the Year Ended June 30, 2014)

|   | University    |               | Component Unit |              |
|---|---------------|---------------|----------------|--------------|
|   | 2015          | 2014          | 2015           | 2014         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |               |               |                |              |
| Tuition and fees, net   | \$ 75,347,115 | \$ 70,744,748 | \$ -           | \$ -         |
| Grants and contracts  | 10,605,750    | 10,970,451    | -              | -            |
| Gifts for other than capital and endowment purposes                     | -             | -             | 6,278,246      | 4,462,499    |
| Payments for employee salaries and benefits                             | (138,996,657) | (140,695,545) | -              | -            |
| Payments for goods and services   | (60,162,058)  | (63,570,580)  | (5,248,345)    | (3,831,370)  |
| Payments to annuitants  | -             | -             | (42,121)       | (32,363)     |
| Payments for scholarships and fellowships                               | (12,064,827)  | (8,964,951)   | (2,677,398)    | (2,601,568)  |
| Student loans issued  | (614,252)     | (403,845)     | -              | -            |
| Student loans collected   | 567,231       | 455,307       | -              | -            |
| Student loans interest and fees collected                               | 72,523        | 72,992        | -              | -            |
| Auxiliary enterprises charges   | 45,883,640    | 48,015,630    | -              | -            |
| Sales and services of educational departments                           | 4,421,028     | 5,210,299     | -              | -            |
| Other receipts  | 4,756,522     | 4,775,230     | 949,750        | 1,007,959    |
| Net cash used in operating activities                                   | (70,183,985)  | (73,390,264)  | (739,868)      | (994,843)    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                  |               |               |                |              |
| State appropriations  | 56,789,201    | 53,334,121    | -              | -            |
| Capital appropriations for operating expenses                           | 2,641,532     | 648,860       | -              | -            |
| Gifts   | 466,952       | 298,712       | 1,451,268      | 1,490,601    |
| Nonoperating grants   | 32,859,506    | 31,443,005    | -              | -            |
| Nonoperating revenues, net  | 211,366       | 183,349       | 268,371        | 309,400      |
| Cash provided by noncapital financing activities                        | 92,968,557    | 85,908,047    | 1,719,639      | 1,800,001    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>         |               |               |                |              |
| Acquisition of capital assets   | (6,412,586)   | (15,476,943)  | -              | -            |
| Proceeds from sale of land  | -             | -             | -              | 5,637,264    |
| Principal paid on capital debt  | (5,762,890)   | (5,504,649)   | -              | -            |
| Interest paid on capital debt   | (4,680,136)   | (4,839,634)   | -              | -            |
| Bond refunded   | (4,088,410)   | -             | -              | -            |
| Proceeds from issuances of revenue bonds                                | 4,190,000     | -             | -              | -            |
| Deferred loss from bond refunding                                       | (26,590)      | -             | -              | -            |
| Net cash provided by (used in) capital and related financing activities | (16,780,612)  | (25,821,226)  | -              | 5,637,264    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |               |               |                |              |
| Proceeds from sales and maturities of investments                       | -             | -             | 5,958,368      | 3,201,292    |
| Earnings on investments   | 144,469       | 136,223       | (1,273,840)    | 2,299,733    |
| Purchase of investments   | -             | -             | (5,873,974)    | (11,964,390) |
| Net cash provided by (used in) investing activities                     | 144,469       | 136,223       | (1,189,446)    | (6,463,365)  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>             | 6,148,429     | (13,167,220)  | (209,675)      | (20,943)     |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                     | 57,185,585    | 70,352,805    | 3,541,526      | 3,562,469    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                           | \$ 63,334,014 | \$ 57,185,585 | \$ 3,331,851   | \$ 3,541,526 |

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015  
(With Partial Financial Information for the Year Ended June 30, 2014)

|   | University       |                  | Component Unit |              |
|---|------------------|------------------|----------------|--------------|
|   | 2015             | 2014             | 2015           | 2014         |
| <b>Reconciliation of operating loss to net cash used in operating activities:</b> |                  |                  |                |              |
| Operating loss  | \$ (167,073,476) | \$ (160,955,657) | \$ (176,595)   | \$ (451,263) |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                  |                  |                |              |
| On-behalf payments  | 81,503,276       | 77,330,961       | -              | -            |
| Stock gifts in process  | -                | -                | (207)          | (46,670)     |
| Charitable remainder trust assets donated   | -                | -                | (926,697)      | (1,110,712)  |
| Depreciation  | 16,573,123       | 14,700,384       | -              | -            |
| Amortization  | 20,142           | 20,981           | -              | -            |
| Actuarial adjustment to annuities payable   | -                | -                | 3,050          | 11,782       |
| Changes in assets and liabilities:  |                  |                  |                |              |
| Receivables, net  | (1,338,237)      | 601,700          | 236,583        | 148,981      |
| Student loans receivables, net  | 49,285           | 94,117           | -              | -            |
| Inventories   | 79,388           | (310,153)        | (3,323)        | 58,246       |
| Prepaid expenses and other assets   | 43,232           | 30,916           | 19,768         | 11,931       |
| Pension   | (23,296)         | -                | -              | -            |
| Accounts payable and accrued liabilities  | 109,231          | (4,513,303)      | 59,811         | 26,632       |
| Accrued payroll   | 43,690           | 279,151          | -              | -            |
| Due to primary government, net  | -                | -                | 46,551         | 7,406        |
| Charitable remainder trust distributions payable                                  | -                | -                | 75,526         | 70,074       |
| Unearned revenue  | 335,631          | -                | -              | -            |
| Other liabilities   | (176,277)        | (113,257)        | (74,335)       | 278,750      |
| Compensated absences  | (329,697)        | (556,104)        | -              | -            |
| Net cash used in operating activities   | \$ (70,183,985)  | \$ (73,390,264)  | \$ (739,868)   | \$ (994,843) |

**NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES**

|   |               |               |         |         |
|---|---------------|---------------|---------|---------|
| On-behalf payments                                    | \$ 81,503,276 | \$ 77,330,961 | \$ -    | \$ -    |
| Capital asset acquisition via capital appropriations  | 5,157,912     | 25,718,689    | -       | -       |
| Capital asset acquisition via support from Foundation | 456,743       | 343,583       | -       | -       |
| Capitalized interest                                  | -             | 223,654       | -       | -       |
| Capital asset changes in accounts payable             | 1,242,926     | 801,327       | -       | -       |
| Gifts in kind   | -             | -             | 559,640 | 519,623 |
| Loss on disposal of capital assets                    | (8,638)       | (8,076)       | -       | -       |

See accompanying notes to the basic financial statements.

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Western Illinois University  
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June 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

Western Illinois University (University), a component unit of the State of Illinois (State), with a primary focus on instruction and an additional commitment to research and public service, has campuses located in Macomb and Moline, Illinois. The governing body of the University is the Board of Trustees of Western Illinois University (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its component unit, the Western Illinois University Foundation (Foundation). The Foundation is included in the University's reporting entity because of the significance of its financial relationship with the University. Complete financial statements for the Foundation may be obtained by contacting the WIU Foundation, 1 University Circle, Macomb, IL 61455-1390.

The Foundation is a University-related organization as defined under *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982 as amended in 1997. The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's comprehensive annual financial report.

**B. Basis of Accounting and Presentation**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The University reports as a Business Type Activity. Business Type Activities are those financed in whole or in part by fees charged to external parties for goods and services.

The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.



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C. Prior-Year Information

The basic financial statements include certain prior-year partial comparative information. Such information does not include full comparative footnote disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2014, from which the partial information was derived. Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and net position, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

E. Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2015, cash equivalents consisted primarily of money market and similar funds.

F. Investments

The University accounts for its investments at fair value as determined by quoted market prices in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position.

Illinois statutes and Board policy authorize the University to invest in certificates of deposit, The Illinois Funds, United States Government Securities, securities guaranteed by the full faith and credit of the United States government, and any other security permitted by law and approved by the Board.

G. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, amounts receivable from funding agencies for grants, amounts receivable from third parties and charges for

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auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is presented net of estimated uncollectible amounts.

H. Bonds and Certificates of Participation Issue Costs

The insurance premium on the bonds and certificates of participation issue costs incurred on the revenue bonds and certificates of participation are being amortized over the life of the bonds/certificates of participation using the straight-line method. Total amortization for the year ended June 30, 2015 was \$20,142.

I. Student Loans Receivable

The University makes loans to students under various federal and other loan programs. Such loans receivable is presented net of estimated uncollectible amounts.

J. Inventories

Inventories are carried at the lower of cost (determined by first-in, first-out or average cost method, depending on the nature of the inventory item) or market.

K. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The University's capitalization policy for capital assets is as follows: equipment - \$5,000 or greater; land or buildings - \$100,000 or greater; and site or building improvements - \$25,000 or greater. Intangible assets which are purchased are capitalized at \$100,000 or greater. Internally-generated intangible assets which are primarily software are capitalized at \$1,000,000 or greater. Renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expenses in the year in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets. The following estimated useful lives are being used by the University:

|                           |               |
|---------------------------|---------------|
| Site improvements         | 25 years      |
| Buildings                 | 60 years      |
| Building improvements     | 20 years      |
| Computer equipment        | 3 years       |
| Trucks greater than 1 ton | 12 years      |
| Capital lease equipment   | Life of lease |
| All other equipment       | 7 years       |

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University capital assets financed by the State of Illinois Capital Development Board (CDB) are recorded by the University as the funds are expended by the CDB.

L. Unearned Revenue

Unearned revenue represents unearned student tuition and fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

M. Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the Statement of Net Position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

N. Net Position

The University's net position is classified as follows:

*Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

*Restricted net position - nonexpendable* - are required to be retained and invested in perpetuity.

*Restricted net position - expendable* - are noncapital assets that must be used for a particular purpose as specified by laws, creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

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*Unrestricted* - is the net amount of the assets, deferred outflows of resources, and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

O. Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

*Operating revenues* include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) interest on student loans.

*Nonoperating revenues* include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as State appropriations and investment income, that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The State of Illinois General Revenue Fund appropriations are reported as nonoperating revenues to the extent that they are expended during the current fiscal year. The University relies on these appropriations to provide funding for operations.

P. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, State or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2015 were \$21,514,390 and \$7,450,259, respectively.

Q. Collections

The University has collections of rare manuscripts and art that it does not depreciate. These collections adhere to the University's policy to (a) maintain them for public

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exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items.

**R. Endowments**

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions in spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, the UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.25% for operational purposes, of a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowments' unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2015, the Foundation had a total of \$7,315,547 of net cumulative appreciation from investment of donor-restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net position and unrestricted net position in the Statement of Net Position based on the classification of the underlying asset upon which the income was earned.

**S. Split-Interest Agreements**

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets are reported in the Statement of Net Position and changes in the fair value of the assets are recognized in the Statement of Revenues, Expenses and Changes in Net Position. It is management's intent to record the

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contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation received \$926,697 of new contribution income during Fiscal Year 2015. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the Statement of Net Position.

**T. Income Taxes**

As a State institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

**U. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deduction from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purpose of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

**V. New Accounting Pronouncements**

Effective July 1, 2014, the University adopted the following accounting pronouncements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which revised existing guidance for financial reporting of pension plans of state and local governments.
- GASB Statement No. 69, *Government Combinations and Disposals of Government*

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*Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement effects accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. This Statement amends Statement No. 68, which revised existing guidance for financial reporting of pension plans of state and local governments in regards to contributions to defined benefit plans.

The implementation of GASB Statement Nos. 68 and 71 resulted in a prior period adjustment to net position in order to record the deferred outflows of resources related to pension payments not yet realized. The implementation of GASB Statement Nos. 69 and 70 had no significant impact on the University's financial statements.

**NOTE 2 - DEPOSITS**

**University**

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Illinois; bonds of any city, county, school district or special road district of the State of Illinois; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2015, the book balance of various University bank accounts and certificates of deposit was \$133,143, while the bank balance was \$269,012. The difference between these amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2015.

**Foundation**

At June 30, 2015, the book balance of the Foundation's various bank accounts was \$3,236,658, while the bank balance was \$3,190,590. The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2015.

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Reconciliation of cash and cash equivalents to deposits:

|   | <u>University</u> | <u>Foundation</u>   |
|---|-------------------|---------------------|
| Cash and cash equivalents   | \$ 63,207,905     | \$ 3,331,851        |
| Cash and cash equivalents, restricted                               | 126,109           | -                   |
| Less: Money market funds classified as cash<br>and cash equivalents | (63,138,369)      | (95,193)            |
| Cash on hand  | <u>(62,502)</u>   | <u>-</u>            |
| Carrying amount of deposits   | <u>\$ 133,143</u> | <u>\$ 3,236,658</u> |

**NOTE 3 - INVESTMENTS**

**University**

The University held no investments as of June 30, 2015.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a financial institution's failure, a government's deposits, investments or collateral securities that are in the possession of an outside party may not be returned to it. The University's policy for custodial credit risk requires compliance with the provisions of State law.

*Interest Rate Risk*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits maturity of its investments to five years or less from the date of purchase.

*Credit Risk*

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The University's policy limits its investments to the Illinois Funds investment pool, United States Treasury bills, United States Treasury notes, United States Treasury bonds, Federal Farm Credit Banks bonds, Federal Home Loan Banks notes, Federal National Mortgage Association, Federal Land Bank bonds, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation.



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**Foundation**

At June 30, 2015, the Foundation held investments with the following maturities:

| Type                                      | Total Fair Value     | Maturities in Years               |                     |                     |                     |
|---|----------------------|-----------------------------------|---------------------|---------------------|---------------------|
|   |                      | Less Than One Year or No Maturity | 1-5 Years           | 6-10 Years          | Over 10 Years       |
| U.S. Treasury notes                       | \$ 116,040           | \$ —                              | \$ —                | \$ 116,040          | \$ —                |
| U.S. Treasury bonds                       | 78,652               | —                                 | —                   | —                   | 78,652              |
| U.S. agency obligations (FHLM, FNMA)      | 86,507               | —                                 | 56,017              | 30,490              | —                   |
| Municipal bonds                           | 564,582              | —                                 | 275,528             | 220,177             | 68,877              |
| Corporate debt securities                 | 3,214,734            | 249,029                           | 2,005,551           | 960,154             | —                   |
| Corporate equity securities               | 59,139               | 58,324                            | 815                 | —                   | —                   |
| International equity securities           | 1,432,946            | 1,432,946                         | —                   | —                   | —                   |
| Cash equivalents held in investment pools | 1,692,662            | 1,692,662                         | —                   | —                   | —                   |
| Real asset tax-exempt                     | 2,301,139            | —                                 | 697,891             | 868,320             | 734,928             |
| Real assets exchange traded funds         | 2,308,313            | 2,308,313                         | —                   | —                   | —                   |
| Absolute return                           | 8,416,071            | 8,416,071                         | —                   | —                   | —                   |
| Mutual funds, international equity        | 8,340,933            | 8,340,933                         | —                   | —                   | —                   |
| Mutual funds, domestic equity             | 8,232,352            | 8,232,352                         | —                   | —                   | —                   |
| Mutual funds, international debt          | 1,916,752            | 1,916,752                         | —                   | —                   | —                   |
| Open ended mutual funds, U.S. debt        | 6,770,065            | 6,770,065                         | —                   | —                   | —                   |
| Private equity                            | 3,100,310            | —                                 | 160,844             | 1,412,950           | 1,526,516           |
| Certificates of deposit                   | 1,502,652            | 1,001,160                         | 501,492             | —                   | —                   |
| <b>Total investments</b>                  | <b>\$ 50,133,849</b> | <b>\$ 40,418,607</b>              | <b>\$ 3,698,138</b> | <b>\$ 3,608,131</b> | <b>\$ 2,408,973</b> |

The Foundation adheres to the total return concepts of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

*Custodial Credit Risk*

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation and Security Investor Protection Corporation insured the account balance of \$3,198,491 as of June 30, 2015. Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). See <http://www.treasurer.il.gov/programs/illinois-funds/about-illinois-funds.aspx> for information on the Illinois Funds. The Foundation's deposits in other institutions' money market funds are subject to the Funds' collateralization and investment policies.

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*Concentration Risk*

Concentration risk exists when a significant portion of the portfolio is invested in items with similar characteristics or subject to similar economic, political or other conditions. As of June 30, 2015, the Foundation has two single user investments that each represent over 5% of the total assets of the Foundation. Foundation management believes these concentration risks represented below are not excessive when considering the overall diversification of the entire investment portfolio. The following issuers hold more than 5% of total Foundation assets as of June 30, 2015:

|                                   |    |           |       |
|-----------------------------------|----|-----------|-------|
| Vanguard Total Stock Market Index | \$ | 4,268,754 | 6.9%  |
| Mercer Hedge Fund Investors SPC   |    | 8,416,071 | 13.7% |

*Interest Rate Risk*

Interest rate risk is the risk when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk. The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30, 2015:

|  |    |                   |
|--|----|-------------------|
| U.S. Treasury notes                        | \$ | 116,040           |
| U.S. Treasury bonds                        |    | 78,652            |
| U.S. agency obligations (FHLM, FNMA)       |    | 86,507            |
| Municipal bonds                            |    | 564,582           |
| Corporate debt securities                  |    | 3,214,734         |
| Cash equivalents held in investment pools  |    | 1,692,662         |
| Mutual funds, international debt           |    | 1,916,752         |
| Open ended mutual funds, U. S. debt        |    | 6,770,065         |
| Certificates of deposit                    |    | <u>1,502,652</u>  |
| Sub-total investments                      |    | <u>15,942,646</u> |
| Demand deposit interest bearing funds      |    | 2,947,679         |
| Illinois Funds money market funds          |    | <u>95,193</u>     |
| Sub-total cash and cash equivalents        |    | <u>3,042,872</u>  |
| Total assets subject to interest rate risk | \$ | <u>18,985,518</u> |

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation's short-term investments generally are not exposed to foreign currency risk.

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The Foundation's investments in international stock and mutual funds represent 19.5% of the total Foundation investments as of June 30, 2015. The Foundation does not have a policy on foreign currency risk. The U.S. dollar balances of the Foundation's investment exposed to foreign currency risk as of June 30, 2015 are listed below.

| <u>Currency</u>  | <u>United States<br/>Dollar Equivalent</u> |
|--|--|
| Euro   | \$ 1,934,636                               |
| United Kingdom British Pound                                     | 1,665,439                                  |
| Japanese Yen   | 1,415,731                                  |
| Swiss Franc  | 823,925                                    |
| Yuan Renminbi (China)  | 610,226                                    |
| Other currencies, individually less<br>than 1% of fund portfolio | <u>3,300,995</u>                           |
| Total  | <u>\$ 9,750,952</u>                        |

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities that are explicitly guaranteed by the U.S. government.

At June 30, 2015, the Foundation had the following investments and their ratings:

|           | <u>Credit Rating per Standard and Poor's</u> |                                    |                                    |   |  |                            |
|-----------|--|------------------------------------|------------------------------------|---|--|----------------------------|
|           | <u>Total Fair<br/>Value</u>                  | <u>U.S.<br/>Treasury<br/>Notes</u> | <u>U.S.<br/>Treasury<br/>Bonds</u> | <u>U.S. Agency<br/>Obligations<br/>(FHLM, FNMA)</u> | <u>Corporate<br/>Debt<br/>Securities</u> | <u>Municipal<br/>Bonds</u> |
| AAA       | \$ 194,692                                   | \$ 116,040                         | \$ 78,652                          | \$ -  | \$ -                                     | \$ -                       |
| BBB+      | 68,433                                       | -                                  | -                                  | -   | 68,433                                   | -                          |
| Not Rated | <u>3,797,390</u>                             | <u>-</u>                           | <u>-</u>                           | <u>86,507</u>                                       | <u>3,146,301</u>                         | <u>564,582</u>             |
|           | <u>\$ 4,060,515</u>                          | <u>\$ 116,040</u>                  | <u>\$ 78,652</u>                   | <u>\$ 86,507</u>                                    | <u>\$ 3,214,734</u>                      | <u>\$ 564,582</u>          |

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**Credit Rating per Moody's**

|           | Total Fair Value    | U.S. Treasury Notes | U.S. Treasury Bonds | U.S. Agency Obligations (FHLM, FNMA) | Corporate Debt Securities | Municipal Bonds   |
|-----------|---------------------|---------------------|---------------------|--------------------------------------|---------------------------|-------------------|
| Aaa       | \$ 324,633          | \$ 116,040          | \$ 78,652           | \$ 86,507                            | \$ -                      | \$ 43,434         |
| Aa1       | 99,405              | -                   | -                   | -                                    | 78,105                    | 21,300            |
| Aa2       | 112,923             | -                   | -                   | -                                    | 91,703                    | 21,220            |
| Aa3       | 151,052             | -                   | -                   | -                                    | 151,052                   | -                 |
| A1        | 182,288             | -                   | -                   | -                                    | 90,154                    | 92,134            |
| A2        | 298,724             | -                   | -                   | -                                    | 298,724                   | -                 |
| A3        | 327,266             | -                   | -                   | -                                    | 200,716                   | 126,550           |
| B1        | 25,223              | -                   | -                   | -                                    | 25,223                    | -                 |
| Baa1      | 368,535             | -                   | -                   | -                                    | 368,535                   | -                 |
| Baa2      | 246,534             | -                   | -                   | -                                    | 246,534                   | -                 |
| Baa3      | 89,386              | -                   | -                   | -                                    | 89,386                    | -                 |
| Not Rated | 1,834,546           | -                   | -                   | -                                    | 1,574,602                 | 259,944           |
|           | <u>\$ 4,060,515</u> | <u>\$ 116,040</u>   | <u>\$ 78,652</u>    | <u>\$ 86,507</u>                     | <u>\$ 3,214,734</u>       | <u>\$ 564,582</u> |

*Summary of Carrying Values*

The carrying values of cash and cash equivalents shown on previous pages are included in the Statement of Net Position as follows:

|                                       | University           | Foundation          |
|---------------------------------------|----------------------|---------------------|
| Cash and cash equivalents             | \$ 63,207,905        | \$ 3,331,851        |
| Cash and cash equivalents, restricted | 126,109              | -                   |
| Total                                 | <u>\$ 63,334,014</u> | <u>\$ 3,331,851</u> |

The carrying values of investments shown on previous pages are included in the Statement of Net Position as follows:

|                                   | University  | Foundation           |
|-----------------------------------|-------------|----------------------|
| Current:                          |             |                      |
| Investments                       | \$ -        | \$ 5,191,351         |
| Noncurrent:                       |             |                      |
| Endowment investments             | -           | 6,095,173            |
| Endowment investments, restricted | -           | 36,953,431           |
| Investments                       | -           | 1,893,894            |
| Total noncurrent                  | <u>-</u>    | <u>44,942,498</u>    |
| Total investments                 | <u>\$ -</u> | <u>\$ 50,133,849</u> |

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Investment income for the year ended June 30, 2015 consisted of:

|   | <u>University</u> | <u>Foundation</u> |
|---|-------------------|-------------------|
| Interest, dividends, realized gains<br>and market value changes | <u>\$ 144,469</u> | <u>\$ 94,411</u>  |

**NOTE 4 - ACCOUNTS AND STUDENT LOANS RECEIVABLE**

Accounts receivable are reported net of allowances for uncollectible accounts. Accounts receivable consisted of the following as of June 30, 2015:

|                                   |                      |
|-----------------------------------|----------------------|
| Receivables from students         | \$ 11,399,451        |
| Receivables from third parties    | 2,186,697            |
| Receivables from funding agencies | 1,543,647            |
| Total gross receivables           | <u>15,129,795</u>    |
| Allowance for doubtful accounts   | <u>(4,555,700)</u>   |
| Total net receivables             | <u>\$ 10,574,095</u> |

Student loans receivable totaling \$2,216,728 are reported net of allowance for uncollectible loans of \$490,900 at June 30, 2015.

**NOTE 5 - CAPITAL ASSETS**

The University capitalizes net interest costs incurred on borrowed funds during the construction of capital assets. Total interest of \$4,579,989 was incurred and charged to expense during Fiscal Year 2015.

Capital asset activities for the University for the year ended June 30, 2015 were as follows:

|   | <u>Balance<br/>June 30, 2014</u> | <u>Additions</u>  | <u>Retirements</u> | <u>Transfers</u>    | <u>Balance<br/>June 30, 2015</u> |
|---|----------------------------------|-------------------|--------------------|---------------------|----------------------------------|
| <b>Non-depreciable capital assets:</b>      |                                  |                   |                    |                     |                                  |
| Land and land improvements                  | \$ 3,236,432                     | \$ 20,000         | \$ -               | \$ -                | \$ 3,256,432                     |
| Works of art and historical treasures       | 587,821                          | 31,000            | -                  | -                   | 618,821                          |
| Construction in progress                    | 45,663,433                       | 95,106            | (18,915)           | (38,495,947)        | 7,243,677                        |
| <b>Total non-depreciable capital assets</b> | <u>49,487,686</u>                | <u>146,106</u>    | <u>(18,915)</u>    | <u>(38,495,947)</u> | <u>11,118,930</u>                |
| <b>Depreciable capital assets:</b>          |                                  |                   |                    |                     |                                  |
| Site improvements                           | 46,969,591                       | 803,623           | (1,668,024)        | 3,469,209           | 49,574,399                       |
| Buildings and building improvements         | 334,801,025                      | 7,701,210         | (2,164,068)        | 35,026,738          | 375,364,905                      |
| Equipment                                   | 78,660,449                       | 3,194,105         | (1,796,871)        | -                   | 80,057,683                       |
| Capital lease equipment                     | -                                | 31,928            | -                  | -                   | 31,928                           |
| <b>Total depreciable capital assets</b>     | <u>460,431,065</u>               | <u>11,730,866</u> | <u>(5,628,963)</u> | <u>38,495,947</u>   | <u>505,028,915</u>               |

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|  | Balance<br>June 30, 2014 | Additions             | Retirements          | Transfers         | Balance<br>June 30, 2015 |
|--|--------------------------|-----------------------|----------------------|-------------------|--------------------------|
| <b>Less accumulated depreciation:</b>        |                          |                       |                      |                   |                          |
| Site improvements                            | 18,825,425               | 1,728,228             | -                    | -                 | 20,553,653               |
| Buildings and building improvements          | 149,727,491              | 12,047,814            | (28,227)             | -                 | 161,747,078              |
| Equipment                                    | 71,144,311               | 2,792,374             | (1,753,445)          | -                 | 72,183,240               |
| Capital lease equipment                      | -                        | 9,964                 | -                    | -                 | 9,964                    |
| <b>Total accumulated depreciation</b>        | <u>239,697,227</u>       | <u>16,578,380</u>     | <u>(1,781,672)</u>   | <u>-</u>          | <u>254,493,935</u>       |
| <b>Total depreciable capital assets, net</b> | <u>220,733,838</u>       | <u>(4,847,514)</u>    | <u>(3,847,291)</u>   | <u>38,495,947</u> | <u>250,534,980</u>       |
| <b>Capital assets, net</b>                   | <u>\$ 270,221,524</u>    | <u>\$ (4,701,408)</u> | <u>\$(3,866,206)</u> | <u>\$ -</u>       | <u>\$ 261,653,910</u>    |

The FY15 capital asset activities for both site improvements and building and building improvements included prior period adjustments of capitalized construction period interest. As discussed in Note 20, the prior period adjustment, net of accumulated depreciation, totaled \$2,802,095 (net decrease in capital assets).

Capital asset activities for the Foundation for the year ended June 30, 2015 were as follows:

|                            | Balance<br>June 30, 2014 | Additions   | Retirements | Balance<br>June 30, 2015 |
|----------------------------|--------------------------|-------------|-------------|--------------------------|
| Land and land improvements | <u>\$ 1,105,104</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,105,104</u>      |

**NOTE 6 - LOSSES ON BOND REFUNDING**

Deferred outflows of resources included losses on bond refunding which resulted from the difference between the reacquisition price and the net carrying amount of the old debt. Total amortization for the year ended June 30, 2015 was \$82,342.

**NOTE 7 - UNEARNED REVENUE**

Unearned revenues consist of the following as of June 30, 2015:

|   |                     |
|---|---------------------|
| Tuition and fees                              | \$ 3,291,241        |
| Grants and contracts                          | 1,370,527           |
| Sales and services of educational departments | 260,392             |
| Auxiliary enterprises                         | <u>261,093</u>      |
| <b>Total</b>                                  | <u>\$ 5,183,253</u> |

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**NOTE 8 - NOTES PAYABLE**

During the year ended June 30, 2014, the University entered into an installment purchase agreement for networking equipment with an original cost of \$392,786. As of June 30, 2015, the related notes payable obligation was recorded at the present value of the future minimum installment payments, discounted using an applicable discount rate of 1.62%. Notes payable activities for the year ended June 30, 2015 were as follows:

|                            |                   |
|----------------------------|-------------------|
| Balance, beginning of year | \$ 392,786        |
| New notes                  | —                 |
| Payments                   | <u>(100,090)</u>  |
| Balance, end of year       | <u>\$ 292,696</u> |
| Current Portion            | <u>\$ 145,175</u> |

**NOTE 9 - CAPITAL LEASES PAYABLE**

The University leases equipment under capital lease purchase contracts with an imputed rate of .78% to 9.57%. The capital leases payable are secured by the equipment being financed. The scheduled maturities of the capital leases are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payments</u> |
|--------------------|------------------|-----------------|-----------------------|
| 2016               | \$ 9,275         | \$ 320          | \$ 9,595              |
| 2017               | 3,854            | 80              | 3,934                 |
| 2018               | 3,885            | 50              | 3,935                 |
| 2019               | 3,915            | 19              | 3,934                 |
| 2020               | <u>328</u>       | <u>—</u>        | <u>328</u>            |
| Total              | <u>\$ 21,257</u> | <u>\$ 469</u>   | <u>\$ 21,726</u>      |

**NOTE 10 - REVENUE BONDS PAYABLE AND SUBSEQUENT EVENT**

*General*

At June 30, 2015, revenue bonds payable consists of Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2015, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2012, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2010, and Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2006.

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*Series 2015 Bonds*

On May 8, 2015, the Series 2015 Revenue Bonds were issued in the principal amount of \$4,190,000. The Series 2015 bonds are due April 1, 2020, with annual principal payments ranging from \$605,000 to \$1,715,000 commencing on April 1, 2016 and semi-annual interest payments beginning October 1, 2015 at 1.39% to 2.03%.

Proceeds from the sale of the Series 2015 Bonds were used to provide for the current refunding of the outstanding Series 2005 Bonds in the principal amount of \$4,115,000 and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2005 Bond Account to redeem all of the Refunded Series 2005 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Although the current refunding resulted in the recognition of an accounting loss of \$26,590 for the year ended June 30, 2015, the University in effect reduced its aggregate debt service payments by \$169,156 over the next 5 years and obtained an economic gain of \$148,873.

*Series 2012 Bonds*

On April 19, 2012, the Series 2012 Revenue Bonds were issued in the principal amount of \$33,520,000. The Series 2012 bonds are due April 1, 2032, with annual principal payments ranging from \$1,290,000 to \$3,130,000 commencing on April 1, 2013 and semi-annual interest payments beginning April 1, 2013 at 3.00% to 4.20%.

Proceeds from the sale of the Series 2012 Bonds were used to finance capital improvements to Thompson Hall and the University Union. In addition, a portion of the proceeds from the Series 2012 Bonds were used to provide for the advance refunding of the outstanding Series 2002 Bonds in the principal amount of \$7,890,000. The total principal amount was deposited into the Series 2002 Refunding Fund to redeem all of the Refunded Series 2002 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2002 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

*Series 2010 Bonds*

On August 5, 2010, the Series 2010 Revenue Bonds (Build America Bonds) were issued in the principal amount of \$25,510,000. The Series 2010 bonds are due April 1, 2033, with annual principal payments ranging from \$1,120,000 to \$2,010,000 commencing on April 1, 2017 and semi-annual interest payments beginning April 1, 2011 at 4.35% to 6.60%.



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Proceeds from the sale of the Series 2010 Bonds were used to finance capital improvement renovations to Corbin and Olson Residence Halls including the Commons Dining Center.

*Series 2006 Bonds*

On March 9, 2006, the Series 2006 Bonds were issued in the principal amount of \$15,250,000. The Series 2006 Bonds are due April 1, 2027, with annual principal payments ranging from \$265,000 to \$1,170,000 commencing April 1, 2009 and semi-annual interest payments beginning October 1, 2006 at 3.5% to 4.5%.

Proceeds from the sale of the Series 2006 Bonds were used to install fire sprinkler systems in residence hall facilities and graduate and family apartments and to construct an expansion to the Donald S. Spencer Student Recreation Center. In addition, proceeds from the sales of the Series 2006 Bonds, together with other funds of the University, were used to provide for the advance refunding of a portion of the Series 1999 Bonds and to pay certain expenses related to the issuance of the bonds. A portion of bond proceeds plus funds provided by the University were deposited in an irrevocable trust with an escrow agent to provide for a portion of the debt service payments on the 1999 Series Bonds. As a result, a portion of the Series 1999 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position. The Series 1999 Bonds were retired on April 1, 2009.

*Series 2005 Bonds - Refunded with the Series 2015 Bonds*

On February 16, 2005, the Series 2005 Bonds were issued in the principal amount of \$25,715,000. The Series 2005 Bonds were due April 1, 2020, with annual principal payments ranging from \$580,000 to \$2,845,000 commencing April 1, 2006 and semi-annual interest payments beginning October 1, 2005 at 3.00% to 4.25%.

Proceeds from the sale of the Series 2005 Bonds, together with other funds of the University, were used to provide for the advance refunding of a portion of the Series 1993 Bonds and the Series 1995 Bonds and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 and 1995 Series Bonds. As a result, the 1993 and 1995 Series Bonds are considered defeased and the liability for those bonds has been removed from the University's Statement of Net Position.

The Series 2005 Bonds with outstanding principal in the amount of \$4,115,000 were refunded in Fiscal Year 2015.

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*Subsequent Event*

On October 26, 2015, Moody's Investors Service downgraded the University's ratings to "Baa3" from "Baa1" on its Auxiliary Facilities System Revenue Bonds Series 2006 and concluded its review for possible downgrade. The rating action affected approximately \$10.5 million of the University's Auxiliary Facilities System Revenue Bonds.

*Advance Refunded Bonds*

Certain revenue bonds of the University have been defeased in prior years through advance refunding and, accordingly, have been accounted for as if they were retired. The principal amount of advance refunded bonds was fully paid.

*Debt Service Activity Requirements and Collateral*

Following is a schedule depicting Revenue Bonds Payable activities for the year ended June 30, 2015:

|                      | Beginning<br>Balance | Additions           | Deletions             | Ending<br>Balance    | Current<br>Portion  |
|----------------------|----------------------|---------------------|-----------------------|----------------------|---------------------|
| Series 2005 Bonds    | \$ 5,700,000         | \$ -                | \$ (5,700,000)        | \$ -                 | \$ -                |
| Series 2006 Bonds    | 11,320,000           | -                   | (815,000)             | 10,505,000           | 845,000             |
| Series 2010 Bonds    | 25,510,000           | -                   | -                     | 25,510,000           | -                   |
| Series 2012 Bonds    | 30,325,000           | -                   | (1,640,000)           | 28,685,000           | 1,705,000           |
| Series 2015 Bonds    | -                    | 4,190,000           | -                     | 4,190,000            | 1,710,000           |
| Unamortized premium  | 496,199              | -                   | (171,187)             | 325,012              | 127,759             |
| Unamortized discount | (70,749)             | -                   | 9,961                 | (60,788)             | (10,110)            |
|                      | <u>\$ 73,280,450</u> | <u>\$ 4,190,000</u> | <u>\$ (8,316,226)</u> | <u>\$ 69,154,224</u> | <u>\$ 4,377,649</u> |

Aggregate maturities of the bonds outstanding as of June 30, 2015 are as follows:

|                      | Principal            | Interest             |
|----------------------|----------------------|----------------------|
| 2016                 | \$ 4,260,000         | \$ 3,101,918         |
| 2017                 | 4,370,000            | 2,983,260            |
| 2018                 | 4,525,000            | 2,819,000            |
| 2019                 | 4,675,000            | 2,643,089            |
| 2020                 | 4,845,000            | 2,457,343            |
| 2021-2025            | 19,910,000           | 9,508,168            |
| 2026-2030            | 16,980,000           | 5,235,795            |
| 2031-2033            | 9,325,000            | 998,043              |
|                      | <u>68,890,000</u>    | <u>29,746,616</u>    |
| Unamortized premium  | 325,012              | -                    |
| Unamortized discount | (60,788)             | -                    |
|                      | <u>\$ 69,154,224</u> | <u>\$ 29,746,616</u> |

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None of the bonds described above constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by: a) the net revenues of the Western Illinois University Auxiliary Facilities System, b) certain pledged student fees, and c) a pledge of student tuition. Maximum annual debt service as defined for all outstanding revenue bonds is \$7,361,918. The estimated debt service coverage ratio based on revenues generated from operations is 1.71. The future pledged revenues for principal and interest in Fiscal Year 2015 are \$98,636,616. Pledged revenue coverage is 13.15 in Fiscal Year 2015. Pledged revenues have a term of commitment through 2033.

**NOTE 11 - CERTIFICATES OF PARTICIPATION PAYABLE AND SUBSEQUENT EVENT**

*General*

At June 30, 2015, certificates of participation consist of Western Illinois University Series 2011 Certificates of Participation, Western Illinois University Series 2010 Certificates of Participation and Western Illinois University Series 2005 Certificates of Participation.

*Series 2011 Certificates of Participation*

On March 30, 2011, the Series 2011 Certificates of Participation were issued in the principal amount of \$11,775,000. The Series 2011 Certificates of Participation are due October 1, 2025 with annual principal payments ranging from \$600,000 to \$1,060,000 commencing October 1, 2011 and semi-annual interest payments beginning October 1, 2011 at 2.50% to 5.37%.

Proceeds from the sale of the Series 2011 Certificates of Participation were used to finance capital improvements projects to several campus buildings as well as Phase II of the campus steam line replacement plan.

*Series 2010 Certificates of Participation*

On March 11, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of \$11,585,000. The Series 2010 Certificates of Participation are due October 1, 2029 with annual principal payments ranging from \$415,000 to \$825,000 commencing October 1, 2010 and semi-annual interest payments beginning October 1, 2010 at 1.30% to 6.37%.

Proceeds from the sale of the Series 2010 Certificates of Participation were used to finance heating plant capital improvements and steam line replacements. Additionally, proceeds

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from the sale will reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

*Series 2005 Certificates of Participation*

On December 7, 2005, the Series 2005 Certificates of Participation (Capital Improvement Projects) were issued in the principal amount of \$10,290,000. The Series 2005 Certificates of Participation are due October 1, 2025 with annual principal payments ranging from \$400,000 to \$805,000 commencing October 1, 2008 and semi-annual interest payments beginning April 1, 2006 at 3.3% to 4.50%.

Proceeds from the sale of the Series 2005 Certificates of Participation were used to renovate the student section of the football stadium, to construct a new multicultural center, and to construct a combination Document and Publication Services and Property Accounting and Redistribution Center. In addition, Series 2005 proceeds were used to pay the costs of issuing the Series 2005 Certificates of Participation.

*Subsequent Event*

Subsequent to year end, on July 14, 2015, the University issued the Series 2015 Certificates of Participation in the principal amount of \$15,100,000. The Series 2015 Certificates of Participation are due October 1, 2024 with annual principal payments ranging from \$1,470,000 to \$1,890,000 commencing October 1, 2016 and semi-annual interest payments beginning October 1, 2016 at 3.00% to 5.00%.

Proceeds from the sale of the Series 2015 Certificates of Participation were used to provide for the current refunding of the outstanding Series 2005 Certificates of Participation in the principal amount of \$7,160,000, the advance refunding of the outstanding Series 2011 Certificates of Participation in the principal amount of \$9,265,000, and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited into the Series 2005 Installment Payment Fund and the 2011 Installment Payment Fund to redeem all of the Refunded Series 2005 and 2011 Certificates of Participation on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 and 2011 Certificates of Participation are considered defeased subsequent to year end.

Although the refunding resulted in the recognition of an accounting loss of \$598,240, the University in effect reduced its aggregate debt service payments by \$1,474,172 over the next 10 years and obtained an economic gain of \$935,187.

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*Debt Service Activity Requirements and Collateral*

Following is a schedule depicting Certificates of Participation activities for the year ended June 30, 2015:

|                      | Beginning<br>Balance | Additions   | Deletions           | Ending<br>Balance    | Current<br>Portion  |
|----------------------|----------------------|-------------|---------------------|----------------------|---------------------|
| Series 2005          | \$ 7,660,000         | \$ —        | \$ (500,000)        | \$ 7,160,000         | \$ 520,000          |
| Series 2010          | 9,830,000            | —           | (465,000)           | 9,365,000            | 475,000             |
| Series 2011          | 9,920,000            | —           | (655,000)           | 9,265,000            | 675,000             |
| Unamortized discount | (25,248)             | —           | 4,438               | (20,810)             | (3,823)             |
|                      | <u>\$ 27,384,752</u> | <u>\$ —</u> | <u>\$ 1,615,562</u> | <u>\$ 25,769,190</u> | <u>\$ 1,666,177</u> |

Aggregate maturities of the certificates of participation outstanding as of June 30, 2015 are as follows:

|                      | Principal            | Interest            |
|----------------------|----------------------|---------------------|
| 2016                 | \$ 1,670,000         | \$ 1,221,826        |
| 2017                 | 1,730,000            | 1,156,861           |
| 2018                 | 1,795,000            | 1,085,534           |
| 2019                 | 1,870,000            | 1,007,616           |
| 2020                 | 1,950,000            | 922,554             |
| 2021-2025            | 11,140,000           | 3,092,684           |
| 2026-2030            | 5,635,000            | 663,813             |
|                      | <u>25,790,000</u>    | <u>9,150,888</u>    |
| Unamortized discount | (20,810)             | —                   |
|                      | <u>\$ 25,769,190</u> | <u>\$ 9,150,888</u> |

The Certificates of Participation described above do not constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by lawful appropriations by the General Assembly for such purposes and legally available nonappropriated funds on an annual basis.

**NOTE 12 - COMPENSATED ABSENCES**

Vacation pay earned but not taken may be accumulated up to a specified maximum from 24 to 56 work days, and received as a lump sum payment upon termination. At June 30, 2015, such accumulated benefits totaled \$8,457,251.

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Administrative and faculty unused sick leave may be accumulated up to a specified maximum, generally 360 calendar days. Unused and unpaid sick leave can be applied toward the service time requirements for computing retirement benefits. Civil service exempt and nonexempt employees have no specified maximum accumulation of unused sick leave days. One-half of any unused sick leave earned from January 1, 1984 and prior to January 1, 1998 can be received as a lump sum payment upon termination. At June 30, 2015, such accumulated benefits totaled \$3,759,734. Compensated absences activity for the year ended June 30, 2015 was as follows:

|   |                      |
|---|----------------------|
| Balance, beginning of year                | \$ 12,546,682        |
| Deductions                                | <u>(329,697)</u>     |
| Balance, end of year                      | 12,216,985           |
| Less: current portion                     | <u>(1,818,347)</u>   |
| Balance, end of year - noncurrent portion | <u>\$ 10,398,638</u> |

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**General Information about the Pension Plan**

*Plan Description*

The University contributes to the State Universities Retirement System of Illinois (SURS or the System), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org).

*Benefits Provided*

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and

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portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

*Contributions*

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for Fiscal Year 2014 and 2015 respectively, was 11.91% and 11.71% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

**Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Net Pension Liability*

At June 30, 2014, SURS reported a net pension liability (NPL) of \$21,790,983,139. The net pension liability was measured as of June 30, 2013.

*Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the net pension liability to be recognized for the University is \$0. The proportionate share of the State's net pension liability associated with

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the University is \$586,649,047 or 2.69%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during Fiscal Year 2014.

*Pension Expense*

At June 30, 2014 SURS reported a collective net pension expense of \$1,650,338,263.

*Employer Proportionate Share of Pension Expense*

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during Fiscal Year 2014. As a result, the University recognized on-behalf revenue and pension expense of \$44,429,816 for the fiscal year ended June 30, 2015.

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Deferred outflows of resources are the consumption of net position by the System that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                                | \$ -                              | \$ -                             |
| Changes in assumption  | 88,940,815                        | -                                |
| Net difference between projected and actual earnings on pension plan investments | -                                 | 1,271,105,952                    |
| Total  | \$ 88,940,815                     | \$ 1,271,105,952                 |

**Employer Deferral of Fiscal Year 2015 Pension Expense**

The University paid \$329,255 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as deferred outflows of resources as of June 30, 2015.



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**Assumptions and Other Inputs**

*Actuarial assumptions*

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006 - 2010 and an economic study completed June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.75 percent   |
| Salary increases          | 3.75 to 12.00 percent, including inflation                                 |
| Investment rate of return | 7.25 percent beginning with the actuarial valuation as of<br>June 30, 2014 |

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

| <u>Asset Class</u>                      | <u>Target Allocation</u> | <u>Long-term</u> |
|---|--------------------------|------------------|
| U.S. equity                             | 31%                      | 7.65%            |
| Private equity                          | 6%                       | 8.65%            |
| Non-U.S. equity                         | 21%                      | 7.85%            |
| Global equity                           | 8%                       | 7.90%            |
| Fixed income                            | 19%                      | 2.50%            |
| Treasury-inflation protected securities | 4%                       | 2.30%            |
| Real estate                             | 6%                       | 6.20%            |
| REITS                                   | 4%                       | 6.20%            |
| Opportunity fund                        | 1%                       | 2.50%            |
| Total                                   | <u>100%</u>              | <u>5.00%</u>     |
| Inflation                               |                          | <u>2.75%</u>     |
| Expected geometrical normal return      |                          | <u>7.75%</u>     |

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*Discount Rate*

A single discount rate of 7.09% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.29% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate*

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

| 1% Decrease<br>6.09% | Current Single Discount<br>Rate Assumption<br>7.09% | 1% Increase<br>8.09% |
|----------------------|---|----------------------|
| \$ 26,583,701,134    | \$ 21,790,983,139                                   | \$ 17,796,570,836    |

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at [www.SURS.org](http://www.SURS.org).

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is

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covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

Public Act 97-0695, effective July 1, 2012, altered the contributions to be paid by the State, annuitants, survivors, and retired employees under the State Employees Group Insurance Act. This act requires the Director of Central Management Services to, on an annual basis, determine the amount that the State should contribute. The remainder of the cost of coverage shall be the responsibility of the annuitant, survivor, or retired employee. These costs were to be assessed beginning July 1, 2013. However, four putative class actions were filed challenging the validity of this legislation under, among other things, the pension protection clause of the Illinois Constitution of 1970. The four class actions were consolidated in the circuit court of Sangamon County. The circuit court dismissed each of them for failure to state a cause of action, without certifying any classes. The Illinois Supreme Court allowed direct appeal. In July of 2014, the Illinois Supreme Court ruled that state retiree health care benefits are protected by the State constitution. The case then reverted to the Circuit Court for further proceedings. As a result, on August 28, 2014, the Sangamon County Circuit Court ordered the State to stop deducting monthly percentage-of-annuity health care premiums from annuity checks of State retirees and survivors enrolled in the State of Illinois Group Health Insurance Plan. The refunding of premiums paid since July 2013 were made during Fiscal Year 2015.

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62606-4100.

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**NOTE 15 - INSURANCE**

The University participates in the State University Risk Management Association (SURMA), a self-insurance pool. Through its participation in the Illinois Public Higher Education Cooperative (IPHEC), the University has contracted with commercial carriers to provide various insurance coverages, including educators' legal and other general liability insurance. The University's liability coverages have a \$250,000 to \$350,000 deductible per occurrence. SURMA member schools may request reimbursement for claim related expenses from SURMA funds. Additionally, the University purchases property insurance coverage for the replacement value of University real property and contents. Settled claims have not exceeded commercial coverage in any of the three preceding years.

**NOTE 16 - OPERATING EXPENSES BY NATURAL CLASSIFICATION**

Operating expenses by natural classification for the year ended June 30, 2015, for the University are summarized as follows:

|                                    | Compensation<br>and Benefits | Supplies and<br>Services | Scholarships<br>and<br>Fellowships | Depreciation         | Total                 |
|------------------------------------|------------------------------|--------------------------|------------------------------------|----------------------|-----------------------|
| Instruction                        | \$ 60,824,146                | \$ 3,162,750             | \$ -                               | \$ -                 | \$ 63,986,896         |
| Research                           | 2,780,315                    | 715,807                  | -                                  | -                    | 3,496,122             |
| Public service                     | 7,238,409                    | 3,751,597                | -                                  | -                    | 10,990,006            |
| Academic support                   | 13,292,739                   | 4,009,310                | -                                  | -                    | 17,302,049            |
| Student services                   | 11,387,634                   | 10,957,839               | -                                  | -                    | 22,345,473            |
| Institutional support              | 10,962,163                   | 3,441,752                | -                                  | -                    | 14,403,915            |
| Operation and maintenance of plant | 9,249,094                    | 8,606,794                | -                                  | -                    | 17,855,888            |
| Student aid expense                | -                            | -                        | 12,255,127                         | -                    | 12,255,127            |
| Auxiliary enterprises              | 15,234,729                   | 25,267,899               | -                                  | -                    | 40,502,628            |
| Staff benefits                     | 7,661,259                    | -                        | -                                  | -                    | 7,661,259             |
| Depreciation                       | -                            | -                        | -                                  | 16,573,123           | 16,573,123            |
| On-behalf payments                 | 81,503,276                   | -                        | -                                  | -                    | 81,503,276            |
| Other operating expenses           | -                            | 347,381                  | -                                  | -                    | 347,381               |
| Total                              | <u>\$ 220,133,764</u>        | <u>\$ 60,261,129</u>     | <u>\$ 12,255,127</u>               | <u>\$ 16,573,123</u> | <u>\$ 309,223,143</u> |

**NOTE 17 - CONTRACT WITH WESTERN ILLINOIS UNIVERSITY FOUNDATION**

The University has a contract with the Western Illinois University Foundation in which the Foundation has agreed to aid and assist the University in achieving its educational, research, and service goals by developing and administering its gifts. These gifts received by the Foundation are to be used for the benefit of the University in its scholarship, loan, grant and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation.

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For Fiscal Year 2015, the Foundation did not specifically reimburse the University for \$1,677,045 of personal service costs, facility use and other costs provided by the University. However, the Foundation gave the University \$3,992,273 for Fiscal Year 2015, in totally unrestricted funds or funds restricted as to department but generally available for on-going University operations.

**NOTE 18 - COMMITMENTS AND CONTINGENCIES**

*Claims and Litigation*

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes that ultimate disposition of the actions will not have a material effect on the financial statements of the University.

*Government Grants*

The University is currently participating in numerous grants from various departments and agencies of the federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursements of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

**NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE**

The University implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, the University adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

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As discussed in Note 20 to the financial statements, in implementing these pronouncements, the University reported an effect of a change in accounting principle which adjusted the beginning net position as of July 1, 2014, to record pension contributions previously expensed by the University.

**NOTE 20 - PRIOR PERIOD ADJUSTMENTS**

As discussed in Note 1. V. and Note 19, the University restated its net position balance in Fiscal Year 2014 from \$216.0 million to \$213.5 million due to the following:

- A. To reflect pension contribution payments by the University in accordance with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This adjustment increased net position (unrestricted) by \$305,959.
- B. To reflect the cumulative effect of the adjustment on capitalized construction period interest. This adjustment decreased net position (net investment in capital assets) by \$2,802,095.

A reconciliation of net position reported in prior period financial statements and as restated follows:

|   |                       |
|---|-----------------------|
| Net position, beginning of year, as previously reported | \$ 215,952,340        |
| Cumulative effect of change in accounting principle     | 305,959               |
| Cumulative effect of correction of error                | <u>(2,802,095)</u>    |
| Net position, beginning of year, as restated            | <u>\$ 213,456,204</u> |

**NOTE 21 - COMPARABILITY OF FINANCIAL STATEMENTS**

The Fiscal Year 2014 balances in the accompanying financial statements have not been restated for the adoption of GASB Statement Nos. 68 and 71. As such, the Fiscal Year 2014 information are not fully comparable to the Fiscal Year 2015. Differences include:

- A. In Fiscal Year 2015, employer contributions to the State University Retirement System (SURS) have been reported as deferred outflows of resources. However, in Fiscal Year 2014, such payments were expensed.

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- B. In Fiscal Year 2015, the University recognized on-behalf retirement payments (revenue and expense) related to the University's proportionate share of the Fiscal Year 2014 pension expense recognized by the State in accordance with GASB Statement No. 68. In Fiscal Year 2014 and previous years, the University recognized on-behalf retirement payments (revenue and expense) to the extent of contributions the State made to SURS on behalf of the University's employees in those fiscal years.

**NOTE 22 - SUBSEQUENT EVENTS**

The State of Illinois has not adopted a complete Fiscal Year 2016 operating budget as of the date of this report, December 18, 2015. The University is part of the executive branch of the government and operates under a budget approved by the State of Illinois, in which resources are appropriated for the use of the University. The amount and timing of final appropriations may necessitate spending reductions in the future.

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|   | <u>FY 2015</u>        |
|---|-----------------------|
| (a) Proportion percentage of the collective net pension liability   | 0%                    |
| (b) Proportion amount of the collective net pension liability   | \$ -                  |
| (c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer | 586,649,047           |
| Total (b) + (c)   | <u>\$ 586,649,047</u> |
| Employer covered-employee payroll   | \$ 120,574,096        |
| Proportion of collective net pension liability associated with employer as a percentage of covered-employee payroll             | 486.55%               |
| SURS plan net position as a percentage of total pension liability   | 44.39%                |
| Federal, trust, grant, and other contribution   | \$ 329,255            |
| Contribution in relation to required contribution   | 329,255               |
| Contribution deficiency (excess)  | -                     |
| Employer covered-employee payroll   | \$ 120,574,096        |
| Contributions as a percentage of covered-employee payroll   | 0.27%                 |

\*Note: SURS implemented GASB Statement No. 68 in Fiscal Year 2015. The information above is presented for as many years as available. This schedule is intended to show information for 10 years.



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Notes to the Required Supplementary Information - Pension (Unaudited)  
June 30, 2015**

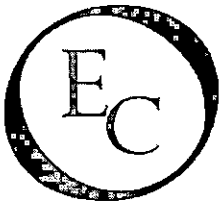
**NOTE 1 - SUMMARY OF SIGNIFICANT CHANGES**

A. Changes of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2014.

B. Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.



E.C. ORTIZ & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Honorable William G. Holland  
Auditor General  
State of Illinois

and

The Board of Trustees  
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Western Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2015-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **University's Response to the Finding**

The University's response to the finding identified in our audit is described in the accompanying schedule of findings. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*E. C. Ortiz & Co., LLP*

Chicago, Illinois  
December 18, 2015

**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2015**

**Current Finding - *Government Auditing Standards***

**2015-001 - Inadequate Controls Over Journal Entries**

Western Illinois University (University) did not have adequate controls over its journal entries. Effective policies and procedures were not in place to ensure that all journal entries were appropriate, properly prepared, and timely approved.

The University used the Financial Records System (FRS) to initiate and process financial information and facilitate its financial reporting. A total number of 4,052 journal entry batches were recorded into the FRS through the use of journal entries. These entries were both prepared and posted by the respective Accountants in-charge of specific accounts in the Business and Financial Services Department.

In the prior audit, the formal journal entry review and approval policies and procedures adopted by the University required review and approval of all journal entries of \$100,000 or more. Further, some journal entries lacked support, independent review, and/or approval. The University responded it would review its policy and procedures for processing, reviewing, and approving journal entries and consider policy revisions to strengthen controls.

Effective July 1, 2014, the University adopted a revised journal entry approval policy, which defined when approval is required for processing journal entries. We tested a sample of Fiscal Year (FY) 2015 journal entries and did not note any entries which lacked supporting documentation, nor entries over the University's review threshold which lacked approval. However, we did note the following exceptions during the FY 2015 audit period:

- The revised policy effective in FY 2015 eliminated the review of all recurring journal entries. Although the revised policy stated mitigating controls were in place with respect to recurring journal entries, the University did not adequately document the specific controls management had identified to support the assessment of not having these types of transactions reviewed and approved during the journal entry process.
- The revised policy lacked monitoring procedures to ensure the recurring journal entry process and system controls are periodically evaluated to ensure the integrity of the financial data being reported and to reassess the design and operating effectiveness of these controls over time. All recurring journal entries (2,647 journal entry batches) recorded in FY 2015 totaled over \$413.9 million.
- During our review of 40 batches of journal entries (73 journal entries), we noted that there was no independent review and/or approval performed on four (10%) non-routine journal entries totaling \$105,383. Individual entries within these batches were below the \$100,000 threshold, and therefore in accordance with the University policy

**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2015**

**Current Finding - *Government Auditing Standards* (Continued)**

**2015-001 - Inadequate Controls Over Journal Entries (Continued)**

in effect at that time. Non-routine entries (1,283 journal entry batches) totaling over \$9.6 million were not required to be reviewed during FY 2015 because they were below the approval threshold.

- The process in place still allows all journal entries to be both prepared and posted by the same individual.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable law; and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Also, sound internal controls require all journal entries, including nonstandard/non-routine entries, to be properly prepared, and be reviewed and approved independently, to prevent errors and fraud.

University management stated that the updated journal entry policy effective July 1, 2014, was intended to satisfy the statute, and strengthen internal controls, given the limited resources available at the University.

The lack of effective controls over journal entries increases the risk of incorrect or unauthorized adjustments posted to the general ledger, which may cause material misstatements to the financial statements. Inadequate journal entry policies and procedures could result in a lack of accountability over the processing of accounting transactions. (Finding Code Nos. 2015-001, 2014-001, and 2013-001)

***Recommendation***

We recommend the University develop effective policies and procedures that will strengthen controls over the journal entry review and approval process to ensure all journal entries are complete, accurate, and independently approved in a timely manner. Further, monitoring procedures should also be established to periodically monitor and evaluate the journal entry process and system controls to ensure functions and controls operate as intended.

**State of Illinois  
Western Illinois University  
Schedule of Findings  
June 30, 2015**

**Current Finding - *Government Auditing Standards* (Continued)**

**2015-001 - Inadequate Controls Over Journal Entries (Continued)**

*University Response*

The University agrees with the finding. Subsequent to Fiscal Year 2015, the University amended the policy to ensure approval for all non-recurring entries, regardless of magnitude. For all recurring entries, the University intends to document, assess, and monitor internal controls with regards to these types of entries, by the means of a formal risk assessment. The University is currently reviewing its options for a more automated system, which would preclude posting of entries in the absence of an approval.

**State of Illinois  
Western Illinois University  
Prior Finding Not Repeated  
For the Year Ended June 30, 2015**

**A. Inaccurate Recording of Transactions**

In the prior audit, Western Illinois University did not properly record certain transactions by capitalizing interest on capital projects already completed.

Status: Not repeated

In the current audit, the University has reviewed its calculation of capitalized interest and appropriate adjustments were made to correct prior year errors. (Finding Code No. 2014-002)

Attachment I  
Western Illinois University Audited Financial Statement  
Fiscal Year 2016





**ADELFA LLC**

CERTIFIED PUBLIC ACCOUNTANTS

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CHICAGO, IL 60601

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[www.adelfiacpas.com](http://www.adelfiacpas.com)

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY**

**FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 2016**

Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
FINANCIAL AUDIT  
For the Year Ended June 30, 2016**

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**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
FINANCIAL AUDIT  
For the Year Ended June 30, 2016**

**University Officials**

|  |   |
|--|---|
| President  | Dr. Jack Thomas   |
| Provost and Academic Vice President                | Dr. Kathleen Neumann, Interim   |
| Vice President for Student Services                | Dr. Ronald Williams (01/11/16 to Present)<br>Dr. Gary Biller (Through 01/08/16)           |
| Vice President for Administrative Services         | Mr. Matthew Bierman, Interim (01/01/16 to Present)<br>Ms. Julie DeWees (Through 12/31/15) |
| Vice President for Advancement and Public Services | Mr. Brad Bainter  |
| Vice President for Quad Cities and Planning        | Dr. Joseph Rives  |
| Director of Business and Financial Services        | Mr. Matthew Bierman, Interim  |
| Director of Internal Auditing                      | Mr. Michael Sartorius (09/08/15 to Present)<br>Vacant (07/01/15 to 09/07/15)              |

**Board of Trustees (as of June 30, 2016)**

|                |                                    |
|----------------|------------------------------------|
| Chair          | Roger D. Clawson, Macomb           |
| Vice Chair     | Yvonne S. Savala, Moline           |
| Secretary      | Michael W. Quigley, Student Member |
| Member         | Todd V. Lester, Macomb             |
| Member         | Carolyn J. Ehlert Fuller, Milan    |
| Member         | Lynier R. Cole, Chicago            |
| Member         | Cathy E. Early, Macomb             |
| Student Member | Michael W. Quigley                 |

University offices are located at:

Macomb Campus  
1 University Circle  
Macomb, Illinois 61455-1390

Quad Cities Campus  
3300 River Drive  
Moline, Illinois 61265-5881

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
FINANCIAL AUDIT  
For the Year Ended June 30, 2016**

**Financial Statement Report**

**Summary**

The audit of the accompanying financial statements of Western Illinois University (University) was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements.

**Summary of Finding**

The auditors identified a matter involving the University's internal control over financial reporting that they considered to be a material weakness. The material weakness is described in the accompanying Schedule of Finding on pages 53 through 55 of this report as item 2016-001, *Failure to apply accounting and financial reporting standards for impairment of capital assets.*

**Exit Conference**

The University waived having an exit conference in a letter dated December 7, 2016 from Dr. Jack Thomas, President.

The response to the recommendation was provided by Dr. Jack Thomas, President, in a letter dated December 7, 2016.



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**Independent Auditor's Report**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

The Board of Trustees  
Western Illinois University

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Western Illinois University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion,

insofar as it relates to the amounts included for the aggregate discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Western Illinois University and its aggregate discretely presented component unit, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 21 to the financial statements, the University's financial statements have been restated as of July 1, 2015 due to the correction of errors in valuation of certain capital assets that were deemed to be impaired and capitalization of demolition costs in prior periods instead of being expensed as incurred. Our opinion is not modified with respect to the matter.

In addition, as discussed in Note 16 to the financial statements, the University received \$37,328,112 of Fiscal Year 2017 appropriations as reimbursement for Fiscal Year 2016 expenses paid. In accordance with GASB Statement No. 33, the revenues and receivables were not recognized in Fiscal Year 2016. Our opinion is not modified with respect to this matter.

Finally, as discussed in Note 22 to the financial statements, the State of Illinois has not adopted a complete Fiscal Year 2017 operating budget as of the date of this report, January 20, 2017. Our opinion is not modified with respect to this matter.

### ***Report on Summarized Comparative Information***

The University's June 30, 2015 financial statements were audited by other auditors whose report thereon dated December 18, 2015, expressed unmodified audit opinions on the respective financial statements of the business-type activities and aggregate discretely presented component unit of the University. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived. Certain 2015 amounts have been reclassified to conform to the 2016 presentations.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 12, Required Supplementary Information - Pension on page 49, and Notes to the Required Supplementary Information - Pension on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
January 20, 2017

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2016**

This section of the Western Illinois University (University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2016. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting change, current known facts, and future outlook. The financial statements, footnotes and this discussion are the responsibility of University management.

This MD&A focuses on the University. The University's component unit, Western Illinois University Foundation (Foundation), issues separate financial statements that may be obtained at the Foundation's administrative office as summarized in Note 1.

**Using the Financial Report**

The University's annual report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) which require that financial statements be presented on a consolidated basis to focus on the University as a whole.

The financial statements are prepared under the accrual basis of accounting. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are categorized as current (due within one year) and noncurrent (due in greater than one year). Current year revenues and expenses are recognized when earned or incurred, regardless of when cash is exchanged. Revenues and expenses are reported as either operating or nonoperating. Significant recurring sources of the University's revenues, including State appropriations, gifts and investment income, are nonoperating as defined by GASB. Scholarship discounts and allowances applied to student accounts are shown as a reduction of tuition and fee revenue and auxiliary enterprise revenue. Stipends and other payments made directly to students are presented as student aid expenses. Depreciation is considered an operating expense and capital assets are reported at cost less accumulated depreciation.

**Financial Highlights**

**Statement of Net Position**

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, net position, is one indicator of the financial condition of the University, while the change in net position that occurs over time indicates improvement or deterioration in the University's financial condition. Non-financial factors such



**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2016**

as enrollment levels and the condition of facilities are relevant when assessing the overall health of the University. Net position is divided into three major categories, as follows: net investment in capital assets reflects the University's equity in capital assets; restricted net position are available for expenditure by the institution, but must be spent for purposes as determined by law, donors and/or external entities that have placed time or purpose restrictions on the use of the assets; and unrestricted net position are available to the University for any lawful purpose of the institution.

A summary of the condensed Statement of Net Position for the years ended June 30, 2016 and 2015 is as follows. The information below includes certain prior-year partial comparative information, which has been derived from the University's 2015 financial statements. This information should be read in conjunction with Footnote 21 in the notes to the basic financial statements which explain certain prior period adjustments.

Condensed Statement of Net Position

|   | <u>2016</u>           | <u>2015</u>           |
|---|-----------------------|-----------------------|
| <b>Assets</b>                                   |                       |                       |
| Current assets                                  | \$ 56,105,710         | \$ 86,483,309         |
| Capital assets, net of accumulated depreciation | 241,014,063           | 261,653,910           |
| Other assets                                    | <u>1,587,463</u>      | <u>2,136,771</u>      |
| Total assets                                    | <u>298,707,236</u>    | <u>350,273,990</u>    |
| Deferred outflows of resources                  | <u>1,374,100</u>      | <u>821,013</u>        |
| <b>Liabilities</b>                              |                       |                       |
| Current liabilities                             | 38,325,710            | 34,784,411            |
| Noncurrent liabilities                          | <u>91,846,009</u>     | <u>99,587,729</u>     |
| Total liabilities                               | <u>130,171,719</u>    | <u>134,372,140</u>    |
| <b>Net position</b>                             |                       |                       |
| Net investment in capital assets                | 152,236,859           | 166,916,855           |
| Restricted - Expendable                         | 1,876,455             | 1,889,880             |
| Unrestricted                                    | <u>15,796,303</u>     | <u>47,916,128</u>     |
| Total net position                              | <u>\$ 169,909,617</u> | <u>\$ 216,722,863</u> |

A review of the University's Statement of Net Position at June 30, 2016 shows that although the University had a decline in Net Position, its financial foundation remains strong with assets and deferred outflow of resources of \$300.1 million and liabilities of \$130.2 million. Net position - the difference between total assets and deferred outflow of resources and total liabilities,

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2016**

decreased by approximately \$46.8 million or 21.6% over the previous year.

Total assets and deferred outflow of resources decreased \$51.0 million or 14.5% during Fiscal Year 2016. Cash and cash equivalents decreased \$22.1 million due to a reduction in State appropriations offset in part by a reduction in spending. Capital assets decreased \$20.6 million due to depreciation expense of \$15.4 million, impairment loss of \$719 thousand, and a prior period adjustment to correct an error in the valuation of certain capital assets of \$7.6 million offset slightly by asset additions of \$3.1 million.

Total liabilities decreased \$4.2 million or 3.1% during Fiscal Year 2016. Total long-term debt decreased due to scheduled debt payments and the refunding of the Series 2006 Revenue Bonds and the 2005 and 2011 Certificates of Participation.

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position present the University's changes in financial position. Revenues and expenses are classified as operating or nonoperating. A public University's dependency on State appropriations and gifts usually results in operating deficits because the GASB reporting standards classify these revenue sources as nonoperating.

A comparative summary of the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2016 and 2015 is as follows:

Condensed Statement of Revenues, Expenses and Changes in Net Position

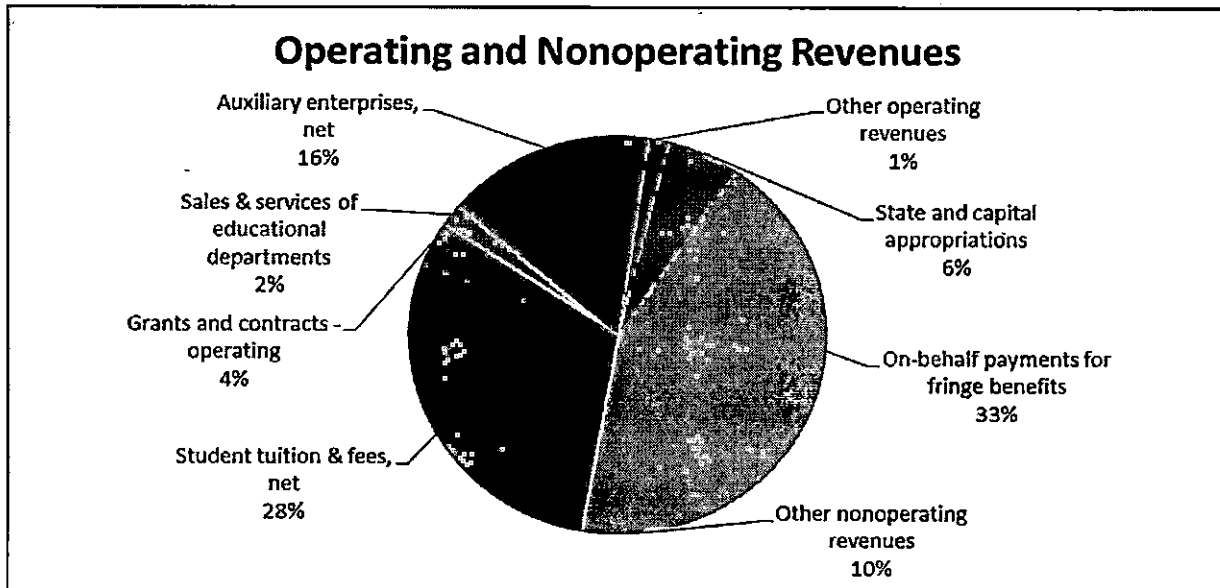
|   | 2016                  | 2015                  |
|---|-----------------------|-----------------------|
| Total operating revenues                                | \$ 135,293,327        | \$ 142,149,667        |
| Total operating expenses                                | <u>(299,311,221)</u>  | <u>(309,223,143)</u>  |
| Operating loss  | (164,017,894)         | (167,073,476)         |
| Nonoperating revenues                                   | 129,214,719           | 167,063,219           |
| Nonoperating expenses                                   | <u>(4,502,405)</u>    | <u>(4,522,528)</u>    |
| Loss before capital items                               | (39,305,580)          | (4,532,785)           |
| Capital State appropriations                            | 112,992               | 7,799,444             |
| Increase (decrease) in net position                     | <u>(39,192,588)</u>   | <u>3,266,659</u>      |
| Net position, beginning of year, as previously reported | 216,722,863           | 215,952,340           |
| Prior period adjustments                                | <u>(7,620,658)</u>    | <u>(2,496,136)</u>    |
| Net position, beginning of year, as restated            | <u>209,102,205</u>    | <u>213,456,204</u>    |
| Net position, end of year                               | <u>\$ 169,909,617</u> | <u>\$ 216,722,863</u> |

Total revenues decreased \$52.4 million or 16.5% to \$264.6 million in 2016. Capital State appropriations decreased \$7.7 million in funds from the Capital Development Board, as the University completed Phase II of construction on the University's Quad Cities campus.

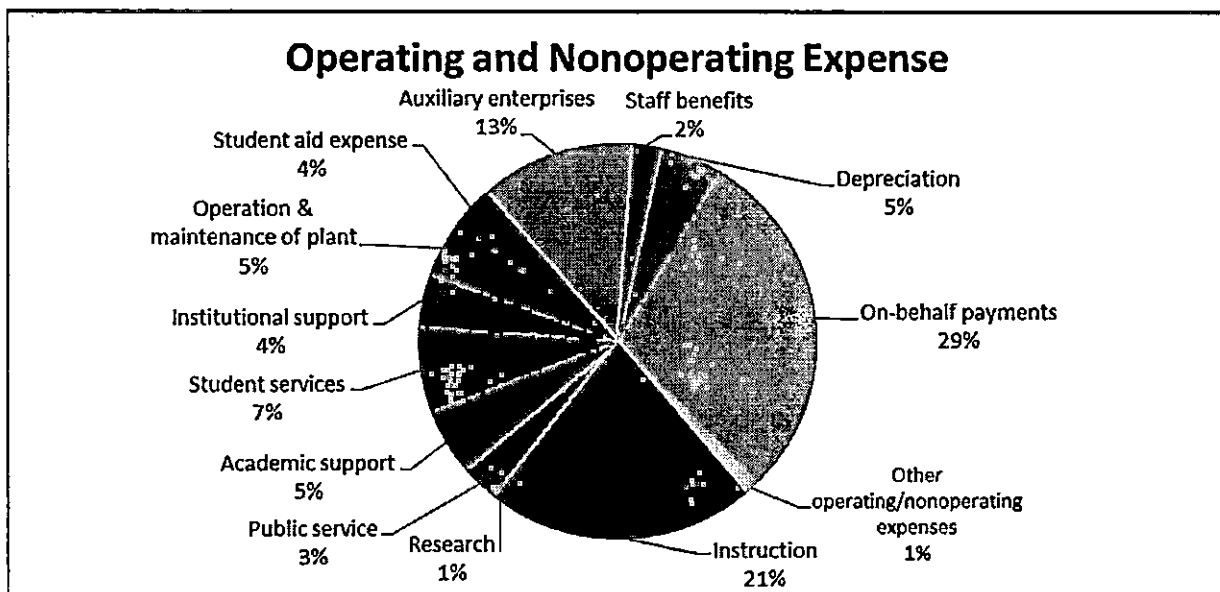
**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2016**

Total expenses decreased \$9.9 million or 3.2% to \$303.8 million in 2016. Total operating expenses decreased by \$9.9 million in 2016 due to decreases in overall University expenses except for on-behalf payments which increased by approximately \$6.6 million.

For the fiscal year ended June 30, 2016, all sources of revenues totaled \$264.6 million. The following is a graphical illustration of revenues by source:



For the fiscal year ended June 30, 2016, expenses totaled \$303.8 million. The following is a graphical illustration of expenses:



**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2016**

**Statement of Cash Flows**

The Statement of Cash Flows presents information related to the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate future cash flows and meet obligations as they come due.

A comparative summary of the condensed Statement of Cash Flows for the years ended June 30, 2016 and 2015 is as follows:

Condensed Statement of Cash Flows

|  | <u>2016</u>          | <u>2015</u>          |
|--|----------------------|----------------------|
| Cash provided by (used in):                          |                      |                      |
| Operating activities                                 | \$ (57,292,654)      | \$ (70,183,985)      |
| Noncapital financing activities                      | 47,347,681           | 92,968,557           |
| Capital and related financing activities             | (12,374,394)         | (16,780,612)         |
| Investing activities                                 | <u>266,599</u>       | <u>144,469</u>       |
| Net increase (decrease) in cash and cash equivalents | (22,052,768)         | 6,148,429            |
| Cash and cash equivalents, beginning of year         | <u>63,334,014</u>    | <u>57,185,585</u>    |
| Cash and cash equivalents, end of year               | <u>\$ 41,281,246</u> | <u>\$ 63,334,014</u> |

Major sources of funds included in operating activity are student tuition and fees, grants and contracts and auxiliary enterprises. Payment for employee salaries and benefits, goods and services, and scholarships and fellowships continue to comprise the major use of operating funds. Cash used in operating activities decreased \$12.9 million.

Cash inflows from noncapital financing activities consist primarily of State appropriations, Monetary Award Program awards and Pell grant revenues. Cash provided by noncapital financing activities decreased \$45.6 million.

Several capital projects were completed in Fiscal Year 2015 contributing to an overall decrease of \$4.4 million in cash used in capital and related financing activities.

Cash provided by investing activity increased slightly from the prior year.

**Capital Assets and Debt Administration**

The University had \$510.9 million invested in capital assets at the end of Fiscal Year 2016. Capital assets net of accumulated depreciation totaled \$241 million. Depreciation expense for the current year was \$15.4 million.

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2016**

There were no major construction projects during Fiscal Year 2016. For the year ended June 30, 2016 construction in progress included engineering and planning costs associated with a new performing arts center on the Macomb campus with a balance of \$4.8 million.

**University's Economic Outlook**

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support and the cost of health care, utilities, employee compensation and benefits and State and federal mandates.

A crucial element to the University's future will continue to be our relationship with the State of Illinois, as we work to manage tuition to make it competitive while providing an outstanding college education for our students. There is a direct relationship between the growth or decline of State support, the impact of State regulations and the University's ability to control tuition growth. The trend of declining State support, the lack of capital investment, declining student assistance and the increase in regulations have and will continue to create more pressures on the cost of attendance.

The State of Illinois has not adopted a complete Fiscal Year 2017 operating budget as of the date of this report, January 20, 2017. They have only passed a six-month stop gap measure that provided around 61.0% of Fiscal Year 2015 appropriations.

The University is part of the executive branch of government and operates under a budget approved by the State of Illinois, in which resources are appropriated for the use of the University. On-behalf payments and operating budget are the annual State appropriations provided by the State of Illinois to the University. Fiscal Year 2016 State appropriations' operating budget was \$14.9 million. This is a decrease in appropriations of \$36.5 million, or 71.0% from Fiscal Year 2015. Additionally, the appropriation for the Fiscal Year 2017 Monetary Assistance Program (MAP) has not yet been approved. The University has applied MAP funding to student accounts in anticipation of this appropriation. The expected MAP funds for Fiscal Year 2017 total \$11.2 million.

The University projects tuition and miscellaneous revenues to fall by approximately \$2.2 million as compared with Fiscal Year 2016. In December of 2015, the Board of Trustees passed a 3.0% reduction in the tuition rate for new students, those enrolling for the first time in Fall 2016. The University offers guaranteed tuition and fees, as well as guaranteed room and board rates for each new class of entering students. The University's recommended expenditure budget for income fund and State appropriations for Fiscal Year 2017 is \$126.0 million.

The University's Auxiliary Enterprises funds budget for Fiscal Year 2017 as approved by the Board of Trustees reflects a level less than Fiscal Year 2016 of approximately \$1.3 million. Other institutional funds include revenues from sponsored projects and departmental activity revenues. The 2017 budget for these funds as approved by the Board of Trustees reflects a \$900 thousand decrease in spending over Fiscal Year 2016.

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2016**

Private gifts are an important supplement to the University's sources of funding for operating costs. In Fiscal Year 2016, alumni, friends, staff, corporations, and other organizations contributed nearly \$5.8 million to the Foundation in support of the University. These contributions include gifts and additions to permanent endowments. The Foundation distributed nearly \$7.6 million in Fiscal Year 2016 to support academic enhancement and instructional initiatives, student scholarships, capital improvements, cultural activities, athletics, regional outreach efforts, and alumni and Foundation-sponsored programs at Western Illinois University.

The University is committed to pursuing its goal in developing the Quad Cities campus while strategically adding, and when appropriate, eliminating programs. Cost containment and revenue initiatives are challenges the University continues to encounter. Management has historically made the necessary decisions to ensure the strength of the University.

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF NET POSITION  
For the Year Ended June 30, 2016  
(With Partial Financial Information for the Year Ended June 30, 2015)

|  | University            |                       | Component Unit       |                      |
|--|-----------------------|-----------------------|----------------------|----------------------|
|  | 2016                  | 2015                  | 2016                 | 2015                 |
| <b>ASSETS</b>                                    |                       |                       |                      |                      |
| <i>Current assets:</i>                           |                       |                       |                      |                      |
| Cash and cash equivalents                        | \$ 41,140,832         | \$ 63,207,905         | \$ 2,346,154         | \$ 3,331,851         |
| Cash and cash equivalents, restricted            | 140,414               | 126,109               | -                    | -                    |
| Investments                                      | -                     | -                     | 3,576,152            | 5,191,351            |
| Accounts receivable, net                         | 10,750,762            | 10,574,095            | 966,077              | 966,537              |
| Student loans receivable, net                    | 389,081               | 390,748               | -                    | -                    |
| Due from component unit                          | 178,231               | 174,954               | -                    | -                    |
| Due from primary government                      | 1,057,369             | 9,044,265             | -                    | -                    |
| Inventories                                      | 2,253,572             | 2,899,045             | -                    | 6,162                |
| Prepaid expenses                                 | 169,547               | 50,904                | 345,761              | 70,269               |
| Other assets                                     | 25,902                | 15,284                | -                    | -                    |
| <i>Total current assets</i>                      | <u>56,105,710</u>     | <u>86,483,309</u>     | <u>7,234,144</u>     | <u>9,566,170</u>     |
| <i>Noncurrent assets:</i>                        |                       |                       |                      |                      |
| Investments                                      | -                     | -                     | 7,941,601            | 2,610,694            |
| Endowment investments                            | -                     | -                     | 3,361,149            | 6,095,173            |
| Endowment investments, restricted                | -                     | -                     | 38,027,028           | 36,953,431           |
| Charitable remainder trusts, restricted          | -                     | -                     | 4,712,599            | 4,895,478            |
| Accounts receivable, net                         | -                     | -                     | 545,533              | 538,942              |
| Student loans receivable, net                    | 1,285,417             | 1,335,080             | 84,778               | 82,309               |
| Capital assets, net of accumulated depreciation  | 241,014,063           | 261,653,910           | 658,304              | 388,304              |
| Other assets                                     | 302,046               | 801,691               | 523,257              | 515,445              |
| <i>Total noncurrent assets</i>                   | <u>242,601,526</u>    | <u>263,790,681</u>    | <u>55,854,249</u>    | <u>52,079,776</u>    |
| <b>TOTAL ASSETS</b>                              | <u>298,707,236</u>    | <u>350,273,990</u>    | <u>63,088,393</u>    | <u>61,645,946</u>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>             |                       |                       |                      |                      |
| Unamortized losses on debt refunding             | 1,013,323             | 491,758               | -                    | -                    |
| Pension  | 360,777               | 329,255               | -                    | -                    |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>       | <u>1,374,100</u>      | <u>821,013</u>        | <u>-</u>             | <u>-</u>             |
| <b>LIABILITIES</b>                               |                       |                       |                      |                      |
| <i>Current liabilities:</i>                      |                       |                       |                      |                      |
| Accounts payable and accrued liabilities         | 4,819,231             | 3,672,512             | 131,132              | 167,268              |
| Accrued payroll                                  | 15,623,256            | 16,636,706            | -                    | -                    |
| Due to primary government                        | 1,943,375             | 110,034               | 178,231              | 174,954              |
| Unearned revenue                                 | 5,008,790             | 5,183,253             | 267,847              | 324,767              |
| Charitable remainder trust distributions payable | -                     | -                     | 195,731              | 189,935              |
| Other liabilities                                | 2,146,117             | 1,165,283             | 49,991               | 45,896               |
| Notes payable                                    | 147,521               | 145,175               | 19,381               | -                    |
| Capital leases payable                           | 5,526                 | 9,275                 | -                    | -                    |
| Revenue bonds payable                            | 4,563,107             | 4,377,649             | -                    | -                    |
| Certificates of participation                    | 2,333,599             | 1,666,177             | -                    | -                    |
| Compensated absences                             | 1,735,188             | 1,818,347             | -                    | -                    |
| <i>Total current liabilities</i>                 | <u>38,325,710</u>     | <u>34,784,411</u>     | <u>842,313</u>       | <u>902,820</u>       |
| <i>Noncurrent liabilities:</i>                   |                       |                       |                      |                      |
| Notes payable                                    | -                     | 147,521               | 197,225              | -                    |
| Capital leases payable                           | 16,369                | 11,982                | -                    | -                    |
| Revenue bonds payable                            | 60,524,955            | 64,776,575            | -                    | -                    |
| Certificates of participation                    | 22,199,454            | 24,103,013            | -                    | -                    |
| Other liabilities                                | -                     | 150,000               | 275,393              | 269,268              |
| Compensated absences                             | 9,105,231             | 10,398,638            | -                    | -                    |
| <i>Total noncurrent liabilities</i>              | <u>91,846,009</u>     | <u>99,587,729</u>     | <u>472,618</u>       | <u>269,268</u>       |
| <b>TOTAL LIABILITIES</b>                         | <u>130,171,719</u>    | <u>134,372,140</u>    | <u>1,314,931</u>     | <u>1,172,088</u>     |
| <b>NET POSITION</b>                              |                       |                       |                      |                      |
| Net investment in capital assets                 | 152,236,859           | 166,916,855           | 441,698              | 388,304              |
| Restricted - nonexpendable                       | -                     | -                     | 28,260,062           | 27,260,609           |
| Restricted - expendable                          |                       |                       |                      |                      |
| Loans  | 1,800,252             | 1,834,116             | -                    | -                    |
| Other  | 76,203                | 55,764                | 13,116,425           | 12,218,862           |
| Unrestricted                                     | 15,796,303            | 47,916,128            | 19,955,277           | 20,606,083           |
| <b>TOTAL NET POSITION</b>                        | <u>\$ 169,909,617</u> | <u>\$ 216,722,863</u> | <u>\$ 61,773,462</u> | <u>\$ 60,473,858</u> |

See accompanying notes to the basic financial statements

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2016  
(With Partial Financial Information for the Year Ended June 30, 2015)

|   | University            |                       | Component Unit       |                      |
|---|-----------------------|-----------------------|----------------------|----------------------|
|   | 2016                  | 2015                  | 2016                 | 2015                 |
| <b>OPERATING REVENUES</b>                                     |                       |                       |                      |                      |
| Tuition and fees, net   | \$ 73,732,875         | \$ 75,644,261         | \$ -                 | \$ -                 |
| Grants and contracts  | 9,547,337             | 10,684,439            | -                    | -                    |
| Sales and services of educational departments                 | 5,244,594             | 5,009,786             | -                    | -                    |
| Auxiliary enterprises, net                                    | 42,536,027            | 46,132,136            | -                    | -                    |
| Student loan activities                                       | 54,042                | 72,523                | -                    | -                    |
| Other operating revenues                                      | 4,178,452             | 4,606,522             | 5,746,661            | 7,436,335            |
| <i>Total operating revenues</i>                               | <u>135,293,327</u>    | <u>142,149,667</u>    | <u>5,746,661</u>     | <u>7,436,335</u>     |
| <b>OPERATING EXPENSES</b>                                     |                       |                       |                      |                      |
| Instruction   | 62,364,512            | 63,986,896            | 1,237,067            | 1,167,010            |
| Research  | 3,439,674             | 3,496,122             | 61,232               | 158,235              |
| Public service  | 9,859,816             | 10,990,006            | 1,142,344            | 1,129,495            |
| Academic support  | 16,173,314            | 17,302,049            | 123,018              | 198,373              |
| Student services  | 21,155,352            | 22,345,473            | 780,129              | 845,852              |
| Institutional support   | 13,285,392            | 14,403,915            | 1,323,557            | 1,273,681            |
| Operation and maintenance of plant                            | 13,720,739            | 17,855,888            | 114,661              | 162,886              |
| Student aid expense   | 10,668,851            | 12,255,127            | 2,825,189            | 2,677,398            |
| Auxiliary enterprises   | 38,400,834            | 40,502,628            | -                    | -                    |
| Staff benefits  | 6,738,577             | 7,661,259             | -                    | -                    |
| Depreciation  | 15,391,211            | 16,573,123            | -                    | -                    |
| On-behalf payments  | 88,073,687            | 81,503,276            | -                    | -                    |
| Other operating expenses                                      | 39,262                | 347,381               | -                    | -                    |
| <i>Total operating expenses</i>                               | <u>299,311,221</u>    | <u>309,223,143</u>    | <u>7,607,197</u>     | <u>7,612,930</u>     |
| <b>OPERATING LOSS</b>   | <u>(164,017,894)</u>  | <u>(167,073,476)</u>  | <u>(1,860,536)</u>   | <u>(176,595)</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                       |                       |                       |                      |                      |
| State appropriations  | 14,931,400            | 51,465,200            | -                    | -                    |
| On-behalf payments for fringe benefits                        | 88,073,687            | 81,503,276            | -                    | -                    |
| Gifts   | 570,218               | 923,695               | -                    | -                    |
| Nonoperating grants   | 25,208,764            | 32,859,506            | -                    | -                    |
| Gain/(loss) on disposal of capital assets                     | 1,697                 | (8,638)               | -                    | -                    |
| (Loss) on impairment of capital assets                        | (719,294)             | -                     | -                    | -                    |
| Investment income(loss)                                       | 266,599               | 144,469               | (771,752)            | 94,411               |
| Interest on capital asset - related debt                      | (3,783,111)           | (4,513,890)           | -                    | -                    |
| Change in value of charitable remainder trusts                | -                     | -                     | (236,199)            | (91,640)             |
| Change in value of land held for investment                   | -                     | -                     | 2,617,460            | -                    |
| Other nonoperating revenues                                   | 162,354               | 167,073               | 535,236              | 284,823              |
| <i>Net nonoperating revenues</i>                              | <u>124,712,314</u>    | <u>162,540,691</u>    | <u>2,144,745</u>     | <u>287,594</u>       |
| <b>INCOME (LOSS) BEFORE CAPITAL ITEMS</b>                     | <u>(39,305,580)</u>   | <u>(4,532,785)</u>    | <u>284,209</u>       | <u>110,999</u>       |
| Capital State appropriations                                  | 112,992               | 7,799,444             | -                    | -                    |
| Additions to permanent endowments                             | -                     | -                     | 1,015,395            | 1,451,268            |
| <i>Total capital items</i>                                    | <u>112,992</u>        | <u>7,799,444</u>      | <u>1,015,395</u>     | <u>1,451,268</u>     |
| <b>INCREASE (DECREASE) IN NET POSITION</b>                    | <u>(39,192,588)</u>   | <u>3,266,659</u>      | <u>1,299,604</u>     | <u>1,562,267</u>     |
| <b>NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b> | 216,722,863           | 215,952,340           | 60,473,858           | 58,911,591           |
| <b>PRIOR PERIOD ADJUSTMENT</b>                                | <u>(7,620,658)</u>    | <u>(2,496,136)</u>    | <u>-</u>             | <u>-</u>             |
| <b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>            | <u>209,102,205</u>    | <u>213,456,204</u>    | <u>60,473,858</u>    | <u>58,911,591</u>    |
| <b>NET POSITION, END OF YEAR</b>                              | <u>\$ 169,909,617</u> | <u>\$ 216,722,863</u> | <u>\$ 61,773,462</u> | <u>\$ 60,473,858</u> |

See accompanying notes to the basic financial statements



STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2016  
(With Partial Financial Information for the Year Ended June 30, 2015)

|   | University           |                      | Component Unit      |                     |
|---|----------------------|----------------------|---------------------|---------------------|
|   | 2016                 | 2015                 | 2016                | 2015                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                      |                      |                     |                     |
| Tuition and fees, net   | \$ 74,074,242        | \$ 75,347,115        | \$ -                | \$ -                |
| Grants and contracts  | 9,279,331            | 10,605,750           | -                   | -                   |
| Gifts for other than capital and endowment purposes             | -                    | -                    | 4,137,902           | 5,718,605           |
| Payments for employee salaries and benefits                     | (135,481,814)        | (138,996,657)        | -                   | -                   |
| Payments for goods and services                                 | (48,255,541)         | (60,162,058)         | (4,510,460)         | (4,688,705)         |
| Payments to annuitants  | -                    | -                    | (38,449)            | (42,121)            |
| Payments for scholarships and fellowships                       | (10,638,498)         | (12,064,827)         | (2,825,189)         | (2,677,398)         |
| Student loans issued  | (382,288)            | (614,252)            | -                   | -                   |
| Student loans collected   | 403,317              | 567,231              | -                   | -                   |
| Student loans interest and fees collected                       | 54,042               | 72,523               | -                   | -                   |
| Auxiliary enterprises charges                                   | 42,673,812           | 45,883,640           | -                   | -                   |
| Sales and services of educational departments                   | 6,952,291            | 4,421,028            | -                   | -                   |
| Other receipts  | 4,028,452            | 4,756,522            | 964,200             | 949,750             |
| Net cash used in operating activities                           | <u>(57,292,654)</u>  | <u>(70,183,985)</u>  | <u>(2,271,996)</u>  | <u>(739,869)</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                      |                      |                     |                     |
| State appropriations  | 21,664,954           | 56,789,201           | -                   | -                   |
| Capital appropriations for operating expenses                   | 3,782                | 2,641,532            | -                   | -                   |
| Gifts   | 316,756              | 466,952              | 1,015,395           | 1,451,268           |
| Nonoperating grants   | 25,208,764           | 32,859,506           | -                   | -                   |
| Nonoperating revenues, net                                      | 153,425              | 211,366              | 533,871             | 456,458             |
| Cash provided by noncapital financing activities                | <u>47,347,681</u>    | <u>92,968,557</u>    | <u>1,549,266</u>    | <u>1,907,726</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                      |                      |                     |                     |
| Acquisition of capital assets                                   | (2,647,092)          | (6,412,586)          | (270,000)           | -                   |
| Proceeds from sale of land                                      | -                    | -                    | -                   | -                   |
| Principal paid on capital debt                                  | (4,889,861)          | (5,762,890)          | -                   | -                   |
| Interest paid on capital debt                                   | (3,982,753)          | (4,680,136)          | -                   | -                   |
| Bonds refunded  | (25,984,316)         | (4,088,410)          | -                   | -                   |
| Proceeds from issuance of revenue bonds                         | 10,009,255           | 4,190,000            | -                   | -                   |
| Proceeds from issuance of certificates of participation         | 15,794,261           | -                    | -                   | -                   |
| Deferred loss from bond refunding                               | (673,888)            | (26,590)             | -                   | -                   |
| Proceeds from note payable                                      | -                    | -                    | 270,606             | -                   |
| Payments made on note payable                                   | -                    | -                    | (54,000)            | -                   |
| Net cash used in capital and related financing activities       | <u>(12,374,394)</u>  | <u>(16,780,612)</u>  | <u>(53,394)</u>     | <u>-</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                      |                      |                     |                     |
| Proceeds from sales and maturities of investments               | -                    | -                    | 8,458,736           | 5,958,368           |
| Earnings on investments   | 266,599              | 144,469              | 1,574,907           | 1,383,963           |
| Purchase of investments   | -                    | -                    | (10,243,216)        | (8,719,863)         |
| Net cash provided by (used in) investing activities             | <u>266,599</u>       | <u>144,469</u>       | <u>(209,573)</u>    | <u>(1,377,532)</u>  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | <b>(22,052,768)</b>  | <b>6,148,429</b>     | <b>(985,697)</b>    | <b>(209,675)</b>    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>             | <b>63,334,014</b>    | <b>57,185,585</b>    | <b>3,331,851</b>    | <b>3,541,526</b>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                   | <b>\$ 41,281,246</b> | <b>\$ 63,334,014</b> | <b>\$ 2,346,154</b> | <b>\$ 3,331,851</b> |

See accompanying notes to the basic financial statements

STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016  
(With Partial Financial Information for the Year Ended June 30, 2015)

|   | University             |                        | Component Unit        |                     |
|---|------------------------|------------------------|-----------------------|---------------------|
|   | 2016                   | 2015                   | 2016                  | 2015                |
| <b>Reconciliation of operating loss to net cash used in operating activities:</b> |                        |                        |                       |                     |
| Operating loss  | \$ (164,017,894)       | \$ (167,073,476)       | \$ (1,860,536)        | \$ (176,595)        |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                        |                        |                       |                     |
| On-behalf payments  | 88,073,687             | 81,503,276             | -                     | -                   |
| Stock gifts in process  | -                      | -                      | -                     | (207)               |
| Charitable remainder trust assets donated   | -                      | -                      | (53,320)              | (926,697)           |
| Depreciation  | 15,391,211             | 16,573,123             | -                     | -                   |
| Amortization  | 21,881                 | 20,142                 | -                     | -                   |
| Actuarial adjustment to annuities payable   | -                      | -                      | 10,220                | 3,050               |
| Changes in assets, deferred outflows and liabilities:                             |                        |                        |                       |                     |
| Receivables, net  | 1,072,380              | (1,338,237)            | (15,047)              | 236,583             |
| Student loans receivables, net  | 51,330                 | 49,285                 | -                     | -                   |
| Inventories   | 645,473                | 79,388                 | 6,162                 | (3,323)             |
| Prepaid expenses and other assets   | 302,568                | 43,232                 | (275,492)             | 19,768              |
| Pension   | (31,522)               | (23,296)               | -                     | -                   |
| Accounts payable and accrued liabilities  | 2,905,895              | 109,231                | (36,136)              | 59,811              |
| Accrued payroll   | (1,008,816)            | 43,690                 | -                     | -                   |
| Due to primary government, net  | -                      | -                      | 3,277                 | 46,551              |
| Charitable remainder trust distributions payable                                  | -                      | -                      | 5,796                 | 75,526              |
| Unearned revenue  | (174,463)              | 335,631                | -                     | -                   |
| Other liabilities   | 852,182                | (176,277)              | (56,920)              | (74,335)            |
| Compensated absences  | (1,376,566)            | (329,697)              | -                     | -                   |
| Net cash used in operating activities   | <u>\$ (57,292,654)</u> | <u>\$ (70,183,985)</u> | <u>\$ (2,271,996)</u> | <u>\$ (739,868)</u> |

**NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES**

|   |            |            |         |         |
|---|------------|------------|---------|---------|
| On-behalf payments                                    | 88,073,687 | 81,503,276 | -       | -       |
| Capital asset acquisition via capital appropriations  | 109,210    | 5,157,912  | -       | -       |
| Capital asset acquisition via support from Foundation | 253,004    | 456,743    | -       | -       |
| Capital asset changes in accounts payable             | (69,531)   | 1,242,926  | -       | -       |
| Gifts in kind   | -          | -          | 525,434 | 559,640 |
| Gain/(loss) on disposal of capital assets             | 1,697      | (8,638)    | -       | -       |

*See accompanying notes to the basic financial statements*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Financial Reporting Entity

Western Illinois University (University), a component unit of the State of Illinois (State), with a primary focus on instruction and an additional commitment to research and public service, has campuses located in Macomb and Moline, Illinois. The governing body of the University is the Board of Trustees of Western Illinois University (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its discretely presented component unit, the Western Illinois University Foundation (Foundation). The Foundation is included in the University's reporting entity because of the significance of its financial relationship with the University. Complete financial statements for the Foundation may be obtained by contacting the WIU Foundation, 1 University Circle, Macomb, IL 61455-1390.

The Foundation is a University-related organization as defined under *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982 as amended in 1997. The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's comprehensive annual financial report.

B. Basis of Accounting and Presentation

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Business Type Activities are those financed in whole or in part by fees charged to external parties for goods and services. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

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C. Prior-Year Information

The basic financial statements include certain prior-year partial comparative information. Such information does not include full comparative footnote disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2015, from which the partial information was derived.

D. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The University deferred outflows of resources include a loss on refunding of bonds payable of \$477,667 and a loss on refunding of Certificates of Participation payable of \$535,656 at June 30, 2016. Also included in deferred outflows of resources is a net pension liability of \$360,777 (see Note 13 for more information) at June 30, 2016.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

F. Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2016, cash equivalents consisted primarily of money market and similar funds. Included in restricted cash and cash equivalents is unspent loan funds.

G. Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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Illinois statutes and Board policy authorize the University to invest in certificates of deposit, The Illinois Funds, United States Government Securities, securities guaranteed by the full faith and credit of the United States government, and any other security permitted by law and approved by the Board.

**H. Accounts Receivable**

Accounts receivable consists of tuition and fee charges to students, amounts receivable from funding agencies for grants, amounts receivable from third parties and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is presented net of estimated uncollectible amounts.

**I. Bonds and Certificates of Participation Issue Costs**

The insurance premium on the bonds and certificates of participation issue costs incurred on the revenue bonds and certificates of participation are being amortized over the life of the bonds/certificates of participation using the straight-line method. Total amortization for the year ended June 30, 2016 was \$21,881.

**J. Student Loans Receivable**

The University makes loans to students under various federal and other loan programs. Such loans receivable is presented net of estimated uncollectible amounts.

**K. Inventories**

Inventories are carried at the lower of cost (determined by first-in, first-out or average cost method, depending on the nature of the inventory item) or market.

**L. Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The University's capitalization policy for capital assets is as follows: equipment - \$5,000 or greater; land or buildings - \$100,000 or greater; and site, infrastructure, or building improvements - \$25,000 or greater. Intangible assets which are purchased are capitalized at \$100,000 or greater. Internally-generated intangible assets which are primarily software are capitalized at \$1,000,000 or greater. Renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets. The following estimated useful lives are being used by the University:

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|                           |               |
|---------------------------|---------------|
| Site improvements         | 25 years      |
| Buildings                 | 60 years      |
| Building improvements     | 20 years      |
| Computer equipment        | 3 years       |
| Trucks greater than 1 ton | 12 years      |
| Capital lease equipment   | Life of lease |
| All other equipment       | 7 years       |

University capital assets financed by the State of Illinois Capital Development Board (CDB) are recorded by the University as the funds are expended by the CDB.

M. Unearned Revenue

Unearned revenue represents unearned student tuition and fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

N. Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the Statement of Net Position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

O. Net Position

The University's net position is classified as follows:

*Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets and deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

*Restricted net position - nonexpendable* – net position restricted by externally imposed

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stipulations.

*Restricted net position - expendable* – net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

*Unrestricted* – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees.

**P. Classification of Revenues**

The University has classified its revenues as either operating or nonoperating according to the following criteria:

*Operating revenues* include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and local grants and contracts except for certain student financial aid classified as nonoperating revenues and (4) interest on student loans.

*Nonoperating revenues* include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as State appropriations and investment income, that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The State of Illinois General Revenue Fund appropriations are reported as nonoperating revenues to the extent that they are expended during the current fiscal year. The University relies on these appropriations to provide funding for operations.

**Q. Scholarship Discounts and Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, State or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2016 were \$21,713,715 and \$7,191,255, respectively.

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**R. Collections**

The University has collections of rare manuscripts and art that it does not depreciate. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items.

**S. Endowments**

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions in spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, the UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.15% for operational purposes, of a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowments' unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2016, the Foundation had a total of \$4,437,783 of net cumulative appreciation from investment of donor-restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net position and unrestricted net position in the Statement of Net Position based on the classification of the underlying asset upon which the income was earned.

**T. Split-Interest Agreements**

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets are reported in the Statement of Net



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Position and changes in the fair value of the assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Position. It is management's intent to record the contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation received \$53,320 of new contribution income during Fiscal Year 2016. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the Statement of Net Position.

U. Taxes

As a State institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code and a similar provision of state law. However, some activities may be subject to taxation as unrelated business income under the Internal Revenue Code and certain activities are subject to State sales tax.

V. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

W. Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the 2016 presentation.

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**NOTE 2 - DEPOSITS**

**University**

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Illinois; bonds of any city, county, school district or special road district of the State of Illinois; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2016, the book balance of various University bank accounts and certificates of deposit was \$361,258, while the bank balance was \$345,075. The difference between these amounts represents deposits in transit as of June 30, 2016. In addition, the University had cash on hand in various petty cash and change funds in the amount of \$59,091 as of June 30, 2016.

**Foundation**

At June 30, 2016, the book balance of the Foundation's various bank accounts was \$2,188,680, while the bank balance was \$2,260,625. The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2016.

Reconciliation of cash and cash equivalents to deposits:

|   | <u>University</u> | <u>Foundation</u>   |
|---|-------------------|---------------------|
| Cash and cash equivalents   | \$ 41,140,832     | \$ 2,346,154        |
| Cash and cash equivalents, restricted                               | 140,414           | -                   |
| Less: Money market funds classified as cash<br>and cash equivalents | (40,860,897)      | (157,474)           |
| Cash on hand  | (59,091)          | -                   |
| Carrying amount of deposits   | <u>\$ 361,258</u> | <u>\$ 2,188,680</u> |

**NOTE 3 – INVESTMENTS**

**University**

The University held no investments as of June 30, 2016.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a financial institution's failure, a government's deposits, investments or collateral securities that are in the possession of an outside party may not be returned to it. The University's policy for custodial credit risk requires compliance with the provisions of State law.

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*Interest Rate Risk*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits maturity of its investments to five years or less from the date of purchase.

*Credit Risk*

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The University's policy limits its investments to the Illinois Funds investment pool, United States Treasury bills, United States Treasury notes, United States Treasury bonds, Federal Farm Credit Banks bonds, Federal Home Loan Banks notes, Federal National Mortgage Association, Federal Land Bank bonds, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation.

**Foundation**

At June 30, 2016, the Foundation held investments with the following maturities:

| Type   | 2016                 | Maturities in Years                     |                     |                     |                     |
|--|----------------------|---|---------------------|---------------------|---------------------|
|  |                      | Less Than<br>One Year or<br>No Maturity | 1-5 Years           | 6-10 Years          | Over 10<br>Years    |
| U.S. agency obligations<br>(FHLM, FNMA)      | \$ 83,867            | \$ -                                    | \$ 83,867           | \$ -                | \$ -                |
| Municipal bonds                              | 1,654,132            | 123,854                                 | 1,274,568           | 255,710             | -                   |
| Corporate debt securities                    | 6,971,168            | 1,640,877                               | 4,409,259           | 870,364             | 50,668              |
| Corporate equity securities                  | 66,152               | 65,552                                  | 600                 | -                   | -                   |
| International equity securities              | 1,317,197            | 1,317,197                               | -                   | -                   | -                   |
| Cash equivalents held in<br>investment pools | 637,182              | 637,182                                 | -                   | -                   | -                   |
| Real asset tax-exempt                        | 2,728,944            | -                                       | 786,791             | 793,903             | 1,148,250           |
| Real assets exchange traded funds            | 1,323,921            | 1,323,921                               | -                   | -                   | -                   |
| Absolute return                              | 8,026,017            | 8,026,017                               | -                   | -                   | -                   |
| Mutual funds, international equity           | 7,045,033            | 7,045,033                               | -                   | -                   | -                   |
| Mutual funds, domestic equity                | 9,229,254            | 9,229,254                               | -                   | -                   | -                   |
| Mutual funds, international debt             | 1,835,153            | 1,835,153                               | -                   | -                   | -                   |
| Mutual funds, U.S. debt                      | 2,229,200            | 2,229,200                               | -                   | -                   | -                   |
| Private equity                               | 3,906,492            | -                                       | 107,394             | 1,897,666           | 1,901,432           |
| Certificates of deposit                      | 2,517,958            | -                                       | 2,517,958           | -                   | -                   |
| Farm Land                                    | 3,334,260            | 3,334,260                               | -                   | -                   | -                   |
| <b>Total investments</b>                     | <b>\$ 52,905,930</b> | <b>\$ 36,807,500</b>                    | <b>\$ 9,180,437</b> | <b>\$ 3,817,643</b> | <b>\$ 3,100,350</b> |

The Foundation adheres to the total return concepts of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

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*Custodial Credit Risk*

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation and Security Investor Protection Corporation insured account balance of \$2,420,999 as of June 30, 2016. Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). See <http://www.treasurer.il.gov/programs/illinois-funds/about-illinois-funds.aspx> for information on the Illinois Funds. The Foundation's deposits in other institutions' money market funds are subject to the Funds' collateralization and investment policies.

*Concentration Risk*

Concentration risk exists when a significant portion of the portfolio is invested in items with similar characteristics or subject to similar economic, political, or other conditions. As of June 30, 2016, the Foundation has three single user investments that each represents over 5% of the total assets of the Foundation. Foundation management believes these concentration risks represented below are not excessive when considering the overall diversification of the entire investment portfolio. The following issuers hold more than 5% of total Foundation assets as of June 30, 2016:

|                                   |             |       |
|-----------------------------------|-------------|-------|
| Mercer Hedge Fund Investors SPC   | \$8,026,017 | 15.4% |
| Vanguard Total Stock Market Index | \$5,110,044 | 9.8%  |
| Mid America National Bank Fixed   | \$3,447,865 | 6.6%  |

*Interest Rate Risk*

Interest rate risk is the risk when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk. The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30, 2016:

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|  |                            |
|--|----------------------------|
| U.S. agency obligations (FHLM, FNMA)       | \$ 83,867                  |
| Municipal bonds                            | 1,654,132                  |
| Corporate debt securities                  | 6,971,168                  |
| Cash equivalents held in investment pools  | 637,182                    |
| Mutual funds, international debt           | 1,835,153                  |
| Mutual funds, U. S. debt                   | 2,229,200                  |
| Certificates of Deposit                    | 2,517,958                  |
| Sub-total investments                      | <u>15,928,660</u>          |
| Demand Deposit Interest Bearing Funds      | <u>2,222,725</u>           |
| Sub-Total cash and cash equivalents        | <u>2,222,725</u>           |
| Total assets subject to interest rate risk | <u><u>\$18,151,385</u></u> |

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation's short-term investments generally are not exposed to foreign currency risk.

The Foundation's investments in international stock and mutual funds represent 18.4% of the total Foundation investments as of June 30, 2016. The Foundation does not have a policy on foreign currency risk. The U.S. dollar balances of the Foundation's investment exposed to foreign currency risk as of June 30, 2016 are listed below.

| <i>Currency</i>   | <i>United States<br/>Dollar Equivalent</i> |
|---|--|
| Euro  | \$ 1,575,703                               |
| United Kingdom British Pound                                  | 1,501,386                                  |
| Japanese Yen  | 1,305,535                                  |
| Swiss Franc   | 778,937                                    |
| Yuan Renminbi (China)   | 577,371                                    |
| Other currencies, individually less than 1% of fund portfolio | <u>4,013,452</u>                           |
| Total   | <u><u>\$ 9,752,384</u></u>                 |

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities that are explicitly guaranteed by the U.S. government.

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At June 30, 2016, the Foundation had the following investments and their ratings:

| Credit Rating per Standard and Poor's |                     |                                      |                           |                     |
|---------------------------------------|---------------------|--------------------------------------|---------------------------|---------------------|
|                                       | Total Fair Value    | U.S. Agency Obligations (FHLM, FNMA) | Corporate Debt Securities | Municipal Bonds     |
| BBB+                                  | \$ 71,000           | \$ -                                 | \$ 71,000                 | \$ -                |
| Not Rated                             | 8,638,167           | 83,867                               | 6,900,168                 | 1,654,132           |
|                                       | <u>\$ 8,709,167</u> | <u>\$ 83,867</u>                     | <u>\$ 6,971,168</u>       | <u>\$ 1,654,132</u> |

| Credit Rating per Moody's |                     |                                      |                           |                     |
|---------------------------|---------------------|--------------------------------------|---------------------------|---------------------|
|                           | Total Fair Value    | U.S. Agency Obligations (FHLM, FNMA) | Corporate Debt Securities | Municipal Bonds     |
| Aaa                       | \$ 185,207          | \$ 83,867                            | \$ 80,260                 | \$ 21,080           |
| Aa1                       | 150,086             | -                                    | 96,090                    | 53,996              |
| Aa2                       | 368,931             | -                                    | 107,026                   | 261,905             |
| Aa3                       | 491,576             | -                                    | 129,540                   | 362,036             |
| A1                        | 408,278             | -                                    | 408,278                   | -                   |
| A2                        | 558,511             | -                                    | 434,657                   | 123,854             |
| A3                        | 516,796             | -                                    | -                         | 516,796             |
| B3                        | 361,103             | -                                    | 361,103                   | -                   |
| Baa1                      | 294,885             | -                                    | 294,885                   | -                   |
| Baa2                      | 89,408              | -                                    | 89,408                    | -                   |
| Baa3                      | 693,153             | -                                    | 423,152                   | 270,001             |
| Not Rated                 | 4,591,233           | -                                    | 4,546,769                 | 44,464              |
|                           | <u>\$ 8,709,167</u> | <u>\$ 83,867</u>                     | <u>\$ 6,971,168</u>       | <u>\$ 1,654,132</u> |

*Fair Value Measurements*

The Foundation measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 - Quoted prices for identical investments in active markets
- Level 2 - Observable inputs other than quoted market prices
- Level 3 - Unobservable inputs

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At June 30, 2016, the Foundation had the following recurring fair value measurements.

|   | 2016         | Fair Value Measurements Using |              |              |
|---|--------------|-------------------------------|--------------|--------------|
|   |              | Level 1                       | Level 2      | Level 3      |
| <b>Debt securities</b>                            |              |                               |              |              |
| U.S. agency obligations<br>(FHLM, FNMA)           | \$ 83,867    | \$ 83,867                     | \$ -         | \$ -         |
| Municipal bonds                                   | 1,654,132    | -                             | 1,654,132    | -            |
| Corporate debt securities                         | 6,971,168    | -                             | 6,971,168    | -            |
| Mutual funds, international debt                  | 1,835,153    | 1,835,153                     | -            | -            |
| Mutual funds, U.S. debt                           | 2,229,200    | 2,229,200                     | -            | -            |
| Total debt securities                             | 12,773,520   | 4,148,220                     | 8,625,300    | -            |
| <b>Equity securities</b>                          |              |                               |              |              |
| Corporate equity securities                       | 66,152       | 66,152                        | -            | -            |
| International equity securities                   | 1,317,197    | 1,317,197                     | -            | -            |
| Mutual funds, international equity                | 7,045,033    | 7,045,033                     | -            | -            |
| Mutual funds, domestic equity                     | 9,229,254    | 9,229,254                     | -            | -            |
| Total equity securities                           | 17,657,636   | 17,657,636                    | -            | -            |
| Real assets exchange traded funds                 | 1,323,921    | 1,323,921                     | -            | -            |
| Real estate (farm land)                           | 3,334,260    | -                             | 3,334,260    | -            |
| Charitable remainder trusts                       | 4,712,599    | -                             | -            | 4,712,599    |
| Total investments by fair value level             | 39,801,936   | \$23,129,777                  | \$11,959,560 | \$ 4,712,599 |
| <b>Investments measured at net asset value</b>    |              |                               |              |              |
| Real assets tax-exempt                            | 2,728,944    |                               |              |              |
| Absolute return (hedge funds)                     | 8,026,017    |                               |              |              |
| Private equity                                    | 3,906,492    |                               |              |              |
| Total other                                       | 14,661,453   |                               |              |              |
| Total   | 54,463,389   |                               |              |              |
| Plus cash equivalents held in<br>investment pools | 637,182      |                               |              |              |
| Plus certificates of deposit                      | 2,517,958    |                               |              |              |
| Less charitable remainder trusts                  | (4,712,599)  |                               |              |              |
| Total investments                                 | \$52,905,930 |                               |              |              |

Debt and equity securities and real estate exchange traded funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active, quoted prices for similar securities in active markets, and matrix pricing based on securities' relationship to benchmark quoted prices. Real estate classified in Level 2 is valued using recent appraisals of the real estate's value. Charitable remainder trusts classified in Level 3 are valued at the present value of the estimated future cash receipts from the trust assets. Such present values are generally assumed to be the fair market value of the percentage interest of the underlying assets

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of the trust.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Foundation values these investments based on the partnerships’ audited financial statements, when available, or internal interim financial statements.

*Summary of Carrying Values*

The carrying values of cash and cash equivalents shown on previous pages are included in the Statement of Net Position as follows:

|                                       | <u>University</u>    | <u>Foundation</u>   |
|---------------------------------------|----------------------|---------------------|
| Cash and cash equivalents             | \$ 41,140,832        | \$ 2,346,154        |
| Cash and cash equivalents, restricted | 140,414              | -                   |
| Total                                 | <u>\$ 41,281,246</u> | <u>\$ 2,346,154</u> |

The carrying values of investments shown on previous pages are included in the Statement of Net Position as follows:

|                                   | <u>University</u> | <u>Foundation</u>    |
|-----------------------------------|-------------------|----------------------|
| Current:                          |                   |                      |
| Investments                       | \$ -              | \$ 3,576,152         |
| Noncurrent:                       |                   |                      |
| Endowment Investments             | -                 | 3,361,149            |
| Endowment Investments, restricted | -                 | 38,027,028           |
| Investments                       | -                 | 7,941,601            |
| Total Noncurrent                  | <u>\$ -</u>       | <u>\$ 49,329,778</u> |
| Total investments                 | <u>\$ -</u>       | <u>\$ 52,905,930</u> |

Investment income (loss) for the year ended June 30, 2016 consisted of:

|  | <u>University</u> | <u>Foundation</u>   |
|--|-------------------|---------------------|
| Interest, dividends, realized gains (losses)<br>and market value changes | <u>\$ 266,599</u> | <u>\$ (771,752)</u> |



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**NOTE 4 - ACCOUNTS AND STUDENT LOANS RECEIVABLE**

Accounts receivable are reported net of allowances for uncollectible accounts. Accounts receivable consisted of the following as of June 30, 2016:

|                                   |                      |
|-----------------------------------|----------------------|
| Receivable from students          | \$ 13,085,990        |
| Receivable from third parties     | 1,442,320            |
| Receivables from funding agencies | 1,897,944            |
| Total gross receivables           | <u>16,426,254</u>    |
| Allowance for doubtful accounts   | <u>(5,675,492)</u>   |
| Total net receivables             | <u>\$ 10,750,762</u> |

Student loans receivable totaling \$2,165,698 is reported net of allowance for uncollectible loans of \$491,200 at June 30, 2016.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activities for the University for the year ended June 30, 2016 were as follows:

|  | Balance<br>June 30, 2015 | Additions              | Retirements/<br>Adjustments | Transfers        | Balance<br>June 30, 2016 |
|--|--------------------------|------------------------|-----------------------------|------------------|--------------------------|
| Non-depreciable capital assets:          |                          |                        |                             |                  |                          |
| Land and land improvements               | \$ 3,256,432             | \$ 287,249             | \$ -                        | \$ 59,319        | \$ 3,603,000             |
| Works of art and historical<br>treasures | 618,821                  | -                      | (27,254)                    | -                | 591,567                  |
| Construction in progress                 | 7,243,677                | 1,139,386              | (2,006,050)                 | (883,232)        | 5,493,781                |
| Total non-depreciable capital<br>assets  | <u>11,118,930</u>        | <u>1,426,635</u>       | <u>(2,033,304)</u>          | <u>(823,913)</u> | <u>9,688,348</u>         |
| Depreciable capital assets               |                          |                        |                             |                  |                          |
| Site improvements                        | 49,574,399               | 77,206                 | (3,051,647)                 | 250,415          | 46,850,373               |
| Buildings and building<br>improvements   | 375,364,905              | 377,818                | -                           | 573,498          | 376,316,221              |
| Equipment                                | 80,057,683               | 1,281,933              | (3,299,927)                 | 11,928           | 78,051,617               |
| Capital lease equipment                  | 31,928                   | 10,325                 | -                           | (11,928)         | 30,325                   |
| Total depreciable capital<br>assets      | <u>505,028,915</u>       | <u>1,747,282</u>       | <u>(6,351,574)</u>          | <u>823,913</u>   | <u>501,248,536</u>       |
| Less accumulated depreciation:           |                          |                        |                             |                  |                          |
| Site improvements                        | 20,553,653               | 1,749,573              | (301,166)                   | -                | 22,002,060               |
| Buildings and building<br>improvements   | 161,747,078              | 14,764,004             | -                           | -                | 176,511,082              |
| Equipment                                | 72,183,240               | 2,454,472              | (3,244,578)                 | 5,964            | 71,399,098               |
| Capital lease equipment                  | 9,964                    | 6,581                  | -                           | (5,964)          | 10,581                   |
| Total accumulated depreciation           | <u>254,493,935</u>       | <u>18,974,630</u>      | <u>(3,545,744)</u>          | <u>-</u>         | <u>269,922,821</u>       |
| Total depreciable capital assets, net    | <u>250,534,980</u>       | <u>(17,227,348)</u>    | <u>(2,805,830)</u>          | <u>823,913</u>   | <u>231,325,715</u>       |
| Capital assets, net                      | <u>\$ 261,653,910</u>    | <u>\$ (15,800,713)</u> | <u>\$ (4,839,134)</u>       | <u>\$ -</u>      | <u>\$ 241,014,063</u>    |

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The Fiscal Year 2016 capital asset activities for site improvements and buildings and building improvements included prior period adjustments for impaired assets totaling \$2,864,127. The impaired assets included three residential buildings that were taken offline in prior periods as part of the University's master plan. The University reduced their reported balance to zero as the buildings are being prepared for demolition. Also as a part of the prior period adjustments, construction in progress (CIP) and site improvements were reduced in the amount of \$4,756,531 for demolition costs that were capitalized in a prior period instead of being expensed as incurred. See Note 21 for further information related to the prior period adjustment.

In addition to the impaired assets above, the University has a vacant administrative building with a net book value of \$1,138,101 as of June 30, 2016 that is properly being carried at the lower of carrying value or fair market value.

An additional residential building was taken offline in July 2015. The University reduced the carrying value to zero as it is being prepared for demolition resulting in an impairment loss of \$719,294 during Fiscal Year 2016 which is included as a non-operating expense on the Statement of Revenue, Expenditures and Changes in Net Position.

Capital asset activities for the Foundation for the year ended June 30, 2016 were as follows:

|                            | Balance<br>(As restated)<br>June 30, 2015 | Additions  | Retirements | Transfers | Balance<br>June 30, 2016 |
|----------------------------|---|------------|-------------|-----------|--------------------------|
| Land and land improvements | \$ 388,304                                | \$ 270,000 | \$ -        | \$ -      | \$ 658,304               |

As discussed in Note 21, the Foundation's Fiscal Year 2015 financial statements have been restated to incorporate GASB No. 72 guidance for comparability. Thus, the June 30, 2015 capital asset balance of \$1,105,104 has been restated to \$388,304.

**NOTE 6 - LOSSES ON DEBT REFUNDINGS**

Deferred outflow of resources included losses on bond refunding which resulted from the difference between the reacquisition price and the net carrying amount of the old debt. Total amortization for the year ended June 30, 2016 was \$152,323.

**NOTE 7 - UNEARNED REVENUE**

Unearned revenues consist of the following as of June 30, 2016:

|   |                     |
|---|---------------------|
| Tuition and fees                              | \$ 3,288,077        |
| Grants and contracts                          | 1,219,158           |
| Sales and services of educational departments | 245,449             |
| Auxiliary enterprises                         | 256,106             |
| Total   | <u>\$ 5,008,790</u> |

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**NOTE 8 - NOTES PAYABLE**

During the year ended June 30, 2014, the University entered into an installment purchase agreement for networking equipment with an original cost of \$392,786. As of June 30, 2016, the related notes payable obligation was recorded at the present value of the future minimum installment payments, discounted using an applicable discount rate of 1.62%.

Notes payable activities for the year ended June 30, 2016 were as follows:

|                            |                   |
|----------------------------|-------------------|
| Balance, beginning of year | \$ 292,696        |
| Payments                   | <u>(145,175)</u>  |
| Balance, end of year       | <u>\$ 147,521</u> |
| <br>                       |                   |
| Current portion            | <u>\$ 147,521</u> |

**NOTE 9 - CAPITAL LEASES PAYABLE**

The University leases equipment under capital lease purchase contracts with an imputed rate of .78% to 22.84%. The capital leases payable are secured by the equipment being financed. The scheduled maturities of the capital leases are as follows:

|       | Principal        | Interest        | Total<br>Payments |
|-------|------------------|-----------------|-------------------|
| 2017  | \$ 5,526         | \$ 1,807        | \$ 7,333          |
| 2018  | 6,346            | 1,221           | 7,567             |
| 2019  | 7,082            | 484             | 7,566             |
| 2020  | 2,941            | 10              | 2,951             |
| Total | <u>\$ 21,895</u> | <u>\$ 3,522</u> | <u>\$ 25,417</u>  |

**NOTE 10 - REVENUE BONDS PAYABLE AND SUBSEQUENT EVENT**

*General*

At June 30, 2016, revenue bonds payable consists of Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2016, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2015, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2012, and Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2010.

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*Series 2016 Bonds*

On February 4, 2016, the Series 2016 Revenue Bonds were issued in the principal amount of \$8,990,000. The Series 2016 bonds are due April 1, 2027, with annual principal payments ranging from \$450,000 to \$1,125,000 commencing on April 1, 2017 and semi-annual interest payments beginning October 1, 2016 at 5.00%.

Proceeds from the sale of the Series 2015 Bonds were used to provide for the current refunding of the outstanding Series 2006 Bonds in the principal amount of \$9,660,000 and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2006 Bond Account to redeem all of the Refunded Series 2006 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2006 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Although the current refunding resulted in the recognition of an accounting loss of \$75,649 for the year ended June 30, 2016, the University in effect reduced its aggregate debt service payments by \$597,298 over the next five years and obtained an economic gain of \$493,966.

*Series 2015 Bonds*

On May 8, 2015, the Series 2015 Revenue Bonds were issued in the principal amount of \$4,190,000. The Series 2015 bonds are due April 1, 2020, with annual principal payments ranging from \$600,000 to \$1,710,000 commencing on April 1, 2016 and semi-annual interest payments beginning October 1, 2015 at 1.39% to 2.03%.

Proceeds from the sale of the Series 2015 Bonds were used to provide for the current refunding of the outstanding Series 2005 Bonds in the principal amount of \$4,115,000 and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2005 Bond Account to redeem all of the Refunded Series 2005 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

*Series 2012 Bonds*

On April 19, 2012, the Series 2012 Revenue Bonds were issued in the principal amount of \$33,520,000. The Series 2012 bonds are due April 1, 2032, with annual principal payments ranging from \$1,290,000 to \$2,140,000 commencing on April 1, 2013 and semi-annual interest payments beginning April 1, 2013 at 3.00% to 4.20%.

Proceeds from the sale of the Series 2012 Bonds were used to finance capital improvements to Thompson Hall and the University Union. In addition, a portion of the proceeds from the Series 2012 Bonds were used to provide for the advance refunding of the outstanding Series 2002

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Bonds in the principal amount of \$7,890,000. The total principal amount was deposited into the Series 2002 Refunding Fund to redeem all of the Refunded Series 2002 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2002 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

*Series 2010 Bonds*

On August 5, 2010, the Series 2010 Revenue Bonds (Build America Bonds) were issued in the principal amount of \$25,510,000. The Series 2010 bonds are due April 1, 2033, with annual principal payments ranging from \$1,120,000 to \$2,010,000 commencing on April 1, 2017 and semi-annual interest payments beginning April 1, 2011 at 4.35% to 6.60%.

Proceeds from the sale of the Series 2010 Bonds were used to finance capital improvement renovations to Corbin and Olson Residence Halls including the Commons Dining Center.

*Subsequent Event*

On July 26, 2016, Standard & Poor's downgraded the University's ratings to "BBB-" from "BBB+" on the University's Auxiliary Facilities System Revenue Bonds. On June 9, 2016, Standard & Poor's downgraded the State of Illinois one notch to BBB+. As a result of the downgrades to the State of Illinois, both Moody's and Standard & Poor's took rating actions on all of the Illinois public universities they respectively rate.

*Advance Refunded Bonds*

Certain revenue bonds of the University have been defeased in prior years through advance refunding and, accordingly, have been accounted for as if they were retired. The principal amount of advance refunded bonds was fully paid.

*Debt Service Activity Requirements and Collateral*

Following is a schedule depicting Revenue Bonds Payable activities for the year ended June 30, 2016:

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|                      | Beginning<br>Balance | Additions            | Deletions             | Ending<br>Balance    | Current<br>Portion  |
|----------------------|----------------------|----------------------|-----------------------|----------------------|---------------------|
| Series 2006 Bonds    | 10,505,000           | -                    | (10,505,000)          | -                    | -                   |
| Series 2010 Bonds    | 25,510,000           | -                    | -                     | 25,510,000           | 1,120,000           |
| Series 2012 Bonds    | 28,685,000           | -                    | (1,705,000)           | 26,980,000           | 1,770,000           |
| Series 2015 Bonds    | 4,190,000            | -                    | (1,710,000)           | 2,480,000            | 600,000             |
| Series 2016 Bonds    | -                    | 8,990,000            | -                     | 8,990,000            | 770,000             |
| Unamortized premium  | 325,012              | 1,019,255            | (216,205)             | 1,128,062            | 303,107             |
| Unamortized discount | (60,788)             | -                    | 60,788                | -                    | -                   |
|                      | <u>\$ 69,154,224</u> | <u>\$ 10,009,255</u> | <u>\$(14,075,417)</u> | <u>\$ 65,088,062</u> | <u>\$ 4,563,107</u> |

Aggregate maturities of the bonds outstanding as of June 30, 2016 are as follows:

|                     | Principal            | Interest             |
|---------------------|----------------------|----------------------|
| 2017                | \$ 4,260,000         | \$ 3,074,425         |
| 2018                | 4,455,000            | 2,838,750            |
| 2019                | 4,600,000            | 2,657,189            |
| 2020                | 4,775,000            | 2,465,743            |
| 2021                | 4,305,000            | 2,263,965            |
| 2022-2026           | 18,765,000           | 8,579,130            |
| 2027-2031           | 17,060,000           | 4,369,898            |
| 2032-2033           | 5,740,000            | 468,300              |
|                     | <u>63,960,000</u>    | <u>26,717,400</u>    |
| Unamortized premium | 1,128,062            | -                    |
|                     | <u>\$ 65,088,062</u> | <u>\$ 26,717,400</u> |

None of the bonds described above constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by: a) the net revenues of the Western Illinois University Auxiliary Facilities System, b) certain pledged student fees, and c) a pledge of student tuition. Maximum annual debt service as defined for all outstanding revenue bonds is \$7,334,425. The estimated debt service coverage ratio based on revenues generated from operations is 1.67. The future pledged revenues for principal and interest in Fiscal Year 2016 are \$90,677,399. Pledged revenue coverage is 12.88 in Fiscal Year 2016. Pledged revenues have a term of commitment through 2033.

**NOTE 11 - CERTIFICATES OF PARTICIPATION PAYABLE AND SUBSEQUENT EVENT**

*General*

At June 30, 2016, certificates of participation consist of Western Illinois University Series 2015 Certificates of Participation and Western Illinois University Series 2010 Certificates of Participation.

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*Series 2015 Certificates of Participation*

On July 14, 2015, the Series 2015 Certificates of Participation were issued in the principal amount of \$15,100,000. The Series 2015 Certificates of Participation are due October 1, 2024 with annual principal payments ranging from \$1,470,000 to \$1,890,000 commencing October 1, 2016 and semi-annual interest payments beginning October 1, 2016 at 3.00% to 5.00%.

Proceeds from the sale of the Series 2015 Certificates of Participation were used to provide for the current refunding of the outstanding Series 2005 Certificates of Participation in the principal amount of \$7,160,000, the advance refunding of the outstanding Series 2011 Certificates of Participation in the principal amount of \$9,265,000, and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited into the Series 2005 Installment Payment Fund and the 2011 Installment Payment Fund to redeem all of the Refunded Series 2005 and 2011 Certificates of Participation on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 and 2011 Certificates of Participation are considered defeased and the liability for that portion of the certificates has been removed from the University's Statement of Net Position.

Although the refunding resulted in the recognition of an accounting loss of \$598,240, the University in effect reduced its aggregate debt service payments by \$1,474,172 over the next 10 years and obtained an economic gain of \$935,187.

*Series 2010 Certificates of Participation*

On March 11, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of \$11,585,000. The Series 2010 Certificates of Participation are due October 1, 2029 with annual principal payments ranging from \$415,000 to \$825,000 commencing October 1, 2010 and semi-annual interest payments beginning October 1, 2010 at 1.30% to 6.37%.

Proceeds from the sale of the Series 2010 Certificates of Participation were used to finance heating plant capital improvements and steam line replacements. Additionally, proceeds from the sale were used to reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

*Subsequent Event*

On July 26, 2016, Standard & Poor's downgraded the University's ratings to "BBB-" from "BBB+" on the University's Certificates of Participation. On June 9, 2016, Standard & Poor's downgraded the State of Illinois one notch to BBB+. As a result of the downgrades to the State of Illinois, both Moody's and Standard & Poor's took rating actions on all of the Illinois public universities they respectively rate.

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*Debt Service Activity Requirements and Collateral*

Following is a schedule depicting Certificates of Participation activities for the year ended June 30, 2016:

|                      | Beginning<br>Balance | Additions           | Deletions             | Ending<br>Balance   | Current<br>Portion |
|----------------------|----------------------|---------------------|-----------------------|---------------------|--------------------|
| Series 2005          | \$ 7,160,000         | \$ -                | \$ (7,160,000)        | \$ -                | \$ -               |
| Series 2010          | 9,365,000            | -                   | (475,000)             | 8,890,000           | 490,000            |
| Series 2011          | 9,265,000            | -                   | (9,265,000)           | -                   | -                  |
| Series 2015          | -                    | 15,100,000          | -                     | 15,100,000          | 1,730,000          |
| Unamortized premium  | -                    | 694,262             | (134,222)             | 560,040             | 117,289            |
| Unamortized discount | (20,810)             | -                   | 3,823                 | (16,987)            | (3,690)            |
|                      | <u>\$25,769,190</u>  | <u>\$15,794,262</u> | <u>\$(17,030,399)</u> | <u>\$24,533,053</u> | <u>\$2,333,599</u> |

Aggregate maturities of the certificates of participation outstanding as of June 30, 2016 are as follows:

|                      | Principal            | Interest            |
|----------------------|----------------------|---------------------|
| 2017                 | \$ 2,220,000         | \$ 977,944          |
| 2018                 | 2,290,000            | 904,688             |
| 2019                 | 2,360,000            | 827,516             |
| 2020                 | 2,435,000            | 745,875             |
| 2021                 | 2,035,000            | 667,301             |
| 2022-2026            | 9,570,000            | 2,037,058           |
| 2027-2031            | 3,080,000            | 402,000             |
|                      | <u>\$ 23,990,000</u> | <u>\$ 6,562,382</u> |
| Unamortized premium  | 560,040              |                     |
| Unamortized discount | (16,987)             |                     |
|                      | <u>\$ 24,533,053</u> | <u>\$ 6,562,382</u> |

The Certificates of Participation described above do not constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by lawful appropriations by the General Assembly for such purposes and legally available nonappropriated funds on an annual basis.

**NOTE 12 - ACCRUED COMPENSATED ABSENCES**

Vacation pay earned but not taken may be accumulated up to a specified maximum from 24 to 56 work days, and received as a lump sum payment upon termination. At June 30, 2016, such accumulated benefits totaled \$7,721,827.



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Administrative and faculty unused sick leave may be accumulated up to a specified maximum, generally 360 calendar days. Unused and unpaid sick leave can be applied toward the service time requirements for computing retirement benefits. Civil service exempt and nonexempt employees have no specified maximum accumulation of unused sick leave days. One-half of any unused sick leave earned from January 1, 1984 and prior to January 1, 1998 can be received as a lump sum payment upon termination. At June 30, 2016, such accumulated benefits totaled \$3,118,592. Compensated absences activity for the year ended June 30, 2016 was as follows:

|   |                            |
|---|----------------------------|
| Balance, beginning of year                | \$ 12,216,985              |
| Deductions                                | <u>(1,376,566)</u>         |
| Balance, end of year                      | 10,840,419                 |
| Less: current portion                     | <u>(1,735,188)</u>         |
| Balance, end of year - noncurrent portion | <u><u>\$ 9,105,231</u></u> |

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

*Plan Description*

The University contributes to the State Universities Retirement System of Illinois (the System), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org).

*Benefits Provided*

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the

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benefit provisions as of June 30, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

*Contributions*

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for Fiscal Year 2015 and 2016 respectively, was 11.71% and 12.69% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

**Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Net Pension Liability*

At June 30, 2015, SURS reported a net pension liability (NPL) of \$23,756,361,087. The net pension liability was measured as of June 30, 2014.

*Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the net pension liability to be recognized for the University is \$0. The proportionate share of the State's net pension liability associated with the University is \$628,376,573 or 2.6451%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2015, and the total pension used to calculate the net pension liability was determined based on the June 30, 2014 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during Fiscal Year 2015.

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
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*Pension Expense*

At June 30, 2015 SURS reported a collective net pension expense of \$1,994,587,170.

*Employer Proportionate Share of Pension Expense*

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during Fiscal Year 2015. As a result, the University recognized on-behalf revenue and pension expense of \$52,758,579 for the fiscal year ended June 30, 2016, and is reported as part of nonoperating revenues (on-behalf payments for fringe benefits) and operating expenses (on-behalf payments).

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

|  | <u>Deferred Outflow<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|--|--|
| Difference between expected and actual experience                                | \$ 27,312,043                            | \$ -                                     |
| Changes in assumption  | 609,393,909                              | -  |
| Net difference between projected and actual earnings on pension plan investments | <u>593,840,642</u>                       | <u>953,329,464</u>                       |
| Total  | <u>\$ 1,230,546,594</u>                  | <u>\$ 953,329,464</u>                    |

SURS Collective Net Deferred Outflows by Year to be recognized in Future Pension Expenses:

| <u>Year Ending June 30</u> | <u>Net Deferred<br/>Outflows of<br/>Resources</u> |
|----------------------------|---|
| 2016                       | \$ 154,951,326                                    |
| 2017                       | 118,957,720                                       |
| 2018                       | (145,152,075)                                     |
| 2019                       | 148,460,159                                       |
| 2020                       | -   |
| Thereafter                 | -   |
| <u>Total</u>               | <u>\$ 277,217,130</u>                             |

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**Employer Deferral of Fiscal Year 2016 Pension Expense**

The University paid \$360,777 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability measurement date of June 30, 2015 and are recognized as Deferred Outflows of Resources as of June 30, 2016.

**Assumptions and Other Inputs**

*Actuarial assumptions*

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.75 percent  |
| Salary increases          | 3.75 to 12.00 percent, including flation                                |
| Investment rate of return | 7.25 percent beginning with the actuarial valuation as of June 30, 2014 |

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

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| Asset class                             | Target allocation | Weighted average long-term expected real rate of return |
|---|-------------------|---|
| U.S. equity                             | 23%               | 5.77%   |
| Private equity                          | 6%                | 9.23%   |
| Non-U.S. equity                         | 19%               | 6.69%   |
| Global equity                           | 8%                | 6.51%   |
| Fixed Income                            | 19%               | 1.12%   |
| Treasury-inflation protected securities | 4%                | 1.22%   |
| Emerging market debt                    | 3%                | 4.61%   |
| REITS                                   | 4%                | 5.85%   |
| Direct real estate                      | 6%                | 4.37%   |
| Commodities                             | 2%                | 4.06%   |
| Hedged strategies                       | 5%                | 3.99%   |
| Opportunity fund                        | 1%                | 6.80%   |
| Total                                   | 100%              | 5.02%   |
| Inflation                               |                   | 3.00%   |
| Expected arithmetic returns             |                   | 8.02%   |

*Discount Rate*

A single discount rate of 7.12% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate*

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.12%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

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| 1% Decrease<br>6.12% | Current Single Discount<br>Rate Assumption<br>7.12% | 1% Increase<br>8.12% |
|----------------------|---|----------------------|
| \$ 28,929,333,917    | \$ 23,756,361,087                                   | \$ 19,470,982,362    |

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at [www.SURS.org](http://www.SURS.org).

**NOTE 14 – ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the University reported payments made to the State Universities Retirement System on behalf of the University for its proportional share of the State’s pension expense of \$52,758,579 as described in Note 13. Substantially all employees participate in group health insurance plans administered by the State. The employer contributions to these plans for a majority of the University’s employees are paid by Central Management Services (CMS) on behalf of the University. The University reported group insurance on-behalf payments made to Central Management Services of \$35,315,108 for the year ended June 30, 2016. The on-behalf payments amount that relates to State group health insurance is an allocation of estimated costs incurred by CMS on behalf of the University. The total on-behalf payments of \$88,073,687 are reported as nonoperating revenues and operating expenses.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State’s self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the University’s portion of employer costs for the benefits provided. The total cost of the State’s portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as

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expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62606-4100.

**NOTE 16 – STATE OF ILLINOIS APPROPRIATIONS**

On June 30, 2016, the General Assembly passed SB 2047, Public Act 99-524 that included a six-month stop gap budget for universities. The University received Fiscal Year 2017 appropriations of \$31,389,000 from the Education Assistance Fund. The Public Act states that Fiscal Year 2017 appropriations may be used to pay prior year costs through December 31, 2016. The University fully spent the Fiscal Year 2017 appropriation for Fiscal Year 2016 costs. In addition, the spring semester awards made for Fiscal Year 2016 scholarships totaling \$5,939,112 from the Illinois Student Assistance Commission were reimbursed to the University from the Fiscal Year 2017 Fund for the Advancement of Education appropriation. In accordance with GASB Statement No. 33, the revenues paid from Fiscal Year 2017 appropriations totaling \$37,328,112 were not recognized as revenues and receivables at June 30, 2016 even though they were used to pay for Fiscal Year 2016 costs.

**NOTE 17 - INSURANCE**

Through its participation in the Illinois Public Higher Education Cooperative (IPHEC), the University has contracted with commercial carriers to provide various insurance coverages, including educators' legal and other general liability insurance. The University's liability coverages have a \$250,000 to \$350,000 deductible per occurrence. Additionally, the University purchases property insurance coverage for the replacement value of University real property and contents. Settled claims have not exceeded commercial coverage in any of the three preceding years.

**NOTE 18 - OPERATING EXPENSES BY NATURAL CLASSIFICATION**

Operating expenses by natural classification for the year ended June 30, 2016, for the University are summarized as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016**

|                                       | Compensation<br>and Benefits | Supplies<br>and Services | Scholarships<br>and Fellowships | Depreciation         | Total                 |
|---------------------------------------|------------------------------|--------------------------|---------------------------------|----------------------|-----------------------|
| Instruction                           | \$ 60,536,244                | \$ 1,828,268             | \$ -                            | \$ -                 | \$ 62,364,512         |
| Research                              | 2,816,726                    | 622,948                  | -                               | -                    | 3,439,674             |
| Public service                        | 6,378,455                    | 3,481,361                | -                               | -                    | 9,859,816             |
| Academic support                      | 12,948,671                   | 3,224,643                | -                               | -                    | 16,173,314            |
| Student services                      | 10,904,119                   | 10,251,233               | -                               | -                    | 21,155,352            |
| Institutional support                 | 9,677,156                    | 3,608,236                | -                               | -                    | 13,285,392            |
| Operation and<br>maintenance of plant | 8,360,817                    | 5,359,922                | -                               | -                    | 13,720,739            |
| Student aid expense                   | -                            | -                        | 10,668,851                      | -                    | 10,668,851            |
| Auxiliary enterprises                 | 14,714,326                   | 23,686,508               | -                               | -                    | 38,400,834            |
| Staff benefits                        | 6,738,577                    | -                        | -                               | -                    | 6,738,577             |
| Depreciation                          | -                            | -                        | -                               | 15,391,211           | 15,391,211            |
| On-behalf payments                    | 88,073,687                   | -                        | -                               | -                    | 88,073,687            |
| Other operating expenses              | -                            | 39,262                   | -                               | -                    | 39,262                |
| <b>Total</b>                          | <b>\$ 221,148,778</b>        | <b>\$ 52,102,381</b>     | <b>\$ 10,668,851</b>            | <b>\$ 15,391,211</b> | <b>\$ 299,311,221</b> |

**NOTE 19 - CONTRACT WITH WESTERN ILLINOIS UNIVERSITY FOUNDATION**

The University has a contract with the Western Illinois University Foundation in which the Foundation has agreed to aid and assist the University in achieving its educational, research, and service goals by developing and administering its gifts. These gifts received by the Foundation are to be used for the benefit of the University in its scholarship, loan, grant and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation.

For Fiscal Year 2016, the Foundation did not specifically reimburse the University for \$1,859,935 of personal service costs, facility use and other costs provided by the University. However, the Foundation gave the University \$4,106,729 for Fiscal Year 2016, in totally unrestricted funds or funds restricted as to department but generally available for ongoing University operations.

**NOTE 20 - COMMITMENTS AND CONTINGENCIES**

*Claims and Litigation*

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes that ultimate disposition of the actions will not have a material effect on the financial statements of the University.



**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016**

*Government Grants*

The University is currently participating in numerous grants from various departments and agencies of the federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursements of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

**NOTE 21 – PRIOR PERIOD ADJUSTMENT**

**University**

As discussed in Note 5, the University restated its net position balance at July 1, 2015 from \$216.7 to \$209.1 due to the following:

- A. To correct an error in valuation of certain capital assets that were deemed to be impaired prior to July 1, 2015. This adjustment decreased net position (Net investment in capital assets) by \$2,864,127.
- B. To correct an error in capitalizing demolition costs in prior periods instead of being expensed as incurred. This adjustment decreased net position (Net investment in capital assets) by \$4,756,531.

A reconciliation of net position reported in the prior period financial statements and as restated follows:

|   |                       |
|---|-----------------------|
| Net position, beginning of year, as previously reported | \$ 216,722,863        |
| Cumulative effect of correction of errors               | <u>(7,620,658)</u>    |
| Net position, beginning of year, as restated            | <u>\$ 209,102,205</u> |

**Foundation**

During Fiscal Year 2016, the Foundation adopted GASB Statement No. 72, *Fair Value Measurement and Application* (GASB No. 72), which provides guidance for determining fair value measurements for financial reporting purposes and disclosure requirements for all fair value measurements.

The adoption of GASB No. 72 required that certain Foundation real estate property held for investment purposes be carried at its current fair value (based on appraisal). This was a change from the historical approach of using the fair value at the date of donation.

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WESTERN ILLINOIS UNIVERSITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016**

The Fiscal Year 2015 financial statements have been restated to incorporate GASB No. 72 guidance for comparability.

The following changes were made to the statement of net position as of June 30, 2015:

|   | As Previously<br>Reported | Adjustment       | As Restated  |
|---|---------------------------|------------------|--------------|
| <b>ASSETS</b>                                   |                           |                  |              |
| Other investments                               | \$ 1,893,894              | \$ 716,800       | \$ 2,610,694 |
| Capital assets, net of accumulated depreciation | 1,105,104                 | <u>(716,800)</u> | 388,304      |
|   |                           | <u>\$ -</u>      |              |
| <b>NET POSITION</b>                             |                           |                  |              |
| Net investment in capital assets                | \$ 1,105,104              | \$ (716,800)     | \$ 388,304   |
| Unrestricted                                    | 19,889,283                | <u>716,800</u>   | 20,606,083   |
|   |                           | <u>\$ -</u>      |              |

The adoption of GASB No. 72 had no effect on the statement of revenues, expenses and changes in net position for the year ended June 30, 2015.

**NOTE 22 – SUBSEQUENT EVENTS**

The State of Illinois has not adopted a complete Fiscal Year 2017 operating budget as of the date of this report, January 20, 2017. They have only passed a six-month stop gap measure that provided around 61.0% of Fiscal Year 2015 appropriations. The University is part of the executive branch of the government and operates under a budget approved by the State of Illinois, in which resources are appropriated for the use of the University. The amount and timing of final appropriations may necessitate spending reductions in the future.

On November 23, 2016, the Illinois Board of Higher Education allocated \$8,397,900 of the lump sum appropriation of Public Act 99-0524 to the University to provide financial support for essential operations.

The U.S. Department of Labor announced changes to the Fair Labor Standards Act effective December 1, 2016 in regards to the salary threshold for which most employees are considered exempt from overtime. On November 22, 2016, a federal judge issued a preliminary injunction temporarily suspending the revised rules. The expected financial impact to the University is immaterial.

The Federal Perkins Loan Extension Act prohibits any further extensions of the Perkins Loan Program under section 422(a) of the General Education Provisions Act (GEPA). Schools may not make Perkins Loans to any student on or after October 1, 2017. The University is currently assessing the implications of the expiration of the Perkins Loan Program.

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION – PENSION (UNAUDITED)  
For the Year Ended June 30, 2016**

**Schedule of Share of Net Pension Liability**

|   | <u>2014</u>        | <u>2015</u>        |
|---|--------------------|--------------------|
| (a) Proportion percentage of the collective net pension liability   | 0%                 | 0%                 |
| (b) Proportion amount of the collective net pension liability   | \$ -               | \$ -               |
| (c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer | <u>586,649,047</u> | <u>628,376,573</u> |
| Total (b) + (c)   | 586,649,047        | 628,376,573        |
| Employer DB covered-employee payroll  | \$ 97,810,421      | \$ 96,318,804      |
| Proportion of collective net pension liability associated with employer as a percentage of DB covered-employee payroll          | 599.78%            | 652.39%            |
| SURS plan net position as a percentage of total pension liability   | 44.39%             | 42.37%             |

**Schedule of Contributions**

|   | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    |
|---|----------------|----------------|----------------|
| Federal, trust, grant, and other contribution     | \$ 305,959     | \$ 329,255     | \$ 360,777     |
| Contribution in relation to required contribution | 305,959        | 329,255        | 360,777        |
| Contribution deficiency (excess)                  | -              | -              | -              |
| Employer covered payroll                          | \$ 121,080,877 | \$ 120,107,278 | \$ 115,835,988 |
| Contributions as a percentage of covered payroll  | 0.25%          | 0.27%          | 0.31%          |

\*Note: SURS implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. This schedule is intended to show information for 10 years.

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION  
(UNAUDITED)  
For the Year Ended June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT CHANGES**

**A. Changes of Benefit Terms**

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

**B. Changes of Assumptions**

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.



## **ADELFA LLC**

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**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

The Board of Trustees  
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Western Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 20, 2017. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2016-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **University's Response to the Finding**

The University's response to the finding identified in our audit is described in the accompanying schedule of findings. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
January 20, 2017

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
FINANCIAL AUDIT  
For the Year Ended June 30, 2016**

**SCHEDULE OF FINDINGS**

**CURRENT FINDING  
(GOVERNMENT AUDITING STANDARDS)**

**2016-001 FINDING:** (Failure to apply accounting and financial reporting standards for impairment of capital assets)

Western Illinois University (University) did not evaluate changes in circumstances affecting capital assets to determine whether impairment occurred and did not properly account for and report capital asset impairments in the financial statements.

We noted the following issues in our audit of financial statements originally submitted by the University to the Office of the State Comptroller:

- The University identified three residential buildings to be demolished in current and prior years, but did not subject these buildings to tests of impairment. The buildings were still being depreciated and maintained on the books as of June 30, 2016 instead of being analyzed for impairment and adjusted to the lower of carrying value or fair value on the date management made the decision to change the manner of use of the buildings. The net book value of the two buildings impaired as of June 30, 2015 totaled \$2,864,127 and the net book value of the other building impaired as of July 1, 2015 amounted to \$719,294. Depreciation charged for Fiscal Year 2016 for these three buildings totaled \$259,792.
- Deconstruction and demolition costs related to these three buildings were capitalized as construction in progress (CIP) instead of being expensed as incurred. Total CIP costs as of June 30, 2015 totaled \$2,006,050 and total CIP costs incurred for Fiscal Year 2016 amounted to \$414,620.
- Three other buildings demolished in prior periods were written off, but the demolition costs of these buildings were capitalized as site improvements. The site improvements were being depreciated instead of being expensed as incurred. The net book value of the site improvements as of June 30, 2015 amounted to \$2,750,481 and the current year depreciation amounted to \$122,065.
- The notes to the financial statements did not include disclosure of idle capital assets or impairment losses. In addition to impairments noted above, another building vacated and listed for sale during Fiscal Year 2016 was properly valued; however, the carrying amount of this impaired capital asset idle at year-end was not disclosed.

Subsequent to audit testing, the University revised the financial statements and footnotes and submitted revised accounting reports to the Office of State Comptroller to include the adjustments and information necessary to apply the appropriate generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statement No. 42 – *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires entities to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred by identifying potential impairments and testing for impairment. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. The Statement also states the loss should be recognized when the impairment event or change in circumstance occurs.

GASB Statement No. 42 also requires that the amount of the impairment loss, a general description, and the financial statement classification should all be disclosed in the financial statement notes if not readily apparent on the face of the statements. The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary.

The University Capital Asset Financial Reporting Policy also states that if the University acquired land and buildings with the intent to use the building and the building is subsequently demolished, the asset will be removed from the University's books and demolition costs will be expensed.

According to University personnel, the University misinterpreted GASB Statement No. 42 to mean that impairment happens at the time of demolition rather than at the time of vacancy. Furthermore, the University's practice to capitalize all deconstruction expenses rather than expensing them was incorrect. The University deemed these expenses as capitalizable as they were mistakenly considered part of clearing the land for site improvements rather than as expenses of demolishing the buildings. Required disclosures were omitted due to lack of awareness that a disclosure should be included when an impairment occurred, as well as misinterpretation of the applicability of the standard.

Failure to apply the applicable generally accepted accounting principles resulted in an overstatement of prior year net position balances by \$7,620,658 and an understatement of current year expenses by \$752,057. This caused inaccurate and incomplete financial statements to be submitted with the original financial reporting package submitted to the State Comptroller. Improper application of accounting and financial reporting standards can result in a material misstatement of financial statements and inadequate disclosure of significant events. (Finding Code No. 2016-001)



**RECOMMENDATION:**

We recommend that the University establish procedures to ensure that transactions which include special considerations and reporting be carefully reviewed for proper accounting and disclosure. As necessary, accounting and reporting guidance should be obtained from technical resources to ensure conformity with GAAP.

**UNIVERSITY RESPONSE:**

The University agrees with the finding. The University will modify its capital asset procedures to ensure proper capitalization and as necessary, obtain guidance to ensure conformity with GAAP.

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY  
FINANCIAL AUDIT  
For the Year Ended June 30, 2016**

**SCHEDULE OF FINDINGS**

**PRIOR FINDING NOT REPEATED**

**A. FINDING: Inadequate Controls Over Journal Entries**

During the previous audit, the University did not have adequate controls over its journal entries. Effective policies and procedures were not in place to ensure that all journal entries were appropriate, properly prepared, and timely approved. (Finding Code No. 2015-001, 2014-001, and 2013-001)

During the current audit, we noted in our testing that effective for fiscal year 2016, the University amended its policy to ensure approval for all non-recurring entries, regardless of magnitude. For all recurring entries, the University documented internal controls with regards to these types of entries and performed a formal risk assessment. Our review of current year journal entries noted internal controls had been implemented.

Attachment J  
Western Illinois University Board of Trustees Budget Materials  
Fiscal Year 2016

Note: By State statute, the Western Illinois University approves a Preliminary Spending Plan prior to the fiscal year. It also refined and approved as All Funds Budget in the fall meeting. The Board also approves University requests for new state resources (operating and capital) at its fall meeting. All of these materials are attached.

WESTERN ILLINOIS UNIVERSITY  
BOARD OF TRUSTEES

June 12, 2015

Resolution No. 15.6/3  
FY2016 Preliminary Spending Plan

**WHEREAS** Western Illinois University must prepare a preliminary spending plan prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** this spending plan requires Board of Trustees approval prior to submission; and,

**WHEREAS** this spending plan reflects Western's tradition of strong, conservative fiscal management and resource allocation to support goals and priorities stated in *Higher Values in Higher Education* and Western Illinois University's *Mission Statement*:

**THEREFORE** be it resolved that the Board of Trustees approves the FY2016 spending plan as presented in the FY2016 spending plan document, and be it further resolved that the President be authorized to make technical adjustments in these budgets, if necessary.

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Illinois state statute requires Western Illinois University (and all other Illinois public universities) to prepare a *Fiscal Year 2016 Preliminary Spending Plan* prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor. Furthermore, the *Fiscal Year 2016 Preliminary Spending Plan* must be approved by the Western Illinois University Board of Trustees prior to institutional submission and expenditure. The Preliminary Spending Plan for Fiscal Year 2016 is displayed in the table below.

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Personal Services                    | \$ 45,526,500                  | \$ 61,498,700                 | \$ 14,200,000                           | \$ 14,250,000                       | \$ 135,475,200        |
| Medicare                             | 830,000                        | 700,000                       | 200,000                                 | 150,000                             | 1,880,000             |
| Contractual Services                 | -                              | 11,000,000                    | 23,300,000                              | 14,150,000                          | 48,450,000            |
| Travel                               | -                              | 500,000                       | 100,000                                 | 750,000                             | 1,350,000             |
| Commodities                          | -                              | 2,400,000                     | 600,000                                 | 2,200,000                           | 5,200,000             |
| Equipment                            | -                              | 3,000,000                     | 500,000                                 | 2,000,000                           | 5,500,000             |
| Awards & Grants and Matching Funds   | -                              | 5,200,000                     | 1,400,000                               | 25,000,000                          | 31,600,000            |
| Telecommunication Services           | -                              | 500,000                       | 125,000                                 | 350,000                             | 975,000               |
| Operation of Automotive Equipment    | -                              | 300,000                       | 200,000                                 | 500,000                             | 1,000,000             |
| Permanent Improvements               | -                              | 300,000                       | 400,000                                 | 400,000                             | 1,100,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,440,000                              | 250,000                             | 14,690,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>           | <b>\$ 85,398,700</b>          | <b>\$ 55,665,000</b>                    | <b>\$ 61,000,000</b>                | <b>\$ 250,165,000</b> |

On May 28, 2015, the Illinois General Assembly passed HB 4148 which reduces the Western Illinois Appropriation by 6.5% over the revised FY2015 Appropriation or 8.7% over FY2015 original appropriation. Also on May 28 2015 a motion was filed to reconsider this bill. This bill is now held in the Illinois General Assembly and will not immediately be sent to the Governor for consideration. This represents a \$4.52 million reduction in our appropriation when compared to the FY2015 state appropriation.

Because HB 4148 is the best known information we have at the time of this writing, the University's Fiscal Year 2016 preliminary spending plan for state appropriated funds is presented at a level that reflects a 6.5% reduction in our state appropriation. The Income Fund budget reflects the necessary increases in salary obligations and operating increases, as well as planned expense reductions by the leadership team.

Western Illinois University's *Fiscal Year 2016 All-Funds Operating Budget* will be presented to the Western Illinois University Board of Trustees in October and will include the appropriation approved by the General Assembly and income projections based on fall enrollment.

Table 2  
Western Illinois University  
Fiscal Year 2013 Through 2015 All-Funds Budget

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Fiscal Year 2013                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,109,600                  | \$ 57,190,400                 | \$ 14,500,000                           | \$ 14,470,000                       | \$ 132,270,000        |
| Medicare                             | 800,000                        | 700,000                       | 200,000                                 | 150,000                             | 1,850,000             |
| Contractual Services                 | 2,500,000                      | 8,500,000                     | 21,580,000                              | 14,000,000                          | 46,580,000            |
| Travel                               | -                              | 1,000,000                     | 100,000                                 | 750,000                             | 1,850,000             |
| Commodities                          | 263,400                        | 1,700,000                     | 700,000                                 | 2,000,000                           | 4,663,400             |
| Equipment                            | 400,000                        | 2,200,000                     | 900,000                                 | 2,000,000                           | 5,500,000             |
| Awards & Grants and Matching Funds   | -                              | 2,300,000                     | 500,000                                 | 26,000,000                          | 28,800,000            |
| Telecommunication Services           | 150,000                        | 500,000                       | 200,000                                 | 380,000                             | 1,230,000             |
| Operation of Automotive Equipment    | 180,000                        | 161,800                       | 100,000                                 | 600,000                             | 1,041,800             |
| Permanent Improvements               | -                              | 600,000                       | 400,000                                 | 300,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 900,000                             | 2,844,800             |
| Other                                | -                              | -                             | 14,620,000                              | 450,000                             | 15,070,000            |
| <b>Total FY2013 Operating Budget</b> | <b>\$ 52,147,800</b>           | <b>\$ 74,852,200</b>          | <b>\$ 54,000,000</b>                    | <b>\$ 62,000,000</b>                | <b>\$ 243,000,000</b> |
| Fiscal Year 2014                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,596,900                  | \$ 58,203,100                 | \$ 14,000,000                           | \$ 14,250,000                       | \$ 133,050,000        |
| Medicare                             | 800,000                        | 700,000                       | 200,000                                 | 150,000                             | 1,850,000             |
| Contractual Services                 | 2,500,000                      | 8,100,000                     | 22,155,000                              | 13,000,000                          | 45,755,000            |
| Travel                               | -                              | 400,000                       | 150,000                                 | 750,000                             | 1,300,000             |
| Commodities                          | 383,400                        | 1,500,000                     | 700,000                                 | 2,200,000                           | 4,783,400             |
| Equipment                            | 400,000                        | 2,200,000                     | 800,000                                 | 2,000,000                           | 5,400,000             |
| Awards & Grants and Matching Funds   | -                              | 2,500,000                     | 500,000                                 | 25,000,000                          | 28,000,000            |
| Telecommunication Services           | 180,000                        | 500,000                       | 200,000                                 | 360,000                             | 1,240,000             |
| Operation of Automotive Equipment    | 150,000                        | 241,800                       | 100,000                                 | 600,000                             | 1,091,800             |
| Permanent Improvements               | -                              | 500,000                       | 500,000                                 | 300,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,495,000                              | 390,000                             | 14,885,000            |
| <b>Total FY2014 Operating Budget</b> | <b>\$ 52,755,100</b>           | <b>\$ 74,844,900</b>          | <b>\$ 54,000,000</b>                    | <b>\$ 60,000,000</b>                | <b>\$ 241,600,000</b> |
| Fiscal Year 2015                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,471,100                  | \$ 60,228,900                 | \$ 13,975,000                           | \$ 14,250,000                       | \$ 134,925,000        |
| Medicare                             | 800,000                        | 800,000                       | 200,000                                 | 150,000                             | 1,950,000             |
| Contractual Services                 | 2,500,000                      | 8,571,800                     | 22,500,000                              | 14,150,000                          | 47,721,800            |
| Travel                               | -                              | 800,000                       | 100,000                                 | 750,000                             | 1,650,000             |
| Commodities                          | 383,400                        | 2,000,000                     | 600,000                                 | 2,200,000                           | 5,183,400             |
| Equipment                            | 400,000                        | 2,500,000                     | 500,000                                 | 2,000,000                           | 5,400,000             |
| Awards & Grants and Matching Funds   | -                              | 4,000,000                     | 1,400,000                               | 25,000,000                          | 30,400,000            |
| Telecommunication Services           | 150,000                        | 350,000                       | 125,000                                 | 350,000                             | 975,000               |
| Operation of Automotive Equipment    | 180,000                        | 120,000                       | 200,000                                 | 500,000                             | 1,000,000             |
| Permanent Improvements               | -                              | 500,000                       | 400,000                                 | 400,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,300,000                              | 250,000                             | 14,550,000            |
| <b>Total FY2015 Operating Budget</b> | <b>\$ 52,629,300</b>           | <b>\$ 79,870,700</b>          | <b>\$ 54,500,000</b>                    | <b>\$ 61,000,000</b>                | <b>\$ 248,000,000</b> |

**Resolution:**

**WHEREAS** approval of new or changed capital reserves for non-indentured entities shall be submitted to the Board of Trustees annually; and,

**WHEREAS** general guidelines established by the Legislative Audit Commission were followed:

**THEREFORE** be it resolved that the Board of Trustees approves the capital reserves as presented.

**PREVIOUSLY APPROVED RESERVES**

| <u>Entity</u>                         | <u>Approved<br/>Amount</u> | <u>Funded<br/>Amount<br/>as of 4/24/2015</u> | <u>Change<br/>Requested</u> | <u>Adjusted<br/>Total</u> |
|---------------------------------------|----------------------------|--|-----------------------------|---------------------------|
| <u>Movable Equipment</u>              |                            |  |                             |                           |
| Public Service                        | \$425,000                  | \$70,162                                     | \$0                         | \$425,000                 |
| Student Programs and Services         | \$400,000                  | \$314,188                                    | \$0                         | \$400,000                 |
| Instructional Resources and Services  | \$545,000                  | \$368,479                                    | \$0                         | \$545,000                 |
| University Stores and Service Centers | \$850,000                  | \$11,850                                     | \$0                         | \$850,000                 |
| University Publications               | \$26,625                   | \$0  | \$0                         | \$26,625                  |
| Sponsored Credit                      | \$4,000                    | \$0  | \$0                         | \$4,000                   |
| Parking Operations                    | \$40,000                   | \$0  | \$0                         | \$40,000                  |
| Transit                               | \$32,500                   | \$0  | \$0                         | \$32,500                  |
| <u>Parking Lots</u>                   |                            |  |                             |                           |
| Parking Operation                     | \$1,600,000                | \$136,002                                    | \$0                         | \$1,600,000               |

**Resolution No. 15.6/3: FY2016 Preliminary Spending Plan**

Trustee Quigley stated it says that it's going to be presented. Kerry McBride said we have handouts coming shortly. Matt Bierman asked oh those aren't here yet? Kerry McBride replied they're not here yet. Matt Bierman continued so this was sent out to the Board this week, but there was a miscommunication so the handouts are being made. So if we need to switch to another item maybe so they can... I wouldn't want them to approve a budget they haven't – well they've seen it, but it's not in front of them. It was sent electronically.

Trustee Epperly noted this is with a projection of 6.5% reduction. Matt Bierman responded that is correct. This package considers a spending cut from the State at 6.5% reduction over the revised 2015 appropriation. So we're still – as we've talked all morning – we're still in limbo about all of that. Trustee Epperly asked so this is the scenario with the 6.5% reduction after we've also taken I call it almost \$2M hit this year, so that's in there also. Matt Bierman replied yes that is accounted in here as well. I mean this is the spending side of things, so what we're saying is and Dr. Thomas mentioned in his remarks the plan is to cut nearly \$4M out of the budget, so when you add all that up and the new expenses that are planned – you'll actually see the budget go up. But because of the \$4M, we're actually reducing what it would be had we just kind of kept things status quo. So we will make a cut, and then we'll make an

additional cut for sure in FY17 to bring things back in align, but we can't react quite as quick at this particular date to make all the cuts necessary for FY16 to balance things.

Trustee Cole asked can we table that for a moment until we can see that document. Kerry McBride said I think they just arrived. Trustee Quigley stated I was just going to ask if you could perhaps provide summation or summary of the changes. Matt Bierman asked of the changes of? Trustee Quigley asked where are the cuts coming from I guess – it's kind of like a general – oh yeah, sorry? Matt Bierman responded oh the \$4M changes? Trustee Quigley said summary version – I'm not yeah line item. Matt Bierman continued we've been meeting throughout the spring in identifying those. Those have not been publicly announced at this point, so we continue to look at many different areas within the institution about where the reductions need to be. And each vice president, I think somebody mentioned this morning has worked on their own scenarios within their own areas.

President Thomas noted right. We asked each vice president to come up with a percentage based on – as we said, it's not going to be across the board, but we've asked each vice president to come up with a certain percentage – some larger than others. And we've been working on this and that will equate to the \$4 whatever million it is. Matt Bierman added we're trying to hit a \$4M mark for this year. And then next year, it will likely be – it will be more than that. President Thomas noted right. And we're using some of the reserve because of the timeliness of this with the State. We don't know exactly what it is, but we're going to be – we have to utilize some reserve this year. Matt Bierman noted so if the state cuts get worse – we'll have to use more reserve for FY16. And then we will spend the next several months planning already for a FY17 to make the necessary adjustments that we will need to for FY17. President Thomas stated and we feel that we are ahead of the curve for FY17, because we will be making those announcements sometime within October or early November or something of that nature. So we'll be ahead of the curve at that time because we will already know. Matt Bierman said I would remind you that this is preliminary spending plan, so we actually present a final University budget to you at your October board meeting with final numbers. Once we do know, I hope Jeanette's – we're not still fighting with the budget in October. And we'll also have enrollment at that point.

Chair Early asked so the reserves that we're tapping into are the same reserves that we use to continue to meet our obligations while we wait for reimbursement from the State – is that correct? Matt Bierman replied that is correct. So at some point if we use up too much, we start getting back into a situation where a cash flow becomes a bigger concern as it was four or five years ago. So this is a tricky balance that we have to work. So FY17 – that's why we keep saying FY17 is a critical year for what happens at the State and good decisions that we have to make. President Thomas stated these are risks that we're taking that we have to take at this point, but we're very conservative in even going into that reserve that we're utilizing for this. So we're working on other scenarios as we speak.

Trustee Quigley asked how much in the reserve are we gonna go? Matt Bierman said pardon me – what was the question? Trustee Quigley asked how much into the reserve are we gonna go? Matt Bierman replied right now I'm estimating somewhere between \$5M-\$7M is what we'll have to use. Trustee Hare asked how much is in the reserve? Matt Bierman responded about \$22M. Chair Early asked and our payroll? Matt Bierman stated total expenses in a given month for appropriated dollars is about \$10M a month. That's appropriated which is really what we're talking about for the most part. Even though this is a spending plan for our auxiliary as well as our locals, those entities are sort of self-funded, so they don't have the same issues that the appropriated side faces. Trustee Epperly asked any other questions, comments?



Trustee Epperly moved to approve Resolution 15.6/3. Trustee Savala seconded the motion.

Roll Call

|                       |         |
|-----------------------|---------|
| Trustee Clawson       | Yes     |
| Trustee Cole          | Yes     |
| Trustee Early         | Yes     |
| Trustee Ehlert Fuller | Yes     |
| Trustee Epperly       | Yes     |
| Trustee Hare          | Yes     |
| Trustee Quigley       | ABSTAIN |
| Trustee Savala        | Yes     |

Motion Carried.

**Resolution:**

**WHEREAS** Western Illinois University must prepare a preliminary spending plan prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** this spending plan requires Board of Trustees approval prior to submission; and,

**WHEREAS** this spending plan reflects Western's tradition of strong, conservative fiscal management and resource allocation to support goals and priorities stated in *Higher Values in Higher Education* and Western Illinois University's *Mission Statement*:

**THEREFORE** be it resolved that the Board of Trustees approves the FY2016 spending plan as presented in the FY2016 spending plan document, and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

Illinois state statute requires Western Illinois University (and all other Illinois public universities) to prepare a *Fiscal Year 2016 Preliminary Spending Plan* prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor. Furthermore, the *Fiscal Year 2016 Preliminary Spending Plan* must be approved by the Western Illinois University Board of Trustees prior to institutional submission and expenditure. The Preliminary Spending Plan for Fiscal Year 2016 is displayed in the table below.

Table 1  
Western Illinois University  
FY2016 Preliminary Spending Plan

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Personal Services                    | \$ 45,526,500                  | \$ 61,498,700                 | \$ 14,200,000                           | \$ 14,250,000                       | \$ 135,475,200        |
| Medicare                             | 830,000                        | 700,000                       | 200,000                                 | 150,000                             | 1,880,000             |
| Contractual Services                 | -                              | 11,000,000                    | 23,300,000                              | 14,150,000                          | 48,450,000            |
| Travel                               | -                              | 500,000                       | 100,000                                 | 750,000                             | 1,350,000             |
| Commodities                          | -                              | 2,400,000                     | 600,000                                 | 2,200,000                           | 5,200,000             |
| Equipment                            | -                              | 3,000,000                     | 500,000                                 | 2,000,000                           | 5,500,000             |
| Awards & Grants and Matching Funds   | -                              | 5,200,000                     | 1,400,000                               | 25,000,000                          | 31,600,000            |
| Telecommunication Services           | -                              | 500,000                       | 125,000                                 | 350,000                             | 975,000               |
| Operation of Automotive Equipment    | -                              | 300,000                       | 200,000                                 | 500,000                             | 1,000,000             |
| Permanent Improvements               | -                              | 300,000                       | 400,000                                 | 400,000                             | 1,100,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,440,000                              | 250,000                             | 14,690,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>           | <b>\$ 85,398,700</b>          | <b>\$ 55,665,000</b>                    | <b>\$ 61,000,000</b>                | <b>\$ 250,165,000</b> |

On May 28, 2015, the Illinois General Assembly passed HB 4148 which reduces the Western Illinois Appropriation by 6.5% over the revised FY2015 Appropriation or 8.7% over FY2015 original appropriation. Also on May 28 2015 a motion was filed to reconsider this bill. This bill is now held in the Illinois General Assembly and will not immediately be sent to the Governor for consideration. This represents a \$4.52 million reduction in our appropriation when compared to the FY2015 state appropriation.

Because HB 4148 is the best known information we have at the time of this writing, the University's Fiscal Year 2016 preliminary spending plan for state appropriated funds is presented at a level that reflects a 6.5% reduction in our state appropriation. The Income Fund budget reflects the necessary increases in salary obligations and operating increases, as well as planned expense reductions by the leadership team.

Western Illinois University's *Fiscal Year 2016 All-Funds Operating Budget* will be presented to the Western Illinois University Board of Trustees in October and will include the appropriation approved by the General Assembly and income projections based on fall enrollment.

WESTERN ILLINOIS UNIVERSITY  
BOARD OF TRUSTEES

October 2, 2015

Resolution No. 15.10/3  
FY2016 All-Funds Budget

**Resolution:**

**WHEREAS** Western Illinois University must prepare an annual all-funds budget for Appropriated Funds, University Income Funds, and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** the Fiscal Year 2016 all-funds budget requires Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2016 All-Funds Budget* presented today advances the goals of the University's Strategic Plan, Higher Values in Higher Education, on both Western Illinois University campuses, and statewide strategic planning goals for higher education, as identified in IBHE's *Illinois Public Agenda for College and Career Success*; and,

**WHEREAS** the *Fiscal Year 2016 All-Funds Budget* presented today maintains Western Illinois University's public commitments to conservative fiscal management and public accountability to students, their families, and state taxpayers:

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2016 All-Funds Budget as presented in the *Fiscal Year 2016 All-Funds Budget* document and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

## Fiscal Year 2016 All-Funds Budget

To ensure full budgetary disclosure within Illinois public universities, the Illinois Board of Higher Education requires each public university Board of Trustees to approve a budget for the upcoming fiscal year. The plan must include all sources of university funds categorized by State Appropriated Funds, University Income Funds, Auxiliary Services Funds, and All Other Non-Appropriated Funds. The budget approved by the Western Illinois University Board of Trustees is submitted to the Illinois Board of Higher Education, Illinois State Legislature, and the Governor.

The following table presents Western Illinois University's *Fiscal Year 2016 All-Funds Budget* to be approved by the Western Illinois University Board of Trustees. This budget assumes a state appropriation level of \$48.1M. This amount was included in HB4148 which the General Assembly passed on June 24, 2015 and was vetoed by the governor on June 25, 2015. This amount represents a 6.5% reduction in the revised 2015 appropriation that Western received.

| Western Illinois University<br>Fiscal Year 2016 All-Funds Budget |                       |                      |                                |                            |                       |
|--|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
|  | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
| Personal Services  | \$ 45,556,500         | \$ 59,943,500        | \$ 14,200,000                  | \$ 13,700,000              | \$ 133,400,000        |
| Medicare   | 800,000               | 800,000              | 200,000                        | 150,000                    | 1,950,000             |
| Contractual Services   | -                     | 10,730,200           | 21,000,000                     | 15,000,000                 | 46,730,200            |
| Travel   | -                     | 675,000              | 100,000                        | 750,000                    | 1,525,000             |
| Commodities  | -                     | 1,500,000            | 600,000                        | 2,200,000                  | 4,300,000             |
| Equipment  | -                     | 2,800,000            | 630,000                        | 1,700,000                  | 5,130,000             |
| Awards & Grants and Matching Funds                               | -                     | 6,500,000            | 1,500,000                      | 24,000,000                 | 32,000,000            |
| Telecommunication Services                                       | -                     | 500,000              | 150,000                        | 350,000                    | 1,000,000             |
| Operation of Automotive Equipment                                | -                     | 300,000              | 200,000                        | 450,000                    | 950,000               |
| Permanent Improvements   | -                     | 650,000              | 400,000                        | 350,000                    | 1,400,000             |
| CMS Health Insurance   | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other  | -                     | -                    | 14,420,000                     | 250,000                    | 14,670,000            |
| <b>Total FY2016 Operating Budget</b>                             | <b>\$ 48,101,300</b>  | <b>\$ 84,398,700</b> | <b>\$ 53,600,000</b>           | <b>\$ 59,900,000</b>       | <b>\$ 246,000,000</b> |

Statewide budgeting for higher education follows a two-step process. Prior to the start of the fiscal year, the Western Illinois University Board of Trustees must approve a preliminary spending plan for the next fiscal year beginning July 1. Table 1 presents the *Western Illinois University Preliminary Spending Plan* for fiscal years 2014, 2015 and 2016. This plan was approved by Western Illinois University Board of Trustees in June (*Resolution No. 15.6/3*).

Table 2 presents the All-Funds Budget approved by the Western Illinois University Board of Trustees for Fiscal Years 2014, 2015, and 2016. Differences in values budgeted for the *Fiscal Year 2016 Preliminary Spending Plan* (Table 1) and the *Fiscal Year 2016 All-Funds Budget* (Table 2) are due to the following factors.

- The *Fiscal Year 2016 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2015, was based on projected student enrollment. The *Fiscal Year 2016 All-Funds Budget*, presented today, is based on actual Fall 2015 enrollment.
- Western Illinois University bases institutional budgets on previous fiscal year expenditures. The *Fiscal Year 2016 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2015, was based on estimated Fiscal Year 2015 expenditures. The *Fiscal Year 2016 All-Funds Budget*, presented today, is based on actual Fiscal Year 2015 expenditures.
- At the time of presenting the *Fiscal Year 2016 Preliminary Spending Plan* to the Western Illinois University Board of Trustees, the State's *Fiscal Year 2016 Appropriated Funds Budget* had not been enacted. Normally,

by the time we present the University's *Fiscal Year 2016 All-Funds Budget*, the state budget has been signed into law. As of September 11, 2015, no state appropriation has been passed into law for Western Illinois University.

#### Fiscal Year 2016 Spending Priorities

Following a fiscally conservative model, Western Illinois University's annual budget preparation process uses the previous year's budget and Strategic Plan priority and resource allocation decisions as base. This practice successfully supports advancement of the *University Mission Statement* and attainment of institutional goals and priorities stated in *Higher Values in Higher Education*.

As guided by *Higher Values in Higher Education*, funds will be applied to the University's highest priorities, including increasing faculty and staff salaries to meet and exceed the average of peer institutions, support for academic programs, deferred maintenance, student recruitment, marketing and support for student scholarships and retention efforts.

Pending Board approval, the University will continue to aggressively pursue Strategic Plan priorities. Personal services, Medicare, and CMS health insurance expenditures totaling \$138.3 million represent 56.2 percent of the University's Fiscal Year 2016 planned all-funds budget expenditures, followed by items supporting the academic mission of the University: contractual services (primarily utilities and food service), awards and grants (student financial aid), and equipment.

#### Integrated Planning, Budgeting, and Accountability Reporting Processes

Because Western Illinois University engages in integrated planning, budgeting, and accountability reporting processes, the *Fiscal Year 2016 All-Funds Budget* report should be read in conjunction with *The Fiscal Year 2017 Appropriated Operating and Capital Budget Recommendations* to the Illinois Board of Higher Education identifying how funding will create sustainability for instructional, research, and service activities that directly contribute to Illinois' knowledge-based economy through successful implementation of *Higher Values in Higher Education*.

Table 1  
Western Illinois University  
Fiscal Year 2014 Through FY2016 Preliminary Spending Plan

|                                      | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
|--------------------------------------|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
| <b>Fiscal Year 2014</b>              |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 46,109,600         | \$ 58,890,400        | \$ 14,000,000                  | \$ 14,000,000              | \$ 133,000,000        |
| Medicare                             | 800,000               | 700,000              | 200,000                        | 150,000                    | 1,850,000             |
| Contractual Services                 | 2,500,000             | 8,000,000            | 21,800,000                     | 14,000,000                 | 46,300,000            |
| Travel                               | -                     | 400,000              | 100,000                        | 750,000                    | 1,250,000             |
| Commodities                          | 263,400               | 1,500,000            | 700,000                        | 2,000,000                  | 4,463,400             |
| Equipment                            | 400,000               | 2,000,000            | 800,000                        | 2,000,000                  | 5,200,000             |
| Awards & Grants and Matching Funds   | -                     | 2,200,000            | 500,000                        | 26,000,000                 | 28,700,000            |
| Telecommunication Services           | 150,000               | 500,000              | 200,000                        | 360,000                    | 1,210,000             |
| Operation of Automotive Equipment    | 180,000               | 161,800              | 100,000                        | 600,000                    | 1,041,800             |
| Permanent Improvements               | -                     | 500,000              | 500,000                        | 300,000                    | 1,300,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 900,000                    | 2,844,800             |
| Other                                | -                     | -                    | 14,420,000                     | 420,000                    | 14,840,000            |
| <b>Total FY2014 Operating Budget</b> | <b>\$ 52,147,800</b>  | <b>\$ 74,852,200</b> | <b>\$ 53,520,000</b>           | <b>\$ 61,480,000</b>       | <b>\$ 242,000,000</b> |
| <b>Fiscal Year 2015</b>              |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 50,184,300         | \$ 54,501,900        | \$ 14,200,000                  | \$ 14,250,000              | \$ 133,136,200        |
| Medicare                             | 830,000               | 700,000              | 200,000                        | 150,000                    | 1,880,000             |
| Contractual Services                 | -                     | 11,200,000           | 22,530,000                     | 13,000,000                 | 46,730,000            |
| Travel                               | -                     | 500,000              | 150,000                        | 750,000                    | 1,400,000             |
| Commodities                          | -                     | 2,264,000            | 650,000                        | 2,200,000                  | 5,114,000             |
| Equipment                            | -                     | 3,000,000            | 900,000                        | 2,000,000                  | 5,900,000             |
| Awards & Grants and Matching Funds   | -                     | 2,000,000            | 1,400,000                      | 25,000,000                 | 28,400,000            |
| Telecommunication Services           | -                     | 575,000              | 150,000                        | 360,000                    | 1,085,000             |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 600,000                    | 1,100,000             |
| Permanent Improvements               | -                     | 700,000              | 400,000                        | 300,000                    | 1,400,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,420,000                     | 390,000                    | 14,810,000            |
| <b>Total FY2015 Operating Budget</b> | <b>\$ 52,759,100</b>  | <b>\$ 75,740,900</b> | <b>\$ 55,400,000</b>           | <b>\$ 60,000,000</b>       | <b>\$ 243,900,000</b> |
| <b>Fiscal Year 2016</b>              |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 45,526,500         | \$ 61,498,700        | \$ 14,200,000                  | \$ 14,250,000              | \$ 135,475,200        |
| Medicare                             | 830,000               | 700,000              | 200,000                        | 150,000                    | 1,880,000             |
| Contractual Services                 | -                     | 11,000,000           | 23,300,000                     | 14,150,000                 | 48,450,000            |
| Travel                               | -                     | 500,000              | 100,000                        | 750,000                    | 1,350,000             |
| Commodities                          | -                     | 2,400,000            | 600,000                        | 2,200,000                  | 5,200,000             |
| Equipment                            | -                     | 3,000,000            | 500,000                        | 2,000,000                  | 5,500,000             |
| Awards & Grants and Matching Funds   | -                     | 5,200,000            | 1,400,000                      | 25,000,000                 | 31,600,000            |
| Telecommunication Services           | -                     | 500,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 300,000              | 400,000                        | 400,000                    | 1,100,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,440,000                     | 250,000                    | 14,690,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>  | <b>\$ 85,398,700</b> | <b>\$ 55,665,000</b>           | <b>\$ 61,000,000</b>       | <b>\$ 250,165,000</b> |

Table 2  
Western Illinois University  
Fiscal Year 2014 Through Fiscal Year 2016 All-Funds Budget

|                                      | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
|--------------------------------------|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
| <b>Fiscal Year 2014</b>              |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 46,596,900         | \$ 58,203,100        | \$ 14,000,000                  | \$ 14,250,000              | \$ 133,050,000        |
| Medicare                             | 800,000               | 700,000              | 200,000                        | 150,000                    | 1,850,000             |
| Contractual Services                 | 2,500,000             | 8,100,000            | 22,155,000                     | 13,000,000                 | 45,755,000            |
| Travel                               | -                     | 400,000              | 150,000                        | 750,000                    | 1,300,000             |
| Commodities                          | 383,400               | 1,500,000            | 700,000                        | 2,200,000                  | 4,783,400             |
| Equipment                            | 400,000               | 2,200,000            | 800,000                        | 2,000,000                  | 5,400,000             |
| Awards & Grants and Matching Funds   | -                     | 2,500,000            | 500,000                        | 25,000,000                 | 28,000,000            |
| Telecommunication Services           | 180,000               | 500,000              | 200,000                        | 360,000                    | 1,240,000             |
| Operation of Automotive Equipment    | 150,000               | 241,800              | 100,000                        | 600,000                    | 1,091,800             |
| Permanent Improvements               | -                     | 500,000              | 500,000                        | 300,000                    | 1,300,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,495,000                     | 390,000                    | 14,885,000            |
| <b>Total FY2014 Operating Budget</b> | <b>\$ 52,755,100</b>  | <b>\$ 74,844,900</b> | <b>\$ 54,000,000</b>           | <b>\$ 60,000,000</b>       | <b>\$ 241,600,000</b> |
| <b>Fiscal Year 2015</b>              |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 46,471,100         | \$ 60,228,900        | \$ 13,975,000                  | \$ 14,250,000              | \$ 134,925,000        |
| Medicare                             | 800,000               | 800,000              | 200,000                        | 150,000                    | 1,950,000             |
| Contractual Services                 | 2,500,000             | 8,571,800            | 22,500,000                     | 14,150,000                 | 47,721,800            |
| Travel                               | -                     | 800,000              | 100,000                        | 750,000                    | 1,650,000             |
| Commodities                          | 383,400               | 2,000,000            | 600,000                        | 2,200,000                  | 5,183,400             |
| Equipment                            | 400,000               | 2,500,000            | 500,000                        | 2,000,000                  | 5,400,000             |
| Awards & Grants and Matching Funds   | -                     | 4,000,000            | 1,400,000                      | 25,000,000                 | 30,400,000            |
| Telecommunication Services           | 150,000               | 350,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotive Equipment    | 180,000               | 120,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 500,000              | 400,000                        | 400,000                    | 1,300,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,300,000                     | 250,000                    | 14,550,000            |
| <b>Total FY2015 Operating Budget</b> | <b>\$ 52,629,300</b>  | <b>\$ 79,870,700</b> | <b>\$ 54,500,000</b>           | <b>\$ 61,000,000</b>       | <b>\$ 248,000,000</b> |
| <b>Fiscal Year 2016</b>              |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 45,556,500         | \$ 59,943,500        | \$ 14,200,000                  | \$ 13,700,000              | \$ 133,400,000        |
| Medicare                             | 800,000               | 800,000              | 200,000                        | 150,000                    | 1,950,000             |
| Contractual Services                 | -                     | 10,730,200           | 21,000,000                     | 15,000,000                 | 46,730,200            |
| Travel                               | -                     | 675,000              | 100,000                        | 750,000                    | 1,525,000             |
| Commodities                          | -                     | 1,500,000            | 600,000                        | 2,200,000                  | 4,300,000             |
| Equipment                            | -                     | 2,800,000            | 630,000                        | 1,700,000                  | 5,130,000             |
| Awards & Grants and Matching Funds   | -                     | 6,500,000            | 1,500,000                      | 24,000,000                 | 32,000,000            |
| Telecommunication Services           | -                     | 500,000              | 150,000                        | 350,000                    | 1,000,000             |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 450,000                    | 950,000               |
| Permanent Improvements               | -                     | 650,000              | 400,000                        | 350,000                    | 1,400,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,420,000                     | 250,000                    | 14,670,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>  | <b>\$ 84,398,700</b> | <b>\$ 53,600,000</b>           | <b>\$ 59,900,000</b>       | <b>\$ 246,000,000</b> |

US Bank, Rock Island, Illinois;  
Wells Fargo Bank, National Association, Canton, Illinois; and,

**WHEREAS** the Vice President for Administrative Services is responsible for depositories and major accounts; and,

**WHEREAS** the following University positions and names to withdraw funds is being requested: Vice President for Administrative Services, Julie DeWees, and President, Jack Thomas; and,

**WHEREAS** guidelines established by the President were followed:

**THEREFORE** be it resolved that the Board of Trustees approves the depositories and signature authority as presented.

**Resolution No. 15.10/3: FY2016 All-Funds Budget**

Trustee Epperly moved that the board accept Resolution 15.10/3, Trustee Early seconded the motion. He asked was there any discussion besides himself.

Trustee Epperly stated that he had a number of questions that he had already inquired of Dir. Matt Bierman regarding. He clarified with Dir. Bierman that all of the items listed were estimated expenses for 2016. Epperly asked what the estimated revenue was for 2016. Dir. Bierman stated that the estimated revenues will match the corresponding expenses "closely." Dir. Bierman currently anticipates a \$6M deficit. The budget numbers are based on what the General Assembly passed in May of 2015 which was a 6.5% reduction in the revised FY'15 appropriation. This was vetoed by the Governor of the State of Illinois.

Trustee Cole asked why the University did not go with increased reductions knowing that the Governor declined the budget recommendations put forth by the General Assembly. Trustee Cole added that we probably will not get a budget until the Governor sees further reductions. He stated that the Board should agree on further reductions before it approves the All-Funds Budget. Trustee Epperly asked were there other questions or comments. Trustee Quigley asked if we approve the budget what it means, and added that if the budget is approved without knowing what is coming from the State of Illinois, and Western does not get a budget, what will result? Dir. Bierman answered that if we do not get a budget we would deficit spend \$48M. Dir. Bierman added that when we do get a budget it may be necessary to revise the budget by adjusting expenditures provided that budget does not provide the needed revenue.

President Thomas mentioned that it was a necessary part of the process to get a budget by first presenting the University's All-Funds Budget recommendations. Revisions may be made after a response from the State of Illinois is received, but presenting the spending plan is a necessary part of the beginning of the process.

Trustee Early asked whether or not there were three different scenarios presented at the Board of Trustees' Retreat. Dir. Bierman responded that, yes, various scenarios were presented to demonstrate what the situation would require of reserve spending depending on what kind of reductions the University faces. If reductions are greater than 6.5% more cuts would be necessary.

Trustee Cole recommended that the All-Funds Budget be approved during the December board meeting. Dir. Bierman explained that the board as a whole passed a preliminary spending plan in June and that the University may continue to operate under the plan passed in June or the budget being presented at the this meeting so that the mandates to present a 2016 budget by October may be met. Dir. Bierman confirmed



for Trustees Cole and Epperly who were questioning how to proceed that the University may continue to operate under the preliminary spending plan.

President Thomas stated that there was a discussion “at length” as to whether or not the University should continue as is or pass the All-Funds Budget. Trustee Cole responded by stating that the board should continue to operate under the preliminary spending plan. Trustee Quigley asked which choice is more “fiscally conservative.” Bierman answered that the All-Funds Budget currently on the table is more fiscally conservative than the preliminary spending plan due to information that has come in since June requiring necessary adjustments.

Trustee Hare stated that the All-Funds Budget should be passed as is. Trustee Early concurred as she stated it is more conservative than the preliminary spending plan. Epperly asked was there any other discussion. Trustee Cole stated that the preliminary budget has, “done its job,” and continues to be effective. Chair Clawson said that the motion had been made and approved and added that the discussion was closed. Trustee Cole asked that the discussion continue and conferred with Trustee Epperly as the Chair of the Finance Committee to make a decision as to whether or not to continue the discussion. Trustee Epperly indicated that the roll call should go forth.

#### Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | No  |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | Yes |
| Trustee Phil G. Hare  | Yes |
| Trustee Quigley       | Yes |
| Trustee Savala        | Yes |

#### The motion carried.

Director Bierman asked to make one final comment. This is a common discussion and with the levels approved both campuses understand the gravity of the budget situation. Spending patterns continue to be conservative in light of the budget situation. The entire campus is taking all measures possible to save even more conservatively than the approved budget.

Trustee Ehlert Fuller stated that the information and presentations given spoke to the University taking every step possible to conserve resources, revenue, and funding. Trustee Epperly stated that there were additional transfers to R and R. There was a \$310K balance that accumulated to \$4,365,000. Dir. Bierman responded that University Housing and Dining did a “tremendous job” in conserving their resources, and managed their expenses “well beyond their revenues.” Trustee Epperly mentioned that Dr. Biller’s area is ahead of where it should be and that it is commendable of the Student Services area.

#### **Resolution No. 15.10/4: FY2017 Appropriated Operating Budget Recommendations**

**Trustee Epperly asked was there a motion to approve Resolution No. 15.10/4. Trustee Cole made the motion and Trustee Hare seconded the motion.**

Trustee Quigley indicated that he would like to ask whether or not the University is approving to request of the State Legislature for additional funding for the Operating Budget. Dir. Bierman responded that, yes, Trustee Quigley was correct. Trustee Quigley asked whether or not the requests could be voted on separately. Trustee Quigley began reading off items from the operating budget recommendations list and stated that the items should be addressed individually. Trustee Quigley made a motion to individually

for Trustees Cole and Epperly who were questioning how to proceed that the University may continue to operate under the preliminary spending plan.

President Thomas stated that there was a discussion “at length” as to whether or not the University should continue as is or pass the All-Funds Budget. Trustee Cole responded by stating that the board should continue to operate under the preliminary spending plan. Trustee Quigley asked which choice is more “fiscally conservative.” Bierman answered that the All-Funds Budget currently on the table is more fiscally conservative than the preliminary spending plan due to information that has come in since June requiring necessary adjustments.

Trustee Hare stated that the All-Funds Budget should be passed as is. Trustee Early concurred as she stated it is more conservative than the preliminary spending plan. Epperly asked was there any other discussion. Trustee Cole stated that the preliminary budget has, “done its job,” and continues to be effective. Chair Clawson said that the motion had been made and approved and added that the discussion was closed. Trustee Cole asked that the discussion continue and conferred with Trustee Epperly as the Chair of the Finance Committee to make a decision as to whether or not to continue the discussion. Trustee Epperly indicated that the roll call should go forth.

#### Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | No  |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | Yes |
| Trustee Phil G. Hare  | Yes |
| Trustee Quigley       | Yes |
| Trustee Savala        | Yes |

#### The motion carried.

Director Bierman asked to make one final comment. This is a common discussion and with the levels approved both campuses understand the gravity of the budget situation. Spending patterns continue to be conservative in light of the budget situation. The entire campus is taking all measures possible to save even more conservatively than the approved budget.

Trustee Ehlert Fuller stated that the information and presentations given spoke to the University taking every step possible to conserve resources, revenue, and funding. Trustee Epperly stated that there were additional transfers to R and R. There was a \$310K balance that accumulated to \$4,365,000. Dir. Bierman responded that University Housing and Dining did a “tremendous job” in conserving their resources, and managed their expenses “well beyond their revenues.” Trustee Epperly mentioned that Dr. Biller’s area is ahead of where it should be and that it is commendable of the Student Services area.

#### **Resolution No. 15.10/4: FY2017 Appropriated Operating Budget Recommendations**

Trustee Epperly asked was there a motion to approve Resolution No. 15.10/4. Trustee Cole made the motion and Trustee Hare seconded the motion.

Trustee Quigley indicated that he would like to ask whether or not the University is approving to request of the State Legislature for additional funding for the Operating Budget. Dir. Bierman responded that, yes, Trustee Quigley was correct. Trustee Quigley asked whether or not the requests could be voted on separately. Trustee Quigley began reading off items from the operating budget recommendations list and stated that the items should be addressed individually. Trustee Quigley made a motion to individually

vote on the items. Epperly asked Legal Counsel, Rica Calhoun whether or not that could be done. Trustee Epperly mentioned that the items had not been discussed previously. He stated further that he would agree with Trustee Quigley that he had a couple of questions on individual items as well. Director Bierman stated that the resolution could be amended.

Trustee Ehlert Fuller stated that this resolution is a part of the capital planning process and mentioned that the Board should consider this the part of the process where they focus on future use of the funds involved. She added that the focus should be on the University's priorities going into the future.

Trustee Quigley said that his concern was on the Quad City Campus continuing to ask for funding. He stated that the Macomb extension teaches more FTE by 120 than on campus at the QC campus. Trustee Quigley stated that he could not justify asking for \$2M for Macomb for faculty and staff salaries and an additional \$1.6M for the QC when he does not believe there is the headcount there. Dr. Rives stated that he would like to provide clarification on the enrollment reporting. When a student takes more off-campus courses than the student does on campus the student is classified as an extension student although the student may in fact be an on-the-ground student. Also, there has not been a new money request since the QC campus opened. President Thomas said that when Phases I and II of the QC campus were opened, the State of Illinois indicated that the QC campus would receive operating funds in the neighborhood of \$5M. After having scaled that number back, no funds have been received. The \$1.6M is for operating funding for the QC.

Trustee Epperly asked for further clarification on the \$1.6M. He went on to state that the funding is to be used for "additional instructional capacity enhancements for STEM fields" and necessary and streamlined structures to support a comprehensive University in the Quad Cities. He said that the manner in which is worded is confusing. Trustee Quigley stated that the funds being "funneled" from Macomb are not being replenished but the request from the QC is for additional funding. Trustee Savala stated that we are one University. She added that there is a misconception that the QC campus needs to pay the Macomb campus back. Trustee Savala suggested that the discussion shift to a focus on the fact that we are here together.

Trustee Quigley stated that he does believe we are here together but still feels as if the Board should look at areas that the University is making money and losing money. He added that there is no distinction between discussing a department that is losing money compared to a campus that is losing money. President Thomas responded that the plan to complete Phases I, II, and III began before he arrived as Provost of the University. The President added that this is necessary in order for the University to grow and to invest in the Quad Cities campus until the phases reach completion. He continued that we have to look at the operating budget as one University with two campuses. This is the rationale behind the recommendation to allocate the \$1.6M to the QC campus. Trustee Cole stated that the QC campus should receive the funding. President Thomas made the point that although the figures are presented each year, the State of Illinois has not observed the recommendation. Trustee Epperly stated that he still had a problem with the funding being allocated to one campus. Trustee Epperly suggested putting the funds into the general fund and using it "strategically."

Trustee Ehlert Fuller explained that the Quad Cities campus needs its own funding so that the money does not have to be transferred from Macomb to the QC. Trustee Cole said that he believes the best way to approach the operating budget is to apply as the Macomb campus and the Quad Cities campus just as the University of Illinois does and they represent one university. Trustee Ehlert Fuller said that asking for the funding for new facilities by framing the request as a campus that to this point has never been funded adding that it is time to begin funding the campus' operations may increase the likelihood of receiving the funding. She believes that Quad City area legislators would support this budget recommendation. Trustee Hare stated that he is in favor of the QC campus receiving the \$1.6M in funding. Trustee Hare mentioned this is the reason the University of Illinois campuses are growing by making separate budget

recommendations for one University. He added that the Board should not waste time arguing over funding that the University may never receive, but if the funding is received it the \$1.6M should go to the QC campus. Trustee Epperly asked were there other questions or comments.

Trustee Quigley asked at what point the University should expect more of a return from the QC campus. Trustee Cole stated that the QC campus had been opened since 2012 and to expect that in ten years there would be a return on the funds invested in that campus. He added that this is one institution with two campuses and the University should miss an opportunity to present a budget representing that campus because it is a newer campus and it is growing. Trustee Cole added that the location to invest in the QC campus is ideal as the region is “attached to Iowa,” and the demographics matter. Trustee Cole believes the QC campus will pay dividends he added that he is more concerned with WIU Macomb than WIU Quad Cities when it comes to state appropriations. Trustee Epperly said that he is just concerned with the wording, and the fact that the market study results have not come back on the QC campus as of yet. Trustee Cole asked may the language of the resolution be amended. Ms. Calhoun stated that she suggests that the Board vote on the resolution as offered and later provide feedback about the amended changes. Trustee Hare asked were all five items being considered. Chair Clawson answered, yes, that all five suggestions were being considered. The vote was brought to a roll call.

Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | No  |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | No  |
| Trustee Phil G. Hare  | Yes |
| Trustee Quigley       | No  |
| Trustee Savala        | Yes |

Ms. Kerry McBride, Administrative Assistant to the Board stated that the counted votes were five yes votes and three no votes. The motion carried.

Trustee Epperly asked was there anything else.

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 2017 appropriated operating budget recommendations require Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2017 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 2017 appropriated operating budget recommendations as presented in the *Fiscal Year 2017 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 2017 Appropriated Operating Budget Recommendations  
Western Illinois University

Western Illinois University begins Fiscal Year 2016 with a \$132.5 million base appropriation (37.9 percent from general revenue and 62.1 percent from income fund). The University recommends a \$7.9 million general revenue increase in funding for Fiscal Year 2017 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. Twenty-nine 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 71 percent of the University's recommendation supports programs identified in *Higher Values in Higher Education*.

| Western Illinois University<br>Fiscal Year 2017 Appropriated Funds Operating Budget Request |                    |                     |          |
|---|--------------------|---------------------|----------|
|   | Dollar<br>Increase | Percent<br>Increase | Priority |
| <b>Salary and Cost Increases</b>  |                    |                     |          |
| Salaries (on 95% of Base)   | \$2,000,000        | 2.00%               |          |
| Other General Costs   | <u>270,000</u>     | 1.00%               |          |
| Total Salary and Cost Increases   | \$2,270,000        | 1.84%               |          |
| <b>Program Priorities</b>   |                    |                     |          |
| Quad Cities Campus Funding (Phase I and II)   | \$1,600,000        |                     | 1        |
| Deferred Maintenance  | 2,000,000          |                     | 2        |
| Student Financial Aid   | 1,500,000          |                     | 3        |
| STEM - Health Care Professional Education   | 250,000            |                     | 4        |
| STEM - Engineering  | <u>250,000</u>     |                     | 5        |
| Total Program Priorities  | \$5,600,000        |                     |          |
| <b>Total All Increases</b>  | <b>\$7,870,000</b> |                     |          |

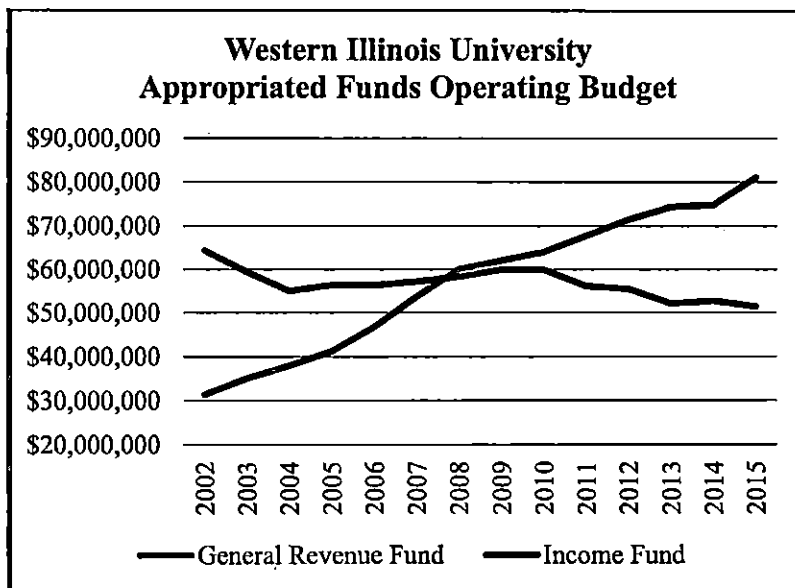
**Salary Increases for Faculty and Staff.** As stated in *Higher Values in Higher Education*, Western Illinois University's highest priority is to increase faculty and staff salaries to meet and exceed the mean of peer institutions. The \$2.0 million request for salary increases is 88.1 percent of the 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. While internal reallocations provide some level of salary increase for faculty and staff, enhancing competitiveness remains the highest institutional priority, particularly in light of reduced salary competitiveness.

**Support for Program Priorities.** Western Illinois University is seeking \$5.6 million in funding for program priorities identified in *Higher Values in Higher Education*. These include:

- **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.
- **Permanent improvements and campus infrastructure enhancements (\$2,000,000)** to reduce the deferred maintenance backlog of over \$500 million.
- **Student Financial Aid (\$1,500,000)** to support access and affordability to higher education.
- **STEM - Health Care Professional Education (\$250,000)** provides additional support for needed faculty and equipment for the program.
- **STEM - Engineering Program (\$250,000)** to provide salaries for faculty and support professionals as well as much needed equipment to provide quality education and maintain the ABET accreditation.

The requested \$7.9 million will help restore Western Illinois University's status as a state-supported institution of higher education. Between Fiscal Years 2002 and 2015, state general revenue support for the University decreased by \$12.9 million or 20.0 percent. 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 2016 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 15 years.

Western Illinois University is also requesting \$5.6 million in state funding to support its Strategic Plan, Higher Values in Higher Education. Funds to support deferred maintenance, operations in the Quad Cities, student financial aid, health care professional education, and the engineering program will improve economic development, educational partnerships, access, diversity, affordability, productivity, and accountability in Illinois public higher education.

| Changes from Fiscal Year 2017 Operating Increase Recommendation |                  |                  |                    |                |
|---|------------------|------------------|--------------------|----------------|
| <u>(Dollars in Thousands)</u>                                   |                  |                  |                    |                |
|   | Fiscal Year      |                  | Difference         |                |
|   | <u>2016</u>      | <u>2017</u>      | <u>Amount</u>      | <u>Percent</u> |
| Total Recommended Increase                                      | <u>\$9,000.0</u> | <u>\$7,870.0</u> | <u>(\$1,130.0)</u> | -12.56%        |
| Salary and Cost Increases                                       | <u>\$3,400.0</u> | <u>\$2,270.0</u> | <u>(\$1,130.0)</u> | -33.24%        |
| Salary Increases  | 3,100.00         | 2,000.0          | (1,100.0)          |                |
| Cost Increases  |                  |                  |                    |                |
| Other General Materials   | 300.0            | \$270.0          | (30.0)             |                |
| Program Priorities  | <u>\$5,600.0</u> | <u>\$5,600.0</u> | <u>\$0.0</u>       | 0.00%          |
| Quad Cities Campus Funding (Phase I and II)                     | 1,600.0          | 1,600.0          | -                  |                |
| Deferred Maintenance  | 2,000.0          | 2,000.0          | -                  |                |
| Student Financial Aid   | 1,500.0          | 1,500.0          | -                  |                |
| STEM -Health Care Professional Education                        | 250.0            | 250.0            | -                  |                |
| STEM - Engineering Program                                      | 250.0            | 250.0            | -                  |                |

**Western Illinois University's Fiscal Year 2017 Operating Recommendations  
To the Illinois Board of Higher Education**

Western Illinois University's Fiscal Year 2017 operating budget request will be submitted to the Illinois Board of Higher Education October 15, 2015, pending board approval.

**FY2017 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: \$2,000,000

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.



**FY2017 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 Funding Phase I and II

AMOUNT REQUESTED: \$1,600,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

In July 2009, the State of Illinois invested \$59.3 million to construct the first two phases of the Western Illinois University-Quad Cities Riverfront Campus. The new location supports doubling enrollment from current levels to 3,000 students to meet the four goals of the *Illinois Public Agenda for College and Career Success* to increase educational attainment, 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 gives a permanent home to the only public University in the greater Quad City area. Phase II of the Riverfront Campus opened in August 2014. The State of Illinois has made a commitment to the citizens of Illinois to create and expand educational opportunities in the Quad Cities to advance all four goals of the *Illinois Public Agenda*. Western Illinois University stands ready to assist in these efforts that require state and institutional commitments.

The Quad Cities community has also made its commitment to the campus through private funds to support student scholarships. As the state invests in the educational process, the operations and maintenance, and the growth of Western Illinois University, students will have the financial means to take advantage of the expanded educational opportunities.

The current budget of Western Illinois University-Quad Cities is \$9.2 million. These funds have been reallocated from existing dollars to support the new campus. We are requesting \$1.6 million in funds to support existing operations and future growth opportunities.

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 but 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. As presented when the University requested capital funds for Riverfront Campus, new faculty and staff positions and operational and maintenance support are needed to support expanded academic programs. Such actions are necessary to increase educational attainment to match best-performing states (*Illinois Public Agenda, Goal 1*).

However, the 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 decreased by 6 percent from Fiscal Year 2012 to Fiscal Year 2015. Exercising conservative fiscal management, the 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 fields, and to continue to build necessary and streamlined structures to support a comprehensive University 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.

**FY2017 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: \$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:

“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 \$223 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 FY2017 Western Illinois University has requested \$16.8 million in Capital renewal funds and has received \$3.6 million. This has resulted in over \$13.2 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.

**FY2017 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: \$1,500,000

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.

**FY2017 OPERATIONS AND GRANTS  
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS  
AND PROGRAM PRIORITIES**

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: STEM - Health Care Professional Education

AMOUNT REQUESTED: \$250,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

**BRIEF DESCRIPTION OF REQUEST:**

Addressing the critical regional shortage of nurses in West Central Illinois (i.e., Galesburg through Quincy), Western Illinois University-Macomb is coordinating with local community colleges and area health care providers to provide a baccalaureate of science in nursing and an RN-BSN Completion program for community college transfer students, practicing nurses and a pre-licensure program to prepare graduates to take the national council licensing exam (NCLEX) to be an RN. The participating agencies in this collaborative relationship are McDonough District Hospital, Blessing Hospital, St. Mary's Hospital, Cottage Hospital, St. Francis Medical Center, Methodist Hospital, Wesley Village, Everly House, Macomb Public Schools, St. Paul Catholic School, Western Illinois Mental Health Centers, and Beu Health Center. There are three community colleges in the area whose graduates articulate into the RN-BSN completion program: Black Hawk College, Spoon River College, and Carl Sandburg College.

The demand of the health care delivery system is such that baccalaureate-prepared nurses are urgently needed in hospitals for staff and leadership positions, for positions in specialty units, and for a variety of positions in long-term care facilities and clinics. Some health care agencies in the area hire only BSN prepared nurses. Also, many administrators in public health and community health agencies prefer baccalaureate-prepared nurses. Currently, only 50 percent of nurses hold degrees at the baccalaureate level or above. The proposed program will help address the shortage in nursing professionals.

The Health Care Professional Education program will provide two degree-related programs. The RN-BSN Completion program is designed for nurses who have obtained their registered nurse licensure and seek to acquire a bachelor's degree. The program will provide a bridge for associate degree and diploma nurses who wish to develop the skills preparing them for a higher level of nursing practice and advancement in their nursing careers.

The Pre-licensure Nursing program will provide a four-year baccalaureate degree leading to the BSN and the requisite education for graduates to be able to take the National Council Licensing Exam (NCLEX) to become a registered nurse. The program also provides opportunities to students who have no prior nursing education.

**JUSTIFICATION FOR BUDGET REQUEST:**

There were 68 nursing students and 268 pre-nursing students in the 2015 fiscal year, and, based on state-wide program trends, enrollment is expected to increase in fiscal year 2016.

Funding requested for the Health Care Professional Education program will provide support for two additional full-time faculty members and provide funds to purchase instructional laboratory equipment and library materials.

**FY 2017 OPERATIONS AND GRANTS  
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS  
AND PROGRAM PRIORITIES**

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: STEM - Bachelor of Science in Engineering

AMOUNT REQUESTED: \$250,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

BRIEF DESCRIPTION OF REQUEST:

Western Illinois University received authorization on October 7, 2008 from the Illinois Board of Higher Education to offer a Bachelor of Science in Engineering degree program at the WIU Quad Cities campus. This is a multidisciplinary engineering degree designed to prepare graduates for leadership in industry and professional practice. The degree requires a minimum of 123 semester hours. Students complete WIU's general education core (43 s.h.) and 30 s.h. of math and science (10 s.h. are dual counted for general education credits). Engineering specific courses include a 51 s.h. core in engineering design, materials, electronics, robotics, thermo-fluid dynamics, structural design, quality and engineering management and 9 s.h. of electives offered in the senior year that give students additional depth in a selected discipline of engineering (e.g., mechanical, civil, materials, manufacturing, engineering management).

The program was accredited by the Accreditation Board for Engineering and Technology - Engineering Accreditation Commission (ABET-EAC) on 23 August 2012 and is offered at the new Riverfront Campus in Moline, Illinois. The Engineering program offers all four years at the new Riverfront campus. It is articulated with pre-engineering transfer programs at the WIU Macomb campus and community colleges in Illinois, Iowa, and Missouri. The program is vital to the region; it is the only public 4-year engineering degree available in the Quad Cities Area.

According to U.S., Illinois, Iowa, and Missouri labor agencies, there is a strong labor market demand for engineering graduates in western Illinois and eastern Iowa, with a 12-percent increase in employment demand through 2022. In the next five years, an estimated 25 percent of the current 10,000+ engineers in the region will retire.

JUSTIFICATION FOR BUDGET REQUEST:

The program was started in the Fall of 2009 with six transfer students from Black Hawk College. Enrollment has been rapid and is gaining momentum with enrollment of 158 students as of early Fall 2015. To date 27 graduates have earned their Bachelor of Science Degree in Engineering. As a measure of the quality of the program, all 27 have passed the Fundamentals of Engineering (FE) exam and have been officially designated as "Engineering Interns" by the State of Illinois. All graduates have obtained professional employment as engineers in their chosen field upon graduation and are eagerly sought by regional businesses including national and multinational companies.

Originally, the program was projected to grow to 120 students by the fifth year; the actual number realized was 154. The funds will be used to provide salaries for two full-time professors and a technician. Funds will also be used to support operations and purchases of essential software and engineering laboratory equipment and supplies to support instruction and to comply with ABET requirements (ABET's Criterion Modern tools, equipment, computing resources, and laboratories appropriate to the program must be available, accessible, and systematically maintained and upgraded to enable students to attain the student outcomes and to support program need). Funds will also be used to expand the size of the program.

**Resolution No. 15.10/5: FY2017 Appropriated Capital Budget Recommendations**

Trustee Epperly asked for a motion for Resolution No. 15.10/5. Trustee Cole made the motion and Trustee Early seconded the motion. Trustee Epperly asked for a discussion on the resolution.

Trustee Epperly began the discussion with stating that item 2B, Quad Cities Phase III, should be moved down on the list. He added that until enrollment reaches a “certain number,” the University cannot afford to begin Phase III. He suggested that the funding for Phase III be put off until QC campus enrollment reaches 50% to 100% higher than the current enrollment. Trustee Epperly stated that supporting item 2B as the second priority was not fiscally sound. Trustee Epperly further continued in stating his opinion that the Science building should be the number one priority and that other top priorities should be the Visual Arts Center and Stipes Hall as they would bring a better return on investment than the Quad Cities campus. He expressed that were the funding to be approved the Board may regret having the QC as a top priority. Trustee Cole stated that 2B should be lowered to priority number five concurring with Trustee Epperly. Trustee Epperly stated that when enrollment reaches the desired number then he would suggest making Phase III a higher priority. Epperly added that when the former Governor Quinn approved \$5M he was not in support of how the funding would be used. Trustee Epperly asked for thoughts from the table.

Trustee Savala stated that she would like to see the University increase hybrid courses and follow up with more evening and weekend offerings, and at the point where enrollment increases resulting from those changes, she would support moving the QC Phase III funding up as a priority. Trustee Quigley said that if the case were such that the QC campus showed substantial growth he would support moving up Phase III as a priority. He suggested framing the story to legislators as needing more space due to enrollment being so high at the QC campus that more space is needed to accommodate the growing student population. Trustee Epperly asked for clarification from Trustee Savala and asked did she support moving 2B down on the list, and she responded that she is in support of Phase III being moved down on the list of priorities. Trustee Cole made a motion to move QC Phase III funding from 2B to priority 5. Trustee Quigley seconded the motion.

Director Bierman asked for an opportunity to clarify where Trustee Cole was motioning to move Phase III as a priority to priority 6 or priority 5B. Trustee Epperly posed the question about priority 6 asking in essence what priority 6 entails. Director Bierman responded that the educational building referred to is Horrabin Hall and there needs to be updates crucial to adequately serving the needs of the students and faculty in COEHS. Priority 6 is calling for new construction. Trustee Cole rescinded his motion as he changed his mind as to the order of the priorities. Trustee Ehlert Fuller asked whether or not there should be more research done on the Capital Budget Recommendations, and asked, “What pressure are we under to approve this list?”

Director Bierman mentioned that in order to remain compliant the Appropriated Capital Budget Recommendations need to be submitted by October 15, 2015. The planning and research that goes into the development of listing items is rigorous. It is a collaborative effort with leaders from the administration, academic deans, and facilities. Trustee Cole asked may the Board have a call meeting specifically for this item before the October 15 deadline. A call would be in violation of OMA. Trustee Early made a point stating that the University does not have a budget from the State of Illinois, and the discussion has taken a turn focused on a group of buildings that require significant levels of Appropriated Capital Funding, \$64M for one building. Trustee Early suggested that the resolution be approved in accordance with the deadline and revisit changing the order of priorities at a later time. President Thomas mentioned that the same list is sent in each year. An example would be the Center for the Performing Arts (CPA). The funding has been approved, but the University is still unable to break ground due to budgetary constraints. Director Scott Coker mentioned that technically we do not have the funds to build the CPA.

Trustee Hare said that he agreed with Trustee Early and continued that if the QC campus was going to be moved down he would oppose the motion. Trustee Hare suggested that the recommendations be passed as they were and revisit the order of the list sometime in the future. Trustee Quigley asked that if someone made a motion to move QC Phase III down to number 6 could that be done. Legal Counsel, Rica Calhoun stated that you would be voting on the resolution as it is currently offered in the board materials. Trustee Epperly stated that a motion has already been made to accept the resolution as is and that motion was seconded. If the resolution was voted against, then the board may proceed to amend the resolution. Legal Counsel agreed and confirmed. There was some discussion involving the Board on how to proceed with the vote and it was determined to vote on the resolution as it was presented without amending the list of facilities involved until an opportunity at the December meeting.

Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | No  |
| Trustee Cole          | No  |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | No  |
| Trustee Hare          | Yes |
| Trustee Quigley       | No  |
| Trustee Savala        | Yes |

The votes, as announced by Administrative Assistant to the Board Kerry McBride were four yes votes and four no votes. Trustee Epperly stated that he does not agree with sending in the recommendations of which he does not agree. President Thomas stated that as the votes stand, the resolution may not be submitted to the State of Illinois.

Trustee Epperly asked was there additional discussion or motions. Vice President Julie DeWees stated that maybe the Board should vote again. VP DeWees said that this is our recommendation as it goes to the Illinois Board of Higher Education (IBHE) upon which IBHE creates its own list. Each University is allowed an entry on the IBHE list. VP DeWees' believes that according to how IBHE has looked at the list of all of the Illinois public institutions' capital budget recommendations in the past that it will not consider the items past 2B on WIU's list. Ms. Calhoun stated that Robert's Rules of Order allows for the President to cast a vote in the event of a tie vote. President Thomas said that in order to move forward his vote was yes.

Subsequent to this meeting it was determined that a tie vote would result in a "no" vote for the measure (Resolution No. 15.10/5). This resolution will be considered during the December Open Meeting.

Resolution:

**WHEREAS** Western Illinois University must prepare annual appropriated capital budget recommendations for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor; and,

**WHEREAS** Western Illinois University's Fiscal Year 2017 budget recommendations advance institutional progress and sustainability for the University's Strategic Plan, *Higher Values in Higher Education*, Campus Master Plans on the Macomb and Quad Cities 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*; and,

**WHEREAS** the Fiscal Year 2017 Appropriated Capital Budget Recommendations require Western Illinois University Board of Trustees approval prior to submission:



**Resolution:**

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2017 Appropriated Capital Budget Recommendations as presented in the *Fiscal Year 2017 Appropriated Capital Budget Recommendations* document, and be it further resolved that the President be authorized to make technical adjustments in the capital budget recommendations if necessary.

Fiscal Year 2017 Capital Budget Recommendations  
Western Illinois University

Western Illinois University recommends \$344.9 million for capital projects to support high-quality academic programs, co-curricular services, and regional economic development for fiscal year 2017. All of the requested funds will support new construction on the Macomb and Moline campuses to address highly needed space for premier academic programs. A total of \$13.2 million in capital renewal funds is also requested to support critical deferred maintenance needs.

**Background**

Composition of the Recommendation

Western Illinois University operates two distinct campuses, and each has unique capital priorities and needs. The highest facilities priorities are for a Science building for the Macomb campus and Phase III for the Quad Cities.

| <b>Western Illinois University</b>             |                                 |                               |                         |
|--|---------------------------------|-------------------------------|-------------------------|
| <b>Fiscal Year 2017 Capital Recommendation</b> |                                 |                               |                         |
| (Dollars in Thousands)                         |                                 |                               |                         |
| <u>Priority</u>                                | <u>Description</u>              | <u>Project Type</u>           | <u>Requested Amount</u> |
| 1  | WIU - Macomb Science Phase I    | New Construction & Remodeling | \$64,000                |
| 2A   | WIU - Macomb Science Phase II   | Renovation                    | \$53,800                |
| 2B   | WIU - QC Phase Three            | New Construction              | \$37,000                |
| 3  | WIU - Macomb Visual Arts Center | New Construction              | \$68,300                |
| 4  | WIU - Macomb Stipes Building    | Renovation                    | \$49,400                |
| 5  | WIU - Macomb Education Building | New Construction              | <u>\$72,400</u>         |
| <b>Total Recommendation</b>                    |                                 |                               | <b>\$344,900</b>        |

A summary statement documenting need for these projects is displayed below. Additional, detailed information on the scope, design, and costs of each project begins on page three of this report.

Priority 1: Western Illinois University-Macomb Science Building Phase I The current College of Arts and Sciences' three science facilities, Currens Hall, Waggoner Hall, and Tillman Hall, are obsolete in providing high-quality comprehensive instructional laboratories. All three facilities were constructed before modern laboratory standards were developed for acceptable indoor air quality and energy efficiency. Antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. These lead to detrimental impacts on teaching; research; and student, faculty, and staff recruitment and retention. Phase I includes the construction of a new science building, an addition and remodel to Currens Hall. The new science building will consolidate existing and support new academic programs, as Western Illinois University becomes a leading comprehensive university in the United States.

Priority 2A: Western Illinois University-Macomb Science Building Phase II Phase II will continue with the improvements to the science programs at WIU by renovating an existing building. Waggoner Hall will be considered for renovations to improve the overall science facilities.

Priority 2B: Western Illinois University-Quad Cities Riverfront Campus Building Phase Three In 2010, the state committed to building the first two phases on the newly developing Western Illinois University-Quad Cities

Riverfront Campus. Building Complex Three will complete the construction of the new campus that serves a regional population of 400,000 residents and leverages \$175 million in private investment and foundation support for education, entrepreneurship, technology, new jobs, and economic opportunity.

Priority 3: Western Illinois University-Visual Arts Center The current facilities used by the Department of Art include Garwood Hall, Sallee Hall and the Heating Plant Annex and are inadequate instructional and design spaces. This noncontiguous arrangement is not efficient and hinders the development of a cohesive departmental identity. In addition, many of the spaces at present do not meet industry and environmental protection guidelines and are not appropriate for current teaching and learning practices. The overall goal of the project for the Department of Art is to address the shortage of existing space and adequate ventilation for arts programs, and to accommodate the rapid growth and expansion in the number of students, faculty and academic programs. The goal is not limited to providing “space,” but rather aims to create a milieu that is conducive to excellent instruction and enhances academic performance in a single building.

Priority 4: Western Illinois University- Business Building Renovation Stipes Hall was constructed in 1968 and has had no major renovations or updates. The University through its recent Macomb Facilities Master Plan update and Strategic Building Renovation Matrix has identified the building as a priority for renovation. The building is a high profile, heavily used part of the academic programs on campus and it also has a high deferred maintenance backlog.

Priority 5: Western Illinois University-Education Building Horrabin Hall was originally constructed in 1965 as a laboratory school and encompassed K-12 grades. The needs of the College of Education and Human Services do not match the current building construction. This project would reconstruct the building on the site of Horrabin Hall.

Capital Renewal The University is requesting \$13.2 million in capital renewal funds to 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.

Priority Changes from Fiscal Year 2016

The priorities for FY2016 are shown below. There are no changes between our FY16 and FY17 request.

| <b>Priority Changes</b>         |                               |               |               |  |
|---------------------------------|-------------------------------|---------------|---------------|--|
| Description                     | Project Type                  | <u>FY2017</u> | <u>FY2016</u> |  |
| WIU - Macomb Science Phase I    | New Construction & Renovation | 1             | 1             |  |
| WIU - Macomb Science Phase II   | Renovation                    | 2a            | 2a            |  |
| WIU - QC Phase Three            | New Construction              | 2b            | 2b            |  |
| WIU - Macomb Visual Arts Center | New Construction              | 3             | 3             |  |
| WIU - Macomb Stipes Building    | Renovation                    | 4             | 4             |  |
| WIU - Macomb Education Building | New Construction              | 5             | 5             |  |

Adhering to Illinois Board of Higher Education guidelines and format, the following recommendations for Western Illinois University’s Fiscal Year 2017 capital projects will be made (pending Western Illinois University Board of Trustees approval).

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB SCIENCE PHASE I

PRIORITY: 1

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 64,000,000 (Planning, Design and Construction)

#### BACKGROUND DATA

The current College of Arts and Sciences' facilities, Currens Hall (physical sciences, 1970), Waggoner Hall (life sciences, 1968), and Tillman Hall (earth sciences, 1953) are obsolete in providing high-quality instructional laboratories. These facilities were constructed before modern laboratory standards were developed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Western Illinois University science facilities fall below acceptable indoor air quality and energy-efficiency standards. The antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. This problem produces detrimental impacts on teaching, research, and student/faculty/staff recruitment and retention.

The basic teaching and laboratory layouts of Western Illinois University's current science facilities are pedagogically obsolete and do not easily allow for the integration of new science technologies. A new facility to house science-based programs will provide the ability to integrate new laboratory technologies with the latest in science pedagogy and will foster multidisciplinary interaction through the consolidation of departments from previously diverse locations. In addition, planning studies were completed to evaluate and program future projects to renovate Currens and Waggoner Halls to allow the College of Arts and Sciences to consolidate academic programs to a single campus locale and provide for additional facility improvements/enhancements for the humanities and social sciences which are critical to the mission of the College of Arts and Sciences.

The new science building and renovation of Currens Hall will also support expanding academic programs. This includes the new forensic chemistry program and a new nursing program as approved by the Western Illinois University Board of Trustees and Illinois Board of Higher Education.

#### QUANTIFICATION

Western Illinois University completed a space planning and utilization study for a new state-of-the-art science facility during Fiscal Year 2007 and completed an update in Fiscal Year 2014. The building will include both wet and dry instructional laboratories, office space, and classrooms. The facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities. In addition, the project will include the provision for service drives, limited parking, exterior site development, and connections to Currens Hall and all required campus utility infrastructure.

#### DEPENDENT RELATIONSHIPS

Upon completion of this project, Western Illinois University will seek funds in Science Phase II for the remodel of Waggoner Hall. These actions are consistent with the newly developed Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2017  
CAPITAL REQUEST

PROJECT NAME WIU - Macomb Science Phase I

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF           | MULTIPLIER FACTOR | GSF            | FY2017 \$/GSF* | COST               |
|---|----------------|-------------------|----------------|----------------|--------------------|
| Office  | 4,040          | 1.7               | 6,868          | 279.85         | \$ 1,922.0         |
| Classrooms  | 650            | 1.5               | 975            | 270.33         | \$ 263.6           |
| Instructional Dry Laboratories  | 11,000         | 1.64              | 18,040         | 302.84         | \$ 5,463.2         |
| Instructional Wet Laboratories  | 12,700         | 1.64              | 20,828         | 320.24         | \$ 6,670.0         |
| Special Use   | 2,200          | 1.8               | 3,960          | 270.47         | \$ 1,071.1         |
| Supporting Facilities   | 400            | 1.2               | 480            | 252.48         | \$ 121.2           |
| Currens remodel   | 95,000         | 1.5               | 142,500        | 123.24         | \$ 17,561.7        |
| <b>1) BASE TOTAL</b>  | <b>125,990</b> |                   | <b>193,651</b> |                | <b>\$ 33,072.7</b> |
| <b>2) ADDED COSTS:</b>  |                |                   |                |                | <b>\$ 11,410.1</b> |
| a) Historic Preservation Considerations: _____  |                |                   |                |                |                    |
| b) Green Building Design/LEED Certification Level SILVER (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.) |                |                   |                |                | 1,984.4            |
| c) Other Energy Efficiencies: _____   |                |                   |                |                |                    |
| <b>3) BASE COST</b>   |                |                   |                |                | <b>\$ 46,467.2</b> |
| <b>4) ADD ESCALATION COST</b>   |                |                   |                |                | <b>3,136.5</b>     |
| (For monthly escalation costs, use Statewide Average: 2.7 percent per year, or .225 percent per month from base to bid date.)                               |                |                   |                |                |                    |
| Expected Bid Date: <u>May-18</u> Escalation/month: <u>0.00225</u>   |                |                   |                |                |                    |
| Number of Months to Bid Date: <u>30</u>   |                |                   |                |                |                    |
| <b>5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)</b>  |                |                   |                |                | <b>\$ 49,603.7</b> |
| <b>6) ADD 10% FOR CONTINGENCIES</b>   |                |                   |                |                | <b>4,960.4</b>     |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |                |                   |                |                | <b>\$ 54,564.1</b> |
| <b>ADDITIONAL BUDGET ADDS:</b>  |                |                   |                |                |                    |
| 1) A/E FEES <u>9.60% *</u>  |                |                   |                |                | 5,238.2            |
| ON-SITE OBSERVATION:  |                |                   |                |                | 491.4              |
| NUMBER OF MONTHS <u>24</u>  |                |                   |                |                |                    |
| DAYS PER WEEK <u>5</u>  |                |                   |                |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |                |                   |                |                | 286.5              |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |                |                   |                |                | 1,636.9            |
| 4) OTHER ADDS (SEE 2 BELOW)   |                |                   |                |                | 1,466.6            |
| 5) ART IN ARCHITECTURE (As Applicable) – ONE-HALF OF ONE PERCENT  |                |                   |                |                | 272.8              |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |                |                   |                |                | <b>\$ 9,392.4</b>  |
| <b>TOTAL, BUILDING BUDGET</b>   |                |                   |                |                | <b>\$ 63,956.5</b> |

OTHER:

|  |  |  |                         |              |
|--|--|--|-------------------------|--------------|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE |  |  | TOTAL                   | \$ 1,216.6   |
| Number of additional staff: <u>8</u>   |  |  | Salaries and Related    | <u>406.2</u> |
|  |  |  | Utilities               | <u>379.9</u> |
|  |  |  | Repairs and Maintenance | <u>430.5</u> |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE Science Building Programming Study, Ratio Architects  
NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Scott Coker  
PHONE NUMBER 309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

- Added costs include: FFE (18%), LEED (6%), Sophisticated Piping (1%) and site/utilities work (15.5%)
- Added costs include: building commissioning, testing and balancing, and technology infrastructure

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB SCIENCE PHASE II

PRIORITY: 2A

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 53,800,000 (Planning, Design and Construction)

#### BACKGROUND DATA

The current College of Arts and Sciences' facilities, Currens Hall (physical sciences, 1970), Waggoner Hall (life sciences, 1968), and Tillman Hall (earth sciences, 1953) are obsolete in providing high-quality instructional laboratories. These facilities were constructed before modern laboratory standards were developed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Western Illinois University science facilities fall below acceptable indoor air quality and energy-efficiency standards. The antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. This problem produces extremely detrimental impacts on teaching, research, and student/faculty/staff recruitment and retention.

The basic teaching and laboratory layouts of Western Illinois University's current science facilities are pedagogically obsolete and do not easily allow for the integration of new science technologies. A new facility to house science-based programs will provide the ability to integrate new laboratory technologies with the latest in science pedagogy and will foster multidisciplinary interaction through the consolidation of departments from previously diverse locations. In addition, planning studies were completed to evaluate and program future projects to renovate Currens and Waggoner Halls to allow the College of Arts and Sciences to consolidate academic programs to a single campus locale and provide for additional facility improvements/enhancements for the humanities and social sciences which are critical to the mission of the College of Arts and Sciences.

The new science building and renovation of Currens Hall will also support new academic programs. This includes the new forensic chemistry program and a new nursing program as approved by the Western Illinois University Board of Trustees and Illinois Board of Higher Education.

#### QUANTIFICATION

Western Illinois University completed a space planning and utilization study for a new state-of-the-art science facility during Fiscal Year 2007 with an update completed in Fiscal Year 2014. This project will continue the Science Facilities project by remodeling Waggoner Hall.

#### DEPENDENT RELATIONSHIPS

This project would commence upon completion of the Macomb Science Phase I.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2017  
CAPITAL REQUEST  
PROJECT NAME WIU - Macomb Science Phase II  
(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF    | MULTIPLIER FACTOR | GSF     | FY2017 \$/GSF* | COST        |
|---|---------|-------------------|---------|----------------|-------------|
| Building Remodel  | 102,000 | 1.5               | 142,000 | 215.7          | \$ 30,629.4 |
|   |         |                   |         |                |             |
|   |         |                   |         |                |             |
|   |         |                   |         |                |             |
|   |         |                   |         |                |             |
| 1) BASE TOTAL   | 102,000 |                   | 142,000 |                | \$ 30,629.4 |
| 2) ADDED COSTS:   |         |                   |         |                | \$ 7,351.1  |
| a) Historic Preservation Considerations: _____  |         |                   |         |                |             |
| b) Green Building Design/LEED Certification Level SILVER_ (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.)  |         |                   |         |                | 1,837.8     |
| c) Other Energy Efficiencies: _____   |         |                   |         |                |             |
| 3) BASE COST  |         |                   |         |                | \$ 39,818.2 |
| 4) ADD ESCALATION COST<br>(For monthly escalation costs, use Statewide Average: 2.7 percent per year, or .225 percent per month from base to bid date.)<br>Expected Bid Date: <u>May-18</u> Escalation/month: <u>0.00225</u><br>Number of Months to Bid Date: <u>30</u> |         |                   |         |                | 2,687.7     |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)   |         |                   |         |                | \$ 42,505.9 |
| 6) ADD 10% FOR CONTINGENCIES  |         |                   |         |                | 4,250.6     |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |         |                   |         |                | \$ 46,756.5 |
| ADDITIONAL BUDGET ADDS:   |         |                   |         |                |             |
| 1) A/E FEES <u>6.76%</u> *  |         |                   |         |                | 3,160.7     |
| ON-SITE OBSERVATION:  |         |                   |         |                | 491.4       |
| NUMBER OF MONTHS <u>24</u>  |         |                   |         |                |             |
| DAYS PER WEEK <u>5</u>  |         |                   |         |                |             |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |         |                   |         |                | 182.6       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |         |                   |         |                | 1,402.7     |
| 4) OTHER ADDS (SEE 2 BELOW)   |         |                   |         |                | 1,531.5     |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT   |         |                   |         |                | 233.8       |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |         |                   |         |                | \$ 7,002.7  |
| <b>TOTAL, BUILDING BUDGET</b>   |         |                   |         |                | \$ 53,759.2 |

OTHER:

|  |                         |    |   |
|--|-------------------------|----|---|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ | - |
| Number of additional staff: <u>0</u>   | Salaries and Related    |    | - |
|  | Utilities               |    | - |
|  | Repairs and Maintenance |    | - |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Scott Coker  
PHONE NUMBER 309-298-1834

- \* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.
- \*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.
- 1 Added costs include: FFE (18%), LEED (6%), Sophisticated Piping (1%) and Asbestos abatement (5%)
- 2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (5%)

PROJECT: WESTERN ILLINOIS UNIVERSITY - QUAD CITIES  
RIVERFRONT CAMPUS BUILDING COMPLEX THREE

PRIORITY: 2B

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$37,000,000

BACKGROUND DATA

Western Illinois University-Quad Cities Riverfront Campus Phase III

Western Illinois University-Quad Cities (WIU-QC) is the only public university in a metropolitan area of over 375,000 residents. In recognizing the growth and capacity limits of WIU-QC at its previous location, the State supported the first two (of three) phases for construction of the Western Illinois University-Quad Cities Riverfront Campus to achieve *Illinois Public Agenda* Goal 4 of better integrating Illinois' educational, research, and innovation assets to meet economic needs of the state and its regions.

Post-Phase II operations will generate economic impacts for the region of 330 jobs and \$13.0 million in labor income. Phase III will complete the construction of the new campus that serves as an educational and economic stimulus. In total, the Western Illinois University-Quad Cities Riverfront Campus will leverage a total of \$175.0 million in private investment and foundation support for education, entrepreneurship, technology, new jobs, and economic opportunity.

Successful redevelopment of adjacent property to the campus known as "RiverTech" will create a \$100.0 million taxable base; attract 2,000 new and existing jobs with a one-time construction impact in excess of \$150.0million. Current projects that the State of Illinois helped cultivate by developing the Western Illinois University-Quad Cities Riverfront Campus by virtue of the new campus location include:

- A \$50.0 million project by the KONE Corporation to house their North American Operation Center on the Mississippi Riverfront. This new construction completes a three-phase \$71.0 million mixed-use development known as Bass Street Landing.
- A \$45.0 million Transit Oriented Development/Amtrak Station that will include an intermodal pedestrian transport center and a new high rise office structure with retail and food service amenities.
- A \$5.0 million new facility for research and development by public and private sectors.
- A \$12.0 million, 90-unit work-live urban lofts, with retail and businesses located on the lower floors.
- A \$3.0 million new Healthcare Center for those underserved in the Hispanic community.

A fully completed Riverfront Campus is the "cornerstone" to these developments, and Western will continue to be a conservative steward of state resources. Phase III exclusively focuses on the academic mission of the University. All ancillary services such as bookstores, retail, and food service will be privately developed to support the local economy and new job creation.

QUANTIFICATION

Phase III will complete the new Western Illinois University-Quad Cities Riverfront Campus, and provide the infrastructure to support 5,000 students. Phase III is essential for academic programs and support services; lab and research space; and facilities to support technology, patent transfer, and community events.

DEPENDENT RELATIONSHIPS

There are no dependent relationships between this project and any other state-funded capital project. However, there are significant educational and economic development gains to be noted. The completed Western Illinois University-



Quad Cities Riverfront Campus will have an economic impact of over \$50 million annually and will double the number of college graduates to 500 annually.

Phase III provides the necessary facilities to increase enrollment and meet *Illinois Public Agenda* Goal 1 of increasing educational attainment to match best-performing states. Without essential space, the University will not be able to increase enrollment and degree attainment. An educated community is especially important to a host county that earns 81.8 percent of the state's median family income. Moreover, spatial access is necessary to achieve *Illinois Public Agenda Goal 4* of increasing the number of high-quality post-secondary credentials to meet the demands of the economy and an increasingly global society.

#### DESIRED COMPLETION DATE

This project will be completed as soon as possible after funds have been released. A traditional planning then construction approach will take up to 45 months to complete.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2017  
CAPITAL REQUEST  
PROJECT NAME WIU-QC Riverfront Phase III  
(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF     | MULTIPLIER FACTOR | GSF    | FY2017 \$/GSF* | COST               |
|---|----------|-------------------|--------|----------------|--------------------|
| Office  | 4,600.0  | 1.70              | 7,820  | \$279.85       | \$ 2,188.4         |
| Classrooms  | 16,000.0 | 1.50              | 24000  | 270.33         | \$ 6,487.9         |
| Instructional Wet Laboratories  | 2,800.0  | 1.64              | 4,592  | 320.24         | \$ 1,470.5         |
| Supporting Facilities   | 5,000.0  | 1.20              | 6,000  | 252.48         | \$ 1,514.9         |
| Research Lab (Wet)  | 2,800.0  | 1.67              | 4,676  | 424.17         | \$ 1,983.4         |
| Special Use   | 2,575.0  | 1.80              | 4,635  | 270.47         | \$ 1,253.6         |
| General Use   | 12,000.0 | 1.90              | 22800  | 323.13         | \$ 7,367.4         |
| 1) BASE TOTAL   | 45,775   |                   | 74,523 |                | \$ 22,266.2        |
| 2) ADDED COSTS: see 1 below   |          |                   |        |                | \$ 4,787.2         |
| a) Historic Preservation Considerations: _____  |          |                   |        |                |                    |
| b) Green Building Design/LEED Certification Level _____ (Cert., Silver, Gold, Platinum)<br>(Please use 6% of Base Total to estimate the cost of LEED design.) |          |                   |        |                |                    |
| c) Other Energy Efficiencies: _____   |          |                   |        |                |                    |
| 3) BASE COST  |          |                   |        |                | \$ 27,053.4        |
| 4) ADD ESCALATION COST  |          |                   |        |                | \$ 1,826.1         |
| (For monthly escalation costs, use Statewide Average: 2.7 percent per year, or .225 percent per month from base to bid date.)                                 |          |                   |        |                |                    |
| Expected Bid Date: <u>May-18</u> Escalation/month: <u>0.00225</u>   |          |                   |        |                |                    |
| Number of Months to Bid Date: <u>30</u>   |          |                   |        |                |                    |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)   |          |                   |        |                | \$ 28,879.5        |
| 6) ADD 10% FOR CONTINGENCIES  |          |                   |        |                | 2,888.0            |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |          |                   |        |                | <b>\$ 31,767.5</b> |
| ADDITIONAL BUDGET ADDS:   |          |                   |        |                |                    |
| 1) A/E FEES <u>7.5</u> *  |          |                   |        |                | 2,382.6            |
| ON-SITE OBSERVATION:  |          |                   |        |                | 314.0              |
| NUMBER OF MONTHS <u>15</u>  |          |                   |        |                |                    |
| DAYS PER WEEK <u>5</u>  |          |                   |        |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |          |                   |        |                | 134.8              |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |          |                   |        |                | 953.0              |
| 4) OTHER ADDS <u>see 2 below</u> (ADA, Asbestos, Hazardous Materials, etc. -- please specify)   |          |                   |        |                | 1,332.5            |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT   |          |                   |        |                | 158.8              |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |          |                   |        |                | <b>\$ 5,275.7</b>  |
| <b>TOTAL, BUILDING BUDGET</b>   |          |                   |        |                | <b>\$ 37,043.2</b> |

|  |                         |                   |
|--|-------------------------|-------------------|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ 400.4          |
| Number of additional staff: <u>3</u>   | Salaries and Related    | <u>140.2</u>      |
|  | Utilities               | <u>166.3</u>      |
|  | Repairs and Maintenance | <u>93.9</u>       |
|  | All Other               | <u>          </u> |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE WIU Riverfront Campus  
NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION William Brewer  
PHONE NUMBER 309-762-9481

- \* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.
- \*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.
- 1 Added costs include: FFE (7%), LEED (6%), site work (3.5%) and Data Center (5%)
- 2 Added costs include: building commissioning, testing and balancing, technology infrastructure

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB VISUAL ARTS CENTER

PRIORITY: 3

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 68,300,000 (Planning, Design and Construction)

#### BACKGROUND DATA

The Department of Art is an important and active player in the local and regional artistic scene through its outreach activities, visiting artist programs, and frequent exhibitions. WIU faculty and students exhibit their work and creative research throughout the United States. The department's graduates provide the majority of local and regional art instruction in community colleges, private schools, and art centers. The vital role that the department plays in this community has brought strong support for its programs and a commitment to the creation of a new facility.

The current facilities used by the Department of Art include Garwood Hall, Sallee Hall and Heating Plant Annex. This noncontiguous arrangement is not efficient and hinders the development of a cohesive departmental identity. In addition, many of the spaces at present do not meet industry and environmental protection guidelines and are not appropriate for current teaching and learning practices.

#### QUANTIFICATION

Western Illinois University recently completed a space planning and utilization study for a new state-of-the-art visual arts center. The building will provide instructional classrooms and studios, research studios, and faculty and departmental offices, as well as a Student Gallery and the University Art Gallery. In addition to traditional studios, digital media studios and an environmental studio will be provided as these are growing areas of the Visual Arts program. The new Department of Art classrooms and studios will be designed for the unique environmental, technical and safety needs of the studio arts programs. The facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities. In addition, the project will include the provision for service drives, limited parking, exterior site development, and connections to all required campus utility infrastructure.

The overall goal of the program for the Department of Art is to address the shortage of existing space and adequate ventilation for arts programs, and to accommodate the rapid growth and expansion in the number of students, faculty and academic programs. The goal is not limited to providing "space," but rather aims to create a milieu that is conducive to excellent instruction and enhances academic performance in a single building.

#### DEPENDENT RELATIONSHIPS

These actions are consistent with the newly developed Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2017  
CAPITAL REQUEST  
PROJECT NAME WIU- Macomb Visual Art Center

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF   | MULTIPLIER FACTOR | GSF     | FY2017 \$/GSF* | COST        |
|---|--------|-------------------|---------|----------------|-------------|
| General Use   | 6,470  | 1.90              | 12,293  | \$ 323.13      | \$ 3,972.2  |
| Supporting Facilities   | 1,430  | 1.20              | 1,716   | 252.48         | 433.3       |
| Classrooms  | 4,800  | 1.50              | 7,200   | 270.33         | 1,946.4     |
| Special Use   | 59,331 | 1.80              | 106,796 | 270.47         | 28,885.1    |
| Offices   | 5,940  | 1.70              | 10,098  | 279.85         | 2,825.9     |
| 1) BASE TOTAL   | 77,971 |                   | 138,103 |                | \$ 38,062.9 |
| 2) ADDED COSTS:   |        |                   |         |                | 10,277.0    |
| a) Historic Preservation Considerations: _____  |        |                   |         |                |             |
| b) Green Building Design/LEED Certification Level _____ (Cert., Silver, Gold, Platinum)<br>(Please use 6% of Base Total to estimate the cost of LEED design.)   |        |                   |         |                | 2,283.8     |
| c) Other Energy Efficiencies: _____   |        |                   |         |                |             |
| 3) BASE COST  |        |                   |         |                | \$ 50,623.7 |
| 4) ADD ESCALATION COST<br>(For monthly escalation costs, use Statewide Average: 2.7 percent per year, or .225 percent per month from base to bid date.)<br>Expected Bid Date: <u>May-18</u> Escalation/month: <u>0.00225</u><br>Number of Months to Bid Date: <u>30</u> |        |                   |         |                | \$ 3,417.1  |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)   |        |                   |         |                | \$ 54,040.8 |
| 6) ADD 10% FOR CONTINGENCIES  |        |                   |         |                | 540.4       |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |        |                   |         |                | \$ 59,444.8 |
| ADDITIONAL BUDGET ADDS:   |        |                   |         |                |             |
| 1) A/E FEES <u>7.50%</u> *  |        |                   |         |                | 4,458.4     |
| ON-SITE OBSERVATION:  |        |                   |         |                | 502.2       |
| NUMBER OF MONTHS <u>30</u>  |        |                   |         |                |             |
| DAYS PER WEEK <u>4</u>  |        |                   |         |                |             |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |        |                   |         |                | 248.0       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |        |                   |         |                | 1,783.3     |
| 4) OTHER ADDS_see 2 below_ (ADA, Asbestos, Hazardous Materials, etc. -- please specify)   |        |                   |         |                | 1,607.8     |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT   |        |                   |         |                | 297.2       |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |        |                   |         |                | \$ 8,897.0  |
| <b>TOTAL, BUILDING BUDGET</b>   |        |                   |         |                | \$ 68,341.8 |

OTHER:

|  |                         |            |
|--|-------------------------|------------|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ 1,216.6 |
| Number of additional staff: <u>8</u>   | Salaries and Related    | 406.2      |
|  | Utilities               | 379.9      |
|  | Repairs and Maintenance | 430.5      |
|  | All Other               |            |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE Visual Arts Facility Predesign Document, HammelGreen & Abrahamson  
NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Scott Coker  
PHONE NUMBER 309-298-1834

- \* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.
- \*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.
- 1 Added costs include: FFE (12%), LEED (6%), and site/utilities work (15.0%)
- 2 Added costs include: building commissioning, testing and balancing, and technology infrastructure

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB STIPES BUILDING REMODEL  
PRIORITY: 4

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 49,400,000 (Planning, Design and Construction)

#### BACKGROUND DATA

Stipes Hall was constructed in 1968. Stipes Hall has not had any renovations or major remodeling since its opening over 45 years ago. The University, through its recent Macomb Campus Master Plan update and Strategic Building Renovation matrix, has identified Stipes as a high priority for renovation. Stipes Hall has over 140,000 square feet of classroom and office space and houses the College of Business and Technology.

#### QUANTIFICATION

In the Macomb Master Plan update, the Master Plan Steering committee identified eight renovation criteria that were used to prioritize building renovation projects. Stipes Hall is a high profile building on campus, has high critical deferred maintenance and houses University Signature programs. Updated academic facilities will benefit the academic mission of the University.

The remodeled facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities.

#### DEPENDENT RELATIONSHIPS

These actions are consistent with the newly developed Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

#### **Resolution No. 15.10/6: Resolution Authorizing the Refunding of Auxiliary Facilities System Revenue Bonds**

Trustee Epperly stated that the proceedings would move on, and announced Resolution No. 15.10/6 as he asked for a motion. Trustee Hare made the motion and Trustee Cole seconded the motion.

The discussion began with Director Bierman introducing Mr. James McNulty from Blue Rose Capital Advisors to assist with reviewing the revenue bond statement. Dir. Bierman mentioned that revenue bonds would be callable during the first quarter of the spring and he would like the board to authorize refunding those bonds. Mr. McNulty mentioned that his firm has served as the financial advisors for the University for a several years.

There were three transactions to refund bonds in 2015. In May \$4M in bonds were refunded and this saved the University \$150K spread over 5 years. \$16M in Certificates of Participations (COPS) was issued and received 2 bids from capital markets that were low. \$1.5M was saved which is going to be spread over 10 years. Blue Rose Capital would like to re-fund \$9.6M in auxiliary bonds. This will be based on market conditions and the activities of the State of Illinois. There is the potential for \$500K to be saved over 12 years. If rates rise as anticipated, or the credit spread widens, Blue Rose Capital Advisors would "stop and wait" on behalf of Western Illinois University. Mr. McNulty mentioned that he was

Attachment K  
Western Illinois University Board of Trustees Budget Materials  
Fiscal Year 2017

Note: By State statute, the Western Illinois University approves a Preliminary Spending Plan prior to the fiscal year. It also refined and approved as All Funds Budget in the fall meeting. The Board also approves University requests for new state resources (operating and capital) at its fall meeting. All of these materials are attached.

WESTERN ILLINOIS UNIVERSITY  
BOARD OF TRUSTEES

June 10, 2016

Resolution No. 16.6/3  
FY2017 Preliminary Spending Plan

**WHEREAS** Western Illinois University must prepare a preliminary spending plan prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** this spending plan requires Board of Trustees approval prior to submission; and,

**WHEREAS** this spending plan reflects Western's tradition of strong, conservative fiscal management and resource allocation to support goals and priorities stated in *Higher Values in Higher Education* and Western Illinois University's *Mission Statement*:

**THEREFORE** be it resolved that the Board of Trustees approves the FY2017 spending plan as presented in the FY2017 spending plan document, and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

Illinois state statute requires Western Illinois University (and all other Illinois public universities) to prepare a *Fiscal Year 2017 Preliminary Spending Plan* prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor. Furthermore, the *Fiscal Year 2017 Preliminary Spending Plan* must be approved by the Western Illinois University Board of Trustees prior to institutional submission and expenditure. The Preliminary Spending Plan for Fiscal Year 2017 is displayed in the table below.

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Personal Services                    | \$ 38,581,510                  | \$ 45,718,490                 | \$ 13,750,000                           | \$ 13,000,000                       | \$ 111,050,000        |
| Medicare                             | 830,000                        | 600,000                       | 200,000                                 | 150,000                             | 1,780,000             |
| Contractual Services                 | -                              | 10,000,000                    | 21,000,000                              | 14,350,000                          | 45,350,000            |
| Travel                               | -                              | 450,000                       | 100,000                                 | 500,000                             | 1,050,000             |
| Commodities                          | -                              | 2,275,200                     | 600,000                                 | 2,100,000                           | 4,975,200             |
| Equipment                            | -                              | 2,800,000                     | 500,000                                 | 1,500,000                           | 4,800,000             |
| Awards & Grants and Matching Funds   | -                              | 6,000,000                     | 1,500,000                               | 25,000,000                          | 32,500,000            |
| Telecommunication Services           | -                              | 450,000                       | 125,000                                 | 350,000                             | 925,000               |
| Operation of Automotive Equipment    | -                              | 300,000                       | 200,000                                 | 500,000                             | 1,000,000             |
| Permanent Improvements               | -                              | 250,000                       | 400,000                                 | 300,000                             | 950,000               |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 13,750,000                              | 250,000                             | 14,000,000            |
| <b>Total FY2017 Operating Budget</b> | <b>\$ 41,156,310</b>           | <b>\$ 68,843,690</b>          | <b>\$ 52,325,000</b>                    | <b>\$ 59,000,000</b>                | <b>\$ 221,325,000</b> |

As of May 31, 2016, the Illinois General Assembly failed to pass any spending bills or a comprehensive FY17 budget plan. In February 2016, the Illinois Governor proposed a budget that would cut all of Higher education by 20% of FY15 appropriation levels.

Because the Governor's Proposed budget is the best known information we have at the time of this writing, the University's Fiscal Year 2017 preliminary spending plan for state appropriated funds is presented at a level that reflects a 20% reduction in our state appropriation. The Income Fund budget reflects the necessary increases in salary obligations and operating increases, and in order to balance this spending plan with the projected revenue, we will lead an effort to identify the necessary expense reductions in the coming weeks.

Western Illinois University's *Fiscal Year 2017 All-Funds Operating Budget* will be presented to the Western Illinois University Board of Trustees in October and will include the appropriation approved by the General Assembly and income projections based on fall enrollment.



Table 2  
Western Illinois University  
Fiscal Year 2014 Through 2016 All-Funds Budget

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Fiscal Year 2014                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,596,900                  | \$ 58,203,100                 | \$ 14,000,000                           | \$ 14,250,000                       | \$ 133,050,000        |
| Medicare                             | 800,000                        | 700,000                       | 200,000                                 | 150,000                             | 1,850,000             |
| Contractual Services                 | 2,500,000                      | 8,100,000                     | 22,155,000                              | 13,000,000                          | 45,755,000            |
| Travel                               | -                              | 400,000                       | 150,000                                 | 750,000                             | 1,300,000             |
| Commodities                          | 383,400                        | 1,500,000                     | 700,000                                 | 2,200,000                           | 4,783,400             |
| Equipment                            | 400,000                        | 2,200,000                     | 800,000                                 | 2,000,000                           | 5,400,000             |
| Awards & Grants and Matching Funds   | -                              | 2,500,000                     | 500,000                                 | 25,000,000                          | 28,000,000            |
| Telecommunication Services           | 180,000                        | 500,000                       | 200,000                                 | 360,000                             | 1,240,000             |
| Operation of Automotive Equipment    | 150,000                        | 241,800                       | 100,000                                 | 600,000                             | 1,091,800             |
| Permanent Improvements               | -                              | 500,000                       | 500,000                                 | 300,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,495,000                              | 390,000                             | 14,885,000            |
| <b>Total FY2014 Operating Budget</b> | <b>\$ 52,755,100</b>           | <b>\$ 74,844,900</b>          | <b>\$ 54,000,000</b>                    | <b>\$ 60,000,000</b>                | <b>\$ 241,600,000</b> |
| Fiscal Year 2015                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,471,100                  | \$ 60,228,900                 | \$ 13,975,000                           | \$ 14,250,000                       | \$ 134,925,000        |
| Medicare                             | 800,000                        | 800,000                       | 200,000                                 | 150,000                             | 1,950,000             |
| Contractual Services                 | 2,500,000                      | 8,571,800                     | 22,500,000                              | 14,150,000                          | 47,721,800            |
| Travel                               | -                              | 800,000                       | 100,000                                 | 750,000                             | 1,650,000             |
| Commodities                          | 383,400                        | 2,000,000                     | 600,000                                 | 2,200,000                           | 5,183,400             |
| Equipment                            | 400,000                        | 2,500,000                     | 500,000                                 | 2,000,000                           | 5,400,000             |
| Awards & Grants and Matching Funds   | -                              | 4,000,000                     | 1,400,000                               | 25,000,000                          | 30,400,000            |
| Telecommunication Services           | 150,000                        | 350,000                       | 125,000                                 | 350,000                             | 975,000               |
| Operation of Automotive Equipment    | 180,000                        | 120,000                       | 200,000                                 | 500,000                             | 1,000,000             |
| Permanent Improvements               | -                              | 500,000                       | 400,000                                 | 400,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,300,000                              | 250,000                             | 14,550,000            |
| <b>Total FY2015 Operating Budget</b> | <b>\$ 52,629,300</b>           | <b>\$ 79,870,700</b>          | <b>\$ 54,500,000</b>                    | <b>\$ 61,000,000</b>                | <b>\$ 248,000,000</b> |
| Fiscal Year 2016                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 45,556,500                  | \$ 59,943,500                 | \$ 14,200,000                           | \$ 13,700,000                       | \$ 133,400,000        |
| Medicare                             | 800,000                        | 800,000                       | 200,000                                 | 150,000                             | 1,950,000             |
| Contractual Services                 | -                              | 10,730,200                    | 21,000,000                              | 15,000,000                          | 46,730,200            |
| Travel                               | -                              | 675,000                       | 100,000                                 | 750,000                             | 1,525,000             |
| Commodities                          | -                              | 1,500,000                     | 600,000                                 | 2,200,000                           | 4,300,000             |
| Equipment                            | -                              | 2,800,000                     | 630,000                                 | 1,700,000                           | 5,130,000             |
| Awards & Grants and Matching Funds   | -                              | 6,500,000                     | 1,500,000                               | 24,000,000                          | 32,000,000            |
| Telecommunication Services           | -                              | 500,000                       | 150,000                                 | 350,000                             | 1,000,000             |
| Operation of Automotive Equipment    | -                              | 300,000                       | 200,000                                 | 450,000                             | 950,000               |
| Permanent Improvements               | -                              | 650,000                       | 400,000                                 | 350,000                             | 1,400,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,420,000                              | 250,000                             | 14,670,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>           | <b>\$ 84,398,700</b>          | <b>\$ 53,600,000</b>                    | <b>\$ 59,900,000</b>                | <b>\$ 246,000,000</b> |

Table 2  
Western Illinois University  
Fiscal Year 2013 Through 2015 All-Funds Budget

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Fiscal Year 2013                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,109,600                  | \$ 57,190,400                 | \$ 14,500,000                           | \$ 14,470,000                       | \$ 132,270,000        |
| Medicare                             | 800,000                        | 700,000                       | 200,000                                 | 150,000                             | 1,850,000             |
| Contractual Services                 | 2,500,000                      | 8,500,000                     | 21,580,000                              | 14,000,000                          | 46,580,000            |
| Travel                               | -                              | 1,000,000                     | 100,000                                 | 750,000                             | 1,850,000             |
| Commodities                          | 263,400                        | 1,700,000                     | 700,000                                 | 2,000,000                           | 4,663,400             |
| Equipment                            | 400,000                        | 2,200,000                     | 900,000                                 | 2,000,000                           | 5,500,000             |
| Awards & Grants and Matching Funds   | -                              | 2,300,000                     | 500,000                                 | 26,000,000                          | 28,800,000            |
| Telecommunication Services           | 150,000                        | 500,000                       | 200,000                                 | 380,000                             | 1,230,000             |
| Operation of Automotive Equipment    | 180,000                        | 161,800                       | 100,000                                 | 600,000                             | 1,041,800             |
| Permanent Improvements               | -                              | 600,000                       | 400,000                                 | 300,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 900,000                             | 2,844,800             |
| Other                                | -                              | -                             | 14,620,000                              | 450,000                             | 15,070,000            |
| <b>Total FY2013 Operating Budget</b> | <b>\$ 52,147,800</b>           | <b>\$ 74,852,200</b>          | <b>\$ 54,000,000</b>                    | <b>\$ 62,000,000</b>                | <b>\$ 243,000,000</b> |
| Fiscal Year 2014                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,596,900                  | \$ 58,203,100                 | \$ 14,000,000                           | \$ 14,250,000                       | \$ 133,050,000        |
| Medicare                             | 800,000                        | 700,000                       | 200,000                                 | 150,000                             | 1,850,000             |
| Contractual Services                 | 2,500,000                      | 8,100,000                     | 22,155,000                              | 13,000,000                          | 45,755,000            |
| Travel                               | -                              | 400,000                       | 150,000                                 | 750,000                             | 1,300,000             |
| Commodities                          | 383,400                        | 1,500,000                     | 700,000                                 | 2,200,000                           | 4,783,400             |
| Equipment                            | 400,000                        | 2,200,000                     | 800,000                                 | 2,000,000                           | 5,400,000             |
| Awards & Grants and Matching Funds   | -                              | 2,500,000                     | 500,000                                 | 25,000,000                          | 28,000,000            |
| Telecommunication Services           | 180,000                        | 500,000                       | 200,000                                 | 360,000                             | 1,240,000             |
| Operation of Automotive Equipment    | 150,000                        | 241,800                       | 100,000                                 | 600,000                             | 1,091,800             |
| Permanent Improvements               | -                              | 500,000                       | 500,000                                 | 300,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,495,000                              | 390,000                             | 14,885,000            |
| <b>Total FY2014 Operating Budget</b> | <b>\$ 52,755,100</b>           | <b>\$ 74,844,900</b>          | <b>\$ 54,000,000</b>                    | <b>\$ 60,000,000</b>                | <b>\$ 241,600,000</b> |
| Fiscal Year 2015                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 46,471,100                  | \$ 60,228,900                 | \$ 13,975,000                           | \$ 14,250,000                       | \$ 134,925,000        |
| Medicare                             | 800,000                        | 800,000                       | 200,000                                 | 150,000                             | 1,950,000             |
| Contractual Services                 | 2,500,000                      | 8,571,800                     | 22,500,000                              | 14,150,000                          | 47,721,800            |
| Travel                               | -                              | 800,000                       | 100,000                                 | 750,000                             | 1,650,000             |
| Commodities                          | 383,400                        | 2,000,000                     | 600,000                                 | 2,200,000                           | 5,183,400             |
| Equipment                            | 400,000                        | 2,500,000                     | 500,000                                 | 2,000,000                           | 5,400,000             |
| Awards & Grants and Matching Funds   | -                              | 4,000,000                     | 1,400,000                               | 25,000,000                          | 30,400,000            |
| Telecommunication Services           | 150,000                        | 350,000                       | 125,000                                 | 350,000                             | 975,000               |
| Operation of Automotive Equipment    | 180,000                        | 120,000                       | 200,000                                 | 500,000                             | 1,000,000             |
| Permanent Improvements               | -                              | 500,000                       | 400,000                                 | 400,000                             | 1,300,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,300,000                              | 250,000                             | 14,550,000            |
| <b>Total FY2015 Operating Budget</b> | <b>\$ 52,629,300</b>           | <b>\$ 79,870,700</b>          | <b>\$ 54,500,000</b>                    | <b>\$ 61,000,000</b>                | <b>\$ 248,000,000</b> |

|                                       |           |           |     |           |
|---------------------------------------|-----------|-----------|-----|-----------|
| Instructional Resources and Services  | \$545,000 | \$235,525 | \$0 | \$545,000 |
| University Stores and Service Centers | \$850,000 | \$32,431  | \$0 | \$850,000 |
| University Publications               | \$26,625  | \$0       | \$0 | \$26,625  |
| Sponsored Credit                      | \$4,000   | \$0       | \$0 | \$4,000   |
| Parking Operations                    | \$40,000  | \$0       | \$0 | \$40,000  |
| Transit                               | \$32,500  | \$0       | \$0 | \$32,500  |

Parking Lots

|                   |             |     |     |             |
|-------------------|-------------|-----|-----|-------------|
| Parking Operation | \$1,600,000 | \$2 | \$0 | \$1,600,000 |
|-------------------|-------------|-----|-----|-------------|

**Resolution No. 16.6/3: FY2017 Preliminary Spending Plan**

The Board has to approve a spending plan so that spending may begin on July 1, 2016. This is a State of Illinois requirement. The resolution contains the best estimate of the use of appropriated funding in accordance with what was communicated in February by the Governor. The figures reflect a 20% reduction in funding from the state and taking in to account a 10% decline in tuition revenue. The University will come back to the Board with an All Funds Budget after 10<sup>th</sup> day numbers are taken into account and necessary revisions are made by the next Board meeting. He said that he hopes we have a budget by then. Interim VP Bierman asked were there any questions.

Trustee Cole asked what does the spending plan amount to in dollars. The University Budget is \$221,325,000 with a \$110M appropriation from the state. Last year the appropriation was \$135M. Trustee Cole asked would \$110M be a realistic number. Interim VP Bierman said that working with that number would be a challenge. The retirement incentive enacted this past December should start to render savings in FY2017. He added that it will be difficult, but the University will do everything possible to make this work.

Trustee Ehlert Fuller made the motion to approve, and Trustee Savala seconded the motion.

Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Lester        | Yes |
| Trustee Savala        | Yes |

The motion carried.

**Resolution:**

**WHEREAS** Western Illinois University must prepare a preliminary spending plan prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** this spending plan requires Board of Trustees approval prior to submission; and,

**WHEREAS** this spending plan reflects Western's tradition of strong, conservative fiscal management and resource allocation to support goals and priorities stated in *Higher Values in Higher Education* and Western Illinois University's *Mission Statement*:

**THEREFORE** be it resolved that the Board of Trustees approves the FY2017 spending plan as presented in the FY2017 spending plan document, and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

**Resolution No. 16.6/4: Property Easement – McDonough County**

Interim VP Bierman said that this a request from the City of Macomb to install a sewer line that would access the River Run Apartments and run along the east end of Vince Grady Field and not interrupt the field in any way. The cell phone project that someone asked about during the recess earlier is not the University’s project and no University funds are being utilized. The city project for the installation of the sewer line does not use University funds either. The request is to approve access to dig the line through University property.

Trustee Ehlert Fuller made the motion to approve the resolution, and Trustee Lester seconded the motion.

**Roll Call**

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Lester        | Yes |
| Trustee Savala        | Yes |

The motion carried.

**ACADEMIC AND STUDENT SERVICES COMMITTEE**

Trustee Early stated that the first report for Academic and Student Services was Report 16.6/4 annual listing of program changes and handed the presentation over to Dr. Kathleen Neumann.

**Report No. 16.6/4: Annual Listing of Program Changes**

Dr. Kathy Neumann began by stating that the report was before the Board and that she would be happy to answer any questions. She added that there were two updates since the booklet was printed under creation of certificate programs as IBHE approved a baccalaureate certificate program for event planning and management on May 25, 2016. Under item number 14 the Bachelor of Science in mechanical engineering was denied by IBHE May 27, 2016. This means that additional documentation needs to be submitted to IBHE which will occur in June. Trustee Early asked were there any questions and there were none.

**Report No. 16.6/5: Academic Curricular and Administrative Changes**

Interim Provost Neumann stated that this report highlights some of the curricular changes that have happened. Academic and Student Services was told that the certificate programs had to increase in credit hours as they were noncompliant if the program did not require at least 18 hours. A vast majority of programs increased the number of hours and there are a few programs that will be phased out. There may be other ways to deliver some of the same content for the programs that were phased out in the future. There were two master’s degree programs added, the Master of Art in economic development and the Master of Science in applied statistics. She stated that she would be happy to answer any questions.

**Resolution No. 16.6/5: Academic Program Review Recommendation**

For this resolution, Dr. Neumann stated that there were four programs recommended for elimination. When a major is eliminated this means that no additional students will be accepted into the degree program. The students who are currently enrolled will be allowed to complete the program. There will be teach out plans

# WESTERN ILLINOIS UNIVERSITY BOARD OF TRUSTEES

October 7, 2016

## Resolution No. 16.10/2 FY2017 All-Funds Budget

**Resolution:**

**WHEREAS** Western Illinois University must prepare an annual all-funds budget for Appropriated Funds, University Income Funds, and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** the Fiscal Year 2017 all-funds budget requires Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2017 All-Funds Budget* presented today advances the goals of the University's Strategic Plan, *Higher Values in Higher Education*, on both Western Illinois University campuses, and statewide strategic planning goals for higher education, as identified in IBHE's *Illinois Public Agenda for College and Career Success*; and,

**WHEREAS** the *Fiscal Year 2017 All-Funds Budget* presented today maintains Western Illinois University's public commitments to conservative fiscal management and public accountability to students, their families, and state taxpayers:

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2017 All-Funds Budget as presented in the *Fiscal Year 2017 All-Funds Budget* document and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

Fiscal Year 2017 All-Funds Budget

To ensure full budgetary disclosure within Illinois public universities, the Illinois Board of Higher Education requires each public university Board of Trustees to approve a budget for the upcoming fiscal year. The plan must include all sources of university funds categorized by State Appropriated Funds, University Income Funds, Auxiliary Services Funds, and All Other Non-Appropriated Funds. The budget approved by the Western Illinois University Board of Trustees is submitted to the Illinois Board of Higher Education, Illinois State Legislature, and the Governor.

The following table presents Western Illinois University's *Fiscal Year 2017 All-Funds Budget* to be approved by the Western Illinois University Board of Trustees. This budget assumes a state appropriation \$51.4M which is the level of funding received by WIU in fiscal year 2015. On June 30, 2016, the General Assembly and the Governor approved an FY17 stopgap appropriation, meant to provide 6 months of funding for the University. This amount was \$31.4 million. We expect the legislature and governor to pass further FY17 funding legislation.

| Western Illinois University<br>Fiscal Year 2017 All-Funds Budget |                       |                      |                                |                            |                       |
|--|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
|  | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
| Personal Services  | \$ 48,870,400         | \$ 50,129,600        | \$ 13,750,000                  | \$ 13,000,000              | \$ 125,750,000        |
| Medicare   | 830,000               | 1,000,000            | 200,000                        | 150,000                    | 2,180,000             |
| Contractual Services   | -                     | 11,000,000           | 21,000,000                     | 14,350,000                 | 46,350,000            |
| Travel   | -                     | 500,000              | 100,000                        | 500,000                    | 1,100,000             |
| Commodities  | -                     | 1,625,200            | 600,000                        | 2,100,000                  | 4,325,200             |
| Equipment  | -                     | 2,500,000            | 500,000                        | 1,500,000                  | 4,500,000             |
| Awards & Grants and Mat  | -                     | 6,500,000            | 1,500,000                      | 25,000,000                 | 33,000,000            |
| Telecommunication Serv   | -                     | 500,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotiv   | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvement  | -                     | 500,000              | 400,000                        | 300,000                    | 1,200,000             |
| CMS Health Insurance   | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other  | -                     | -                    | 13,750,000                     | 250,000                    | 14,000,000            |
| <b>Total FY2016 Operat</b>                                       | <b>\$ 51,445,200</b>  | <b>\$ 74,554,800</b> | <b>\$ 52,325,000</b>           | <b>\$ 59,000,000</b>       | <b>\$ 237,325,000</b> |

Statewide budgeting for higher education follows a two-step process. Prior to the start of the fiscal year, the Western Illinois University Board of Trustees must approve a preliminary spending plan for the next fiscal year beginning July 1. Table 1 presents the *Western Illinois University Preliminary Spending Plan* for fiscal years 2015, 2016 and 2017. This plan was approved by Western Illinois University Board of Trustees in June (*Resolution No. 16.6/3*).

Table 2 presents the All-Funds Budget approved by the Western Illinois University Board of Trustees for Fiscal Years 2015, 2016, and 2017. Differences in values budgeted for the *Fiscal Year 2017 Preliminary Spending Plan* (Table 1) and the *Fiscal Year 2017 All-Funds Budget* (Table 2) are due to the following factors.

- The *Fiscal Year 2017 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2016, was based on projected student enrollment. The *Fiscal Year 2017 All-Funds Budget*, presented today, is based on actual Fall 2016 enrollment.
- Western Illinois University bases institutional budgets on previous fiscal year expenditures. The *Fiscal Year 2017 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2016, was based on estimated Fiscal Year 2016 expenditures. The *Fiscal Year 2017 All-Funds Budget*, presented today, is based on actual Fiscal Year 2016 expenditures.

- At the time of presenting the *Fiscal Year 2017 Preliminary Spending Plan* to the Western Illinois University Board of Trustees, the State's *Fiscal Year 2017 Appropriated Funds Budget* had not been enacted. Normally, by the time we present the University's *Fiscal Year 2017 All-Funds Budget*, the state budget has been signed into law. As of September 20, 2016, We have only received a partial state appropriation of \$31.4M which was considered a 6 month stop-gap budget for Western Illinois University.

#### Fiscal Year 2017 Spending Priorities

Following a fiscally conservative model, Western Illinois University's annual budget preparation process uses the previous year's budget and Strategic Plan priority and resource allocation decisions as base. This practice successfully supports advancement of the *University Mission Statement* and attainment of institutional goals and priorities stated in *Higher Values in Higher Education*.

As guided by *Higher Values in Higher Education*, funds will be applied to the University's highest priorities, including increasing faculty and staff salaries to meet and exceed the average of peer institutions, support for academic programs, deferred maintenance, student recruitment, marketing and support for student scholarships and retention efforts.

Pending Board approval, the University will continue to aggressively pursue Strategic Plan priorities. Personal services, Medicare, and CMS health insurance expenditures totaling \$130.9 million represent 55.1 percent of the University's Fiscal Year 2017 planned all-funds budget expenditures, followed by items supporting the academic mission of the University: contractual services (primarily utilities and food service), awards and grants (student financial aid), and equipment.

#### Integrated Planning, Budgeting, and Accountability Reporting Processes

Because Western Illinois University engages in integrated planning, budgeting, and accountability reporting processes, the *Fiscal Year 2017 All-Funds Budget* report should be read in conjunction with The *Fiscal Year 2018 Appropriated Operating and Capital Budget Recommendations* to the Illinois Board of Higher Education identifying how funding will create sustainability for instructional, research, and service activities that directly contribute to Illinois' knowledge-based economy through successful implementation of *Higher Values in Higher Education*.

US Bank, Rock Island, Illinois;  
Wells Fargo Bank, National Association, Canton, Illinois; and,

**WHEREAS** the Vice President for Administrative Services is responsible for depositories and major accounts; and,

**WHEREAS** the following University positions and names to withdraw funds is being requested: Vice President for Administrative Services, Julie DeWees, and President, Jack Thomas; and,

**WHEREAS** guidelines established by the President were followed:

**THEREFORE** be it resolved that the Board of Trustees approves the depositories and signature authority as presented.

**Resolution No. 15.10/3: FY2016 All-Funds Budget**

Trustee Epperly moved that the board accept Resolution 15.10/3, Trustee Early seconded the motion. He asked was there any discussion besides himself.

Trustee Epperly stated that he had a number of questions that he had already inquired of Dir. Matt Bierman regarding. He clarified with Dir. Bierman that all of the items listed were estimated expenses for 2016. Epperly asked what the estimated revenue was for 2016. Dir. Bierman stated that the estimated revenues will match the corresponding expenses "closely." Dir. Bierman currently anticipates a \$6M deficit. The budget numbers are based on what the General Assembly passed in May of 2015 which was a 6.5% reduction in the revised FY'15 appropriation. This was vetoed by the Governor of the State of Illinois.

Trustee Cole asked why the University did not go with increased reductions knowing that the Governor declined the budget recommendations put forth by the General Assembly. Trustee Cole added that we probably will not get a budget until the Governor sees further reductions. He stated that the Board should agree on further reductions before it approves the All-Funds Budget. Trustee Epperly asked were there other questions or comments. Trustee Quigley asked if we approve the budget what it means, and added that if the budget is approved without knowing what is coming from the State of Illinois, and Western does not get a budget, what will result? Dir. Bierman answered that if we do not get a budget we would deficit spend \$48M. Dir. Bierman added that when we do get a budget it may be necessary to revise the budget by adjusting expenditures provided that budget does not provide the needed revenue.

President Thomas mentioned that it was a necessary part of the process to get a budget by first presenting the University's All-Funds Budget recommendations. Revisions may be made after a response from the State of Illinois is received, but presenting the spending plan is a necessary part of the beginning of the process.

Trustee Early asked whether or not there were three different scenarios presented at the Board of Trustees' Retreat. Dir. Bierman responded that, yes, various scenarios were presented to demonstrate what the situation would require of reserve spending depending on what kind of reductions the University faces. If reductions are greater than 6.5% more cuts would be necessary.

Trustee Cole recommended that the All-Funds Budget be approved during the December board meeting. Dir. Bierman explained that the board as a whole passed a preliminary spending plan in June and that the University may continue to operate under the plan passed in June or the budget being presented at the this meeting so that the mandates to present a 2016 budget by October may be met. Dir. Bierman confirmed



for Trustees Cole and Epperly who were questioning how to proceed that the University may continue to operate under the preliminary spending plan.

President Thomas stated that there was a discussion “at length” as to whether or not the University should continue as is or pass the All-Funds Budget. Trustee Cole responded by stating that the board should continue to operate under the preliminary spending plan. Trustee Quigley asked which choice is more “fiscally conservative.” Bierman answered that the All-Funds Budget currently on the table is more fiscally conservative than the preliminary spending plan due to information that has come in since June requiring necessary adjustments.

Trustee Hare stated that the All-Funds Budget should be passed as is. Trustee Early concurred as she stated it is more conservative than the preliminary spending plan. Epperly asked was there any other discussion. Trustee Cole stated that the preliminary budget has, “done its job,” and continues to be effective. Chair Clawson said that the motion had been made and approved and added that the discussion was closed. Trustee Cole asked that the discussion continue and conferred with Trustee Epperly as the Chair of the Finance Committee to make a decision as to whether or not to continue the discussion. Trustee Epperly indicated that the roll call should go forth.

#### Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | No  |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | Yes |
| Trustee Phil G. Hare  | Yes |
| Trustee Quigley       | Yes |
| Trustee Savala        | Yes |

#### The motion carried.

Director Bierman asked to make one final comment. This is a common discussion and with the levels approved both campuses understand the gravity of the budget situation. Spending patterns continue to be conservative in light of the budget situation. The entire campus is taking all measures possible to save even more conservatively than the approved budget.

Trustee Ehlert Fuller stated that the information and presentations given spoke to the University taking every step possible to conserve resources, revenue, and funding. Trustee Epperly stated that there were additional transfers to R and R. There was a \$310K balance that accumulated to \$4,365,000. Dir. Bierman responded that University Housing and Dining did a “tremendous job” in conserving their resources, and managed their expenses “well beyond their revenues.” Trustee Epperly mentioned that Dr. Biller’s area is ahead of where it should be and that it is commendable of the Student Services area.

#### **Resolution No. 15.10/4: FY2017 Appropriated Operating Budget Recommendations**

**Trustee Epperly asked was there a motion to approve Resolution No. 15.10/4. Trustee Cole made the motion and Trustee Hare seconded the motion.**

Trustee Quigley indicated that he would like to ask whether or not the University is approving to request of the State Legislature for additional funding for the Operating Budget. Dir. Bierman responded that, yes, Trustee Quigley was correct. Trustee Quigley asked whether or not the requests could be voted on separately. Trustee Quigley began reading off items from the operating budget recommendations list and stated that the items should be addressed individually. Trustee Quigley made a motion to individually

Citizens, a Division of Morton Community Bank, Macomb, Illinois;  
First Bankers Trust Company, Macomb, Illinois;  
United Community Bank, Macomb, Illinois;  
First Midwest Bank, Moline, Illinois;  
First State Bank of Illinois, Macomb, Illinois;  
US Bank National Association, Chicago, Illinois;  
~~The National Bank~~, Triumph Community Bank, East Moline, Illinois;  
Mid-America National Bank, Macomb, Illinois;  
The Illinois Funds, Springfield, Illinois;  
Illinois National Bank, Springfield, Illinois;  
US Bank, Springfield, Illinois;  
US Bank, Rock Island, Illinois;  
Wells Fargo Bank, National Association, Canton, Illinois; and,

**WHEREAS** the Vice President for Administrative Services is responsible for depositories and major accounts; and,

**WHEREAS** the following University positions and names to withdraw funds is being requested: Interim Vice President for Administrative Services, Matthew Bierman, and President, Jack Thomas; and,

**WHEREAS** guidelines established by the President were followed:

**THEREFORE** be it resolved that the Board of Trustees approves the depositories and signature authority as presented.

**Resolution No. 16.10/2: FY 2017 All-Funds Budget**

Interim Vice President Bierman outlined the materials for the Board.

A motion was made by Trustee Early to approve. Trustee Savala seconded the motion.

Roll Call

|                               |     |
|-------------------------------|-----|
| Trustee Roger Clawson         | Yes |
| Trustee Lyneir Cole           | Yes |
| Trustee Cathy Early           | Yes |
| Trustee Carolyn Ehlert Fuller | Yes |
| Trustee William Gradle        | Yes |
| Trustee Todd Lester           | Yes |
| Trustee Steven Nelson         | Yes |
| Trustee Yvonne Savala         | Yes |

The motion carried.

**Resolution:**

**WHEREAS** Western Illinois University must prepare an annual all-funds budget for Appropriated Funds, University Income Funds, and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** the Fiscal Year 2017 all-funds budget requires Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2017 All-Funds Budget* presented today advances the goals of the University's Strategic Plan, Higher Values in Higher Education, on both Western Illinois University campuses, and statewide strategic planning goals for higher education, as identified in IBHE's *Illinois Public Agenda for College and Career Success*; and,

**WHEREAS** the *Fiscal Year 2017 All-Funds Budget* presented today maintains Western Illinois University's public commitments to conservative fiscal management and public accountability to students, their families, and state taxpayers:

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2017 All-Funds Budget as presented in the *Fiscal Year 2017 All-Funds Budget* document and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

### Fiscal Year 2017 All-Funds Budget

To ensure full budgetary disclosure within Illinois public universities, the Illinois Board of Higher Education requires each public university Board of Trustees to approve a budget for the upcoming fiscal year. The plan must include all sources of university funds categorized by State Appropriated Funds, University Income Funds, Auxiliary Services Funds, and All Other Non-Appropriated Funds. The budget approved by the Western Illinois University Board of Trustees is submitted to the Illinois Board of Higher Education, Illinois State Legislature, and the Governor.

The following table presents Western Illinois University's *Fiscal Year 2017 All-Funds Budget* to be approved by the Western Illinois University Board of Trustees. This budget assumes a state appropriation \$51.4M which is the level of funding received by WIU in fiscal year 2015. On June 30, 2016, the General Assembly and the Governor approved an FY17 stopgap appropriation, meant to provide 6 months of funding for the University. This amount was \$31.4 million. We expect the legislature and governor to pass further FY17 funding legislation.

| Western Illinois University<br>Fiscal Year 2017 All-Funds Budget |                       |                      |                                |                            |                       |
|--|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
|  | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
| Personal Services  | \$ 48,870,400         | \$ 50,129,600        | \$ 13,750,000                  | \$ 13,000,000              | \$ 125,750,000        |
| Medicare   | 830,000               | 1,000,000            | 200,000                        | 150,000                    | 2,180,000             |
| Contractual Services   | -                     | 11,000,000           | 21,000,000                     | 14,350,000                 | 46,350,000            |
| Travel   | -                     | 500,000              | 100,000                        | 500,000                    | 1,100,000             |
| Commodities  | -                     | 1,625,200            | 600,000                        | 2,100,000                  | 4,325,200             |
| Equipment  | -                     | 2,500,000            | 500,000                        | 1,500,000                  | 4,500,000             |
| Awards & Grants and Ma   | -                     | 6,500,000            | 1,500,000                      | 25,000,000                 | 33,000,000            |
| Telecommunication Serv   | -                     | 500,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotive  | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvement  | -                     | 500,000              | 400,000                        | 300,000                    | 1,200,000             |
| CMS Health Insurance   | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other  | -                     | -                    | 13,750,000                     | 250,000                    | 14,000,000            |
| <b>Total FY2016 Operat</b>                                       | <b>\$ 51,445,200</b>  | <b>\$ 74,554,800</b> | <b>\$ 52,325,000</b>           | <b>\$ 59,000,000</b>       | <b>\$ 237,325,000</b> |

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Table 2 presents the All-Funds Budget approved by the Western Illinois University Board of Trustees for Fiscal Years 2015, 2016, and 2017. Differences in values budgeted for the *Fiscal Year 2017 Preliminary Spending Plan* (Table 1) and the *Fiscal Year 2017 All-Funds Budget* (Table 2) are due to the following factors.

- The *Fiscal Year 2017 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2016, was based on projected student enrollment. The *Fiscal Year 2017 All-Funds Budget*, presented today, is based on actual Fall 2016 enrollment.
- Western Illinois University bases institutional budgets on previous fiscal year expenditures. The *Fiscal Year 2017 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2016, was based on estimated Fiscal Year 2016 expenditures. The *Fiscal Year 2017 All-Funds Budget*, presented today, is based on actual Fiscal Year 2016 expenditures.
- At the time of presenting the *Fiscal Year 2017 Preliminary Spending Plan* to the Western Illinois University Board of Trustees, the State's *Fiscal Year 2017 Appropriated Funds Budget* had not been enacted. Normally, by the time we present the University's *Fiscal Year 2017 All-Funds Budget*, the state budget has been signed into law. As of September 20, 2016, We have only received a partial state appropriation of \$31.4M which was considered a 6 month stop-gap budget for Western Illinois University.

#### Fiscal Year 2017 Spending Priorities

Following a fiscally conservative model, Western Illinois University's annual budget preparation process uses the previous year's budget and Strategic Plan priority and resource allocation decisions as base. This practice successfully supports advancement of the *University Mission Statement* and attainment of institutional goals and priorities stated in *Higher Values in Higher Education*.

As guided by *Higher Values in Higher Education*, funds will be applied to the University's highest priorities, including increasing faculty and staff salaries to meet and exceed the average of peer institutions, support for academic programs, deferred maintenance, student recruitment, marketing and support for student scholarships and retention efforts.

Pending Board approval, the University will continue to aggressively pursue Strategic Plan priorities. Personal services, Medicare, and CMS health insurance expenditures totaling \$130.9 million represent 55.1 percent of the University's Fiscal Year 2017 planned all-funds budget expenditures, followed by items supporting the academic mission of the University: contractual services (primarily utilities and food service), awards and grants (student financial aid), and equipment.

#### Integrated Planning, Budgeting, and Accountability Reporting Processes

Because Western Illinois University engages in integrated planning, budgeting, and accountability reporting processes, the *Fiscal Year 2017 All-Funds Budget* report should be read in conjunction with *The Fiscal Year 2018 Appropriated Operating and Capital Budget Recommendations* to the Illinois Board of Higher Education identifying how funding will create sustainability for instructional, research, and service activities that directly contribute to Illinois' knowledge-based economy through successful implementation of *Higher Values in Higher Education*.

Table 1  
Western Illinois University  
Fiscal Year 2015 Through FY2017 Preliminary Spending Plan

|                                      | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
|--------------------------------------|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
| Fiscal Year 2015                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 50,184,300         | \$ 54,501,900        | \$ 14,200,000                  | \$ 14,250,000              | \$ 133,136,200        |
| Medicare                             | 830,000               | 700,000              | 200,000                        | 150,000                    | 1,880,000             |
| Contractual Services                 | -                     | 11,200,000           | 22,530,000                     | 13,000,000                 | 46,730,000            |
| Travel                               | -                     | 500,000              | 150,000                        | 750,000                    | 1,400,000             |
| Commodities                          | -                     | 2,264,000            | 650,000                        | 2,200,000                  | 5,114,000             |
| Equipment                            | -                     | 3,000,000            | 900,000                        | 2,000,000                  | 5,900,000             |
| Awards & Grants and Matching Funds   | -                     | 2,000,000            | 1,400,000                      | 25,000,000                 | 28,400,000            |
| Telecommunication Services           | -                     | 575,000              | 150,000                        | 360,000                    | 1,085,000             |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 600,000                    | 1,100,000             |
| Permanent Improvements               | -                     | 700,000              | 400,000                        | 300,000                    | 1,400,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,420,000                     | 390,000                    | 14,810,000            |
| <b>Total FY2015 Operating Budget</b> | <b>\$ 52,759,100</b>  | <b>\$ 75,740,900</b> | <b>\$ 55,400,000</b>           | <b>\$ 60,000,000</b>       | <b>\$ 243,900,000</b> |
| Fiscal Year 2016                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 45,526,500         | \$ 61,498,700        | \$ 14,200,000                  | \$ 14,250,000              | \$ 135,475,200        |
| Medicare                             | 830,000               | 700,000              | 200,000                        | 150,000                    | 1,880,000             |
| Contractual Services                 | -                     | 11,000,000           | 23,300,000                     | 14,150,000                 | 48,450,000            |
| Travel                               | -                     | 500,000              | 100,000                        | 750,000                    | 1,350,000             |
| Commodities                          | -                     | 2,400,000            | 600,000                        | 2,200,000                  | 5,200,000             |
| Equipment                            | -                     | 3,000,000            | 500,000                        | 2,000,000                  | 5,500,000             |
| Awards & Grants and Matching Funds   | -                     | 5,200,000            | 1,400,000                      | 25,000,000                 | 31,600,000            |
| Telecommunication Services           | -                     | 500,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 300,000              | 400,000                        | 400,000                    | 1,100,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,440,000                     | 250,000                    | 14,690,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>  | <b>\$ 85,398,700</b> | <b>\$ 55,665,000</b>           | <b>\$ 61,000,000</b>       | <b>\$ 250,165,000</b> |
| Fiscal Year 2017                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 38,581,510         | \$ 45,718,490        | \$ 13,750,000                  | \$ 13,000,000              | \$ 111,050,000        |
| Medicare                             | 830,000               | 600,000              | 200,000                        | 150,000                    | 1,780,000             |
| Contractual Services                 | -                     | 10,000,000           | 21,000,000                     | 14,350,000                 | 45,350,000            |
| Travel                               | -                     | 450,000              | 100,000                        | 500,000                    | 1,050,000             |
| Commodities                          | -                     | 2,275,200            | 600,000                        | 2,100,000                  | 4,975,200             |
| Equipment                            | -                     | 2,800,000            | 500,000                        | 1,500,000                  | 4,800,000             |
| Awards & Grants and Matching Funds   | -                     | 6,000,000            | 1,500,000                      | 25,000,000                 | 32,500,000            |
| Telecommunication Services           | -                     | 450,000              | 125,000                        | 350,000                    | 925,000               |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 250,000              | 400,000                        | 300,000                    | 950,000               |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 13,750,000                     | 250,000                    | 14,000,000            |
| <b>Total FY2017 Operating Budget</b> | <b>\$ 41,156,310</b>  | <b>\$ 68,843,690</b> | <b>\$ 52,325,000</b>           | <b>\$ 59,000,000</b>       | <b>\$ 221,325,000</b> |

Table 2  
Western Illinois University  
Fiscal Year 2015 Through Fiscal Year 2017 All-Funds Budget

|                                      | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
|--------------------------------------|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
| Fiscal Year 2015                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 46,471,100         | \$ 60,228,900        | \$ 13,975,000                  | \$ 14,250,000              | \$ 134,925,000        |
| Medicare                             | 800,000               | 800,000              | 200,000                        | 150,000                    | 1,950,000             |
| Contractual Services                 | 2,500,000             | 8,571,800            | 22,500,000                     | 14,150,000                 | 47,721,800            |
| Travel                               | -                     | 800,000              | 100,000                        | 750,000                    | 1,650,000             |
| Commodities                          | 383,400               | 2,000,000            | 600,000                        | 2,200,000                  | 5,183,400             |
| Equipment                            | 400,000               | 2,500,000            | 500,000                        | 2,000,000                  | 5,400,000             |
| Awards & Grants and Matching Funds   | -                     | 4,000,000            | 1,400,000                      | 25,000,000                 | 30,400,000            |
| Telecommunication Services           | 150,000               | 350,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotive Equipment    | 180,000               | 120,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 500,000              | 400,000                        | 400,000                    | 1,300,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,300,000                     | 250,000                    | 14,550,000            |
| <b>Total FY2015 Operating Budget</b> | <b>\$ 52,629,300</b>  | <b>\$ 79,870,700</b> | <b>\$ 54,500,000</b>           | <b>\$ 61,000,000</b>       | <b>\$ 248,000,000</b> |
| Fiscal Year 2016                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 45,556,500         | \$ 59,943,500        | \$ 14,200,000                  | \$ 13,700,000              | \$ 133,400,000        |
| Medicare                             | 800,000               | 800,000              | 200,000                        | 150,000                    | 1,950,000             |
| Contractual Services                 | -                     | 10,730,200           | 21,000,000                     | 15,000,000                 | 46,730,200            |
| Travel                               | -                     | 675,000              | 100,000                        | 750,000                    | 1,525,000             |
| Commodities                          | -                     | 1,500,000            | 600,000                        | 2,200,000                  | 4,300,000             |
| Equipment                            | -                     | 2,800,000            | 630,000                        | 1,700,000                  | 5,130,000             |
| Awards & Grants and Matching Funds   | -                     | 6,500,000            | 1,500,000                      | 24,000,000                 | 32,000,000            |
| Telecommunication Services           | -                     | 500,000              | 150,000                        | 350,000                    | 1,000,000             |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 450,000                    | 950,000               |
| Permanent Improvements               | -                     | 650,000              | 400,000                        | 350,000                    | 1,400,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,420,000                     | 250,000                    | 14,670,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>  | <b>\$ 84,398,700</b> | <b>\$ 53,600,000</b>           | <b>\$ 59,900,000</b>       | <b>\$ 246,000,000</b> |
| Fiscal Year 2017                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 48,870,400         | \$ 50,129,600        | \$ 13,750,000                  | \$ 13,000,000              | \$ 125,750,000        |
| Medicare                             | 830,000               | 1,000,000            | 200,000                        | 150,000                    | 2,180,000             |
| Contractual Services                 | -                     | 11,000,000           | 21,000,000                     | 14,350,000                 | 46,350,000            |
| Travel                               | -                     | 500,000              | 100,000                        | 500,000                    | 1,100,000             |
| Commodities                          | -                     | 1,625,200            | 600,000                        | 2,100,000                  | 4,325,200             |
| Equipment                            | -                     | 2,500,000            | 500,000                        | 1,500,000                  | 4,500,000             |
| Awards & Grants and Matching Funds   | -                     | 6,500,000            | 1,500,000                      | 25,000,000                 | 33,000,000            |
| Telecommunication Services           | -                     | 500,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 500,000              | 400,000                        | 300,000                    | 1,200,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 13,750,000                     | 250,000                    | 14,000,000            |
| <b>Total FY2017 Operating Budget</b> | <b>\$ 51,445,200</b>  | <b>\$ 74,554,800</b> | <b>\$ 52,325,000</b>           | <b>\$ 59,000,000</b>       | <b>\$ 237,325,000</b> |

**Resolution No. 16.10/3: FY 2018 Appropriated Operating Budget Recommendations**

Interim Vice President Matt Bierman outlined the recommendations as presented. This is required to be sent to the Illinois Board of Higher Education as well as Governor's and legislature's requests. The President and Interim VP Bierman addressed questions and comments from the Board.

A motion was made by Trustee Early to approve. Trustee Ehlert Fuller seconded the motion.

Roll Call

|                               |     |
|-------------------------------|-----|
| Trustee Roger Clawson         | Yes |
| Trustee Lyneir Cole           | Yes |
| Trustee Cathy Early           | Yes |
| Trustee Carolyn Ehlert Fuller | Yes |
| Trustee William Gradle        | Yes |
| Trustee Todd Lester           | Yes |
| Trustee Steven Nelson         | Yes |
| Trustee Yvonne Savala         | Yes |

The motion carried.

**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 2018 appropriated operating budget recommendations require Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2018 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 2018 appropriated operating budget recommendations as presented in the *Fiscal Year 2018 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 2018 Appropriated Operating Budget Recommendations  
Western Illinois University

Western Illinois University begins Fiscal Year 2017 with a \$126.0 million base appropriation (32.6 percent from general revenue and 67.3 percent from income fund). The University recommends a \$9.9 million general revenue increase in funding for Fiscal Year 2018 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. Eighteen 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 82 percent of the University's recommendation supports programs identified in *Higher Values in Higher Education*.

| Western Illinois University<br>Fiscal Year 2018 Appropriated Funds Operating Budget Request |                    |                     |          |
|---|--------------------|---------------------|----------|
|   | Dollar<br>Increase | Percent<br>Increase | Priority |
| <b>Salary and Cost Increases</b>  |                    |                     |          |
| Salaries (on 95% of Base)   | \$1,000,000        | 1.05%               |          |
| Other General Costs   | <u>800,000</u>     | 3.00%               |          |
| Total Salary and Cost Increases   | \$1,800,000        | 1.84%               |          |
| <b>Program Priorities</b>   |                    |                     |          |
| Student Financial Aid   | 2,000,000          |                     | 1        |
| Deferred Maintenance  | 4,000,000          |                     | 2        |
| Quad Cities Campus Funding (Phase I and II)   | \$1,600,000        |                     | 3        |
| STEM - Health Care Professional Education   | 250,000            |                     | 4        |
| STEM - Engineering  | <u>250,000</u>     |                     | 5        |
| Total Program Priorities  | \$8,100,000        |                     |          |
| <b>Total All Increases</b>  | <b>\$9,900,000</b> |                     |          |

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 \$1.0 million request for salary increases is 55.6 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. While internal reallocations provide some level of salary increase for faculty and staff, enhancing competitiveness remains the highest institutional priority, particularly in light of reduced salary competitiveness.

Support for Program Priorities. Western Illinois University is seeking \$8.1 million in funding for program priorities identified in *Higher Values in Higher Education*. These include:

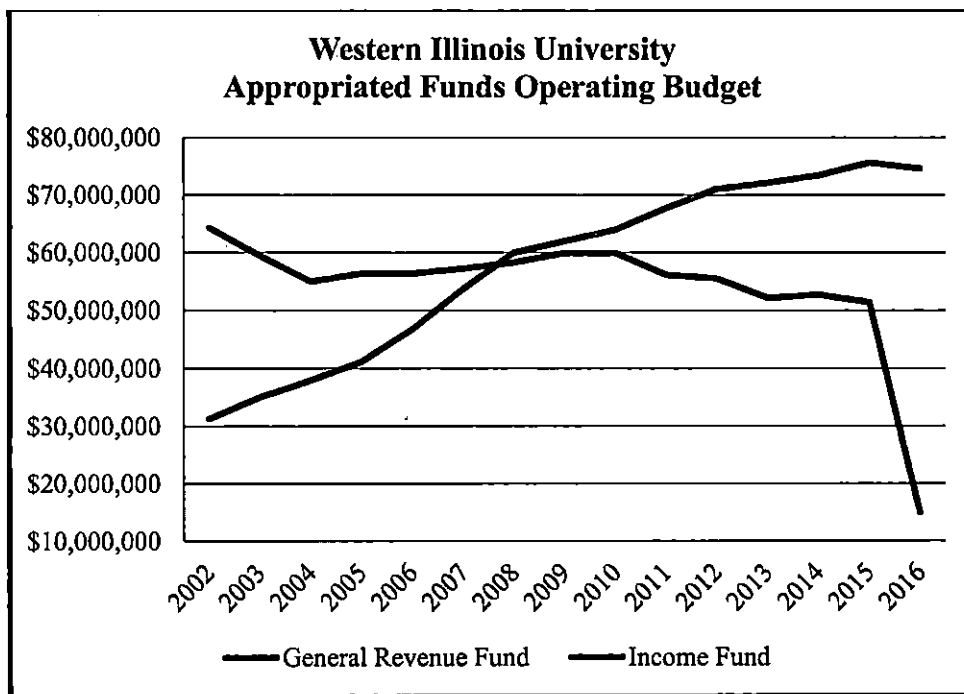
- **Student Financial Aid (\$2,000,000)** to support access and affordability to higher education.
- **Permanent improvements and campus infrastructure enhancements (\$4,000,000)** to reduce the deferred maintenance backlog of over \$500 million.



- **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 - Health Care Professional Education (\$250,000)** provides additional support for needed faculty and equipment for the program.
- **STEM - Engineering Program (\$250,000)** to provide salaries for faculty and support professionals as well as much needed equipment to provide quality education and maintain the ABET accreditation.

The requested \$8.1 million will help restore Western Illinois University’s status as a state-supported institution of higher education. Between Fiscal Years 2002 and 2016, state general revenue support for the University decreased by \$49.4 million or 77.0 percent. 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 2017 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 15 years.

Western Illinois University is also requesting \$8.1 million in state funding to support its Strategic Plan, *Higher Values in Higher Education*. Funds to support deferred maintenance, student financial aid, operations in the Quad Cities, health care professional education, and the engineering program will improve economic development, educational partnerships, access, diversity, affordability, productivity, and accountability in Illinois public higher education.

| Changes from Fiscal Year 2018 Operating Increase Recommendation |                  |                  |                  |         |
|---|------------------|------------------|------------------|---------|
| (Dollars in Thousands)  |                  |                  |                  |         |
|   | Fiscal Year      |                  | Difference       |         |
|   | 2017             | 2018             | Amount           | Percent |
| Total Recommended Increase                                      | <u>\$7,870.0</u> | <u>\$9,900.0</u> | <u>\$2,030.0</u> | 25.79%  |
| Salary and Cost Increases                                       | <u>\$2,270.0</u> | <u>\$1,800.0</u> | <u>(\$470.0)</u> | -20.70% |
| Salary Increases  | 2,000.00         | 1,000.0          | (1,000.0)        |         |
| Cost Increases  |                  |                  |                  |         |
| Other General Materials   | 270.0            | \$800.0          | 530.0            |         |
| Program Priorities  | <u>\$5,600.0</u> | <u>\$8,100.0</u> | <u>\$2,500.0</u> | 44.64%  |
| Deferred Maintenance  | 2,000.0          | 4,000.0          | 2,000.0          |         |
| Student Financial Aid   | 1,500.0          | 2,000.0          | 500.0            |         |
| Quad Cities Campus Funding (Phase I and II)                     | 1,600.0          | 1,600.0          | -                |         |
| STEM -Health Care Professional Education                        | 250.0            | 250.0            | -                |         |
| STEM - Engineering Program                                      | 250.0            | 250.0            | -                |         |

**Western Illinois University's Fiscal Year 2018 Operating Recommendations  
To the Illinois Board of Higher Education**

Western Illinois University's Fiscal Year 2018 operating budget request will be submitted to the Illinois Board of Higher Education October 15, 2016, pending board approval.

**FY2018 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: \$1,000,000

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.

**FY2018 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.

**FY2018 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: \$4,000,000

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 \$223 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 FY2017 Western Illinois University has requested \$18.0 million in Capital renewal funds and has received \$3.6 million. This has resulted in over \$14.4 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.

**FY2018 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 Funding Phase I and II

AMOUNT REQUESTED: \$1,600,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

**BRIEF DESCRIPTION OF REQUEST:**

In July 2009, the State of Illinois invested \$59.3 million to construct the first two phases of the Western Illinois University-Quad Cities Riverfront Campus. The new location supports doubling enrollment from current levels to 3,000 students to meet the four goals of the *Illinois Public Agenda for College and Career Success* to increase educational attainment, 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 to the only public University in the Quad Cities. Phase II of the Riverfront Campus opened in August 2014. The State of Illinois has made a commitment to the citizens of Illinois to create and expand educational opportunities in the Quad Cities to advance all four goals of the *Illinois Public Agenda*. Western Illinois University has generated external funding and reallocated resources to support high demand programs and campus operations. We stand ready to continue expansion implementation with the State's partnership contributions

The current budget of Western Illinois University-Quad Cities is \$9.2 million. No new state resources have been given for the operations and maintenance of the Quad Cities Campus. The \$9.2 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 existing operations and future growth opportunities.

**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. As presented when the University requested capital funds for Riverfront Campus, new faculty and staff positions and operational and maintenance support are needed to support expanded academic programs.

Such actions are necessary to increase educational attainment to match best-performing states (*Illinois Public Agenda, Goal 1*).

However, the 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 decreased by 6 percent from Fiscal Year 2012 to Fiscal Year 2015. Exercising conservative fiscal management, the 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 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.

**FY2018 OPERATIONS AND GRANTS  
DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS  
AND PROGRAM PRIORITIES**

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: STEM - Health Care Professional Education

AMOUNT REQUESTED: \$250,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

**BRIEF DESCRIPTION OF REQUEST:**

Addressing the critical regional shortage of nurses in West Central Illinois (i.e., Galesburg through Quincy), Western Illinois University-Macomb is coordinating with local community colleges and area health care providers to provide a baccalaureate of science in nursing and an RN-BSN Completion program for community college transfer students, practicing nurses and a pre-licensure program to prepare graduates to take the national council licensing exam (NCLEX) to be an RN. The participating agencies in this collaborative relationship are McDonough District Hospital, Blessing Hospital, St. Mary's Hospital, Memorial Hospital in Carthage, Graham Hospital, Peoria County Jail, Grand Prairie Assisted Living, The Elms, Heartland Health Care, YMCA Child Care Center, Western Illinois Home Health, St. Francis Medical Center, Methodist Hospital, Wesley Village, Everly House, Macomb Public Schools, St. Paul Catholic School, Mental Health Centers of Western Illinois, Beu Health Center, McDonough County Health Department, Fulton County Health Department, and Knox County Health Department. There are three

community colleges in the area whose graduates articulate into the RN-BSN completion program: Black Hawk College, Spoon River College, and Carl Sandburg College.

The demand of the health care delivery system is such that baccalaureate-prepared nurses are urgently needed in hospitals for staff and leadership positions, for positions in specialty units, and for a variety of positions in long-term care facilities and clinics. Some health care agencies in the area hire only BSN prepared nurses. Also, many administrators in public health and community health agencies prefer baccalaureate-prepared nurses. Research conducted by Linda Aiken, PhD, RN and others has indicated that patient care outcomes improve with higher numbers of baccalaureate prepared nurses in the workforce. The latest information available from the IDFPR/Illinois Center for Nursing RN Survey Report in 2014 indicates that over 30% of the RN workforce is over 55-64 years of age and additional 10+% is over 65 years of age. Slightly less than 40% of the total RN workforce has a baccalaureate or higher degree in nursing; the Institute of Medicine recommends that at least 80% of the workforce have a baccalaureate or higher degree in nursing. There is a 40% difference in what is available and what is needed to ensure the safety and well-being of the public. This program addresses the nursing shortage as well as increasing the educational level of the practicing registered nurse.

The Health Care Professional Education program will provide two degree-related programs. The RN-BSN Completion program is designed for nurses who have obtained their registered nurse licensure and seek to acquire a bachelor's degree. The program will provide a bridge for associate degree and diploma nurses who wish to develop the skills preparing them for a higher level of nursing practice and advancement in their nursing careers.

The Pre-licensure Nursing program will provide a four-year baccalaureate degree leading to the BSN and the requisite education for graduates to be able to take the National Council Licensing Exam (NCLEX) to become a registered nurse. The program also provides opportunities to students who have no prior nursing education.

#### JUSTIFICATION FOR BUDGET REQUEST:

The RN to BSN completion program has 12 students enrolled in online courses. The four-year program has 64 pre-licensure students enrolled for fiscal year 2017 with continued growth anticipated through fiscal year 2019. This is based on current pre-nursing enrollment and anticipated transfer students. There are 220 pre-nursing students in the current fiscal year, and, based on state-wide program trends, enrollment increased in fiscal year 2017 and is expected to continue.

Funding requested for the Health Care Professional Education program will provide support for additional full-time faculty, full-time support staff members, and will provide funds to purchase instructional laboratory equipment and library materials.

### **FY 2018 OPERATIONS AND GRANTS DETAIL OF RESOURCES REQUESTED FOR NEW PROGRAMS AND PROGRAM PRIORITIES**

NAME OF INSTITUTION: Western Illinois University

TITLE OF REQUEST: STEM - Bachelor of Science in Engineering

AMOUNT REQUESTED: \$250,000

SOURCE OF FUNDS REQUESTED: Appropriated Funds

**BRIEF DESCRIPTION OF REQUEST:**

Western Illinois University received authorization on October 7, 2008 from the Illinois Board of Higher Education to offer a Bachelor of Science in Engineering degree program at the WIU Quad Cities campus. This is a multidisciplinary engineering degree designed to prepare graduates for technology leadership in the 21<sup>st</sup> Century. The degree requires a minimum of 120 semester hours. Students complete 43 s.h. of WIU’s general education core, 30 s.h. of math and science (10 s.h. are dual counted for general education credits), 27 s.h. in core engineering science, and a 30 s.h. emphasis in general engineering, robotics, civil engineering, industrial engineering, and electronics engineering.

The program is designed to meet the Accreditation Board for Engineering and Technology (ABET) general engineering standards and is currently being offered at the new WIU Quad Cities Riverfront campus in Moline, Illinois. This program is vital to the region and is the only public 4-year engineering degree available in the Quad Cities Area.

**JUSTIFICATION FOR BUDGET REQUEST:**

Instruction was first offered starting in August of 2009 to three students of which two graduated in May 2011. The program was accredited in August of 2012 retroactive to November 2011. As of August 2016, there were 27 seniors, 42 juniors, 25 sophomores and 73 freshman students that are taking classes for this program. Almost 50 students at Black Hawk College, Eastern Iowa Community College and other regional community colleges are preparing to enter the program. By the seventh year of operation, the program has grown to 167 majors and 40 degrees awarded. We estimate that another 24 degrees will be awarded this year for a total of 64 degrees awarded by May 2017.

The funds will be used to provide salaries for additional full-time professors, and another technician to handle the rapidly increasing numbers of engineering students enrolled in the program.

Funds will also be used to support operations and purchases of essential software and engineering laboratory equipment to support instruction and to comply with ABET requirements (ABET’s criterion states that modern tools, equipment, computing resources, and laboratories appropriate to the program must be available, accessible, and systematically maintained and upgraded to enable students to attain the student outcomes and to support program need).

**Resolution No. 16.10/4: FY 2018 Appropriated Capital Budget Recommendations**

Interim Vice President Bierman outlined the recommendation as submitted to the Board.

A motion was made by Trustee Cole to approve. Trustee Savala seconded the motion.

**Roll Call**

|                               |     |
|-------------------------------|-----|
| Trustee Roger Clawson         | Yes |
| Trustee Lyneir Cole           | Yes |
| Trustee Cathy Early           | Yes |
| Trustee Carolyn Ehlert Fuller | Yes |
| Trustee William Gradle        | Yes |
| Trustee Todd Lester           | Yes |
| Trustee Steven Nelson         | Yes |
| Trustee Yvonne Savala         | Yes |



BRIEF DESCRIPTION OF REQUEST:

Western Illinois University received authorization on October 7, 2008 from the Illinois Board of Higher Education to offer a Bachelor of Science in Engineering degree program at the WIU Quad Cities campus. This is a multidisciplinary engineering degree designed to prepare graduates for technology leadership in the 21<sup>st</sup> Century. The degree requires a minimum of 120 semester hours. Students complete 43 s.h. of WIU's general education core, 30 s.h. of math and science (10 s.h. are dual counted for general education credits), 27 s.h. in core engineering science, and a 30 s.h. emphasis in general engineering, robotics, civil engineering, industrial engineering, and electronics engineering.

The program is designed to meet the Accreditation Board for Engineering and Technology (ABET) general engineering standards and is currently being offered at the new WIU Quad Cities Riverfront campus in Moline, Illinois. This program is vital to the region and is the only public 4-year engineering degree available in the Quad Cities Area.

JUSTIFICATION FOR BUDGET REQUEST:

Instruction was first offered starting in August of 2009 to three students of which two graduated in May 2011. The program was accredited in August of 2012 retroactive to November 2011. As of August 2016, there were 27 seniors, 42 juniors, 25 sophomores and 73 freshman students that are taking classes for this program. Almost 50 students at Black Hawk College, Eastern Iowa Community College and other regional community colleges are preparing to enter the program. By the seventh year of operation, the program has grown to 167 majors and 40 degrees awarded. We estimate that another 24 degrees will be awarded this year for a total of 64 degrees awarded by May 2017.

The funds will be used to provide salaries for additional full-time professors, and another technician to handle the rapidly increasing numbers of engineering students enrolled in the program.

Funds will also be used to support operations and purchases of essential software and engineering laboratory equipment to support instruction and to comply with ABET requirements (ABET's criterion states that modern tools, equipment, computing resources, and laboratories appropriate to the program must be available, accessible, and systematically maintained and upgraded to enable students to attain the student outcomes and to support program need).

Resolution No. 16.10/4: FY 2018 Appropriated Capital Budget Recommendations

Interim Vice President Bierman outlined the recommendation as submitted to the Board.

A motion was made by Trustee Cole to approve. Trustee Savala seconded the motion.

Roll Call

|                               |     |
|-------------------------------|-----|
| Trustee Roger Clawson         | Yes |
| Trustee Lyneir Cole           | Yes |
| Trustee Cathy Early           | Yes |
| Trustee Carolyn Ehlert Fuller | Yes |
| Trustee William Gradle        | Yes |
| Trustee Todd Lester           | Yes |
| Trustee Steven Nelson         | Yes |
| Trustee Yvonne Savala         | Yes |

The motion carried.

**Resolution:**

**WHEREAS** Western Illinois University must prepare annual appropriated capital budget recommendations for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor; and,

**WHEREAS** Western Illinois University's Fiscal Year 2018 budget recommendations advance institutional progress and sustainability for the University's *Strategic Plan, Higher Values in Higher Education, Campus Master Plans on the Macomb and Quad Cities 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;* and,

**WHEREAS** the Fiscal Year 2018 Appropriated Capital Budget Recommendations require Western Illinois University Board of Trustees approval prior to submission:

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2018 Appropriated Capital Budget Recommendations as presented in the *Fiscal Year 2018 Appropriated Capital Budget Recommendations* document, and be it further resolved that the President be authorized to make technical adjustments in the capital budget recommendations if necessary.

Fiscal Year 2018 Capital Budget Recommendations  
Western Illinois University

Western Illinois University recommends \$288.7 million for capital projects to support high-quality academic programs, co-curricular services, and regional economic development for fiscal year 2018. All of the requested funds will support new construction on the Macomb and Moline campuses to address highly needed space for premier academic programs. A total of \$14.4 million in capital renewal funds is also requested to support critical deferred maintenance needs.

**Background**

Composition of the Recommendation

Western Illinois University operates two distinct campuses, and each has unique capital priorities and needs. The University has prioritized the overall needs of the University into the recommendation below.

**Western Illinois University**  
**Fiscal Year 2018 Capital Recommendation**  
(Dollars in Thousands)

| <u>Priority</u>             | <u>Description</u>              | <u>Project Type</u>           | <u>Requested Amount</u> |
|-----------------------------|---------------------------------|-------------------------------|-------------------------|
| 1                           | WIU - Macomb Science Phase I    | New Construction & Renovation | \$64,600                |
| 2                           | WIU - Macomb Science Phase II   | Renovation                    | \$54,300                |
| 3                           | WIU - Macomb Tillman Hall       | Renovation                    | \$22,900                |
| 4                           | WIU - QC Phase Three            | New Construction              | \$37,400                |
| 5                           | WIU - Macomb Education Building | New Construction              | \$73,200                |
| 6                           | WIU - Macomb Stipes Hall        | Renovation                    | <u>\$36,300</u>         |
| <b>Total Recommendation</b> |                                 |                               | <b>\$288,700</b>        |

A summary statement documenting need for these projects is displayed below. Additional, detailed information on the scope, design, and costs of each project begins on page three of this report.

Priority 1: Western Illinois University-Macomb Science Building Phase I The current College of Arts and Sciences' three science facilities, Currens Hall, Waggoner Hall, and Tillman Hall, are obsolete in providing high-quality comprehensive instructional laboratories. All three facilities were constructed before modern laboratory standards were developed for acceptable indoor air quality and energy efficiency. Antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. These lead to detrimental impacts on teaching; research; and student, faculty, and staff recruitment and retention. Phase I includes the construction of a new science building, an addition and remodel to Currens Hall. The new science building will consolidate existing and support new academic programs, as Western Illinois University becomes a leading comprehensive university in the United States.

Priority 2: Western Illinois University-Macomb Science Building Phase II Phase II will continue with the improvements to the science programs at WIU by renovating an existing building. Waggoner Hall will be considered for renovations to improve the overall science facilities.

Priority 3: Western Illinois University-Classroom Building Renovation Tillman Hall. Tillman Hall was originally constructed in 1954 as the first science building on the campus of Western Illinois University. The needs of the University have changed significantly since the building's original construction over sixty years ago. The deferred maintenance needs of the building are also excessive as all of the systems are past expected life.

Priority 4: Western Illinois University-Quad Cities Riverfront Campus Building Phase Three In 2010, the state committed to building the first two phases on the newly developing Western Illinois University-Quad Cities Riverfront Campus. Building Complex Three will complete the construction of the new campus that serves a regional population of 400,000 residents and leverages \$175 million in private investment and foundation support for education, entrepreneurship, technology, new jobs, and economic opportunity.

Priority 5: Western Illinois University-Education Building Horrabin Hall was originally constructed in 1965 as a laboratory school and encompassed K-12 grades. The needs of the College of Education and Human Services do not match the current building construction. This project would reconstruct the building on the site of Horrabin Hall.

Priority 6: Western Illinois University- Stipes Hall Renovation Stipes Hall was constructed in 1968 and has had no major renovations or updates. The University through is the Macomb Facilities Master Plan update and Strategic Building Renovation Matrix has identified the building as a priority for renovation. The building is a high profile, heavily used part of the academic programs on campus and it also has a high deferred maintenance backlog.

Capital Renewal The University is requesting \$14.4 million in capital renewal funds to 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.

Priority Changes from Fiscal Year 2016

The priorities for FY2016 are shown below. There are no changes between our FY16 and FY17 request.

| <b>Priority Changes</b>         |                               |                      |                      |
|---------------------------------|-------------------------------|----------------------|----------------------|
| <b>Description</b>              | <b>Project Type</b>           | <b><u>FY2018</u></b> | <b><u>FY2017</u></b> |
| WIU - Macomb Science Phase I    | New Construction & Renovation | 1                    | 1                    |
| WIU - Macomb Science Phase II   | Renovation                    | 2                    | 2a                   |
| WIU - Macomb Tillman Hall       | Renovation                    | 3                    |                      |
| WIU - QC Phase Three            | New Construction              | 4                    | 2b                   |
| WIU - Macomb Education Building | New Construction              | 5                    | 4                    |
| WIU - Macomb Stipes Hall        | Renovation                    | 6                    | 5                    |

Adhering to Illinois Board of Higher Education guidelines and format, the following recommendations for Western Illinois University's Fiscal Year 2018 capital projects will be made (pending Western Illinois University Board of Trustees approval).

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB SCIENCE PHASE I

PRIORITY: 1

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 64,600,000 (Planning, Design and Construction)

#### BACKGROUND DATA

The current College of Arts and Sciences' facilities, Currens Hall (physical sciences, 1970), Waggoner Hall (life sciences, 1968), and Tillman Hall (earth sciences, 1953) are obsolete in providing high-quality instructional laboratories. These facilities were constructed before modern laboratory standards were developed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Western Illinois University science facilities fall below acceptable indoor air quality and energy-efficiency standards. The antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. This problem produces detrimental impacts on teaching, research, and student/faculty/staff recruitment and retention.

The basic teaching and laboratory layouts of Western Illinois University's current science facilities are pedagogically obsolete and do not easily allow for the integration of new science technologies. A new facility to house science-based programs will provide the ability to integrate new laboratory technologies with the latest in science pedagogy and will foster multidisciplinary interaction through the consolidation of departments from previously diverse locations. In addition, planning studies were completed to evaluate and program future projects to renovate Currens and Waggoner Halls to allow the College of Arts and Sciences to consolidate academic programs to a single campus locale and provide for additional facility improvements/enhancements for the humanities and social sciences which are critical to the mission of the College of Arts and Sciences.

The new science building and renovation of Currens Hall will also support expanding academic programs. This includes the new forensic chemistry program and a new nursing program as approved by the Western Illinois University Board of Trustees and Illinois Board of Higher Education.

#### QUANTIFICATION

Western Illinois University completed a space planning and utilization study for a new state-of-the-art science facility during Fiscal Year 2007 and completed an update in Fiscal Year 2014. The building will include both wet and dry instructional laboratories, office space, and classrooms. The facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities. In addition, the project will include the provision for service drives, limited parking, exterior site development, and connections to Currens Hall and all required campus utility infrastructure.

#### DEPENDENT RELATIONSHIPS

Upon completion of this project, Western Illinois University will seek funds in Science Phase II for the remodel of Waggoner Hall. These actions are consistent with the newly developed Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104

BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2018

CAPITAL REQUEST

PROJECT NAME WIU - Macomb Science Phase 1

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF           | MULTIPLIER FACTOR | GSF            | FY2017 \$/GSF* | COST               |
|---|----------------|-------------------|----------------|----------------|--------------------|
| Office  | 4,040          | 1.7               | 6,868          | 286.01         | \$ 1,964.3         |
| Classrooms  | 650            | 1.5               | 975            | 276.28         | \$ 269.4           |
| Instructional Dry Laboratories  | 11,000         | 1.64              | 18,040         | 309.5          | \$ 5,583.4         |
| Instructional Wet Laboratories  | 12,700         | 1.64              | 20,828         | 327.29         | \$ 6,816.8         |
| Special Use   | 2,200          | 1.8               | 3,960          | 276.42         | \$ 1,094.6         |
| Supporting Facilities   | 400            | 1.2               | 480            | 258.03         | \$ 123.9           |
| Currens remodel   | 95,000         | 1.5               | 142,500        | 125.95         | \$ 17,947.9        |
| <b>1) BASE TOTAL</b>  | <b>125,990</b> |                   | <b>193,651</b> |                | <b>\$ 33,800.2</b> |
| <b>2) ADDED COSTS:</b>  |                |                   |                |                | <b>\$ 11,661.1</b> |
| a) Historic Preservation Considerations: _____  |                |                   |                |                |                    |
| b) Green Building Design/LEED Certification Level SILVER (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.) |                |                   |                |                | <b>2,028.0</b>     |
| c) Other Energy Efficiencies: _____   |                |                   |                |                |                    |
| <b>3) BASE COST</b>   |                |                   |                |                | <b>\$ 47,489.3</b> |
| <b>4) ADD ESCALATION COST</b>   |                |                   |                |                | <b>2,607.2</b>     |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                               |                |                   |                |                |                    |
| Expected Bid Date: <u>May-19</u> Escalation/month: <u>0.00183</u>   |                |                   |                |                |                    |
| Number of Months to Bid Date: <u>30</u>   |                |                   |                |                |                    |
| <b>5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)</b>  |                |                   |                |                | <b>\$ 50,096.5</b> |
| <b>6) ADD 10% FOR CONTINGENCIES</b>   |                |                   |                |                | <b>5,009.6</b>     |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |                |                   |                |                | <b>\$ 55,106.1</b> |
| <b>ADDITIONAL BUDGET ADDS:</b>  |                |                   |                |                |                    |
| 1) A/E FEES <u>9.60% *</u>  |                |                   |                |                | <b>5,290.2</b>     |
| ON-SITE OBSERVATION:  |                |                   |                |                | <b>502.2</b>       |
| NUMBER OF MONTHS <u>24</u>  |                |                   |                |                |                    |
| DAYS PER WEEK <u>5</u>  |                |                   |                |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |                |                   |                |                | <b>289.6</b>       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |                |                   |                |                | <b>1,653.2</b>     |
| 4) OTHER ADDS (SEE 2 BELOW)   |                |                   |                |                | <b>1,498.3</b>     |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT   |                |                   |                |                | <b>275.5</b>       |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |                |                   |                |                | <b>\$ 9,509.0</b>  |
| <b>TOTAL, BUILDING BUDGET</b>   |                |                   |                |                | <b>\$ 64,615.1</b> |

OTHER:

PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED

OPERATIONS AND MAINTENANCE EXPENSE

Number of additional staff: 8

TOTAL

Salaries and Related

Utilities

Repairs and Maintenance

\$ 1,243.4

415.1

388.3

440.0

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE

Science Building Programming Study, Ratio Architects

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION

Scott Coker

PHONE NUMBER

309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: FFE (18%), LEED (6%), Sophisticated Piping (1%) and site/utilities work (15.5%)

2 Added costs include: building commissioning, testing and balancing, and technology infrastructure

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB SCIENCE PHASE II

PRIORITY: 2

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 54,300,000 (Planning, Design and Construction)

#### BACKGROUND DATA

The current College of Arts and Sciences' facilities, Currens Hall (physical sciences, 1970), Waggoner Hall (life sciences, 1968), and Tillman Hall (earth sciences, 1953) are obsolete in providing high-quality instructional laboratories. These facilities were constructed before modern laboratory standards were developed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Western Illinois University science facilities fall below acceptable indoor air quality and energy-efficiency standards. The antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. This problem produces extremely detrimental impacts on teaching, research, and student/faculty/staff recruitment and retention.

The basic teaching and laboratory layouts of Western Illinois University's current science facilities are pedagogically obsolete and do not easily allow for the integration of new science technologies. A new facility to house science-based programs will provide the ability to integrate new laboratory technologies with the latest in science pedagogy and will foster multidisciplinary interaction through the consolidation of departments from previously diverse locations. In addition, planning studies were completed to evaluate and program future projects to renovate Currens and Waggoner Halls to allow the College of Arts and Sciences to consolidate academic programs to a single campus locale and provide for additional facility improvements/enhancements for the humanities and social sciences which are critical to the mission of the College of Arts and Sciences.

The new science building and renovation of Currens Hall will also support new academic programs. This includes the new forensic chemistry program and a new nursing program as approved by the Western Illinois University Board of Trustees and Illinois Board of Higher Education.

#### QUANTIFICATION

Western Illinois University completed a space planning and utilization study for a new state-of-the-art science facility during Fiscal Year 2007 with an update completed in Fiscal Year 2014. This project will continue the Science Facilities project by remodeling Waggoner Hall.

#### DEPENDENT RELATIONSHIPS

This project would commence upon completion of the Macomb Science Phase I.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104

BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2018

CAPITAL REQUEST

PROJECT NAME WIU - Macomb Science Phase II

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE   | NASF    | MULTIPLIER FACTOR | GSF     | FY2017 \$/GSF* | COST               |
|--|---------|-------------------|---------|----------------|--------------------|
| Building Remodel   | 102,000 | 1.5               | 142,000 | 220.4          | \$ 31,296.8        |
|  |         |                   |         |                |                    |
|  |         |                   |         |                |                    |
|  |         |                   |         |                |                    |
|  |         |                   |         |                |                    |
| 1) BASE TOTAL  | 102,000 |                   | 142,000 |                | \$ 31,296.8        |
| 2) ADDED COSTS:  |         |                   |         |                | \$ 7,511.2         |
| a) Historic Preservation Considerations: _____   |         |                   |         |                |                    |
| b) Green Building Design/LEED Certification Level SILVER_ (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.) |         |                   |         |                | 1,877.8            |
| c) Other Energy Efficiencies: _____  |         |                   |         |                |                    |
| 3) BASE COST   |         |                   |         |                | \$ 40,685.8        |
| 4) ADD ESCALATION COST   |         |                   |         |                | 2,233.7            |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                                |         |                   |         |                |                    |
| Expected Bid Date: <u>May-19</u> Escalation/month: <u>0.00183</u>  |         |                   |         |                |                    |
| Number of Months to Bid Date: <u>30</u>  |         |                   |         |                |                    |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)  |         |                   |         |                | \$ 42,919.5        |
| 6) ADD 10% FOR CONTINGENCIES   |         |                   |         |                | 4,291.9            |
| <b>SUBTOTAL, BUILDING BUDGET</b>   |         |                   |         |                | <b>\$ 47,211.4</b> |
| ADDITIONAL BUDGET ADDS:  |         |                   |         |                |                    |
| 1) A/E FEES <u>6.76% *</u>   |         |                   |         |                | 3,191.5            |
| ON-SITE OBSERVATION:   |         |                   |         |                | 502.2              |
| NUMBER OF MONTHS <u>24</u>   |         |                   |         |                |                    |
| DAYS PER WEEK <u>5</u>   |         |                   |         |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)   |         |                   |         |                | 184.7              |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**  |         |                   |         |                | 1,416.3            |
| 4) OTHER ADDS (SEE 2 BELOW)  |         |                   |         |                | 1,564.8            |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT  |         |                   |         |                | 236.1              |
| <b>SUB-TOTAL, BUDGET ADDS</b>  |         |                   |         |                | <b>\$ 7,095.6</b>  |
| <b>TOTAL, BUILDING BUDGET</b>  |         |                   |         |                | <b>\$ 54,307.1</b> |

OTHER:

|  |                         |      |
|--|-------------------------|------|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ - |
| Number of additional staff: <u>0</u>   | Salaries and Related    | -    |
|  | Utilities               | -    |
|  | Repairs and Maintenance | -    |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Scott Coker  
 PHONE NUMBER 309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.  
 \*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.  
 1 Added costs include: FFE (18%), LEED (6%), Sophisticated Piping (1%) and Asbestos abatement (5%)  
 2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (5%)



PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB TILLMAN HALL REMODEL  
PRIORITY: 3

RAMP BUDGET CATEGORY: Major Remodeling

REQUESTED FUNDING: \$ 22,900,000 (Planning, Design and Construction)

#### BACKGROUND DATA

Tillman Hall was originally constructed in 1954 as the first science building on the campus of Western Illinois University. The needs of the University have changed significantly since the building's original construction over sixty years ago. The deferred maintenance needs of the building are also excessive as all of the systems are past expected life.

#### QUANTIFICATION

Tillman was first constructed as a science building and its use has significantly changed since 1954. The facility is outdated and does not match the latest instruction standards that are demanded at a modern university. Updated academic facilities will benefit the academic mission of the University.

The remodeled facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities.

#### DEPENDENT RELATIONSHIPS

These actions are consistent with the Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2018  
CAPITAL REQUEST  
PROJECT NAME WIU - Macomb Tillman Remodel  
(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF          | MULTIPLIER FACTOR | GSF            | FY2017 \$/GSF* | COST               |
|---|---------------|-------------------|----------------|----------------|--------------------|
| Building Remodel  | 58,625        | 1.70              | 88,400         | \$ 160.60      | \$ 14,197.0        |
|   |               |                   |                |                | 0.0                |
|   |               |                   |                |                | 0.0                |
|   |               |                   |                |                | 0.0                |
|   |               |                   |                |                | 0.0                |
| <b>1) BASE TOTAL</b>  | <b>77,971</b> |                   | <b>138,103</b> |                | <b>\$ 14,197.0</b> |
| <b>2) ADDED COSTS:</b>  |               |                   |                |                | <b>1,703.6</b>     |
| a) Historic Preservation Considerations: _____  |               |                   |                |                |                    |
| b) Green Building Design/LEED Certification Level _____ (Cert., Silver, Gold, Platinum)<br>(Please use 6% of Base Total to estimate the cost of LEED design.) |               |                   |                |                | <b>851.8</b>       |
| c) Other Energy Efficiencies: _____   |               |                   |                |                |                    |
| <b>3) BASE COST</b>   |               |                   |                |                | <b>\$ 16,752.5</b> |
| <b>4) ADD ESCALATION COST</b>   |               |                   |                |                | <b>\$ 919.7</b>    |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                                 |               |                   |                |                |                    |
| Expected Bid Date: <u>May-19</u> Escalation/month: <u>0.00183</u>   |               |                   |                |                |                    |
| Number of Months to Bid Date: <u>30</u>   |               |                   |                |                |                    |
| <b>5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)</b>  |               |                   |                |                | <b>\$ 17,672.2</b> |
| <b>6) ADD 10% FOR CONTINGENCIES</b>   |               |                   |                |                | <b>176.7</b>       |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |               |                   |                |                | <b>\$ 19,439.4</b> |
| <b>ADDITIONAL BUDGET ADDS:</b>  |               |                   |                |                |                    |
| 1) A/E FEES <u>7.56% *</u>  |               |                   |                |                | <b>1,469.6</b>     |
| ON-SITE OBSERVATION:  |               |                   |                |                | <b>502.2</b>       |
| NUMBER OF MONTHS <u>30</u>  |               |                   |                |                |                    |
| DAYS PER WEEK <u>4</u>  |               |                   |                |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |               |                   |                |                | <b>98.6</b>        |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |               |                   |                |                | <b>583.2</b>       |
| 4) OTHER ADDS see 2 below (ADA, Asbestos, Hazardous Materials, etc. - please specify)   |               |                   |                |                | <b>670.1</b>       |
| 5) ART IN ARCHITECTURE (As Applicable) - ONE-HALF OF ONE PERCENT  |               |                   |                |                | <b>97.2</b>        |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |               |                   |                |                | <b>\$ 3,420.9</b>  |
| <b>TOTAL, BUILDING BUDGET</b>   |               |                   |                |                | <b>\$ 22,860.3</b> |

OTHER:

PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE

|  |       |        |
|--|-------|--------|
|  | TOTAL | \$ 0.0 |
|--|-------|--------|

|                                   |                         |       |
|-----------------------------------|-------------------------|-------|
| Number of additional staff: _____ | Salaries and Related    | _____ |
|                                   | Utilities               | _____ |
|                                   | Repairs and Maintenance | _____ |
|                                   | All Other               | _____ |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

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SOURCE OF COST ESTIMATE \_\_\_\_\_

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Scott Coker  
PHONE NUMBER 309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: FFE (7%), LEED (6%), and Asbestos Abatement (5%)

2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (4%)

PROJECT: WESTERN ILLINOIS UNIVERSITY - QUAD CITIES  
RIVERFRONT CAMPUS BUILDING COMPLEX THREE

PRIORITY: 4

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$37,400,000

BACKGROUND DATA

Western Illinois University-Quad Cities Riverfront Campus Phase III

Western Illinois University-Quad Cities (WIU-QC) is the only public university in a metropolitan area of over 375,000 residents. In recognizing the growth and capacity limits of WIU-QC at its current location, the State supported the first two (of three) phases for construction of the Western Illinois University-Quad Cities Riverfront Campus to achieve *Illinois Public Agenda* Goal 4 of better integrating Illinois' educational, research, and innovation assets to meet economic needs of the state and its regions.

Post-Phase II operations will generate economic impacts for the region of 330 jobs and \$13.0 million in labor income. Phase III will complete the construction of the new campus that serves as an educational and economic stimulus. In total, the Western Illinois University-Quad Cities Riverfront Campus will leverage a total of \$175.0 million in private investment and foundation support for education, entrepreneurship, technology, new jobs, and economic opportunity.

Successful redevelopment of adjacent property to the campus known as "RiverTech" will create a \$100.0 million taxable base; attract 2,000 new and existing jobs with a one-time construction impact in excess of \$150.0million. Current projects that the State of Illinois helped cultivate by developing the Western Illinois University-Quad Cities Riverfront Campus by virtue of the new campus location include:

- A \$50.0 million project by the KONE Corporation to house their North American Operation Center on the Mississippi Riverfront. This new construction completes a three-phase \$71.0 million mixed-use development known as Bass Street Landing.
- A \$45.0 million Transit Oriented Development/Amtrak Station that will include an intermodal pedestrian transport center and a new high rise office structure with retail and food service amenities.
- A \$5.0 million new facility for research and development by public and private sectors.
- A \$12.0 million, 90-unit work-live urban lofts, with retail and businesses located on the lower floors.
- A \$3.0 million new Healthcare Center for those underserved in the Hispanic community.

A fully completed Riverfront Campus is the "cornerstone" to these developments, and Western will continue to be a conservative steward of state resources. Phase III exclusively focuses on the academic mission of the University. All ancillary services such as bookstores, retail, and food service will be privately developed to support the local economy and new job creation.

QUANTIFICATION

Phase III will complete the new Western Illinois University-Quad Cities Riverfront Campus, and provide the infrastructure to support 5,000 students. Phase III is essential for academic programs and support services; lab and research space; and facilities to support technology, patent transfer, and community events.

DEPENDENT RELATIONSHIPS

There are no dependent relationships between this project and any other state-funded capital project. However, there are significant educational and economic development gains to be noted. The completed Western Illinois University-

Quad Cities Riverfront Campus will have an economic impact of over \$50 million annually and will double the number of college graduates to 500 annually.

Phase III provides the necessary facilities to increase enrollment and meet *Illinois Public Agenda* Goal 1 of increasing educational attainment to match best-performing states. Without essential space, the University will not be able to increase enrollment and degree attainment. An educated community is especially important to a host county that earns 81.8 percent of the state's median family income. Moreover, spatial access is necessary to achieve *Illinois Public Agenda Goal 4* of increasing the number of high-quality post-secondary credentials to meet the demands of the economy and an increasingly global society.

#### DESIRED COMPLETION DATE

This project will be completed as soon as possible after funds have been released. A traditional planning then construction approach will take up to 54 months to complete.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2018  
CAPITAL REQUEST  
PROJECT NAME WIU-QC Riverfront Phase III  
(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF     | MULTIPLIER FACTOR | GSF    | FY2017 \$/GSF* | COST               |
|---|----------|-------------------|--------|----------------|--------------------|
| Office  | 4,600.0  | 1.70              | 7,820  | \$286.01       | \$ 2,236.6         |
| Classrooms  | 16,000.0 | 1.50              | 24000  | 276.28         | \$ 6,630.7         |
| Instructional Wet Laboratories  | 2,800.0  | 1.64              | 4,592  | 327.29         | \$ 1,502.9         |
| Supporting Facilities   | 5,000.0  | 1.20              | 6,000  | 258.03         | \$ 1,548.2         |
| Research Lab (Wet)  | 2,800.0  | 1.67              | 4,676  | 433.51         | \$ 2,027.1         |
| Special Use   | 2,575.0  | 1.80              | 4,635  | 276.42         | \$ 1,281.2         |
| General Use   | 12,000.0 | 1.90              | 22800  | 330.24         | \$ 7,529.5         |
| 1) BASE TOTAL   | 45,775   |                   | 74,523 |                | \$ 22,756.2        |
| 2) ADDED COSTS: see 1 below   |          |                   |        |                | \$ 4,892.6         |
| a) Historic Preservation Considerations: _____  |          |                   |        |                |                    |
| b) Green Building Design/LEED Certification Level _____ (Cert., Silver, Gold, Platinum)<br>(Please use 6% of Base Total to estimate the cost of LEED design.) |          |                   |        |                |                    |
| c) Other Energy Efficiencies: _____   |          |                   |        |                |                    |
| 3) BASE COST  |          |                   |        |                | \$ 27,648.8        |
| 4) ADD ESCALATION COST  |          |                   |        |                | \$ 1,517.9         |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                                 |          |                   |        |                |                    |
| Expected Bid Date: <u>May-19</u> Escalation/month: <u>0.00183</u>   |          |                   |        |                |                    |
| Number of Months to Bid Date: <u>30</u>   |          |                   |        |                |                    |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)   |          |                   |        |                | \$ 29,166.7        |
| 6) ADD 10% FOR CONTINGENCIES  |          |                   |        |                | 2,916.7            |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |          |                   |        |                | <b>\$ 32,083.4</b> |
| ADDITIONAL BUDGET ADDS:   |          |                   |        |                |                    |
| 1) A/E FEES <u>7.5</u> *  |          |                   |        |                | 2,406.3            |
| ON-SITE OBSERVATION:  |          |                   |        |                | 320.9              |
| NUMBER OF MONTHS <u>15</u>  |          |                   |        |                |                    |
| DAYS PER WEEK <u>5</u>  |          |                   |        |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |          |                   |        |                | 136.4              |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |          |                   |        |                | 962.5              |
| 4) OTHER ADDS see 2 below (ADA, Asbestos, Hazardous Materials, etc. - please specify)   |          |                   |        |                | 1,361.8            |
| 5) ART IN ARCHITECTURE (As Applicable) - ONE-HALF OF ONE PERCENT  |          |                   |        |                | 160.4              |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |          |                   |        |                | <b>\$ 5,348.2</b>  |
| <b>TOTAL, BUILDING BUDGET</b>   |          |                   |        |                | <b>\$ 37,431.6</b> |

|  |                         |          |
|--|-------------------------|----------|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ 409.3 |
| Number of additional staff: <u>3</u>   | Salaries and Related    | 143.3    |
|  | Utilities               | 170.0    |
|  | Repairs and Maintenance | 96.0     |
|  | All Other               |          |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE WIU Riverfront Campus  
NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION William Brewer  
PHONE NUMBER 309-762-9481

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: FFE (7%), LEED (6%), site work (3.5%) and Data Center (5%)

2 Added costs include: building commissioning, testing and balancing, technology infrastructure

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB EDUCATION BUILDING

PRIORITY: 5

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 73,200,000 (Planning, Design and Construction)

BACKGROUND DATA

Horrabin Hall was constructed in 1965 as a laboratory school housing K-12 grade. Horrabin has not had any major renovations or retrofits in 50 years. The College of Education and Human Services is housed in the 150,000 square feet of classrooms and offices in Horrabin.

QUANTIFICATION

In the Macomb Master Plan update, the Master Plan Steering committee identified eight renovation criteria that were used to prioritize building renovation projects. Horrabin Hall was identified as a high priority for renovation due to high critical deferred maintenance, containing University signature programs and facilities not matching the current needs of the College. Updated academic facilities will benefit the academic mission of the College and the University.

The proposed building would be constructed on the existing site of Horrabin Hall with design features to promote the latest in teaching styles, electronic classrooms and student/faculty interaction.

The new facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities.

DEPENDENT RELATIONSHIPS

This project would construct the new Education building on the current site of Horrabin Hall.

DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2018  
CAPITAL REQUEST  
PROJECT NAME WIU-Education Building

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF    | MULTIPLIER FACTOR | GSF     | FY2017 \$/GSF* | COST        |
|---|---------|-------------------|---------|----------------|-------------|
| Building  | 100,000 | 1.5               | 150,000 | 276.33         | \$ 41,449.5 |
|   |         |                   |         |                |             |
|   |         |                   |         |                |             |
|   |         |                   |         |                |             |
|   |         |                   |         |                |             |
| 1) BASE TOTAL   | 100,000 |                   | 150,000 |                | \$ 41,449.5 |
| 2) ADDED COSTS:   |         |                   |         |                | \$ 11,191.4 |
| a) Historic Preservation Considerations: _____  |         |                   |         |                |             |
| b) Green Building Design/LEED Certification Level SILVER (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.)   |         |                   |         |                | 2,487.0     |
| c) Other Energy Efficiencies: _____   |         |                   |         |                |             |
| 3) BASE COST  |         |                   |         |                | \$ 55,127.8 |
| 4) ADD ESCALATION COST<br>(For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)<br>Expected Bid Date: <u>May-19</u> Escalation/month: <u>0.00183</u><br>Number of Months to Bid Date: <u>30</u> |         |                   |         |                | 3,026.5     |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)   |         |                   |         |                | \$ 58,154.4 |
| 6) ADD 10% FOR CONTINGENCIES  |         |                   |         |                | 5,815.4     |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |         |                   |         |                | \$ 63,969.8 |
| ADDITIONAL BUDGET ADDS:   |         |                   |         |                |             |
| 1) A/E FEES <u>6.34%</u> *  |         |                   |         |                | 4,055.7     |
| ON-SITE OBSERVATION:  |         |                   |         |                | 502.2       |
| NUMBER OF MONTHS <u>24</u>  |         |                   |         |                |             |
| DAYS PER WEEK <u>5</u>  |         |                   |         |                |             |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |         |                   |         |                | 227.9       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |         |                   |         |                | 1,919.1     |
| 4) OTHER ADDS (SEE 2 BELOW)   |         |                   |         |                | 2,205.1     |
| 5) ART IN ARCHITECTURE (As Applicable) – ONE-HALF OF ONE PERCENT  |         |                   |         |                | 319.8       |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |         |                   |         |                | \$ 9,229.8  |
| <b>TOTAL, BUILDING BUDGET</b>   |         |                   |         |                | \$ 73,199.6 |

OTHER:

|  |                         |    |   |
|--|-------------------------|----|---|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ | - |
| Number of additional staff: <u>0</u>   | Salaries and Related    |    | - |
|  | Utilities               |    | - |
|  | Repairs and Maintenance |    | - |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE \_\_\_\_\_  
NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Scott Coker  
PHONE NUMBER 309-298-1834

- \* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.
- \*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.
- 1 Added costs include: FFE (7%), LEED (6%), site work/building demo (15%) and Asbestos Abatement (5%)
- 2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (4%)

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB STIPES BUILDING REMODEL  
PRIORITY: 6

RAMP BUDGET CATEGORY: Major Remodeling

REQUESTED FUNDING: \$ 36,300,000 (Planning, Design and Construction)

#### BACKGROUND DATA

Stipes Hall was constructed in 1968. Stipes Hall has not had any renovations or major remodeling since its opening over 45 years ago. The University, through its recent Macomb Campus Master Plan update and Strategic Building Renovation matrix, has identified Stipes as a high priority for renovation. Stipes Hall has over 140,000 square feet of classroom and office space and houses the College of Business and Technology.

#### QUANTIFICATION

In the Macomb Master Plan update, the Master Plan Steering committee identified eight renovation criteria that were used to prioritize building renovation projects. Stipes Hall is a high profile building on campus, has high critical deferred maintenance and houses University Signature programs. Updated academic facilities will benefit the academic mission of the University.

The remodeled facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities.

#### DEPENDENT RELATIONSHIPS

These actions are consistent with the newly developed Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.



TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2018  
CAPITAL REQUEST  
PROJECT NAME WIU-Stipes Remodel

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE   | NASF    | MULTIPLIER FACTOR | GSF     | FY2017 \$/GSF* | COST               |
|--|---------|-------------------|---------|----------------|--------------------|
| Building   | 100,000 | 1.7               | 142,000 | 160.6          | \$ 22,805.2        |
|  |         |                   |         |                |                    |
|  |         |                   |         |                |                    |
|  |         |                   |         |                |                    |
|  |         |                   |         |                |                    |
| 1) BASE TOTAL  | 100,000 |                   | 142,000 |                | \$ 22,805.2        |
| 2) ADDED COSTS:  |         |                   |         |                | \$ 2,736.6         |
| a) Historic Preservation Considerations: _____   |         |                   |         |                |                    |
| b) Green Building Design/LEED Certification Level SILVER_ (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.) |         |                   |         |                | 1,368.3            |
| c) Other Energy Efficiencies: _____  |         |                   |         |                |                    |
| 3) BASE COST   |         |                   |         |                | \$ 26,910.1        |
| 4) ADD ESCALATION COST   |         |                   |         |                | 1,477.4            |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                                |         |                   |         |                |                    |
| Expected Bid Date: <u>May-19</u> Escalation/month: <u>0.00183</u>  |         |                   |         |                |                    |
| Number of Months to Bid Date: <u>30</u>  |         |                   |         |                |                    |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)  |         |                   |         |                | \$ 28,387.5        |
| 6) ADD 10% FOR CONTINGENCIES   |         |                   |         |                | 2,838.8            |
| <b>SUBTOTAL, BUILDING BUDGET</b>   |         |                   |         |                | <b>\$ 31,226.3</b> |
| ADDITIONAL BUDGET ADDS:  |         |                   |         |                |                    |
| 1) A/E FEES <u>7.26%</u> *   |         |                   |         |                | 2,267.0            |
| ON-SITE OBSERVATION:   |         |                   |         |                |                    |
| NUMBER OF MONTHS <u>24</u>   |         |                   |         |                | 502.2              |
| DAYS PER WEEK <u>5</u>   |         |                   |         |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)   |         |                   |         |                | 138.5              |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**  |         |                   |         |                | 936.8              |
| 4) OTHER ADDS (SEE 2 BELOW)  |         |                   |         |                | 1,076.4            |
| 5) ART IN ARCHITECTURE (As Applicable) – ONE-HALF OF ONE PERCENT   |         |                   |         |                | 156.1              |
| <b>SUB-TOTAL, BUDGET ADDS</b>  |         |                   |         |                | <b>\$ 5,077.0</b>  |
| <b>TOTAL, BUILDING BUDGET</b>  |         |                   |         |                | <b>\$ 36,303.3</b> |

OTHER:

|  |                         |    |   |
|--|-------------------------|----|---|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ | - |
| Number of additional staff: <u>0</u>   | Salaries and Related    |    | - |
|  | Utilities               |    | - |
|  | Repairs and Maintenance |    | - |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

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SOURCE OF COST ESTIMATE

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Scott Coker  
PHONE NUMBER 309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: FFE (7%), LEED (6%) and Asbestos Abatement (5%)  
2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (4%)

PROJECT: WESTERN ILLINOIS UNIVERSITY – MACOMB  
CAPITAL RENEWAL

RAMP BUDGET CATEGORY: Remodeling and Rehabilitation

REQUESTED FUNDING: \$14,400,000

BACKGROUND DATA

*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 directly linked to responsive upkeep and repair of facilities. In addition to operating funds, Capital Renewal funds are used to address deferred maintenance needs on campuses. Since Fiscal Year 2004 Western Illinois University has only received \$3.6 million to address critical campus-wide elevator maintenance, utility infrastructure repairs, and numerous other needs on campus. The University currently estimates a total deferred maintenance and capital renewal backlog of over \$500 million. As is the case on all campuses in Illinois, there are many projects that have been critically needed for a substantial period of time and are negatively impacting the learning environment.

QUANTIFICATION

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. An increase in the Permanent Improvement budget will allow the University to address the increasing backlog of deferred maintenance projects.

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.

DEPENDENT RELATIONSHIPS

There are no other projects that this proposal is dependent.

DESIRED COMPLETION DATE

Design would commence as soon as funds are received.

**ACADEMIC AND STUDENT SERVICES COMMITTEE**

Trustee Nelson gave opening remarks regarding his happiness to return to the Board.

**Report No. 16.10/3: Annual Report on Athletics**

Director of Athletics Matt Tanney talked about the new Tradition of Tough branding campaign. Trustee Nelson asked about scheduling of football games for Division 1. We do have games on contract for 2017 and 2018, but the marketplace has changed due to the tournament at the end of the year. At this time, there is no indication that University of Illinois will pull out of its 2018 commitment (as Northwestern did for 2017). Trustee Nelson asked for a copy of the budget for Athletics and Director Tanney said he would provide it as requested. President Thomas commended Tanney for the work he and his area are doing. Trustee Savala commented on the high GPA of our student athletes. Trustee Cole commented on how nice it was to see the win against Northern this year.

Attachment L  
Western Illinois University Board of Trustees Budget Materials  
Fiscal Year 2018

Note: By State statute, the Western Illinois University approves a Preliminary Spending Plan prior to the fiscal year. It also refined and approved as All Funds Budget in the fall meeting. The Board also approves University requests for new state resources (operating and capital) at its fall meeting. All of these materials are attached.

WESTERN ILLINOIS UNIVERSITY  
BOARD OF TRUSTEES

June 9, 2017

Resolution No. 17.6/2  
FY2018 Preliminary Spending Plan

**WHEREAS** Western Illinois University must prepare a preliminary spending plan prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** this spending plan requires Board of Trustees approval prior to submission; and,

**WHEREAS** this spending plan reflects Western's tradition of strong, conservative fiscal management and resource allocation to support goals and priorities stated in *Higher Values in Higher Education* and Western Illinois University's *Mission Statement*:

**THEREFORE** be it resolved that the Board of Trustees approves the FY2018 spending plan as presented in the FY2018 spending plan document, and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

Illinois state statute requires Western Illinois University (and all other Illinois public universities) to prepare a *Fiscal Year 2018 Preliminary Spending Plan* prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor. Furthermore, the *Fiscal Year 2018 Preliminary Spending Plan* must be approved by the Western Illinois University Board of Trustees prior to institutional submission and expenditure. The Preliminary Spending Plan for Fiscal Year 2018 is displayed in the table below.

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Personal Services                    | \$ 38,611,200                  | \$ 53,944,000                 | \$ 13,500,000                           | \$ 13,000,000                       | \$ 119,055,200        |
| Medicare                             | 800,000                        | 600,000                       | 200,000                                 | 150,000                             | 1,750,000             |
| Contractual Services                 | -                              | 9,500,000                     | 20,000,000                              | 14,350,000                          | 43,850,000            |
| Travel                               | -                              | 400,000                       | 100,000                                 | 500,000                             | 1,000,000             |
| Commodities                          | -                              | 1,500,000                     | 500,000                                 | 2,100,000                           | 4,100,000             |
| Equipment                            | -                              | 2,000,000                     | 400,000                                 | 1,500,000                           | 3,900,000             |
| Awards & Grants and Matching Funds   | -                              | 7,000,000                     | 1,600,000                               | 25,000,000                          | 33,600,000            |
| Telecommunication Services           | -                              | 400,000                       | 125,000                                 | 350,000                             | 875,000               |
| Operation of Automotive Equipment    | -                              | 250,000                       | 175,000                                 | 500,000                             | 925,000               |
| Permanent Improvements               | -                              | 250,000                       | 400,000                                 | 300,000                             | 950,000               |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,000,000                              | 250,000                             | 14,250,000            |
| <b>Total FY2018 Operating Budget</b> | <b>\$ 41,156,000</b>           | <b>\$ 75,844,000</b>          | <b>\$ 51,200,000</b>                    | <b>\$ 59,000,000</b>                | <b>\$ 227,200,000</b> |

As of May 31, 2017, the Illinois General Assembly failed to pass any spending bills or a comprehensive FY18 budget plan. In February 2017, the Illinois Governor proposed a budget that would cut all of Higher education by 15% of FY15 appropriation levels. In May 2017 the Senate passed SB6 which would have cut funding to Higher Education by 10% of FY15 appropriation levels. In FY16 and FY17 combined, WIU has only received 53% of FY15 appropriation levels.

Because of the uncertainty in our State appropriation at the time of this writing, the University's Fiscal Year 2018 preliminary spending plan for state appropriated funds is presented at a level that reflects a 20% reduction in our state appropriation. The Income Fund budget reflects the necessary salary obligations and operating increases, and in order to balance this spending plan with the projected revenue, the University would need to identify expense reductions.

Western Illinois University's *Fiscal Year 2018 All-Funds Operating Budget* will be presented to the Western Illinois University Board of Trustees in October and will include the appropriation approved by the General Assembly and income projections based on fall enrollment.

Table 2  
Western Illinois University  
Fiscal Year 2015 Through 2017 All-Funds Budget

|                                    | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total          |
|------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|----------------|
| Fiscal Year 2015                   |                                |                               |   |                                     |                |
| Personal Services                  | \$ 46,471,100                  | \$ 60,228,900                 | \$ 13,975,000                           | \$ 14,250,000                       | \$ 134,925,000 |
| Medicare                           | 800,000                        | 800,000                       | 200,000                                 | 150,000                             | 1,950,000      |
| Contractual Services               | 2,500,000                      | 8,571,800                     | 22,500,000                              | 14,150,000                          | 47,721,800     |
| Travel                             | -                              | 800,000                       | 100,000                                 | 750,000                             | 1,650,000      |
| Commodities                        | 383,400                        | 2,000,000                     | 600,000                                 | 2,200,000                           | 5,183,400      |
| Equipment                          | 400,000                        | 2,500,000                     | 500,000                                 | 2,000,000                           | 5,400,000      |
| Awards & Grants and Matching Funds | -                              | 4,000,000                     | 1,400,000                               | 25,000,000                          | 30,400,000     |
| Telecommunication Services         | 150,000                        | 350,000                       | 125,000                                 | 350,000                             | 975,000        |
| Operation of Automotive Equipment  | 180,000                        | 120,000                       | 200,000                                 | 500,000                             | 1,000,000      |
| Permanent Improvements             | -                              | 500,000                       | 400,000                                 | 400,000                             | 1,300,000      |
| CMS Health Insurance               | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800      |
| Other                              | -                              | -                             | 14,300,000                              | 250,000                             | 14,550,000     |
| Total FY2015 Operating Budget      | \$ 52,629,300                  | \$ 79,870,700                 | \$ 54,500,000                           | \$ 61,000,000                       | \$ 248,000,000 |
| Fiscal Year 2016                   |                                |                               |   |                                     |                |
| Personal Services                  | \$ 45,556,500                  | \$ 59,943,500                 | \$ 14,200,000                           | \$ 13,700,000                       | \$ 133,400,000 |
| Medicare                           | 800,000                        | 800,000                       | 200,000                                 | 150,000                             | 1,950,000      |
| Contractual Services               | -                              | 10,730,200                    | 21,000,000                              | 15,000,000                          | 46,730,200     |
| Travel                             | -                              | 675,000                       | 100,000                                 | 750,000                             | 1,525,000      |
| Commodities                        | -                              | 1,500,000                     | 600,000                                 | 2,200,000                           | 4,300,000      |
| Equipment                          | -                              | 2,800,000                     | 630,000                                 | 1,700,000                           | 5,130,000      |
| Awards & Grants and Matching Funds | -                              | 6,500,000                     | 1,500,000                               | 24,000,000                          | 32,000,000     |
| Telecommunication Services         | -                              | 500,000                       | 150,000                                 | 350,000                             | 1,000,000      |
| Operation of Automotive Equipment  | -                              | 300,000                       | 200,000                                 | 450,000                             | 950,000        |
| Permanent Improvements             | -                              | 650,000                       | 400,000                                 | 350,000                             | 1,400,000      |
| CMS Health Insurance               | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800      |
| Other                              | -                              | -                             | 14,420,000                              | 250,000                             | 14,670,000     |
| Total FY2016 Operating Budget      | \$ 48,101,300                  | \$ 84,398,700                 | \$ 53,600,000                           | \$ 59,900,000                       | \$ 246,000,000 |
| Fiscal Year 2017                   |                                |                               |   |                                     |                |
| Personal Services                  | \$ 48,870,400                  | \$ 50,129,600                 | \$ 13,750,000                           | \$ 13,000,000                       | \$ 125,750,000 |
| Medicare                           | 830,000                        | 1,000,000                     | 200,000                                 | 150,000                             | 2,180,000      |
| Contractual Services               | -                              | 11,000,000                    | 21,000,000                              | 14,350,000                          | 46,350,000     |
| Travel                             | -                              | 500,000                       | 100,000                                 | 500,000                             | 1,100,000      |
| Commodities                        | -                              | 1,625,200                     | 600,000                                 | 2,100,000                           | 4,325,200      |
| Equipment                          | -                              | 2,500,000                     | 500,000                                 | 1,500,000                           | 4,500,000      |
| Awards & Grants and Matching Funds | -                              | 6,500,000                     | 1,500,000                               | 25,000,000                          | 33,000,000     |
| Telecommunication Services         | -                              | 500,000                       | 125,000                                 | 350,000                             | 975,000        |
| Operation of Automotive Equipment  | -                              | 300,000                       | 200,000                                 | 500,000                             | 1,000,000      |
| Permanent Improvements             | -                              | 500,000                       | 400,000                                 | 300,000                             | 1,200,000      |
| CMS Health Insurance               | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800      |
| Other                              | -                              | -                             | 13,750,000                              | 250,000                             | 14,000,000     |
| Total FY2017 Operating Budget      | \$ 51,445,200                  | \$ 74,554,800                 | \$ 52,325,000                           | \$ 59,000,000                       | \$ 237,325,000 |

|                                       |           |           |     |           |
|---------------------------------------|-----------|-----------|-----|-----------|
| Student Programs and Services         | \$400,000 | \$314,188 | \$0 | \$400,000 |
| Instructional Resources and Services  | \$545,000 | \$235,525 | \$0 | \$545,000 |
| University Stores and Service Centers | \$850,000 | \$32,431  | \$0 | \$850,000 |
| University Publications               | \$26,625  | \$0       | \$0 | \$26,625  |
| Sponsored Credit                      | \$4,000   | \$0       | \$0 | \$4,000   |
| Parking Operations                    | \$40,000  | \$0       | \$0 | \$40,000  |
| Transit                               | \$32,500  | \$0       | \$0 | \$32,500  |

Parking Lots

|                   |             |          |     |             |
|-------------------|-------------|----------|-----|-------------|
| Parking Operation | \$1,600,000 | \$42,157 | \$0 | \$1,600,000 |
|-------------------|-------------|----------|-----|-------------|

**Resolution No. 17.6/2: FY2018 Preliminary Spending Plan**

Vice President Bierman explained that this is official action taken to allow the spending of FY18 funds. He said that more information is being waited on from the General Assembly. This is a preliminary spending plan. More information will be brought at the next Board Meeting.

Trustee Cole moved to approve. Trustee Ehlert Fuller seconded the motion.

Roll Call

|                               |     |
|-------------------------------|-----|
| Trustee Roger Clawson         | Yes |
| Trustee Lyneir Cole           | Yes |
| Trustee Cathy Early           | Yes |
| Trustee Carolyn Ehlert Fuller | Yes |
| Trustee Todd Lester           | Yes |
| Trustee Steven Nelson         | Yes |
| Trustee Yvonne Savala         | Yes |

**Resolution:**

**WHEREAS** Western Illinois University must prepare a preliminary spending plan prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** this spending plan requires Board of Trustees approval prior to submission; and,

**WHEREAS** this spending plan reflects Western’s tradition of strong, conservative fiscal management and resource allocation to support goals and priorities stated in *Higher Values in Higher Education* and Western Illinois University’s *Mission Statement*:

**THEREFORE** be it resolved that the Board of Trustees approves the FY2018 spending plan as presented in the FY2018 spending plan document, and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

Illinois state statute requires Western Illinois University (and all other Illinois public universities) to prepare a *Fiscal Year 2018 Preliminary Spending Plan* prior to July 1 for State Appropriated, University Income, Auxiliary and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor. Furthermore, the *Fiscal Year 2018 Preliminary Spending Plan* must be approved by the Western Illinois University Board of Trustees prior to institutional submission and expenditure. The Preliminary Spending Plan for Fiscal Year 2018 is displayed in the table below.

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Personal Services                    | \$ 38,611,200                  | \$ 53,944,000                 | \$ 13,500,000                           | \$ 13,000,000                       | \$ 119,055,200        |
| Medicare                             | 800,000                        | 600,000                       | 200,000                                 | 150,000                             | 1,750,000             |
| Contractual Services                 | -                              | 9,500,000                     | 20,000,000                              | 14,350,000                          | 43,850,000            |
| Travel                               | -                              | 400,000                       | 100,000                                 | 500,000                             | 1,000,000             |
| Commodities                          | -                              | 1,500,000                     | 500,000                                 | 2,100,000                           | 4,100,000             |
| Equipment                            | -                              | 2,000,000                     | 400,000                                 | 1,500,000                           | 3,900,000             |
| Awards & Grants and Matching Funds   | -                              | 7,000,000                     | 1,600,000                               | 25,000,000                          | 33,600,000            |
| Telecommunication Services           | -                              | 400,000                       | 125,000                                 | 350,000                             | 875,000               |
| Operation of Automotive Equipment    | -                              | 250,000                       | 175,000                                 | 500,000                             | 925,000               |
| Permanent Improvements               | -                              | 250,000                       | 400,000                                 | 300,000                             | 950,000               |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,000,000                              | 250,000                             | 14,250,000            |
| <b>Total FY2018 Operating Budget</b> | <b>\$ 41,156,000</b>           | <b>\$ 75,844,000</b>          | <b>\$ 51,200,000</b>                    | <b>\$ 59,000,000</b>                | <b>\$ 227,200,000</b> |

As of May 31, 2017, the Illinois General Assembly failed to pass any spending bills or a comprehensive FY18 budget plan. In February 2017, the Illinois Governor proposed a budget that would cut all of Higher education by 15% of FY15 appropriation levels. In May 2017 the Senate passed SB6 which would have cut funding to Higher Education by 10% of FY15 appropriation levels. In FY16 and FY17 combined, WIU has only received 53% of FY15 appropriation levels.

Because of the uncertainty in our State appropriation at the time of this writing, the University's Fiscal Year 2018 preliminary spending plan for state appropriated funds is presented at a level that reflects a 20% reduction in our state appropriation. The Income Fund budget reflects the necessary salary obligations and operating increases, and in order to balance this spending plan with the projected revenue, the University would need to identify expense reductions.

Western Illinois University's *Fiscal Year 2018 All-Funds Operating Budget* will be presented to the Western Illinois University Board of Trustees in October and will include the appropriation approved by the General Assembly and income projections based on fall enrollment.



# WESTERN ILLINOIS UNIVERSITY BOARD OF TRUSTEES

September 29, 2017

## Resolution No. 17.9/3 FY2018 All-Funds Budget

**Resolution:**

**WHEREAS** Western Illinois University must prepare an annual all-funds budget for Appropriated Funds, University Income Funds, and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** the Fiscal Year 2018 all-funds budget requires Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2018 All-Funds Budget* presented today advances the goals of the University's Strategic Plan, Higher Values in Higher Education, on both Western Illinois University campuses, and statewide strategic planning goals for higher education, as identified in IBHE's *Illinois Public Agenda for College and Career Success*; and,

**WHEREAS** the *Fiscal Year 2018 All-Funds Budget* presented today maintains Western Illinois University's public commitments to conservative fiscal management and public accountability to students, their families, and state taxpayers:

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2018 All-Funds Budget as presented in the *Fiscal Year 2018 All-Funds Budget* document and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

## Fiscal Year 2018 All-Funds Budget

To ensure full budgetary disclosure within Illinois public universities, the Illinois Board of Higher Education requires each public university Board of Trustees to approve a budget for the upcoming fiscal year. The plan must include all sources of university funds categorized by State Appropriated Funds, University Income Funds, Auxiliary Services Funds, and All Other Non-Appropriated Funds. The budget approved by the Western Illinois University Board of Trustees is submitted to the Illinois Board of Higher Education, Illinois State Legislature, and the Governor.

The following table presents Western Illinois University's *Fiscal Year 2018 All-Funds Budget* to be approved by the Western Illinois University Board of Trustees. This budget is presented with a FY2018 state appropriation of \$46.3 million. This is the amount that was passed by the General Assembly on July 6, 2017.

| Western Illinois University<br>Fiscal Year 2018 All-Funds Budget |                       |                      |                                |                            |                       |
|--|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
|  | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
| Personal Services  | \$ 40,883,000         | \$ 57,617,000        | \$ 12,800,000                  | \$ 14,000,000              | \$ 125,300,000        |
| Medicare   | 703,800               | 896,200              | 200,000                        | 160,000                    | 1,960,000             |
| Contractual Services   | 2,199,400             | 9,000,600            | 18,000,000                     | 14,500,000                 | 43,700,000            |
| Travel   | -                     | 500,000              | 75,000                         | 600,000                    | 1,175,000             |
| Commodities  | 337,300               | 1,267,900            | 400,000                        | 2,200,000                  | 4,205,200             |
| Equipment  | 351,900               | 2,148,100            | 300,000                        | 1,000,000                  | 3,800,000             |
| Awards/Grants & Matching Func                                    | -                     | 8,500,000            | 1,400,000                      | 24,790,000                 | 34,690,000            |
| Telecommunication Services                                       | 131,900               | 368,100              | 100,000                        | 500,000                    | 1,100,000             |
| Operation of Automotive Equip                                    | 158,400               | 191,600              | 125,000                        | 500,000                    | 975,000               |
| Permanent Improvements   | -                     | 500,000              | 200,000                        | 500,000                    | 1,200,000             |
| CMS Health Insurance   | 1,535,000             | 209,800              | 200,000                        | 1,000,000                  | 2,944,800             |
| Other  | -                     | -                    | 14,000,000                     | 250,000                    | 14,250,000            |
| <b>Total FY2018 Operating Budget</b>                             | <b>\$ 46,300,700</b>  | <b>\$ 81,199,300</b> | <b>\$ 47,800,000</b>           | <b>\$ 60,000,000</b>       | <b>\$ 235,300,000</b> |

Statewide budgeting for higher education follows a two-step process. Prior to the start of the fiscal year, the Western Illinois University Board of Trustees must approve a preliminary spending plan for the next fiscal year beginning July 1. Table 1 presents the *Western Illinois University Preliminary Spending Plan* for fiscal years 2016, 2017 and 2018. This plan was approved by Western Illinois University Board of Trustees in June (*Resolution No. 17.6/2*).

Table 2 presents the All-Funds Budget approved by the Western Illinois University Board of Trustees for Fiscal Years 2016, 2017, and 2018. Differences in values budgeted for the *Fiscal Year 2018 Preliminary Spending Plan* (Table 1) and the *Fiscal Year 2018 All-Funds Budget* (Table 2) are due to the following factors.

- The *Fiscal Year 2018 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2017, was based on projected student enrollment. The *Fiscal Year 2018 All-Funds Budget*, presented today, is based on actual Fall 2017 enrollment.
- Western Illinois University bases institutional budgets on previous fiscal year expenditures. The *Fiscal Year 2018 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2017, was based on estimated Fiscal Year 2017 expenditures. The *Fiscal Year 2018 All-Funds Budget*, presented today, is based on actual Fiscal Year 2017 expenditures.
- At the time of presenting the *Fiscal Year 2018 Preliminary Spending Plan* to the Western Illinois University Board of Trustees, the State's *Fiscal Year 2018 Appropriated Funds Budget* had not been enacted. On July

6, 2017, the General Assembly passed a fiscal year 2018 budget which allocates a full years worth of funding for Western Illinois University.

#### Fiscal Year 2018 Spending Priorities

Following a fiscally conservative model, Western Illinois University's annual budget preparation process uses the previous year's budget and Strategic Plan priority and resource allocation decisions as base. This practice successfully supports advancement of the *University Mission Statement* and attainment of institutional goals and priorities stated in *Higher Values in Higher Education*.

As guided by *Higher Values in Higher Education*, funds will be applied to the University's highest priorities, including increasing faculty and staff salaries to meet and exceed the average of peer institutions, support for academic programs, deferred maintenance, student recruitment, marketing and support for student scholarships and retention efforts.

Pending Board approval, the University will continue to aggressively pursue Strategic Plan priorities. Personal services, Medicare, and CMS health insurance expenditures totaling \$130.2 million represent 55.3 percent of the University's Fiscal Year 2018 planned all-funds budget expenditures, followed by items supporting the academic mission of the University: contractual services (primarily utilities and food service), awards and grants (student financial aid), and equipment.

#### Integrated Planning, Budgeting, and Accountability Reporting Processes

Because Western Illinois University engages in integrated planning, budgeting, and accountability reporting processes, the *Fiscal Year 2018 All-Funds Budget* report should be read in conjunction with *The Fiscal Year 2019 Appropriated Operating and Capital Budget Recommendations* to the Illinois Board of Higher Education identifying how funding will create sustainability for instructional, research, and service activities that directly contribute to Illinois' knowledge-based economy through successful implementation of *Higher Values in Higher Education*.

|                        |         |
|------------------------|---------|
| Trustee Lyneir Cole    | Yes     |
| Trustee Cathy Early    | Abstain |
| Trustee Ehlert Fuller  | Yes     |
| Trustee William Gradle | Yes     |
| Trustee Todd Lester    | Abstain |
| Trustee Steven Nelson  | Abstain |
| Trustee Yvonne Savala  | Yes     |

Motion carried.

**Resolution:**

**WHEREAS** an informational listing of approved depositories shall be made annually at the fall meeting as part of the President’s Report to the Board; and,

**WHEREAS** in accordance with Board of Trustees Regulations Section V.G.1., the following institutions have been approved as depositories of local funds:

- Citizens, a Division of Morton Community Bank, Macomb, Illinois;
- First Bankers Trust Company, Macomb, Illinois;
- United Community Bank, Macomb, Illinois;
- First Midwest Bank, Moline, Illinois;
- First State Bank of Illinois, Macomb, Illinois;
- US Bank, Chicago, Illinois;
- Triumph Community Bank, East Moline, Illinois;
- Mid-America National Bank, Macomb, Illinois;
- The Illinois Funds, Springfield, Illinois;
- Illinois National Bank, Springfield, Illinois; and,

**WHEREAS** the Vice President for Administrative Services is responsible for depositories and major accounts; and,

**WHEREAS** the following University positions and names to withdraw funds is being requested: Vice President for Administrative Services, Matthew Bierman, and President, Jack Thomas; and,

**WHEREAS** guidelines established by the President were followed:

**THEREFORE** be it resolved that the Board of Trustees approves the depositories and signature authority as presented.

VP Bainter recognized Shannon Reed for her hard work related to the fundraising and procurement for the Golf Learning Center construction project.

**Resolution No. 17.9/3: FY 2018 All-Funds Budget**

Vice President Bierman presented the resolution as submitted, and highlighted the information contained in the resolution.

A motion was made by Trustee Cole to approve. Trustee Ehlert Fuller seconded the motion.

**Roll Call**

|                       |     |
|-----------------------|-----|
| Trustee Roger Clawson | Yes |
|-----------------------|-----|

|                        |     |
|------------------------|-----|
| Trustee Lyneir Cole    | Yes |
| Trustee Cathy Early    | Yes |
| Trustee Ehlert Fuller  | Yes |
| Trustee William Gradle | Yes |
| Trustee Todd Lester    | Yes |
| Trustee Steven Nelson  | Yes |
| Trustee Yvonne Savala  | Yes |

Motion carried.

**Resolution:**

**WHEREAS** Western Illinois University must prepare an annual all-funds budget for Appropriated Funds, University Income Funds, and All Other Funds for the Illinois Board of Higher Education, Illinois State Legislature and the Governor; and,

**WHEREAS** the Fiscal Year 2018 all-funds budget requires Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2018 All-Funds Budget* presented today advances the goals of the University's Strategic Plan, Higher Values in Higher Education, on both Western Illinois University campuses, and statewide strategic planning goals for higher education, as identified in IBHE's *Illinois Public Agenda for College and Career Success*; and,

**WHEREAS** the *Fiscal Year 2018 All-Funds Budget* presented today maintains Western Illinois University's public commitments to conservative fiscal management and public accountability to students, their families, and state taxpayers:

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2018 All-Funds Budget as presented in the *Fiscal Year 2018 All-Funds Budget* document and be it further resolved that the President be authorized to make technical adjustments in these budgets if necessary.

## Fiscal Year 2018 All-Funds Budget

To ensure full budgetary disclosure within Illinois public universities, the Illinois Board of Higher Education requires each public university Board of Trustees to approve a budget for the upcoming fiscal year. The plan must include all sources of university funds categorized by State Appropriated Funds, University Income Funds, Auxiliary Services Funds, and All Other Non-Appropriated Funds. The budget approved by the Western Illinois University Board of Trustees is submitted to the Illinois Board of Higher Education, Illinois State Legislature, and the Governor.

The following table presents Western Illinois University's *Fiscal Year 2018 All-Funds Budget* to be approved by the Western Illinois University Board of Trustees. This budget is presented with a FY2018 state appropriation of \$46.3 million. This is the amount that was passed by the General Assembly on July 6, 2017. .

| Western Illinois University<br>Fiscal Year 2018 All-Funds Budget |                       |                      |                                |                            |                       |
|--|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
|  | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
| Personal Services  | \$ 40,883,000         | \$ 57,617,000        | \$ 12,800,000                  | \$ 14,000,000              | \$ 125,300,000        |
| Medicare   | 703,800               | 896,200              | 200,000                        | 160,000                    | 1,960,000             |
| Contractual Services   | 2,199,400             | 9,000,600            | 18,000,000                     | 14,500,000                 | 43,700,000            |
| Travel   | -                     | 500,000              | 75,000                         | 600,000                    | 1,175,000             |
| Commodities  | 337,300               | 1,267,900            | 400,000                        | 2,200,000                  | 4,205,200             |
| Equipment  | 351,900               | 2,148,100            | 300,000                        | 1,000,000                  | 3,800,000             |
| Awards/Grants & Matching Func                                    | -                     | 8,500,000            | 1,400,000                      | 24,790,000                 | 34,690,000            |
| Telecommunication Services                                       | 131,900               | 368,100              | 100,000                        | 500,000                    | 1,100,000             |
| Operation of Automotive Equip                                    | 158,400               | 191,600              | 125,000                        | 500,000                    | 975,000               |
| Permanent Improvements   | -                     | 500,000              | 200,000                        | 500,000                    | 1,200,000             |
| CMS Health Insurance   | 1,535,000             | 209,800              | 200,000                        | 1,000,000                  | 2,944,800             |
| Other  | -                     | -                    | 14,000,000                     | 250,000                    | 14,250,000            |
| <b>Total FY2018 Operating Budget</b>                             | <b>\$ 46,300,700</b>  | <b>\$ 81,199,300</b> | <b>\$ 47,800,000</b>           | <b>\$ 60,000,000</b>       | <b>\$ 235,300,000</b> |

Statewide budgeting for higher education follows a two-step process. Prior to the start of the fiscal year, the Western Illinois University Board of Trustees must approve a preliminary spending plan for the next fiscal year beginning July 1. Table 1 presents the *Western Illinois University Preliminary Spending Plan* for fiscal years 2016, 2017 and 2018. This plan was approved by Western Illinois University Board of Trustees in June (*Resolution No. 17.6/2*).

Table 2 presents the All-Funds Budget approved by the Western Illinois University Board of Trustees for Fiscal Years 2016, 2017, and 2018. Differences in values budgeted for the *Fiscal Year 2018 Preliminary Spending Plan* (Table 1) and the *Fiscal Year 2018 All-Funds Budget* (Table 2) are due to the following factors.

- The *Fiscal Year 2018 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2017, was based on projected student enrollment. The *Fiscal Year 2018 All-Funds Budget*, presented today, is based on actual Fall 2017 enrollment.
- Western Illinois University bases institutional budgets on previous fiscal year expenditures. The *Fiscal Year 2018 Preliminary Spending Plan*, approved by the Western Illinois University Board of Trustees in June 2017, was based on estimated Fiscal Year 2017 expenditures. The *Fiscal Year 2018 All-Funds Budget*, presented today, is based on actual Fiscal Year 2017 expenditures.
- At the time of presenting the *Fiscal Year 2018 Preliminary Spending Plan* to the Western Illinois University Board of Trustees, the State's *Fiscal Year 2018 Appropriated Funds Budget* had not been enacted. On July

6, 2017, the General Assembly passed a fiscal year 2018 budget which allocates a full years worth of funding for Western Illinois University.

#### Fiscal Year 2018 Spending Priorities

Following a fiscally conservative model, Western Illinois University's annual budget preparation process uses the previous year's budget and Strategic Plan priority and resource allocation decisions as base. This practice successfully supports advancement of the *University Mission Statement* and attainment of institutional goals and priorities stated in *Higher Values in Higher Education*.

As guided by *Higher Values in Higher Education*, funds will be applied to the University's highest priorities, including increasing faculty and staff salaries to meet and exceed the average of peer institutions, support for academic programs, deferred maintenance, student recruitment, marketing and support for student scholarships and retention efforts.

Pending Board approval, the University will continue to aggressively pursue Strategic Plan priorities. Personal services, Medicare, and CMS health insurance expenditures totaling \$130.2 million represent 55.3 percent of the University's Fiscal Year 2018 planned all-funds budget expenditures, followed by items supporting the academic mission of the University: contractual services (primarily utilities and food service), awards and grants (student financial aid), and equipment.

#### Integrated Planning, Budgeting, and Accountability Reporting Processes

Because Western Illinois University engages in integrated planning, budgeting, and accountability reporting processes, the *Fiscal Year 2018 All-Funds Budget* report should be read in conjunction with *The Fiscal Year 2019 Appropriated Operating and Capital Budget Recommendations* to the Illinois Board of Higher Education identifying how funding will create sustainability for instructional, research, and service activities that directly contribute to Illinois' knowledge-based economy through successful implementation of *Higher Values in Higher Education*.

Table 1  
Western Illinois University  
Fiscal Year 2016 Through FY2018 Preliminary Spending Plan

|                                      | State<br>Appropriated | University<br>Income | Auxiliary<br>Facilities System | Other Non-<br>Appropriated | Total                 |
|--------------------------------------|-----------------------|----------------------|--------------------------------|----------------------------|-----------------------|
| Fiscal Year 2016                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 45,526,500         | \$ 61,498,700        | \$ 14,200,000                  | \$ 14,250,000              | \$ 135,475,200        |
| Medicare                             | 830,000               | 700,000              | 200,000                        | 150,000                    | 1,880,000             |
| Contractual Services                 | -                     | 11,000,000           | 23,300,000                     | 14,150,000                 | 48,450,000            |
| Travel                               | -                     | 500,000              | 100,000                        | 750,000                    | 1,350,000             |
| Commodities                          | -                     | 2,400,000            | 600,000                        | 2,200,000                  | 5,200,000             |
| Equipment                            | -                     | 3,000,000            | 500,000                        | 2,000,000                  | 5,500,000             |
| Awards & Grants and Matching Funds   | -                     | 5,200,000            | 1,400,000                      | 25,000,000                 | 31,600,000            |
| Telecommunication Services           | -                     | 500,000              | 125,000                        | 350,000                    | 975,000               |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 300,000              | 400,000                        | 400,000                    | 1,100,000             |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,440,000                     | 250,000                    | 14,690,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>  | <b>\$ 85,398,700</b> | <b>\$ 55,665,000</b>           | <b>\$ 61,000,000</b>       | <b>\$ 250,165,000</b> |
| Fiscal Year 2017                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 38,581,510         | \$ 45,718,490        | \$ 13,750,000                  | \$ 13,000,000              | \$ 111,050,000        |
| Medicare                             | 830,000               | 600,000              | 200,000                        | 150,000                    | 1,780,000             |
| Contractual Services                 | -                     | 10,000,000           | 21,000,000                     | 14,350,000                 | 45,350,000            |
| Travel                               | -                     | 450,000              | 100,000                        | 500,000                    | 1,050,000             |
| Commodities                          | -                     | 2,275,200            | 600,000                        | 2,100,000                  | 4,975,200             |
| Equipment                            | -                     | 2,800,000            | 500,000                        | 1,500,000                  | 4,800,000             |
| Awards & Grants and Matching Funds   | -                     | 6,000,000            | 1,500,000                      | 25,000,000                 | 32,500,000            |
| Telecommunication Services           | -                     | 450,000              | 125,000                        | 350,000                    | 925,000               |
| Operation of Automotive Equipment    | -                     | 300,000              | 200,000                        | 500,000                    | 1,000,000             |
| Permanent Improvements               | -                     | 250,000              | 400,000                        | 300,000                    | 950,000               |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 13,750,000                     | 250,000                    | 14,000,000            |
| <b>Total FY2017 Operating Budget</b> | <b>\$ 41,156,310</b>  | <b>\$ 68,843,690</b> | <b>\$ 52,325,000</b>           | <b>\$ 59,000,000</b>       | <b>\$ 221,325,000</b> |
| Fiscal Year 2018                     |                       |                      |                                |                            |                       |
| Personal Services                    | \$ 38,611,200         | \$ 53,944,000        | \$ 13,500,000                  | \$ 13,000,000              | \$ 119,055,200        |
| Medicare                             | 800,000               | 600,000              | 200,000                        | 150,000                    | 1,750,000             |
| Contractual Services                 | -                     | 9,500,000            | 20,000,000                     | 14,350,000                 | 43,850,000            |
| Travel                               | -                     | 400,000              | 100,000                        | 500,000                    | 1,000,000             |
| Commodities                          | -                     | 1,500,000            | 500,000                        | 2,100,000                  | 4,100,000             |
| Equipment                            | -                     | 2,000,000            | 400,000                        | 1,500,000                  | 3,900,000             |
| Awards & Grants and Matching Funds   | -                     | 7,000,000            | 1,600,000                      | 25,000,000                 | 33,600,000            |
| Telecommunication Services           | -                     | 400,000              | 125,000                        | 350,000                    | 875,000               |
| Operation of Automotive Equipment    | -                     | 250,000              | 175,000                        | 500,000                    | 925,000               |
| Permanent Improvements               | -                     | 250,000              | 400,000                        | 300,000                    | 950,000               |
| CMS Health Insurance                 | 1,744,800             | -                    | 200,000                        | 1,000,000                  | 2,944,800             |
| Other                                | -                     | -                    | 14,000,000                     | 250,000                    | 14,250,000            |
| <b>Total FY2018 Operating Budget</b> | <b>\$ 41,156,000</b>  | <b>\$ 75,844,000</b> | <b>\$ 51,200,000</b>           | <b>\$ 59,000,000</b>       | <b>\$ 227,200,000</b> |



Table 2  
Western Illinois University  
Fiscal Year 2016 Through 2018 All-Funds Budget

|                                      | State<br>Appropriated<br>Funds | University<br>Income<br>Funds | Auxiliary<br>Facilities System<br>Funds | Other Non-<br>Appropriated<br>Funds | Total                 |
|--------------------------------------|--------------------------------|-------------------------------|---|-------------------------------------|-----------------------|
| Fiscal Year 2016                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 45,556,500                  | \$ 59,943,500                 | \$ 14,200,000                           | \$ 13,700,000                       | \$ 133,400,000        |
| Medicare                             | 800,000                        | 800,000                       | 200,000                                 | 150,000                             | 1,950,000             |
| Contractual Services                 | -                              | 10,730,200                    | 21,000,000                              | 15,000,000                          | 46,730,200            |
| Travel                               | -                              | 675,000                       | 100,000                                 | 750,000                             | 1,525,000             |
| Commodities                          | -                              | 1,500,000                     | 600,000                                 | 2,200,000                           | 4,300,000             |
| Equipment                            | -                              | 2,800,000                     | 630,000                                 | 1,700,000                           | 5,130,000             |
| Awards & Grants and Matching Funds   | -                              | 6,500,000                     | 1,500,000                               | 24,000,000                          | 32,000,000            |
| Telecommunication Services           | -                              | 500,000                       | 150,000                                 | 350,000                             | 1,000,000             |
| Operation of Automotive Equipment    | -                              | 300,000                       | 200,000                                 | 450,000                             | 950,000               |
| Permanent Improvements               | -                              | 650,000                       | 400,000                                 | 350,000                             | 1,400,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,420,000                              | 250,000                             | 14,670,000            |
| <b>Total FY2016 Operating Budget</b> | <b>\$ 48,101,300</b>           | <b>\$ 84,398,700</b>          | <b>\$ 53,600,000</b>                    | <b>\$ 59,900,000</b>                | <b>\$ 246,000,000</b> |
| Fiscal Year 2017                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 48,870,400                  | \$ 50,129,600                 | \$ 13,750,000                           | \$ 13,000,000                       | \$ 125,750,000        |
| Medicare                             | 830,000                        | 1,000,000                     | 200,000                                 | 150,000                             | 2,180,000             |
| Contractual Services                 | -                              | 11,000,000                    | 21,000,000                              | 14,350,000                          | 46,350,000            |
| Travel                               | -                              | 500,000                       | 100,000                                 | 500,000                             | 1,100,000             |
| Commodities                          | -                              | 1,625,200                     | 600,000                                 | 2,100,000                           | 4,325,200             |
| Equipment                            | -                              | 2,500,000                     | 500,000                                 | 1,500,000                           | 4,500,000             |
| Awards & Grants and Matching Funds   | -                              | 6,500,000                     | 1,500,000                               | 25,000,000                          | 33,000,000            |
| Telecommunication Services           | -                              | 500,000                       | 125,000                                 | 350,000                             | 975,000               |
| Operation of Automotive Equipment    | -                              | 300,000                       | 200,000                                 | 500,000                             | 1,000,000             |
| Permanent Improvements               | -                              | 500,000                       | 400,000                                 | 300,000                             | 1,200,000             |
| CMS Health Insurance                 | 1,744,800                      | -                             | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 13,750,000                              | 250,000                             | 14,000,000            |
| <b>Total FY2017 Operating Budget</b> | <b>\$ 51,445,200</b>           | <b>\$ 74,554,800</b>          | <b>\$ 52,325,000</b>                    | <b>\$ 59,000,000</b>                | <b>\$ 237,325,000</b> |
| Fiscal Year 2018                     |                                |                               |   |                                     |                       |
| Personal Services                    | \$ 40,883,000                  | \$ 57,617,000                 | \$ 12,800,000                           | \$ 14,000,000                       | \$ 125,300,000        |
| Medicare                             | 703,800                        | 896,200                       | 200,000                                 | 160,000                             | 1,960,000             |
| Contractual Services                 | 2,199,400                      | 9,000,600                     | 18,000,000                              | 14,500,000                          | 43,700,000            |
| Travel                               | -                              | 500,000                       | 75,000                                  | 600,000                             | 1,175,000             |
| Commodities                          | 337,300                        | 1,267,900                     | 400,000                                 | 2,200,000                           | 4,205,200             |
| Equipment                            | 351,900                        | 2,148,100                     | 300,000                                 | 1,000,000                           | 3,800,000             |
| Awards & Grants and Matching Funds   | -                              | 8,500,000                     | 1,400,000                               | 24,790,000                          | 34,690,000            |
| Telecommunication Services           | 131,900                        | 368,100                       | 100,000                                 | 500,000                             | 1,100,000             |
| Operation of Automotive Equipment    | 158,400                        | 191,600                       | 125,000                                 | 500,000                             | 975,000               |
| Permanent Improvements               | -                              | 500,000                       | 200,000                                 | 500,000                             | 1,200,000             |
| CMS Health Insurance                 | 1,535,000                      | 209,800                       | 200,000                                 | 1,000,000                           | 2,944,800             |
| Other                                | -                              | -                             | 14,000,000                              | 250,000                             | 14,250,000            |
| <b>Total FY2018 Operating Budget</b> | <b>\$ 46,300,700</b>           | <b>\$ 81,199,300</b>          | <b>\$ 47,800,000</b>                    | <b>\$ 60,000,000</b>                | <b>\$ 235,300,000</b> |

OPERATING - AMENDED

**Resolution No. 17.9/4: FY 2019 Appropriated Operating Budget Recommendations**

Vice President Bierman presented the resolution as submitted.

DISCUSSION

Trustee Nelson commented that being it is an election year, there may not be a budget until after the election.

A motion was made by Trustee Cole to approve. Trustee Early seconded the motion.

Roll Call

|                        |     |
|------------------------|-----|
| Trustee Roger Clawson  | Yes |
| Trustee Lyneir Cole    | Yes |
| Trustee Cathy Early    | Yes |
| Trustee Ehlert Fuller  | Yes |
| Trustee William Gradle | Yes |
| Trustee Todd Lester    | Yes |
| Trustee Steven Nelson  | Yes |
| Trustee Yvonne Savala  | Yes |

Motion carried.

**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 2019 appropriated operating budget recommendations require Western Illinois University Board of Trustees approval prior to submission; and,

**WHEREAS** the *Fiscal Year 2019 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 2019 appropriated operating budget recommendations as presented in the *Fiscal Year 2019 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 2019 Appropriated Operating Budget Recommendations  
Western Illinois University

Western Illinois University begins Fiscal Year 2018 with a \$127.5 million base appropriation (36.3 percent from general revenue and 63.7 percent from income fund). The University recommends a \$15.6 million general revenue increase in funding for Fiscal Year 2019 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. Twenty three 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 77 percent of the University's recommendation supports programs identified in *Higher Values in Higher Education*.

| Western Illinois University<br>Fiscal Year 2019 Appropriated Funds Operating Budget Request |                     |                     |          |
|---|---------------------|---------------------|----------|
|   | Dollar<br>Increase  | Percent<br>Increase | Priority |
| <b>Salary and Cost Increases</b>  |                     |                     |          |
| Salaries (on 95% of Base)   | \$1,500,000         | 1.60%               |          |
| Other General Costs   | <u>870,000</u>      | 3.00%               |          |
| Total Salary and Cost Increases   | \$2,370,000         | 1.84%               |          |
| <b>Program Priorities</b>   |                     |                     |          |
| Restoration of Budget Reduction   | 5,144,500           |                     | 1        |
| Student Financial Aid   | 2,000,000           |                     | 2        |
| Deferred Maintenance  | 4,000,000           |                     | 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  | \$13,244,500        |                     |          |
| <b>Total All Increases</b>  | <b>\$15,614,500</b> |                     |          |

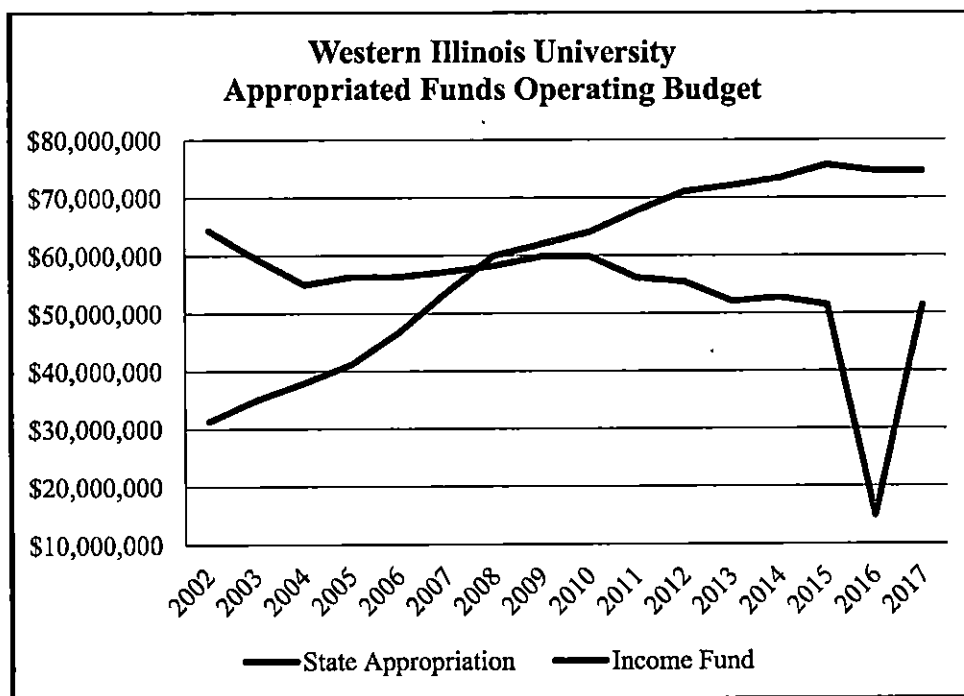
**Salary Increases for Faculty and Staff.** As stated in *Higher Values in Higher Education*, Western Illinois University's highest priority is to increase faculty and staff salaries to meet and exceed the mean of peer institutions. The \$1.5 million request for salary increases is 63.3 percent of the 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 \$13.2 million in funding for program priorities identified in *Higher Values in Higher Education*. These include:

- **Restoration of budget reductions (\$5,144,500)** 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 (\$4,000,000)** 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 \$13.2 million will help restore Western Illinois University's status as a state-supported institution of higher education. Between Fiscal Years 2002 and 2018, state general revenue support for the University decreased by \$18.0 million or 28.0 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 2018 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 \$13.2 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 2019 Operating Increase Recommendation |                  |                   |                  |                |
|---|------------------|-------------------|------------------|----------------|
| (Dollars in Thousands)  |                  |                   |                  |                |
|   | Fiscal Year      |                   | Difference       |                |
|   | <u>2018</u>      | <u>2019</u>       | <u>Amount</u>    | <u>Percent</u> |
| Total Recommended Increase                                      | <u>\$9,900.0</u> | <u>\$15,614.5</u> | <u>\$5,714.5</u> | 57.72%         |
| Salary and Cost Increases                                       | <u>\$1,800.0</u> | <u>\$2,370.0</u>  | <u>\$570.0</u>   | 31.67%         |
| Salary Increases  | 1,000.00         | 1,500.0           | 500.0            |                |
| Cost Increases  |                  |                   |                  |                |
| Other General Materials   | 800.0            | \$870.0           | 70.0             |                |
| Program Priorities  | <u>\$8,100.0</u> | <u>\$13,244.5</u> | <u>\$5,144.5</u> | 63.51%         |
| Restoration of Budget Reductions                                | \$0.0            | 5,144.5           | 5,144.5          |                |
| Student Financial Aid   | 2,000.0          | 2,000.0           | -                |                |
| Deferred Maintenance  | 4,000.0          | 4,000.0           | -                |                |
| Quad Cities Campus Funding (Phase I and II)                     | 1,600.0          | 1,600.0           | -                |                |
| STEM, Regional, High Demand Program                             | 500.0            | 500.0             | -                |                |

**Western Illinois University's Fiscal Year 2019 Operating Recommendations  
To the Illinois Board of Higher Education**

Western Illinois University's Fiscal Year 2019 operating budget request will be submitted to the Illinois Board of Higher Education October 15, 2017, pending board approval.

**FY2019 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.

**FY2019 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: \$5,144,500

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 \$46.3 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 in fiscal year 2018 causes' further pressure on student's tuition and other revenue sources.

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.

**FY2019 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.



**FY2019 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: \$4,000,000

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 FY2018 Western Illinois University has requested \$19.2 million in Capital renewal funds and has received \$3.6 million. This has resulted in over \$15.6 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.

**FY2019 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.

**FY2019 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.

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 21<sup>st</sup> 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.

**Resolution No. 17.9/5: Appropriated Capital Budget Recommendations**

Vice President Bierman presented the resolution as submitted.

Trustee Lester commented his lack of support for having QC Phase Three being included.

Trustee Gradle expressed his agreement with Trustee Lester's comment, and asked if there are ramifications for shifting the priorities. VP Bierman offered an explanation. President Thomas offered further explanation.

Trustee Nelson also expressed his agreement with Trustee Lester's comment, and asked whether the Performing Arts Center will need to be refunded. VP Bierman and Jeanette Malafa, replied that it needed to be re-appropriated. President Thomas offered further explanation and comments.

A motion was made by Trustee Early to approve. Trustee Savala seconded the motion.

Additional discussion was had and comments were made by several Trustees.

A motion was made by Trustee Early to amend Resolution No. 17.9/5 and substitute item number six for item number 4, so the new priority table would now read:

- 1 WIU - Macomb Science Phase I
- 2 WIU - Macomb Science Phase II
- 3 WIU - Macomb Tillman Hall
- 4 WIU - Macomb Stipes Hall
- 5 WIU - Macomb Education Building
- 6 WIU - QC Phase Three

Trustee Gradle seconded the motion to amend as presented by Trustee Early.

Additional discussion was had and comments were made by several Trustees.

Roll Call

|                        |     |
|------------------------|-----|
| Trustee Roger Clawson  | Yes |
| Trustee Lyneir Cole    | Yes |
| Trustee Cathy Early    | Yes |
| Trustee Ehlert Fuller  | Yes |
| Trustee William Gradle | Yes |
| Trustee Todd Lester    | Yes |
| Trustee Steven Nelson  | Yes |
| Trustee Yvonne Savala  | Yes |

Motion carried. Amendment passes.

A motion was made by Trustee Gradle, Trustee Cole seconded the motion.

Motion carried. Resolution passes, as amended.

Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Roger Clawson | Yes |
| Trustee Lyneir Cole   | Yes |
| Trustee Cathy Early   | Yes |
| Trustee Ehlert Fuller | Yes |

|                        |     |
|------------------------|-----|
| Trustee William Gradle | Yes |
| Trustee Todd Lester    | Yes |
| Trustee Steven Nelson  | Yes |
| Trustee Yvonne Savala  | Yes |

**Resolution, as originally presented, without amendments:**

**WHEREAS** Western Illinois University must prepare annual appropriated capital budget recommendations for the Illinois Board of Higher Education, Illinois State Legislature, and the Governor; and,

**WHEREAS** Western Illinois University’s Fiscal Year 2019 budget recommendations advance institutional progress and sustainability for the University’s Strategic Plan, *Higher Values in Higher Education*, Campus Master Plans on the Macomb and Quad Cities 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*; and,

**WHEREAS** the Fiscal Year 2019 Appropriated Capital Budget Recommendations require Western Illinois University Board of Trustees approval prior to submission:

**THEREFORE** be it resolved that the Board of Trustees approves the Fiscal Year 2019 Appropriated Capital Budget Recommendations as presented in the *Fiscal Year 2019 Appropriated Capital Budget Recommendations* document, and be it further resolved that the President be authorized to make technical adjustments in the capital budget recommendations if necessary.

| <b>Western Illinois University</b>             |                                 |                               |                         |
|--|---------------------------------|-------------------------------|-------------------------|
| <b>Fiscal Year 2019 Capital Recommendation</b> |                                 |                               |                         |
| (Dollars in Thousands)                         |                                 |                               |                         |
| <u>Priority</u>                                | <u>Description</u>              | <u>Project Type</u>           | <u>Requested Amount</u> |
| 1  | WIU - Macomb Science Phase I    | New Construction & Renovation | \$92,500                |
| 2  | WIU - Macomb Science Phase II   | Renovation                    | \$60,000                |
| 3  | WIU - Macomb Tillman Hall       | Renovation                    | \$30,300                |
| 4  | WIU - QC Phase Three            | New Construction              | \$39,100                |
| 5  | WIU - Macomb Education Building | New Construction              | \$84,800                |
| 6  | WIU - Macomb Stipes Hall        | Renovation                    | <u>\$50,900</u>         |
| <b>Total Recommendation</b>                    |                                 |                               | <b>\$357,600</b>        |

Fiscal Year 2019 Capital Budget Recommendations  
Western Illinois University

Western Illinois University recommends \$357.6 million for capital projects to support high-quality academic programs, co-curricular services, and regional economic development for fiscal year 2019. All of the requested funds will support new construction on the Macomb and Moline campuses to address highly needed space for premier academic programs. A total of \$15.6 million in capital renewal funds is also requested to support critical deferred maintenance needs.

**Background**

Composition of the Recommendation

Western Illinois University operates two distinct campuses, and each has unique capital priorities and needs. The University has prioritized the overall needs of the University into the recommendation below.

A summary statement documenting need for these projects is displayed below. Additional, detailed information on the scope, design, and costs of each project begins on page three of this report.

Priority 1: Western Illinois University-Macomb Science Building Phase I The current College of Arts and Sciences' three science facilities, Currens Hall, Waggoner Hall, and Tillman Hall, are obsolete in providing high-quality comprehensive instructional laboratories. All three facilities were constructed before modern laboratory standards were developed for acceptable indoor air quality and energy efficiency. Antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. These lead to detrimental impacts on teaching; research; and student, faculty, and staff recruitment and retention. Phase I includes the construction of a new science building, an addition and remodel to Currens Hall. The new science building will consolidate existing and support new academic programs, as Western Illinois University becomes a leading comprehensive university in the United States.

Priority 2: Western Illinois University-Macomb Science Building Phase II Phase II will continue with the improvements to the science programs at WIU by renovating an existing building. Waggoner Hall will be considered for renovations to improve the overall science facilities.

Priority 3: Western Illinois University-Classroom Building Renovation Tillman Hall. Tillman Hall was originally constructed in 1954 as the first science building on the campus of Western Illinois University. The needs of the University have changed significantly since the building's original construction over sixty years ago. The deferred maintenance needs of the building are also excessive as all of the systems are past expected life.

Priority 4: Western Illinois University-Quad Cities Riverfront Campus Building Phase Three In 2010, the state committed to building the first two phases on the newly developing Western Illinois University-Quad Cities Riverfront Campus. Building Complex Three will complete the construction of the new campus that serves a regional population of 400,000 residents and leverages \$175 million in private investment and foundation support for education, entrepreneurship, technology, new jobs, and economic opportunity.

Priority 5: Western Illinois University-Education Building Horrabin Hall was originally constructed in 1965 as a laboratory school and encompassed K-12 grades. The needs of the College of Education and Human Services do not match the current building construction. This project would reconstruct the building on the site of Horrabin Hall.

Priority 6: Western Illinois University- Stipes Hall Renovation Stipes Hall was constructed in 1968 and has had no major renovations or updates. The University through is the Macomb Facilities Master Plan update and Strategic Building Renovation Matrix has identified the building as a priority for renovation. The building is a high profile, heavily used part of the academic programs on campus and it also has a high deferred maintenance backlog.

**Capital Renewal** The University is requesting \$15.6 million in capital renewal funds to 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.

**Priority Changes from Fiscal Year 2018**

The priorities for FY2018 are shown below. There are no changes between our FY19 and FY18 request.

| <b>Priority Changes</b>         |                               |                      |                      |
|---------------------------------|-------------------------------|----------------------|----------------------|
| <b>Description</b>              | <b>Project Type</b>           | <b><u>FY2019</u></b> | <b><u>FY2018</u></b> |
| WIU - Macomb Science Phase I    | New Construction & Renovation | 1                    | 1                    |
| WIU - Macomb Science Phase II   | Renovation                    | 2                    | 2                    |
| WIU - Macomb Tillman Hall       | Renovation                    | 3                    | 3                    |
| WIU - QC Phase Three            | New Construction              | 4                    | 4                    |
| WIU - Macomb Education Building | New Construction              | 5                    | 5                    |
| WIU - Macomb Stipes Hall        | Renovation                    | 6                    | 6                    |

Adhering to Illinois Board of Higher Education guidelines and format, the following recommendations for Western Illinois University's Fiscal Year 2019 capital projects will be made (pending Western Illinois University Board of Trustees approval).



PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB SCIENCE PHASE I

PRIORITY: 1

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 92,500,000 (Planning, Design and Construction)

#### BACKGROUND DATA

The current College of Arts and Sciences' facilities, Currens Hall (physical sciences, 1970), Waggoner Hall (life sciences, 1968), and Tillman Hall (earth sciences, 1953) are obsolete in providing high-quality instructional laboratories. These facilities were constructed before modern laboratory standards were developed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Western Illinois University science facilities fall below acceptable indoor air quality and energy-efficiency standards. The antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. This problem produces detrimental impacts on teaching, research, and student/faculty/staff recruitment and retention.

The basic teaching and laboratory layouts of Western Illinois University's current science facilities are pedagogically obsolete and do not easily allow for the integration of new science technologies. A new facility to house science-based programs will provide the ability to integrate new laboratory technologies with the latest in science pedagogy and will foster multidisciplinary interaction through the consolidation of departments from previously diverse locations. In addition, planning studies were completed to evaluate and program future projects to renovate Currens and Waggoner Halls to allow the College of Arts and Sciences to consolidate academic programs to a single campus locale and provide for additional facility improvements/enhancements for the humanities and social sciences which are critical to the mission of the College of Arts and Sciences.

The new science building and renovation of Currens Hall will also support expanding academic programs. This includes the new forensic chemistry program and a new nursing program as approved by the Western Illinois University Board of Trustees and Illinois Board of Higher Education.

#### QUANTIFICATION

Western Illinois University completed a space planning and utilization study for a new state-of-the-art science facility during Fiscal Year 2007 and completed an update in Fiscal Year 2014. The building will include both wet and dry instructional laboratories, office space, and classrooms. The facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities. In addition, the project will include the provision for service drives, limited parking, exterior site development, and connections to Currens Hall and all required campus utility infrastructure.

#### DEPENDENT RELATIONSHIPS

Upon completion of this project, Western Illinois University will seek funds in Science Phase II for the remodel of Waggoner Hall. These actions are consistent with the newly developed Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104

## BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2019

CAPITAL REQUEST

PROJECT NAME WIU - Macomb Science Phase 1

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE   | NASF    | MULTIPLIER<br>FACTOR | GSF     | FY2019<br>\$/GSF* | COST        |
|--|---------|----------------------|---------|-------------------|-------------|
| Office   | 4,040   | 1.7                  | 6,868   | 294.3             | \$ 2,021.3  |
| Classrooms   | 650     | 1.5                  | 975     | 284.29            | \$ 277.2    |
| Instructional Dry Laboratories   | 11,000  | 1.64                 | 18,040  | 318.48            | 5,745.4     |
| Instructional Wet Laboratories   | 12,700  | 1.64                 | 20,828  | 336.78            | 7,014.5     |
| Special Use  | 2,200   | 1.8                  | 3,960   | 284.44            | 1,126.4     |
| Supporting Facilities  | 400     | 1.2                  | 480     | 265.52            | 127.4       |
| Currens remodel  | 95,000  | 1.61                 | 152,950 | 207.44            | 31,727.9    |
| 1) BASE TOTAL  | 125,990 |                      | 204,101 |                   | \$ 48,040.0 |
| 2) ADDED COSTS:  |         |                      |         |                   | \$ 16,573.8 |
| a) Historic Preservation Considerations: _____   |         |                      |         |                   |             |
| b) Green Building Design/LEED Certification Level SILVER_ (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.) |         |                      |         |                   | 2,882.4     |
| c) Other Energy Efficiencies: _____  |         |                      |         |                   |             |
| 3) BASE COST   |         |                      |         |                   | \$ 67,496.3 |
| 4) ADD ESCALATION COST   |         |                      |         |                   | 4,893.5     |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                                |         |                      |         |                   |             |
| Expected Bid Date: <u>May-20</u> Escalation/month: <u>0.242%</u>   |         |                      |         |                   |             |
| Number of Months to Bid Date: <u>30</u>  |         |                      |         |                   |             |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)  |         |                      |         |                   | \$ 72,389.7 |
| 6) ADD 10% FOR CONTINGENCIES   |         |                      |         |                   | 7,239.0     |
| <b>SUBTOTAL, BUILDING BUDGET</b>   |         |                      |         |                   | \$ 79,628.7 |
| ADDITIONAL BUDGET ADDS:  |         |                      |         |                   |             |
| 1) A/E FEES <u>9.60% *</u>   |         |                      |         |                   | 7,644.4     |
| ON-SITE OBSERVATION:   |         |                      |         |                   | 502.2       |
| NUMBER OF MONTHS <u>24</u>   |         |                      |         |                   |             |
| DAYS PER WEEK <u>5</u>   |         |                      |         |                   |             |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)   |         |                      |         |                   | 407.3       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**  |         |                      |         |                   | 2,388.9     |
| 4) OTHER ADDS (SEE 2 BELOW)  |         |                      |         |                   | 1,498.3     |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT  |         |                      |         |                   | 398.1       |
| <b>SUB-TOTAL, BUDGET ADDS</b>  |         |                      |         |                   | \$ 12,839.2 |
| <b>TOTAL, BUILDING BUDGET</b>  |         |                      |         |                   | \$ 92,467.9 |

OTHER:

PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED

|                                      |                         |              |
|--------------------------------------|-------------------------|--------------|
| OPERATIONS AND MAINTENANCE EXPENSE   | TOTAL                   | \$ 1,243.4   |
| Number of additional staff: <u>8</u> | Salaries and Related    | <u>415.1</u> |
|                                      | Utilities               | <u>388.3</u> |
|                                      | Repairs and Maintenance | <u>440.0</u> |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE Science Building Programming Study, Ratio Architects

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Troy Rhoads

PHONE NUMBER 309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: FFE (18%), LEED (6%), Sophisticated Piping (1%) and site/utilities work (15.5%)

2 Added costs include: building commissioning, testing and balancing, and technology infrastructure

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB SCIENCE PHASE II

PRIORITY: 2

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 60,000,000 (Planning, Design and Construction)

#### BACKGROUND DATA

The current College of Arts and Sciences' facilities, Currens Hall (physical sciences, 1970), Waggoner Hall (life sciences, 1968), and Tillman Hall (earth sciences, 1953) are obsolete in providing high-quality instructional laboratories. These facilities were constructed before modern laboratory standards were developed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Western Illinois University science facilities fall below acceptable indoor air quality and energy-efficiency standards. The antiquated laboratory fume-hood systems and poor quality heating, ventilation, and air conditioning systems yield inadequate comfort and humidity control. This problem produces extremely detrimental impacts on teaching, research, and student/faculty/staff recruitment and retention.

The basic teaching and laboratory layouts of Western Illinois University's current science facilities are pedagogically obsolete and do not easily allow for the integration of new science technologies. A new facility to house science-based programs will provide the ability to integrate new laboratory technologies with the latest in science pedagogy and will foster multidisciplinary interaction through the consolidation of departments from previously diverse locations. In addition, planning studies were completed to evaluate and program future projects to renovate Currens and Waggoner Halls to allow the College of Arts and Sciences to consolidate academic programs to a single campus locale and provide for additional facility improvements/enhancements for the humanities and social sciences which are critical to the mission of the College of Arts and Sciences.

The new science building and renovation of Currens Hall will also support new academic programs. This includes the new forensic chemistry program and a new nursing program as approved by the Western Illinois University Board of Trustees and Illinois Board of Higher Education.

#### QUANTIFICATION

Western Illinois University completed a space planning and utilization study for a new state-of-the-art science facility during Fiscal Year 2007 with an update completed in Fiscal Year 2014. This project will continue the Science Facilities project by remodeling Waggoner Hall.

#### DEPENDENT RELATIONSHIPS

This project would commence upon completion of the Macomb Science Phase I.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104

BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2019

CAPITAL REQUEST

PROJECT NAME WIU - Macomb Science Phase II

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE   | NASF           | MULTIPLIER FACTOR | GSF            | FY2019 \$/GSF* | COST               |
|--|----------------|-------------------|----------------|----------------|--------------------|
| Building Remodel   | 102,000        | 1.61              | 164,220        | 207.44         | \$ 34,065.8        |
|  |                |                   |                |                |                    |
|  |                |                   |                |                |                    |
|  |                |                   |                |                |                    |
|  |                |                   |                |                |                    |
| <b>1) BASE TOTAL</b>   | <b>102,000</b> |                   | <b>164,220</b> |                | <b>\$ 34,065.8</b> |
| <b>2) ADDED COSTS:</b>   |                |                   |                |                | <b>\$ 8,175.8</b>  |
| a) Historic Preservation Considerations: _____   |                |                   |                |                |                    |
| b) Green Building Design/LEED Certification Level SILVER_ (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.) |                |                   |                |                | 2,043.9            |
| c) Other Energy Efficiencies: _____  |                |                   |                |                |                    |
| <b>3) BASE COST</b>  |                |                   |                |                | <b>\$ 44,285.5</b> |
| <b>4) ADD ESCALATION COST</b>  |                |                   |                |                | <b>3,210.7</b>     |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                                |                |                   |                |                |                    |
| Expected Bid Date: <u>May-20</u> Escalation/month: <u>0.242%</u>   |                |                   |                |                |                    |
| Number of Months to Bid Date: <u>30</u>  |                |                   |                |                |                    |
| <b>5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)</b>   |                |                   |                |                | <b>\$ 47,496.2</b> |
| <b>6) ADD 10% FOR CONTINGENCIES</b>  |                |                   |                |                | <b>4,749.6</b>     |
| <b>SUBTOTAL, BUILDING BUDGET</b>   |                |                   |                |                | <b>\$ 52,245.9</b> |
| <b>ADDITIONAL BUDGET ADDS:</b>   |                |                   |                |                |                    |
| <b>1) A/E FEES <u>6.76% *</u></b>  |                |                   |                |                | <b>3,531.8</b>     |
| ON-SITE OBSERVATION:   |                |                   |                |                | 502.2              |
| NUMBER OF MONTHS <u>24</u>   |                |                   |                |                |                    |
| DAYS PER WEEK <u>5</u>   |                |                   |                |                |                    |
| <b>2) REIMBURSABLES (5% of A/E fees unless better estimate available)</b>  |                |                   |                |                | <b>201.7</b>       |
| <b>3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**</b>   |                |                   |                |                | <b>1,567.4</b>     |
| <b>4) OTHER ADDS (SEE 2 BELOW)</b>   |                |                   |                |                | <b>1,703.3</b>     |
| <b>5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT</b>   |                |                   |                |                | <b>261.2</b>       |
| <b>SUB-TOTAL, BUDGET ADDS</b>  |                |                   |                |                | <b>\$ 7,767.6</b>  |
| <b>TOTAL, BUILDING BUDGET</b>  |                |                   |                |                | <b>\$ 60,013.5</b> |

OTHER:

PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED

OPERATIONS AND MAINTENANCE EXPENSE

Number of additional staff: 0

TOTAL

Salaries and Related

Utilities

Repairs and Maintenance

\$ -

-

-

-

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION

Troy Rhoads

PHONE NUMBER

309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: FFE (18%), LEED (6%), Sophisticated Piping (1%) and Asbestos abatement (5%)

2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (5%)

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB TILLMAN HALL REMODEL  
PRIORITY: 3

RAMP BUDGET CATEGORY: Major Remodeling

REQUESTED FUNDING: \$ 30,300,000 (Planning, Design and Construction)

#### BACKGROUND DATA

Tillman Hall was originally constructed in 1954 as the first science building on the campus of Western Illinois University. The needs of the University have changed significantly since the building's original construction over sixty years ago. The deferred maintenance needs of the building are also excessive as all of the systems are past expected life.

#### QUANTIFICATION

Tillman was first constructed as a science building and its use has significantly changed since 1954. The facility is outdated and does not match the latest instruction standards that are demanded at a modern university. Updated academic facilities will benefit the academic mission of the University.

The remodeled facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities.

#### DEPENDENT RELATIONSHIPS

These actions are consistent with the Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2019  
CAPITAL REQUEST  
PROJECT NAME WIU - Macomb Tillman Remodel  
(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF   | MULTIPLIER FACTOR | GSF    | FY2019 \$/GSF* | COST        |
|---|--------|-------------------|--------|----------------|-------------|
| Building Remodel  | 58,625 | 1.61              | 94,386 | \$ 197.25      | \$ 18,617.7 |
|   |        |                   |        |                | 0.0         |
|   |        |                   |        |                | 0.0         |
|   |        |                   |        |                | 0.0         |
|   |        |                   |        |                | 0.0         |
| 1) BASE TOTAL   | 58,625 |                   | 94,386 |                | \$ 18,617.7 |
| 2) ADDED COSTS:   |        |                   |        |                | 2,234.1     |
| a) Historic Preservation Considerations: _____  |        |                   |        |                |             |
| b) Green Building Design/LEED Certification Level _____ (Cert., Silver, Gold, Platinum)<br>(Please use 6% of Base Total to estimate the cost of LEED design.) |        |                   |        |                | 1,117.1     |
| c) Other Energy Efficiencies: _____   |        |                   |        |                |             |
| 3) BASE COST  |        |                   |        |                | \$ 21,968.9 |
| 4) ADD ESCALATION COST<br>(For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)       |        |                   |        |                | \$ 1,592.7  |
| Expected Bid Date: <u>May-20</u> Escalation/month: <u>0.242%</u>  |        |                   |        |                |             |
| Number of Months to Bid Date: <u>30</u>   |        |                   |        |                |             |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)   |        |                   |        |                | \$ 23,561.6 |
| 6) ADD 10% FOR CONTINGENCIES  |        |                   |        |                | 235.6       |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |        |                   |        |                | \$ 25,917.8 |
| ADDITIONAL BUDGET ADDS:   |        |                   |        |                |             |
| 1) A/E FEES <u>7.56%</u> *  |        |                   |        |                | 1,959.4     |
| ON-SITE OBSERVATION:  |        |                   |        |                | 502.2       |
| NUMBER OF MONTHS <u>30</u>  |        |                   |        |                |             |
| DAYS PER WEEK <u>4</u>  |        |                   |        |                |             |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |        |                   |        |                | 123.1       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |        |                   |        |                | 777.5       |
| 4) OTHER ADDS <u>see 2 below</u> (ADA, Asbestos, Hazardous Materials, etc. – please specify)  |        |                   |        |                | 878.8       |
| 5) ART IN ARCHITECTURE (As Applicable) – ONE-HALF OF ONE PERCENT  |        |                   |        |                | 129.6       |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |        |                   |        |                | \$ 4,370.5  |
| <b>TOTAL, BUILDING BUDGET</b>   |        |                   |        |                | \$ 30,288.3 |

OTHER:

|  |                         |        |
|--|-------------------------|--------|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ 0.0 |
| Number of additional staff: _____  | Salaries and Related    | _____  |
|  | Utilities               | _____  |
|  | Repairs and Maintenance | _____  |
|  | All Other               | _____  |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE \_\_\_\_\_

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Troy Rhoads  
PHONE NUMBER 309-298-1834

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: FFE (7%), LEED (6%), and Asbestos Abatement (5%)

2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (4%)

PROJECT: WESTERN ILLINOIS UNIVERSITY - QUAD CITIES  
RIVERFRONT CAMPUS BUILDING COMPLEX THREE

PRIORITY: 4

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$39,100,000

BACKGROUND DATA

Western Illinois University-Quad Cities Riverfront Campus Phase III

Western Illinois University-Quad Cities (WIU-QC) is the only public university in a metropolitan area of over 375,000 residents. In recognizing the growth and capacity limits of WIU-QC at its current location, the State supported the first two (of three) phases for construction of the Western Illinois University-Quad Cities Riverfront Campus to achieve *Illinois Public Agenda* Goal 4 of better integrating Illinois' educational, research, and innovation assets to meet economic needs of the state and its regions.

Post-Phase II operations will generate economic impacts for the region of 330 jobs and \$13.0 million in labor income. Phase III will complete the construction of the new campus that serves as an educational and economic stimulus. In total, the Western Illinois University-Quad Cities Riverfront Campus will leverage a total of \$175.0 million in private investment and foundation support for education, entrepreneurship, technology, new jobs, and economic opportunity.

Successful redevelopment of adjacent property to the campus known as "RiverTech" will create a \$100.0 million taxable base; attract 2,000 new and existing jobs with a one-time construction impact in excess of \$150.0million. Current projects that the State of Illinois helped cultivate by developing the Western Illinois University-Quad Cities Riverfront Campus by virtue of the new campus location include:

- A \$50.0 million project by the KONE Corporation to house their North American Operation Center on the Mississippi Riverfront. This new construction completes a three-phase \$71.0 million mixed-use development known as Bass Street Landing.
- A \$45.0 million Transit Oriented Development/Amtrak Station that will include an intermodal pedestrian transport center and a new high rise office structure with retail and food service amenities.
- A \$5.0 million new facility for research and development by public and private sectors.
- A \$12.0 million, 90-unit work-live urban lofts, with retail and businesses located on the lower floors.
- A \$3.0 million new Healthcare Center for those underserved in the Hispanic community.

A fully completed Riverfront Campus is the "cornerstone" to these developments, and Western will continue to be a conservative steward of state resources. Phase III exclusively focuses on the academic mission of the University. All ancillary services such as bookstores, retail, and food service will be privately developed to support the local economy and new job creation.

QUANTIFICATION

Phase III will complete the new Western Illinois University-Quad Cities Riverfront Campus, and provide the infrastructure to support 5,000 students. Phase III is essential for academic programs and support services; lab and research space; and facilities to support technology, patent transfer, and community events.

DEPENDENT RELATIONSHIPS

There are no dependent relationships between this project and any other state-funded capital project. However, there are significant educational and economic development gains to be noted. The completed Western Illinois University-Quad Cities Riverfront Campus will have an economic impact of over \$50 million annually and will double the number of college graduates to 500 annually.

Phase III provides the necessary facilities to increase enrollment and meet *Illinois Public Agenda* Goal 1 of increasing educational attainment to match best-performing states. Without essential space, the University will not be able to increase enrollment and degree attainment. An educated community is especially important to a host county that earns 81.8 percent of the state's median family income. Moreover, spatial access is necessary to achieve *Illinois Public Agenda Goal 4* of increasing the number of high-quality post-secondary credentials to meet the demands of the economy and an increasingly global society.

#### DESIRED COMPLETION DATE

This project will be completed as soon as possible after funds have been released. A traditional planning then construction approach will take up to 54 months to complete.



BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2019

CAPITAL REQUEST

PROJECT NAME WIU-QC Riverfront Phase III

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE  | NASF     | MULTIPLIER FACTOR | GSF    | FY2019 \$/GSF* | COST               |
|---|----------|-------------------|--------|----------------|--------------------|
| Office  | 4,600.0  | 1.70              | 7,820  | \$294.30       | \$ 2,301.4         |
| Classrooms  | 16,000.0 | 1.50              | 24,000 | 284.29         | \$ 6,823.0         |
| Instructional Wet Laboratories  | 2,800.0  | 1.64              | 4,592  | 336.78         | \$ 1,546.5         |
| Supporting Facilities   | 5,000.0  | 1.20              | 6,000  | 265.52         | \$ 1,593.1         |
| Research Lab (Wet)  | 2,800.0  | 1.67              | 4,676  | 446.08         | \$ 2,085.9         |
| Special Use   | 2,575.0  | 1.80              | 4,635  | 284.44         | \$ 1,318.4         |
| General Use   | 12,000.0 | 1.90              | 22,800 | 339.81         | \$ 7,747.7         |
| 1) BASE TOTAL   | 45,775   |                   | 74,523 |                | \$ 23,415.9        |
| 2) ADDED COSTS: see 1 below   |          |                   |        |                | \$ 5,034.4         |
| a) Historic Preservation Considerations: _____  |          |                   |        |                |                    |
| b) Green Building Design/LEED Certification Level _____ (Cert., Silver, Gold, Platinum)<br>(Please use 6% of Base Total to estimate the cost of LEED design.) |          |                   |        |                |                    |
| c) Other Energy Efficiencies: _____   |          |                   |        |                |                    |
| 3) BASE COST  |          |                   |        |                | \$ 28,450.3        |
| 4) ADD ESCALATION COST  |          |                   |        |                | \$ 2,062.6         |
| (For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)                                 |          |                   |        |                |                    |
| Expected Bid Date: <u>May-20</u> Escalation/month: <u>0.242%</u>  |          |                   |        |                |                    |
| Number of Months to Bid Date: <u>30</u>   |          |                   |        |                |                    |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)   |          |                   |        |                | \$ 30,513.0        |
| 6) ADD 10% FOR CONTINGENCIES  |          |                   |        |                | 3,051.3            |
| <b>SUBTOTAL, BUILDING BUDGET</b>  |          |                   |        |                | <b>\$ 33,564.3</b> |
| ADDITIONAL BUDGET ADDS:   |          |                   |        |                |                    |
| 1) A/E FEES <u>7.5</u> *  |          |                   |        |                | 2,517.3            |
| ON-SITE OBSERVATION:  |          |                   |        |                | 320.9              |
| NUMBER OF MONTHS <u>15</u>  |          |                   |        |                |                    |
| DAYS PER WEEK <u>5</u>  |          |                   |        |                |                    |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)  |          |                   |        |                | 141.9              |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**   |          |                   |        |                | 1,006.9            |
| 4) OTHER ADDS see 2 below (ADA, Asbestos, Hazardous Materials, etc. - please specify)   |          |                   |        |                | 1,361.8            |
| 5) ART IN ARCHITECTURE (As Applicable) - ONE-HALF OF ONE PERCENT  |          |                   |        |                | 167.8              |
| <b>SUB-TOTAL, BUDGET ADDS</b>   |          |                   |        |                | <b>\$ 5,516.7</b>  |
| <b>TOTAL, BUILDING BUDGET</b>   |          |                   |        |                | <b>\$ 39,081.0</b> |

|  |                         |       |          |
|--|-------------------------|-------|----------|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE |                         | TOTAL | \$ 409.3 |
| Number of additional staff: <u>3</u>   | Salaries and Related    |       | 143.3    |
|  | Utilities               |       | 170.0    |
|  | Repairs and Maintenance |       | 96.0     |
|  | All Other               |       |          |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE WIU Riverfront Campus

NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION William Brewer

PHONE NUMBER 309-762-9481

\* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.

\*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.

1 Added costs include: PFE (7%), LEED (6%), site work (3.5%) and Data Center (5%)

2 Added costs include: building commissioning, testing and balancing, technology infrastructure

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB EDUCATION BUILDING

PRIORITY: 5

RAMP BUDGET CATEGORY: Buildings, Additions, and/or Structures

REQUESTED FUNDING: \$ 84,800,000 (Planning, Design and Construction)

#### BACKGROUND DATA

Horrabin Hall was constructed in 1965 as a laboratory school housing K-12 grade. Horrabin has not had any major renovations or retrofits in 50 years. The College of Education and Human Services is housed in the 150,000 square feet of classrooms and offices in Horrabin.

#### QUANTIFICATION

In the Macomb Master Plan update, the Master Plan Steering committee identified eight renovation criteria that were used to prioritize building renovation projects. Horrabin Hall was identified as a high priority for renovation due to high critical deferred maintenance, containing University signature programs and facilities not matching the current needs of the College. Updated academic facilities will benefit the academic mission of the College and the University.

The proposed building would be constructed on the existing site of Horrabin Hall with design features to promote the latest in teaching styles, electronic classrooms and student/faculty interaction.

The new facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities.

#### DEPENDENT RELATIONSHIPS

This project would construct the new Education building on the current site of Horrabin Hall.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2019  
CAPITAL REQUEST  
PROJECT NAME WIU-Education Building

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE   | NASF    | MULTIPLIER FACTOR | GSF     | FY2019 \$/GSF* | COST        |
|--|---------|-------------------|---------|----------------|-------------|
| Building   | 100,000 | 1.63              | 163,000 | 290.27         | \$ 47,314.0 |
|  |         |                   |         |                |             |
|  |         |                   |         |                |             |
|  |         |                   |         |                |             |
|  |         |                   |         |                |             |
| 1) BASE TOTAL  | 100,000 |                   | 163,000 |                | \$ 47,314.0 |
| 2) ADDED COSTS:  |         |                   |         |                | \$ 12,774.8 |
| a) Historic Preservation Considerations: _____   |         |                   |         |                |             |
| b) Green Building Design/LEED Certification Level SILVER_ (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.)   |         |                   |         |                | 2,838.8     |
| c) Other Energy Efficiencies. _____  |         |                   |         |                |             |
| 3) BASE COST   |         |                   |         |                | \$ 62,927.6 |
| 4) ADD ESCALATION COST<br>(For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)<br>Expected Bid Date: <u>May-20</u> Escalation/month: <u>0.242%</u><br>Number of Months to Bid Date: <u>30</u> |         |                   |         |                | 4,562.3     |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)  |         |                   |         |                | \$ 67,489.9 |
| 6) ADD 10% FOR CONTINGENCIES   |         |                   |         |                | 6,749.0     |
| <b>SUBTOTAL, BUILDING BUDGET</b>   |         |                   |         |                | \$ 74,238.9 |
| ADDITIONAL BUDGET ADDS:  |         |                   |         |                |             |
| 1) A/E FEES <u>6.34%</u> *   |         |                   |         |                | 4,706.7     |
| ON-SITE OBSERVATION:   |         |                   |         |                | 502.2       |
| NUMBER OF MONTHS <u>24</u>   |         |                   |         |                |             |
| DAYS PER WEEK <u>5</u>   |         |                   |         |                |             |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)   |         |                   |         |                | 260.4       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**  |         |                   |         |                | 2,227.2     |
| 4) OTHER ADDS (SEE 2 BELOW)  |         |                   |         |                | 2,517.1     |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT  |         |                   |         |                | 371.2       |
| <b>SUB-TOTAL, BUDGET ADDS</b>  |         |                   |         |                | \$ 10,584.9 |
| <b>TOTAL, BUILDING BUDGET</b>  |         |                   |         |                | \$ 84,823.7 |

OTHER:

|  |                         |    |   |
|--|-------------------------|----|---|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ | - |
| Number of additional staff: <u>0</u>   | Salaries and Related    |    | - |
|  | Utilities               |    | - |
|  | Repairs and Maintenance |    | - |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE \_\_\_\_\_  
NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Troy Rhoads  
PHONE NUMBER 309-298-1834

- \* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.
- \*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.
- 1 Added costs include: FFE (7%), LEED (6%), site work/building demo (15%) and Abestos Abatement (5%)
- 2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (4%)

PROJECT: WESTERN ILLINOIS UNIVERSITY - MACOMB STIPES BUILDING REMODEL  
PRIORITY: 6

RAMP BUDGET CATEGORY: Major Remodeling

REQUESTED FUNDING: \$ 50,900,000 (Planning, Design and Construction)

#### BACKGROUND DATA

Stipes Hall was constructed in 1968. Stipes Hall has not had any renovations or major remodeling since its opening over 45 years ago. The University, through its recent Macomb Campus Master Plan update and Strategic Building Renovation matrix, has identified Stipes as a high priority for renovation. Stipes Hall has over 140,000 square feet of classroom and office space and houses the College of Business and Technology.

#### QUANTIFICATION

In the Macomb Master Plan update, the Master Plan Steering committee identified eight renovation criteria that were used to prioritize building renovation projects. Stipes Hall is a high profile building on campus, has high critical deferred maintenance and houses University Signature programs. Updated academic facilities will benefit the academic mission of the University.

The remodeled facility will utilize green and sustainable technologies appropriately designed to meet academic needs and satisfy the University's goal to construct LEED Silver certified facilities.

#### DEPENDENT RELATIONSHIPS

These actions are consistent with the newly developed Western Illinois University-Macomb campus master plan.

#### DESIRED COMPLETION DATE

Design will commence as soon as funds are received with total project completion estimated at 54 months.

TABLE C104  
BUDGET YEAR BUILDING BUDGET ESTIMATION FORM

FISCAL YEAR 2019  
CAPITAL REQUEST  
PROJECT NAME WIU-Stipes Remodel

(IN THOUSANDS OF DOLLARS)

| SPACE TYPE   | NASF    | MULTIPLIER FACTOR | GSF     | FY2019 \$/GSF* | COST        |
|--|---------|-------------------|---------|----------------|-------------|
| Building   | 100,000 | .166              | 166,000 | 190.2          | \$ 31,573.2 |
|  |         |                   |         |                |             |
|  |         |                   |         |                |             |
|  |         |                   |         |                |             |
|  |         |                   |         |                |             |
| 1) BASE TOTAL  | 100,000 |                   | 166,000 |                | \$ 31,573.2 |
| 2) ADDED COSTS:  |         |                   |         |                | \$ 3,788.8  |
| a) Historic Preservation Considerations: _____   |         |                   |         |                |             |
| b) Green Building Design/LEED Certification Level <u>SILVER</u> (Cert., Silver, Gold, Platinum) (Please use 6% of Base Total to estimate the cost of LEED design.)   |         |                   |         |                | 1,894.4     |
| c) Other Energy Efficiencies: _____  |         |                   |         |                |             |
| 3) BASE COST   |         |                   |         |                | \$ 37,256.4 |
| 4) ADD ESCALATION COST<br>(For monthly escalation costs, use Statewide Average: 2.2 percent per year, or .183 percent per month from base to bid date.)<br>Expected Bid Date: <u>May-20</u> Escalation/month: <u>0.242%</u><br>Number of Months to Bid Date: <u>30</u> |         |                   |         |                | 2,701.1     |
| 5) ESCALATED BUILDING BUDGET (BASE PLUS ESCALATION)  |         |                   |         |                | \$ 39,957.5 |
| 6) ADD 10% FOR CONTINGENCIES   |         |                   |         |                | 3,995.7     |
| <b>SUBTOTAL, BUILDING BUDGET</b>   |         |                   |         |                | \$ 43,953.2 |
| <b>ADDITIONAL BUDGET ADDS:</b>   |         |                   |         |                |             |
| 1) A/E FEES <u>7.26%</u> *   |         |                   |         |                | 3,191.0     |
| ON-SITE OBSERVATION:   |         |                   |         |                | 502.2       |
| NUMBER OF MONTHS <u>24</u>   |         |                   |         |                |             |
| DAYS PER WEEK <u>5</u>   |         |                   |         |                |             |
| 2) REIMBURSABLES (5% of A/E fees unless better estimate available)   |         |                   |         |                | 184.7       |
| 3) CDB CONSTRUCTION ADMINISTRATION FEE (3%)**  |         |                   |         |                | 1,318.6     |
| 4) OTHER ADDS (SEE 2 BELOW)  |         |                   |         |                | 1,490.3     |
| 5) ART IN ARCHITECTURE (As Applicable) -- ONE-HALF OF ONE PERCENT  |         |                   |         |                | 219.8       |
| <b>SUB-TOTAL, BUDGET ADDS</b>  |         |                   |         |                | \$ 6,906.5  |
| <b>TOTAL, BUILDING BUDGET</b>  |         |                   |         |                | \$ 50,859.7 |

OTHER:

|  |                         |    |   |
|--|-------------------------|----|---|
| PROVIDE AN ESTIMATE OF ANNUAL STATE SUPPORTED OPERATIONS AND MAINTENANCE EXPENSE | TOTAL                   | \$ | - |
| Number of additional staff: <u>0</u>   | Salaries and Related    |    | - |
|  | Utilities               |    | - |
|  | Repairs and Maintenance |    | - |

PROVIDE AN EXPLANATION OF ALL DEVIATIONS FROM COST GUIDELINES

SOURCE OF COST ESTIMATE \_\_\_\_\_  
NAME OF PERSON TO CONTACT FOR FURTHER INFORMATION Troy Rhoads  
PHONE NUMBER 309-298-1834

- \* The Capital Development Board's Centralized Fee Negotiation Professional Services and Fees Handbook, (March 2009), provides guidance in developing the budget for A/E fees.
- \*\* If adding CDB Construction Administration Fee, Public Act 93-0032 increased the fee from 1.5% to 3.0% effective July 1, 2003.
- 1 Added costs include: FFE (7%), LEED (6%) and Asbestos Abatement (5%)
- 2 Added costs include: building commissioning, testing and balancing, and technology infrastructure (4%)

PROJECT: WESTERN ILLINOIS UNIVERSITY – MACOMB  
CAPITAL RENEWAL

RAMP BUDGET CATEGORY: Remodeling and Rehabilitation

REQUESTED FUNDING: \$15,600,000

BACKGROUND DATA

*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 directly linked to responsive upkeep and repair of facilities. In addition to operating funds, Capital Renewal funds are used to address deferred maintenance needs on campuses. Since Fiscal Year 2004 Western Illinois University has only received \$3.6 million to address critical campus-wide elevator maintenance, utility infrastructure repairs, and numerous other needs on campus. The University currently estimates a total deferred maintenance and capital renewal backlog of over \$500 million. As is the case on all campuses in Illinois, there are many projects that have been critically needed for a substantial period of time and are negatively impacting the learning environment.

QUANTIFICATION

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. An increase in the Permanent Improvement budget will allow the University to address the increasing backlog of deferred maintenance projects.

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.

DEPENDENT RELATIONSHIPS

There are no other projects that this proposal is dependent.

DESIRED COMPLETION DATE

Design would commence as soon as funds are received.

Resolution 17.9/5 approved with amendments, see page 34.

**Resolution No. 17.9/6: Removal of East Village from the Auxiliary Facilities System (AFS)**

Vice President Williams presented the resolution as submitted.

A motion was made by Trustee Ehlert Fuller to approve. Trustee Cole seconded the motion.

Roll Call

|                        |     |
|------------------------|-----|
| Trustee Roger Clawson  | Yes |
| Trustee Lyneir Cole    | Yes |
| Trustee Cathy Early    | Yes |
| Trustee Ehlert Fuller  | Yes |
| Trustee William Gradle | Yes |
| Trustee Todd Lester    | Yes |
| Trustee Steven Nelson  | Yes |

Attachment M  
Western Illinois University Board of Trustees Audit Committee Materials  
Fiscal Years 2015-2017

**WHEREAS** special provisions have been made for students attending outside the designated terms of August 1 to January 31 and February 1 to July 31:

**THEREFORE** be it resolved that the Board of Trustees approves the Western Illinois University Student Health Insurance Program rate for Fiscal Year 2017 as proposed.

### **AUDIT COMMITTEE**

Trustee Clawson gave opening remarks. In good news, we are number 3 of nine colleges in the least amount of material findings, and also moved up a notch in immaterial findings.

#### **Report No. 17.3/6: Annual Review of Internal Audit Charter**

Interim Vice President Matt Bierman and Assistant Comptroller Jessica Dunn presented the report and summarized the work that is taking place to address any findings. This was the first year with external firm Adelphia. They are expected to begin their next audit process in May.

Trustee Nelson asked about steps being taken to handle the findings. Dunn provided answers to his question.

The written report is as follows:

This is a report of the activity and the results of the FY 2016 Annual External Financial and Compliance Audits, and other outsourced audits released in FY 2016.

#### **Annual External Financial and Compliance Audits FY2016**

- A. Financial Audit – One finding
  - 1. Failure to Apply Accounting and Financial Reporting Standards for Impairment of Capital Assets
- B. Compliance Audit – total findings 7 – the one above and the following:
  - 2. Inadequate Review of Loan Disbursement Transaction and Reporting and Inadequate Performance of Verification Procedures (repeat)
  - 3. Noncompliance with Required Contracting Procedures (repeat)
  - 4. Noncompliance with University Guidelines on Excess Funds
  - 5. Inadequate Controls over Property and Equipment
  - 6. Subsidies between Accounting Entities (repeat)
  - 7. Weaknesses in Computer Inventory Controls

Full detail of these audits may be found on the State of Illinois Auditor General's Website:

<http://www.auditor.illinois.gov/Audit-Reports/WESTERN-ILLINOIS-UNIVERSITY.asp>

#### **Other External/Outsourced Audits, Regulatory Reviews, or Agreed Upon Procedures:**

- 1. NCAA – Independent Accountants' Report on Applying Agreed Upon Procedures – June 30, 2016
- 2. WIUM-FM/WIUW-FM Radio Financial Statements & Independent Auditors' Report - June 30, 2016 & 2015
- 3. Western Illinois University Foundation Financial Statements & Independent Auditor's Report - June 30, 2016 and 2015
- 4. WQPT-TV Annual Financial Report – June 30, 2016



**Number of Material Findings by University:**

|   | Financial Audit |        | Compliance Audit |        |
|---|-----------------|--------|------------------|--------|
|   | FY2016          | FY2015 | FY2016           | FY2015 |
| <u>Eastern Illinois University</u>      | 0               | 0      | 3                | 4      |
| <u>Illinois State University</u>        | 1               | 0      | 4                | 3      |
| <u>Western Illinois University</u>      | 1               | 1      | 7                | 8      |
| <u>Northern Illinois University</u>     | 2               | 1      | 12               | 10     |
| <u>Southern Illinois University</u>     | 0               | 0      | 12               | 11     |
| <u>Chicago State University</u>         | 2               | 1      | 15               | 15     |
| <u>Northeastern Illinois University</u> | 3               | 1      | 17               | 14     |
| <u>U of I</u>                           | 3               | 3      | 18               | 30     |
| <u>Governors State University</u>       | 2               | 0      | 20               | 7      |

**PRESIDENTIAL ASSESSMENT AND EVALUATION**

There was no discussion for this committee.

**GENERAL DISCUSSION and ACTION ITEMS**

**Report No. 17.3/7: Quarterly Planning Update**

Vice President Joe Rives presented the report and asked for questions. Trustee Savala talked about how the Summits in the Quad Cities target multiple high schools and hits a large potential population. She gave kudos for the relationships created.

**Report No. 17.3/8: Update to the Higher Learning Commission**

Vice President Joe Rives explained the rationale behind the report, which is to show that the Board is aware of what the University provides to the Higher Learning Commission. Dr. Rives explained that while the Board had previously received this letter, it is included in today's meeting materials for documentation on Board engagement in University governance and its fiduciary responsibilities. Rives reminded the Board that the three-year budget reduction and reinvestment is a moving target and time sensitive. Initially what was reported to the Board in December was \$20 million. However, based on cost saving measures taken to date, it is now targeted at around \$15 million. This value will change as the status of state appropriations, contract negotiations, and other variables becomes clear. We must all be responsible and report the most current value when figures are used. It is our social responsibility. To quote earlier figures that we correct at the time of publication is incorrect.

**Report No. 17.3/9: Discussion Draft for the Academic Year 2017-2018 Higher Values in Higher Education Supplement**

Vice President Rives gave a PowerPoint presentation. The Board asked for annual Supplements to the Strategic Plan last year. There is a 10 year review of the vision, 5 year review of the mission, and 1 year review of the goals. Rives went over the changes to the goal statements. Dr. Rives asked for feedback from the Board. He will complete meetings with governance groups. The final 2017-2018 *Supplement* will be presented to the Board for Action at the June Meeting.

Trustee Gradle commented on a few items in the *Supplement*. He also asked that students be invited into the process sooner. Trustee Gradle would like to make sure the student voice is integrated in all levels of

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Lester        | Yes |
| Trustee Savala        | Yes |

The motion carried.

**Resolution:**

**WHEREAS** the attached tenure recommendations are in accordance with Article 20 of the 2010-2015 (extended through 2017) Collective Bargaining Agreement with UPI Local 4100 and applicable Board Regulations:

**THEREFORE** be it resolved that the Board of Trustees of Western Illinois University approves, as presented, the tenure recommendations for 2016-2017.

**AUDIT COMMITTEE**

Brittany Kruse introduced herself as the Assistant Comptroller who has served in the capacity since May of 2015. She was the main audit contact for fiscal year 2015. There was one financial audit finding. There were seven compliance findings. There were eight material findings. Seven were repeated from the previous fiscal year. Two were new. There were three peer institutions with fewer findings than Western Illinois University. Five institutions had more. There were three material findings at ISU and thirty at the U of I.

Western Illinois University has put together a risk advisory council. The council is made up of Interim VP Matt Bierman, Assistant to VPAS Digger Oster, General Legal Counsel Rica Calhoun, and Comptroller Brittany Kruse. The council meets on a regular basis to discuss the findings to ensure that findings are eliminated. There will be a new external audit firm Adelpia LLC for financial and compliance. Adelpia will also do the IT Systems Audit. She asked were there any questions. There were none.

**Resolution No. 16.6/7: Audit Committee Charter**

The Audit Director, Michael Sartorius presented the Audit Committee Charter. The Audit Committee is appointed by the Board of Trustees to provide oversight of the accounting and financial recording processes of the University. The external auditors audit the University's financial statements and the integrity of those statements. To improve organizational governance, and provide a flexible framework for the Audit Commit to operate and provide oversight, the charter was drafted. The Charter clearly defines roles and responsibilities of the Audit Committee for financial reporting and internal controls, external auditing, internal auditing, compliance, and risk management. It facilitates transparency and establishes relationships with the Administration and Board. The Charter also helps to improve fiscal accountability and governance of the University.

The Audit Charter that is being presented is both dynamic and flexible. Director Sartorius asked were there any questions. There were no questions or discussion.

The motion to approve was made by Trustee Early and seconded by Trustee Ehlert Fuller.

**Roll Call**

|                 |     |
|-----------------|-----|
| Trustee Clawson | Yes |
|-----------------|-----|

|                       |     |
|-----------------------|-----|
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Lester        | Yes |
| Trustee Savala        | Yes |

The motion carried.

**Resolution:**

**WHEREAS** the Western Illinois University Board of Trustee Bylaws Section IX establishes the Audit Committee as a standing committee of the Board of Trustees and;

**WHEREAS** Western Illinois University proposes the establishment of an Audit Committee Charter to define the purpose, authority, and scope of responsibility for the Audit Committee; and

**WHEREAS** The proposed Audit Committee Charter defines the oversight duties of the Western Illinois University Audit Committee concerning external audits; internal auditing, compliance, legal matters and risk management:

**THEREFORE** be it resolved that the Board of Trustees approves the Western Illinois University Board of Trustees Audit Committee Charter as presented.

**PRESIDENTIAL ASSESSMENT and EVALUATION COMMITTEE**

**Resolution No. 16.6/8: Presidential Contract**

The Presidential Assessment and Evaluation Committee consists of Trustees Yvonne Savala and Carolyn Ehlert Fuller. Trustee Savala stated that the committee completed the review and Chair Clawson gave the concluding remarks. The Board of Trustees commended President Thomas for his outstanding leadership during such a difficult economic period. The Board supports President Thomas strategic vision. If funds were available, President Thomas would deserve an increase. President Thomas has declined the raise he deserves.

A motion was made by Trustee Early to approve the Presidential Contract, and Chair Clawson seconded the motion.

President Jack Thomas thanked the Board and the Leadership Team for their confidence and support during such difficult times. He added that there have been numerous calls, interviews, and meetings to assess President Thomas' performance, and he thanked everyone who worked and participated in the process.

**Roll Call**

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Lester        | Yes |
| Trustee Savala        | Yes |

**THEREFORE** be it resolved in accordance with the priorities and goals of Higher Values in Higher Education that the Board of Trustees approves tuition rates for FY2018 (effective fall semester 2017) as enumerated in the FY2018 Tuition Recommendation document which follows.

FY2018 Tuition Recommendation

|   | FY2015     | FY2016     | FY2017     | Proposed FY2018 |           |          |
|---|------------|------------|------------|-----------------|-----------|----------|
|   |            |            |            | Amount          | \$ Change | % Change |
| <b>I. <u>Undergraduate Students</u></b> |            |            |            |                 |           |          |
| Academic Year (Based on 30 SCH)         | \$8,632.20 | \$8,805.00 | \$8,541.00 | \$8,541.00      | \$ -      | 0.00%    |
| Per Credit Hour                         | \$287.74   | \$293.50   | \$284.70   | \$284.70        | \$ -      | 0.00%    |
| <b>II. <u>Graduate Students</u></b>     |            |            |            |                 |           |          |
| Academic Year (Based on 24 SCH)         | \$7,615.44 | \$7,767.36 | \$7,767.36 | \$7,767.36      | \$ -      | 0.00%    |
| Per Credit Hour                         | \$317.31   | \$323.64   | \$323.64   | \$323.64        | \$ -      | 0.00%    |

**III. Out-of-State Students - Domestic Students**

New students beginning fall semester 2016 at Western Illinois University who have a permanent legal domicile within the United States of America will be assessed in-state tuition.

**IV. Out-of-State Students - International Students**

International students tuition will be assessed at one and one-half times the in-state rate.

**AUDIT COMMITTEE**

Trustee Clawson gave opening remarks.

**Resolution No. 16.12/2: Annual Review of Internal Audit Charter**

Director of Internal Audit Mike Sartorius presented the Internal Audit Charter, well as clarifying the changes made in the Charter and the rationale behind the changes.

A motion was made by Trustee Early to approve. Trustee Ehlert Fuller seconded the motion.

**Roll Call**

|                       |     |
|-----------------------|-----|
| Trustee Roger Clawson | Yes |
| Trustee Lyneir Cole   | Yes |
| Trustee Cathy Early   | Yes |

|                               |     |
|-------------------------------|-----|
| Trustee Carolyn Ehlert Fuller | Yes |
| Trustee William Gradle        | Yes |
| Trustee Steven Nelson         | Yes |
| Trustee Yvonne Savala         | Yes |

Motion carried.

**Resolution:**

**WHEREAS** Western Illinois University has a need to periodically review and present the Internal Auditing Department Charter to the Senior Leadership team and the Board of Trustees to be in compliance with regulatory requirements and the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*; and,

**WHEREAS** the WIU Internal Auditing Department Charter includes the mission, purpose, and organizational structure and authority of the department; statement of professional practice; statement of independence and objectivity; the types of internal audit services provided; departmental objectives; and the duties and responsibilities of the department; and,

**WHEREAS** the Internal Auditing Charter includes the primary responsibilities of the Internal Audit Department, which includes: developing a two-year risk based audit schedule that is updated and approved annually; performing audit assurance engagements, consulting services, special investigations, and follow-up reviews on audit findings issued; reporting material results of audits, reviews, and investigations to University management and the Audit Committee; and providing an annual summary of the Internal Auditing Department activities to the University President and Audit Committee by September 30<sup>th</sup> for the previous fiscal year:

**THEREFORE** be it resolved that the Board of Trustees approves the Internal Audit Charter as presented.

**GENERAL DISCUSSION and ACTION ITEMS**

**Report No. 16.12/5: Facility Assessment Report**

Director of Facilities Maintenance Scott Coker gave a PowerPoint presentation to add to the written report as presented. The presentation highlighted utility usage on campus, DCEO grants, facility condition assessments, age of buildings on campus, and images of deferred maintenance.

Coker answered a question from Trustee Gradle about LED lighting in classrooms.

**Report No. 16.12/6: Fiscal Year 2017 Master Plan Update**

Vice President Joe Rives gave a PowerPoint presentation to add to the written report as presented. Master planning is about people, place and programs. The presentation discussed the guiding principles of the Macomb Campus Master Plan and examples of images showing these principles from the Macomb Campus, and guiding principles of the Quad Cities Campus Master Plan and images showing these principles from the Quad Cities Campus.

Trustee Gradle commented on the accessibility of outlets and how it varies greatly between the Quad Cities and Macomb. Students choose where they want to sit or study based on the availability of outlets. He would like to see more tables with outlets built into them in buildings in Macomb. Trustee Clawson asked about wireless on campus and Interim Provost Neumann answered his questions.

**WHEREAS** Senator Kirk Dillard helped spearhead WIU's successful effort to build its Performing Arts Center and helped launch Western's incredible campus in the Quad Cities. He continues to be a great ambassador for Western Illinois University as he has a prolific record of accomplishments, commitment to public service, and sustained dedication and support of Western Illinois University; and,

**THEREFORE** be it resolved that the Board of Trustees of Western Illinois University approves the conferral of a Doctor of Humane Letters upon Senator Kirk Dillard at Western Illinois University's Commencement Ceremonies.

## **AUDIT COMMITTEE**

### **External Audit Report**

Trustee Hare said thank you Madam Chair. Rita Moore, Director of Internal Auditing, is here, and I believe everyone has received the handout on the external audit, so Rita.

Rita Moore stated first of all I would like to thank everyone at the University for their cooperation with the external auditors. They are almost like they're employees here – they're here so many months of the year. Things were a bit different this year. Matt Bierman was in the audit process for the first time really in depth, so I'm sure he has a different perspective. We also lost our GAAP coordinator, who does most of the financial package, and she left mid-year, so we had some people that stepped up to the plate, and I'd really would like to thank them for doing that. We got everything out on time and everything, and I'd also like to thank Mike Sartorius in our office because he helped step up to the plate because I helped along with the compliance audit.

The complete details of the report can be found at the link that is listed in your report. And the results indicate that we had 2 financial findings and 7 compliance for 9 material findings for the year. 4 of these were repeats from the previous years, and there were 2 items that were implemented that were not repeated.

On the federal compliance audit, we actually have 3 different audits. We have a federal compliance audit, state compliance audit and a financial audit. From the compliance audit for the federal, we did have 1 finding from Financial Aid, but it is very tough if they have just one exception that becomes a finding. They do a very good job, and it's a very complex environment to work in.

We basically – I have also sent out late last night a comparison from where we are with the others across the state, and we're kind of in the middle of the pack. We have 4 that were better than us, 3 that were worse than us and 1 that we tied with, so that's kind of where we stand with the state. That concludes my report. There are also additional external audit regulatory requirement audits listed on the report, but basically they pretty much come back with clean opinions for the most part. Any questions? Trustee Hare asked questions?

Trustee Clawson said Rita, for the good of the Board, could you help just define again the difference between material and immaterial findings? Rita Moore replied basically the externals come in and they evaluate all across the University. The immaterial findings are more minor in nature. They may be a few exceptions, but they're very limited in nature where the material have a higher impact or may have a major impact to financials or that type of issue. Trustee Clawson said the immaterial for instance – is this like a class that they didn't take or something? Rita Moore replied ethics reporting is a good example. It seems like every year if everybody doesn't take the ethics test, we'll have a finding for that. If an employee might not, we'd have to do performance appraisals every year – they look at that every year. If not every performance appraisal is on time, and they find one in their sample that could be a finding you

know – the more you have then it could become a material. Or if you don't fix the problem or address the problem, it can become material.

Trustee Clawson asked how are we trending? I got a sheet that tells me we're five years ago we were probably 5 findings and now we're up to 9. That's not good. Rita Moore replied from the last previous year we are trending up a bit. We're up from 21 findings the last three years we had 18 in total – that's material and immaterial together. I would also indicate that the audits have become more – they have raised the bar. The auditors are more thorough and we've been approximately 8 years with the current firm we have, so they're learning our organization, and they know where to look. They know the people to deal with and that type of thing, and that kind of leads to that to. VP DeWees added I believe more and more compliance issues are regulated by the federal and state that they're checking all the time. So it's just like if you have a new compliance, for example, the ethics testing. They're going to test that. If you're, I mean every year there's more and more compliance issues. Rita Moore interjected I'm sorry. At the beginning of every audit on the compliance issues, the first thing they ask us for and I get from Jeanette is a list of all the laws that have changed that year. And you may get them that year, or it may be a year or two down the road that you get them, but eventually you're going to get tested on some of those issues. Sometimes, it's the first year that they're implemented. If they were implemented, the taskforce was a good example. Now, we didn't have an audit finding and Michael did a very good job of organizing that and getting it in place, but there was a library taskforce that had to be put in place, and we were on top of things. We had it and put it in motion.

Trustee Cole asked so I guess my question is for an organization as big as the University with a total of 9 findings, where would you rate us? Rita Moore responded like I said – we're kind of middle of the pack. The other organizations ranged from 2 at Eastern to 39 at the U of I. Basically, if you're in single digits, you're looking pretty good to some of the others. Trustee Cole continued and that was my question. And if you don't mind, can you tell us the 4 that our repeat. Rita Moore replied they're noted on the report. There's a repeat at the end. Trustee Cole replied okay – you're right. I got it right here. Rita Moore continued #1, 4, 5 and 6.

VP DeWees added and also if you look at the other universities it kind of depends on the accounting firm that does the audit, too, because if it's... our firm is EC Ortiz, so if you look at the other schools that have EC Ortiz, they focus on almost the same things, so we know too that if we look at the other schools, we're going to look now to try to figure out what we need to be extremely careful with for next year. Rita Moore continued one of the next steps that our office does is we put a report out of all the findings that the other universities, and we send those to the related individuals and then cover all leadership team on what those findings are so that they can prepare or look to see what we're doing to see if we...so we can be proactive.

Trustee Clawson asked on the repeated findings – how long do we go before somebody slaps our hand and says no? Rita Moore replied they just keep appearing until we do something about it. Trustee Clawson said pretty embarrassing. Rita Moore replied yeah. Thank you.

Trustee Hare stated I just wanted to say for the record, Rita, thank you as you've done an excellent job on this, and I appreciate it.

#### **PRESIDENTIAL ASSESSMENT AND EVALUATION COMMITTEE**

Trustee Cole stated the only thing that Kerry has sent out information in regards to the assessment being done, or preparing to be done. We will have a report for you by the June meeting. We hope to have some responses so that we can have a report by that time. Kerry? Kerry McBride responded I provided that to just Trustee Cole the timeline basically, but one of the first things that we'll be doing – I'll be doing shortly if not today on Monday will be emailing all of our governance leaders here and on the Quad Cities campus to look for their feedback for the President's performance. And then the process will continue per

Trustee Quigley stated that the resolution should pass as this is something (tuition reductions) that the University should be doing on behalf of the students. Quigley called the question.

Trustee Early called for a motion and Trustee Cole made the motion and Trustee Epperly seconded the motion.

Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | Yes |
| Trustee Hare          | Yes |
| Trustee Quigley       | Yes |
| Trustee Savala        | Yes |

Trustee Epperly commented after the vote that he met a young lady on the plane who was a former student that explained that she had been an LEJA major at Western Illinois University who could not afford to continue her education at WIU, but planned to return after she finished community college in Florida. He added that she was an example of a student who stopped out due to Western's pricing.

At 10:51 a.m. Chair Clawson moved that the Board of Trustees recess for 10 minutes and Trustee Quigley seconded the motion.

Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | Yes |
| Trustee Hare          | Yes |
| Trustee Quigley       | Yes |
| Trustee Savala        | Yes |

The meeting resumed at 11:08 a.m.

### AUDIT COMMITTEE

Chair Clawson called the meeting back to order.

**Resolution No. 15.12/6: Annual Presentation of Auditing Department Charter**

Director of Auditing Michael Sartorius presented the resolution representing the Universities compliance with the annual review of the auditing department charter. The internal audit defines the purpose, authority, and intent of audit activity at Western Illinois University. Internal auditing satisfies a statutory requirement to the State of Illinois. The IIA (International Internal Auditing) rules require that the internal auditor reviews the audit charter with the administration and the Board of Trustees periodically. The charter was updated to show two mandatory requirements as it currently references the core principles for the professional practice of internal auditing and the code of ethics for internal auditors. Dir. Sartorius asked were there any questions.



Chair Clawson called for the motion Trustee Cathy Early made the motion and Trustee Yvonne Savala seconded the motion.

Roll Call

|                       |     |
|-----------------------|-----|
| Trustee Clawson       | Yes |
| Trustee Cole          | Yes |
| Trustee Early         | Yes |
| Trustee Ehlert Fuller | Yes |
| Trustee Epperly       | Yes |
| Trustee Phil G. Hare  | Yes |
| Trustee Quigley       | Yes |
| Trustee Savala        | Yes |

**Resolution:**

**WHEREAS** Western Illinois University has a need to periodically review and present the Internal Auditing Department Charter to the Senior Leadership team and the Board of Trustees to be in compliance with regulatory requirements and the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*; and

**WHEREAS** the WIU Internal Auditing Charter includes the purpose of the Internal Auditing Department; organizational structure and authority of the department; statement of professional practice; statement of independence and objectivity; the types of internal audit services provided; departmental objectives; and the duties and responsibilities of the department; and

**WHEREAS** the Internal Auditing Charter includes the primary responsibilities of the Internal Audit Department, including: the planning of a two-year risk based audit schedule that is created and updated annually; performing the audit engagements by completing the planning, fieldwork and issuing reports of the findings, risks, recommendations and management’s action plans; and providing a summary of the Internal Auditing Department activities to the President and Audit Committee on an annual basis by September 30<sup>th</sup>:

**THEREFORE** be it resolved that the Board of Trustees is presented the Internal Auditing Department Charter for annual review.

**GENERAL DISCUSSION AND ACTION ITEMS**

**Report No. 15.12/8: Facility Assessment Report**

Director of Facilities Management, Scott Coker, stated he would be giving a PowerPoint presentation. He asked would anyone like to pose questions on the BOT packet written report (Report No. 15.12/8) before he began with the slide presentation. He began his slide presentation with the Sherman Hall Cupola project. The cupola has been repaired and this emblem known to characterize the image of the University has been restored to its original glory.

Facility condition assessments were first conducted in 2009. The overall structures on campus were examined using three evaluative cost perspectives, renovation, modernization, and restoration. There were other standards to consider with a heightened sense of urgency and those were considered to be critical deferred maintenance or facility issues that would result in shutting down and otherwise operational

Attachment N  
Western Illinois University Enrollment Trends  
Fall 2013 through Fall 2017

**Table 23. Undergraduate and Graduate Enrollment by College, Department and Major, Fall 2013-2017**

| College/Department/Major                       | 2013      |      |       | 2014      |      |       | 2015      |      |       | 2016      |      |       | 2017      |      |       | Percent Change 2013-2017 |         |         |
|--|-----------|------|-------|-----------|------|-------|-----------|------|-------|-----------|------|-------|-----------|------|-------|--------------------------|---------|---------|
|  | Undergrad | Grad | Total | Undergrad | Grad | Total | Undergrad | Grad | Total | Undergrad | Grad | Total | Undergrad | Grad | Total | Undergrad                | Grad    | Total   |
| <b>COLLEGE OF ARTS &amp; SCIENCES</b>          |           |      |       |           |      |       |           |      |       |           |      |       |           |      |       |                          |         |         |
| African American Studies*                      | 17        | -    | 17    | 10        | 1    | 11    | 13        | -    | 13    | 10        | -    | 10    | -         | -    | -     | -                        | -       | -       |
| African American Studies                       | 17        | -    | 17    | 10        | -    | 10    | 13        | -    | 13    | 10        | -    | 10    | -         | -    | -     | -                        | -       | -       |
| African & African Diaspora World Studies-PBC   | -         | -    | -     | -         | 1    | 1     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -                        | -       | -       |
| Biological Sciences                            | 458       | 70   | 528   | 442       | 76   | 518   | 429       | 89   | 518   | 424       | 83   | 507   | 384       | 69   | 453   | -16.2%                   | -1.4%   | -14.2%  |
| Biology  | 428       | 50   | 478   | 409       | 70   | 479   | 401       | 80   | 481   | 393       | 79   | 472   | 353       | 67   | 420   | -17.5%                   | 34.0%   | -12.1%  |
| Biology Education                              | 18        | -    | 18    | 22        | -    | 22    | 22        | -    | 22    | 20        | -    | 20    | 17        | -    | 17    | 6.3%                     | -       | 6.3%    |
| Clinical Laboratory Science                    | 14        | -    | 14    | 11        | -    | 11    | 6         | -    | 6     | 11        | -    | 11    | 14        | -    | 14    | -                        | -       | -       |
| GIS Analysis-Ecological GIS-PBC                | -         | 2    | 2     | -         | -    | -     | -         | 1    | 1     | -         | -    | -     | -         | -    | -     | -                        | -100.0% | -100.0% |
| Zoo & Aquarium Studies-PBC                     | -         | 18   | 18    | -         | 6    | 6     | -         | 8    | 8     | -         | 4    | 4     | -         | 2    | 2     | -                        | -88.9%  | -88.9%  |
| Chemistry                                      | 202       | 28   | 230   | 212       | 41   | 253   | 186       | 36   | 222   | 170       | 39   | 209   | 150       | 33   | 183   | -25.7%                   | 17.9%   | -20.4%  |
| Chemistry                                      | 67        | 28   | 95    | 81        | 41   | 122   | 81        | 36   | 117   | 65        | 39   | 104   | 53        | 33   | 86    | -20.9%                   | 17.9%   | -9.5%   |
| Chemistry Education                            | 5         | -    | 5     | 5         | -    | 5     | 4         | -    | 4     | 6         | -    | 6     | 6         | -    | 6     | 20.0%                    | -       | 20.0%   |
| Forensic Chemistry                             | 126       | -    | 126   | 122       | -    | 122   | 99        | -    | 99    | 99        | -    | 99    | 91        | -    | 91    | -27.8%                   | -       | -27.8%  |
| Pre-Chemical Engineering                       | 2         | -    | 2     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -100.0%                  | -       | -100.0% |
| Pre-Pharmacy                                   | 2         | -    | 2     | 4         | -    | 4     | 2         | -    | 2     | -         | -    | -     | -         | -    | -     | -100.0%                  | -       | -100.0% |
| English  | 220       | 44   | 264   | 170       | 42   | 212   | 114       | 38   | 152   | 101       | 37   | 138   | 92        | 38   | 130   | -58.2%                   | -13.6%  | -50.8%  |
| English  | 94        | 42   | 136   | 78        | 40   | 118   | 78        | 37   | 115   | 64        | 37   | 101   | 57        | 37   | 94    | -39.4%                   | -11.9%  | -30.9%  |
| English Education                              | 62        | -    | 62    | 42        | -    | 42    | 36        | -    | 36    | 37        | -    | 37    | 35        | -    | 35    | -43.5%                   | -       | -43.5%  |
| English-PBC                                    | -         | 2    | 2     | -         | 2    | 2     | -         | 1    | 1     | -         | -    | -     | -         | 1    | 1     | -                        | -       | -50.0%  |
| Journalism (moved to Broadcasting FL15)        | 64        | -    | 64    | 50        | -    | 50    | -         | -    | -     | -         | -    | -     | -         | -    | -     | -                        | -       | -       |
| Foreign Languages & Literatures                | 26        | -    | 26    | 30        | -    | 30    | 27        | -    | 27    | 37        | -    | 37    | 33        | -    | 33    | 26.9%                    | -       | 26.9%   |
| Foreign Languages & Cultures                   | -         | -    | -     | 6         | -    | 6     | 10        | -    | 10    | 18        | -    | 18    | 22        | -    | 22    | -                        | -       | -       |
| French   | 5         | -    | 5     | 4         | -    | 4     | 3         | -    | 3     | 4         | -    | 4     | 1         | -    | 1     | -80.0%                   | -       | -80.0%  |
| French Education                               | 2         | -    | 2     | 2         | -    | 2     | 2         | -    | 2     | 1         | -    | 1     | -         | -    | -     | -100.0%                  | -       | -100.0% |
| Spanish  | 13        | -    | 13    | 13        | -    | 13    | 4         | -    | 4     | 6         | -    | 6     | 1         | -    | 1     | -92.3%                   | -       | -92.3%  |
| Spanish Education                              | 6         | -    | 6     | 5         | -    | 5     | 8         | -    | 8     | 8         | -    | 8     | 9         | -    | 9     | 50.0%                    | -       | 50.0%   |
| Environmental Science, Ph. D.                  | -         | -    | -     | -         | -    | -     | -         | 3    | 3     | -         | 7    | 7     | -         | 6    | 6     | -                        | -       | -       |
| Geography, Geographic Info Sci & Meteorology** | 55        | 13   | 68    | 61        | 14   | 75    | 50        | 17   | 67    | 37        | 12   | 49    | 29        | 11   | 40    | -47.3%                   | -16.4%  | -41.2%  |
| Geography & Geographic Information Science     | 15        | 12   | 27    | 19        | 14   | 33    | 14        | 17   | 31    | 11        | 12   | 23    | 9         | 11   | 20    | -40.0%                   | -8.3%   | -25.9%  |
| Meteorology                                    | 40        | -    | 40    | 42        | -    | 42    | 36        | -    | 36    | 26        | -    | 26    | 20        | -    | 20    | -50.0%                   | -       | -50.0%  |
| Community Development-PBC                      | -         | 1    | 1     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -                        | -100.0% | -100.0% |
| Geology  | 37        | -    | 37    | 39        | -    | 39    | 35        | -    | 35    | 25        | -    | 25    | 17        | -    | 17    | -54.1%                   | -       | -54.1%  |
| History  | 121       | 28   | 149   | 121       | 28   | 149   | 109       | 30   | 139   | 94        | 26   | 120   | 89        | 16   | 105   | -26.4%                   | -42.9%  | -29.6%  |
| History  | 69        | 28   | 97    | 59        | 28   | 87    | 54        | 30   | 84    | 55        | 26   | 81    | 40        | 16   | 56    | -42.0%                   | -42.9%  | -42.3%  |
| History Education                              | 52        | -    | 52    | 62        | -    | 62    | 55        | -    | 55    | 39        | -    | 39    | 49        | -    | 49    | -5.8%                    | -       | -5.8%   |
| Liberal Arts & Sciences                        | 94        | 30   | 124   | 89        | 24   | 113   | 73        | 19   | 92    | 68        | 7    | 75    | 80        | 10   | 90    | -14.9%                   | -66.7%  | -27.4%  |
| African American Studies*                      | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | 5         | -    | 5     | -                        | -       | -       |
| Liberal Arts & Sciences                        | 94        | 30   | 124   | 89        | 24   | 113   | 73        | 19   | 92    | 68        | 7    | 75    | 70        | 10   | 80    | -25.5%                   | -66.7%  | -35.5%  |
| Religious Studies*                             | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | 2         | -    | 2     | -                        | -       | -       |
| Women's Studies*                               | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | 3         | -    | 3     | -                        | -       | -       |
| Mathematics & Philosophy**                     | 72        | 16   | 88    | 54        | 24   | 78    | 69        | 20   | 89    | 52        | 16   | 67    | 64        | 13   | 134   | -25.0%                   | -18.8%  | 52.3%   |
| Applied Mathematics-PBC                        | -         | -    | -     | -         | 1    | 1     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -                        | -       | -       |
| Mathematics                                    | 34        | 16   | 50    | 29        | 23   | 52    | 31        | 20   | 51    | 24        | 15   | 39    | 22        | 13   | 35    | -35.3%                   | -18.8%  | -30.0%  |
| Mathematics Education                          | 20        | -    | 20    | 20        | -    | 20    | 24        | -    | 24    | 24        | -    | 24    | 21        | -    | 21    | 5.0%                     | -       | 5.0%    |
| Philosophy*                                    | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | 8         | -    | 8     | -                        | -       | -       |
| Pre-Architecture                               | 4         | -    | 4     | -         | -    | -     | 1         | -    | 1     | -         | -    | -     | -         | -    | -     | -100.0%                  | -       | -100.0% |
| Pre-Engineering                                | 14        | -    | 14    | 5         | -    | 5     | 13        | -    | 13    | 4         | -    | 4     | 3         | -    | 3     | -78.6%                   | -       | -78.6%  |
| Nursing, School of                             | 261       | -    | 261   | 230       | -    | 230   | 203       | -    | 203   | 301       | -    | 301   | 304       | -    | 304   | 16.5%                    | -       | 16.5%   |
| Nursing  | 70        | -    | 70    | 68        | -    | 68    | 71        | -    | 71    | 71        | -    | 71    | 68        | -    | 68    | -2.9%                    | -       | -2.9%   |
| Pre-Nursing                                    | 191       | -    | 191   | 162       | -    | 162   | 132       | -    | 132   | 230       | -    | 230   | 236       | -    | 236   | 23.6%                    | -       | 23.6%   |
| Philosophy & Religious Studies*                | 13        | -    | 13    | 16        | -    | 16    | 22        | -    | 22    | 15        | -    | 15    | -         | -    | -     | -                        | -       | -       |
| Philosophy*                                    | 10        | -    | 10    | 12        | -    | 12    | 17        | -    | 17    | 14        | -    | 14    | -         | -    | -     | -                        | -       | -       |
| Religious Studies*                             | 3         | -    | 3     | 4         | -    | 4     | 5         | -    | 5     | 1         | -    | 1     | -         | -    | -     | -                        | -       | -       |
| Physics  | 37        | 33   | 70    | 43        | 27   | 70    | 33        | 32   | 65    | 25        | 29   | 54    | 20        | 21   | 41    | -45.9%                   | -36.4%  | -41.4%  |
| Physics  | 35        | 33   | 68    | 38        | 27   | 65    | 26        | 32   | 58    | 21        | 29   | 50    | 16        | 21   | 37    | -54.3%                   | -36.4%  | -45.6%  |
| Physics Education                              | 2         | -    | 2     | 5         | -    | 5     | 7         | -    | 7     | 4         | -    | 4     | 4         | -    | 4     | 100.0%                   | -       | 100.0%  |
| Pre-Architecture (see Mathematics)             | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -                        | -       | -       |
| Pre-Engineering (see Mathematics)              | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -         | -    | -     | -                        | -       | -       |

Table 23. Undergraduate and Graduate Enrollment by College, Department and Major (Continued)

| College/Department/Major                      | 2013      |       | 2014      |      | 2015      |      | 2016      |       | 2017      |      | Percent Change 2013-2017 |
|---|-----------|-------|-----------|------|-----------|------|-----------|-------|-----------|------|--------------------------|
|   | Undergrad | Grad  | Undergrad | Grad | Undergrad | Grad | Undergrad | Grad  | Undergrad | Grad |                          |
| <b>POLITICAL SCIENCE</b>                      | 114       | 34    | 148       | 28   | 136       | 32   | 122       | 99    | 81        | 19   | -28.9%                   |
| Psychology                                    | 382       | 61    | 443       | 60   | 421       | 64   | 401       | 398   | 330       | 64   | -13.3%                   |
| School Psychology                             | 382       | 40    | 422       | 38   | 399       | 34   | 381       | 345   | 330       | 37   | -7.5%                    |
| Sociology & Anthropology                      | 104       | 18    | 122       | 14   | 91        | 14   | 91        | 65    | 61        | 13   | -43.3%                   |
| Anthropology                                  | 24        | 24    | 24        | 18   | 15        | 13   | 13        | 13    | 20        | 20   | -16.7%                   |
| Sociology                                     | 80        | 18    | 98        | 14   | 76        | 14   | 78        | 52    | 41        | 54   | -44.9%                   |
| Women's Studies                               | 8         | 3     | 12        | 1    | 7         | 7    | 6         | 6     | -         | -    | -                        |
| Women's Studies                               | 8         | 9     | 9         | 7    | 7         | 7    | 6         | 6     | -         | -    | -                        |
| Women's Studies-PBC                           | 3         | -     | 3         | 1    | 1         | 1    | -         | -     | -         | -    | -                        |
| <b>TOTAL ARTS &amp; SCIENCES</b>              | 2,222     | 2,600 | 2,449     | 380  | 2,449     | 384  | 2,268     | 1,865 | 1,724     | 303  | -22.0%                   |
| <b>COLLEGE OF BUSINESS &amp; TECHNOLOGY</b>   | 375       | 22    | 397       | 20   | 398       | 357  | 20        | 367   | 364       | 26   | -2.9%                    |
| Accounting & Finance                          | 123       | 22    | 145       | 20   | 151       | 20   | 137       | 158   | 121       | 26   | -18.2%                   |
| Pre-Accountancy                               | 155       | -     | 165       | -    | 170       | -    | 183       | 158   | 160       | 160  | 3.2%                     |
| Finance                                       | 46        | -     | 46        | -    | 39        | -    | 23        | 24    | 36        | 36   | -21.7%                   |
| Pre-Finance                                   | 51        | -     | 51        | -    | 38        | -    | 34        | 49    | 47        | 47   | -7.8%                    |
| <b>Agriculture, School of</b>                 | 365       | -     | 365       | -    | 364       | -    | 362       | 350   | 321       | 321  | -12.1%                   |
| Agriculture                                   | 333       | -     | 333       | -    | 319       | -    | 320       | 315   | 296       | 296  | -11.1%                   |
| Agriculture Education                         | 22        | -     | 22        | -    | 19        | -    | 25        | 19    | 23        | 23   | 4.5%                     |
| Pre-Veterinary Medicine                       | 10        | -     | 10        | -    | 16        | -    | 17        | 16    | 2         | 2    | -80.0%                   |
| <b>Computer Science, School of</b>            | 242       | 72    | 314       | 407  | 277       | 426  | 277       | 264   | 244       | 418  | 0.8%                     |
| Computer Science                              | 165       | 72    | 237       | 185  | 175       | 148  | 148       | 164   | 150       | 324  | 33.1%                    |
| Cyber Security                                | -         | -     | -         | -    | -         | -    | -         | -     | 174       | 174  | 141.7%                   |
| Information Systems (B.S.)                    | 2         | -     | 2         | -    | -         | -    | -         | -     | 7         | 7    | -50.0%                   |
| Information Systems (B.S.) Phasing out FL11   | -         | -     | -         | -    | -         | -    | -         | -     | 1         | 1    | -50.0%                   |
| Information Systems (B.S.)                    | 55        | -     | 73        | -    | 74        | -    | 66        | 66    | 57        | 57   | 3.6%                     |
| Pre-Information Systems                       | 20        | -     | 29        | -    | 28        | -    | 24        | 29    | 29        | 29   | 45.0%                    |
| Network Technologies                          | 23        | -     | 23        | -    | 23        | -    | 25        | 14    | 11        | 11   | -52.2%                   |
| Pre-Economics                                 | 23        | -     | 23        | -    | 25        | -    | 25        | 14    | 11        | 11   | -11.1%                   |
| Economics (B.B.)                              | 9         | -     | 9         | -    | 11        | -    | 15        | 15    | 8         | 8    | -20.0%                   |
| Economics (B.A.) (M.A.)                       | 10        | -     | 10        | -    | 11        | -    | 14        | 14    | 27        | 27   | -5.4%                    |
| Business Analytics-PBC                        | -         | -     | -         | -    | -         | -    | -         | -     | 1         | 1    | -                        |
| Business Analytics (M.S.)                     | -         | -     | -         | -    | -         | -    | -         | -     | 12        | 12   | -                        |
| Applied Statistics & Decision Sciences        | 42        | 27    | 69        | 44   | 61        | 26   | 76        | 43    | 27        | 67   | -35.7%                   |
| Applied Statistics & Decision Sciences (M.S.) | -         | -     | -         | -    | -         | -    | -         | -     | 40        | 40   | 48.1%                    |
| Engineering Technology                        | 284       | 9     | 293       | 309  | 31        | 266  | 297       | 381   | 259       | 91   | -8.8%                    |
| Engineering Technology (new SP 17)            | -         | -     | -         | -    | -         | -    | -         | -     | 28        | 28   | -                        |
| Construction Management                       | 115       | -     | 123       | -    | 95        | -    | 93        | 87    | 87        | 87   | -24.3%                   |
| Engineering Technology Leadership             | 99        | -     | 99        | -    | 120       | -    | 113       | 143   | 142       | 142  | 43.4%                    |
| Engineering Technology                        | 99        | 9     | 99        | 13   | 13        | 31   | 25        | 25    | 30        | 30   | 233.3%                   |
| Graphic Communication                         | 70        | -     | 70        | -    | 66        | -    | 62        | 41    | 26        | 26   | -62.9%                   |
| Instructional Design & Technology             | -         | -     | -         | -    | -         | -    | -         | -     | 56        | 56   | -                        |
| Instructional Design & Technology-PBC         | -         | -     | -         | -    | -         | -    | -         | -     | 5         | 5    | -                        |
| Media & Instructional Technology              | -         | -     | -         | -    | -         | -    | -         | -     | 4         | 4    | -                        |
| <b>Management &amp; Marketing</b>             | 716       | 95    | 811       | 747  | 842       | 692  | 117       | 604   | 647       | 116  | -23.6%                   |
| Business Administration-PBC                   | -         | -     | -         | -    | -         | -    | -         | -     | 107       | 107  | 40.8%                    |
| Business Administration                       | -         | -     | -         | -    | -         | -    | -         | -     | 4         | 4    | -73.3%                   |
| Human Resource Management                     | 17        | -     | 17        | -    | 36        | -    | 31        | 31    | 22        | 22   | 29.4%                    |
| Pre-Human Resource Management                 | 61        | -     | 61        | -    | 51        | -    | 48        | 49    | 49        | 49   | -19.7%                   |
| Management                                    | 82        | -     | 82        | -    | 114       | -    | 123       | 90    | 78        | 78   | -4.9%                    |
| Pre-Management                                | 231       | -     | 231       | -    | 214       | -    | 160       | 134   | 121       | 121  | -47.6%                   |
| Marketing                                     | 71        | -     | 71        | -    | 76        | -    | 65        | 62    | 45        | 45   | -36.6%                   |
| Pre-Marketing                                 | 129       | -     | 129       | -    | 125       | -    | 94        | 82    | 79        | 79   | -38.8%                   |
| Supply Chain Management                       | 61        | -     | 61        | -    | 65        | -    | 76        | 80    | 66        | 66   | 8.2%                     |
| Pre-Supply Chain Management                   | 64        | -     | 64        | -    | 81        | -    | 87        | 77    | 87        | 87   | 35.9%                    |
| Supply Chain Management-PBC                   | -         | -     | -         | -    | -         | -    | -         | -     | -         | -    | -                        |

College/Department/Major

**Table 23. Undergraduate and Graduate Enrollment by College, Department and Major (Continued)**

| College/Department/Major                             | 2013         |            |              | 2014         |            |              | 2015         |            |              | 2016         |            |              | 2017         |            |              | Percent Change 2013-2017 |               |               |
|--|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------------------|---------------|---------------|
|  | Undergrad    | Grad       | Total        | Undergrad    | Grad       | Total        | Undergrad    | Grad       | Total        | Undergrad    | Grad       | Total        | Undergrad    | Grad       | Total        | Undergrad                | Grad          | Total         |
| Pre-Business Undecided                               | 36           | -          | 36           | 48           | -          | 48           | 99           | -          | 99           | 82           | -          | 82           | 88           | -          | 88           | 144.4%                   | -             | 144.4%        |
| <b>TOTAL BUSINESS &amp; TECHNOLOGY</b>               | <b>2,198</b> | <b>225</b> | <b>2,423</b> | <b>2,321</b> | <b>269</b> | <b>2,590</b> | <b>2,257</b> | <b>341</b> | <b>2,598</b> | <b>2,164</b> | <b>401</b> | <b>2,565</b> | <b>1,988</b> | <b>446</b> | <b>2,434</b> | <b>-9.6%</b>             | <b>98.2%</b>  | <b>0.8%</b>   |
| <b>COLLEGE OF EDUCATION &amp; HUMAN SERVICES</b>     |              |            |              |              |            |              |              |            |              |              |            |              |              |            |              |                          |               |               |
| Counseling   | -            | 72         | 72           | -            | 77         | 77           | -            | 78         | 78           | -            | 73         | 73           | -            | 72         | 72           | -                        | -             | 15.9%         |
| Curriculum & Instruction                             | 486          | 210        | 696          | 440          | 183        | 623          | 346          | 163        | 499          | 306          | 147        | 453          | 280          | 126        | 405          | -42.4%                   | -40.6%        | -41.8%        |
| Elementary Education/Curriculum & Instruction        | 139          | 73         | 212          | 133          | 68         | 201          | 117          | 60         | 197          | 85           | 60         | 175          | 58           | 82         | 140          | -58.3%                   | 12.3%         | -34.0%        |
| Middle Level Education                               | -            | -          | -            | -            | -          | -            | -            | -          | -            | -            | -          | -            | 15           | -          | 15           | -                        | -             | -             |
| Pre-Elementary Education                             | 212          | -          | 212          | 193          | -          | 193          | 131          | -          | 131          | 136          | -          | 136          | 149          | -          | 149          | -29.7%                   | -             | -29.7%        |
| Reading  | -            | 109        | 109          | -            | 89         | 89           | -            | 51         | 51           | -            | 39         | 39           | -            | 25         | 25           | -                        | -77.1%        | -77.1%        |
| Special Education                                    | 135          | 28         | 163          | 114          | 26         | 140          | 98           | 22         | 120          | 85           | 18         | 103          | 58           | 18         | 76           | -57.0%                   | -35.7%        | -53.4%        |
| Dietetics, Fashion Merchandising & Hospitality       | 258          | -          | 258          | 225          | -          | 225          | 193          | -          | 193          | 145          | -          | 145          | 122          | -          | 122          | -52.7%                   | -             | -52.7%        |
| Family & Consumer Sciences                           | 258          | -          | 258          | 225          | -          | 225          | 183          | -          | 183          | 76           | -          | 76           | 26           | -          | 26           | -89.9%                   | -             | -89.9%        |
| Apparel & Textile Merchandising                      | -            | -          | -            | -            | -          | -            | 2            | -          | 2            | 20           | -          | 20           | 32           | -          | 32           | -                        | -             | -             |
| Dietetics  | -            | -          | -            | -            | -          | -            | 4            | -          | 4            | 25           | -          | 25           | 28           | -          | 28           | -                        | -             | -             |
| Hospitality Management                               | -            | -          | -            | -            | -          | -            | 2            | -          | 2            | 16           | -          | 16           | 23           | -          | 23           | -                        | -             | -             |
| Nutrition & Foodservice Management                   | -            | -          | -            | -            | -          | -            | 1            | -          | 1            | -            | -          | -            | 2            | -          | 2            | -                        | -             | -             |
| Pre-Dietetics  | -            | -          | -            | -            | -          | -            | 1            | -          | 1            | 8            | -          | 8            | 13           | -          | 13           | -                        | -             | -             |
| Educational Studies                                  | 15           | 269        | 284          | 8            | 244        | 252          | 9            | 288        | 297          | 9            | 279        | 288          | 11           | 273        | 284          | -26.7%                   | 1.5%          | 0.0%          |
| Bilingual/English as a Second Language**             | 15           | -          | 15           | 8            | -          | 8            | 9            | -          | 9            | 9            | -          | 9            | 11           | -          | 11           | -26.7%                   | -             | -26.7%        |
| College Student Personnel                            | -            | 45         | 45           | -            | 51         | 51           | -            | 78         | 78           | -            | 75         | 75           | -            | 68         | 68           | -                        | 51.1%         | 51.1%         |
| Educational & Interdisciplinary Studies*             | -            | 35         | 35           | -            | 38         | 38           | -            | 27         | 27           | -            | 27         | 27           | -            | 33         | 33           | -                        | -5.7%         | -5.7%         |
| Educational Studies*                                 | -            | -          | -            | -            | -          | -            | -            | -          | -            | -            | -          | -            | 2            | -          | 2            | -                        | 0.0%          | 0.0%          |
| TESOL-PBC  | -            | 5          | 5            | -            | 5          | 5            | -            | 5          | 5            | -            | 2          | 2            | -            | -          | -            | -                        | -100.0%       | -100.0%       |
| Doctorate of Education                               | -            | 45         | 45           | -            | 37         | 37           | -            | 41         | 41           | -            | 44         | 44           | -            | 54         | 54           | -                        | 20.0%         | 20.0%         |
| Educational Leadership                               | -            | 85         | 85           | -            | 59         | 59           | -            | 82         | 82           | -            | 83         | 83           | -            | 73         | 73           | -                        | -14.1%        | -14.1%        |
| Ed Leadership-6th Year                               | -            | 54         | 54           | -            | 54         | 54           | -            | 55         | 55           | -            | 48         | 48           | -            | 43         | 43           | -                        | -20.4%        | -20.4%        |
| Health Sciences & Social Work                        | 356          | 47         | 403          | 338          | 45         | 383          | 367          | 43         | 410          | 346          | 44         | 390          | 291          | 59         | 350          | -18.3%                   | 26.5%         | -13.2%        |
| Emergency Management                                 | 60           | -          | 60           | 45           | -          | 45           | 30           | -          | 30           | 33           | -          | 33           | 30           | -          | 30           | -50.0%                   | -             | -50.0%        |
| Health Sciences                                      | 16           | 41         | 57           | -            | 41         | 41           | 1            | 40         | 41           | -            | 44         | 44           | -            | 57         | 57           | -100.0%                  | 39.0%         | -             |
| Health Services Administration-PBC                   | -            | 6          | 6            | -            | 4          | 4            | -            | 3          | 3            | -            | -          | -            | -            | 2          | 2            | -                        | -66.7%        | -66.7%        |
| Health Services Management                           | 76           | -          | 76           | 79           | -          | 79           | 87           | -          | 87           | 65           | -          | 65           | 60           | -          | 60           | -21.1%                   | -             | -21.1%        |
| Public Health  | -            | -          | -            | 16           | -          | 16           | 19           | -          | 19           | 27           | -          | 27           | 24           | -          | 24           | -                        | -             | -             |
| Social Work  | 67           | -          | 67           | 66           | -          | 66           | 72           | -          | 72           | 114          | -          | 114          | 81           | -          | 81           | 20.9%                    | -             | 20.9%         |
| Pre-Social Work                                      | 137          | -          | 137          | 132          | -          | 132          | 158          | -          | 158          | 107          | -          | 107          | 96           | -          | 96           | -29.9%                   | -             | -29.9%        |
| Instructional Design & Technology (moved to ET FL16) | 22           | 99         | 121          | 21           | 91         | 112          | 20           | 87         | 107          | -            | -          | -            | -            | -          | -            | -                        | -             | -             |
| Media & Instructional Technology/IDT                 | 22           | 86         | 108          | 21           | 77         | 98           | 20           | 75         | 95           | -            | -          | -            | -            | -          | -            | -                        | -             | -             |
| Instructional Design & Technology-PBC                | -            | 13         | 13           | -            | 14         | 14           | -            | 12         | 12           | -            | -          | -            | -            | -          | -            | -                        | -             | -             |
| Kinesiology  | 456          | 89         | 545          | 457          | 87         | 544          | 397          | 82         | 479          | 348          | 94         | 442          | 293          | 109        | 402          | -35.7%                   | 22.5%         | -26.2%        |
| Athletic Training                                    | 102          | -          | 102          | 101          | -          | 101          | 113          | -          | 113          | 99           | -          | 99           | 71           | -          | 71           | -30.4%                   | -             | -30.4%        |
| Exercise Science                                     | 268          | -          | 268          | 263          | -          | 263          | 216          | -          | 216          | 188          | -          | 188          | 165          | -          | 165          | -38.4%                   | -             | -38.4%        |
| Kinesiology  | -            | 33         | 33           | -            | 34         | 34           | -            | 41         | 41           | -            | 47         | 47           | -            | 44         | 44           | -                        | 33.3%         | 33.3%         |
| Physical Education K-12                              | 86           | -          | 86           | 73           | -          | 73           | 68           | -          | 68           | 61           | -          | 61           | 57           | -          | 57           | -33.7%                   | -             | -33.7%        |
| Sport Management                                     | -            | 56         | 56           | -            | 53         | 53           | -            | 41         | 41           | -            | 47         | 47           | -            | 65         | 65           | -                        | 16.1%         | 16.1%         |
| Law Enforcement & Justice Admin, School of           | 1,637        | 50         | 1,687        | 1,607        | 48         | 1,655        | 1,586        | 48         | 1,634        | 1,525        | 42         | 1,567        | 1,369        | 61         | 1,430        | -16.4%                   | 22.0%         | -15.2%        |
| Fire Protection Services                             | 33           | -          | 33           | 76           | -          | 76           | 102          | -          | 102          | 127          | -          | 127          | 133          | -          | 133          | 303.0%                   | -             | 303.0%        |
| Law Enforcement & Justice Administration             | 672          | 50         | 722          | 619          | 45         | 664          | 1,484        | 44         | 1,528        | 1,398        | 39         | 1,437        | 1,236        | 60         | 1,296        | 83.9%                    | 20.0%         | 79.5%         |
| Pre-Law Enforcement & Justice Administration         | 832          | -          | 832          | 912          | -          | 912          | -            | -          | -            | -            | -          | -            | -            | -          | -            | -100.0%                  | -             | -100.0%       |
| Police Executive Certificate-PBC                     | -            | -          | -            | -            | 3          | 3            | -            | 4          | 4            | -            | 3          | 3            | -            | 1          | 1            | -                        | -             | -             |
| Recreation, Park & Tourism Administration            | 214          | 33         | 247          | 203          | 30         | 233          | 209          | 40         | 249          | 201          | 35         | 236          | 159          | 30         | 189          | -25.7%                   | -9.1%         | -23.5%        |
| Recreation, Park & Tourism Administration            | 214          | 33         | 247          | 203          | 30         | 233          | 209          | 40         | 249          | 201          | 35         | 236          | 159          | 30         | 189          | -25.7%                   | -9.1%         | -23.5%        |
| Event Planning & Management-PBC                      | -            | -          | -            | -            | -          | -            | -            | -          | -            | -            | -          | -            | -            | -          | -            | -                        | -             | -             |
| <b>TOTAL EDUCATION &amp; HUMAN SERVICES</b>          | <b>3,444</b> | <b>869</b> | <b>4,313</b> | <b>3,299</b> | <b>805</b> | <b>4,104</b> | <b>3,127</b> | <b>819</b> | <b>3,946</b> | <b>2,880</b> | <b>714</b> | <b>3,594</b> | <b>2,525</b> | <b>729</b> | <b>3,254</b> | <b>-26.7%</b>            | <b>-16.1%</b> | <b>-24.6%</b> |

**Table 23. Undergraduate and Graduate Enrollment by College, Department and Major (Continued)**

| College/Department/Major                        | 2013         |              |               | 2014         |              |               | 2015         |              |               | 2016         |              |               | 2017         |              |              | Percent Change 2013-2017 |              |               |
|---|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------------------|--------------|---------------|
|   | Undergrad    | Grad         | Total         | Undergrad    | Grad         | Total         | Undergrad    | Grad         | Total         | Undergrad    | Grad         | Total         | Undergrad    | Grad         | Total        | Undergrad                | Grad         | Total         |
| <b>COLLEGE OF FINE ARTS &amp; COMMUNICATION</b> |              |              |               |              |              |               |              |              |               |              |              |               |              |              |              |                          |              |               |
| Art   | 107          | -            | 107           | 115          | -            | 115           | 103          | -            | 103           | 106          | -            | 106           | 96           | -            | 96           | -10.3%                   | -            | -10.3%        |
| Art   | 82           | -            | 82            | 85           | -            | 85            | 80           | -            | 80            | 80           | -            | 80            | 77           | -            | 77           | -6.1%                    | -            | -6.1%         |
| Art (BFA)                                       | 7            | -            | 7             | 12           | -            | 12            | 11           | -            | 11            | 12           | -            | 12            | 7            | -            | 7            | -                        | -            | -             |
| Art Education                                   | 18           | -            | 18            | 18           | -            | 18            | 12           | -            | 12            | 14           | -            | 14            | 12           | -            | 12           | -33.3%                   | -            | -33.3%        |
| Broadcasting & Journalism                       | 207          | -            | 207           | 196          | -            | 196           | 221          | -            | 221           | 202          | -            | 202           | 192          | -            | 192          | -7.2%                    | -            | -7.2%         |
| Broadcasting                                    | 207          | -            | 207           | 196          | -            | 196           | 176          | -            | 176           | 167          | -            | 167           | 161          | -            | 161          | -22.2%                   | -            | -22.2%        |
| Journalism                                      | -            | -            | -             | -            | -            | -             | 45           | -            | 45            | 35           | -            | 35            | 31           | -            | 31           | -                        | -            | -             |
| Communication                                   | 278          | 21           | 299           | 277          | 22           | 299           | 260          | 24           | 284           | 232          | 17           | 249           | 180          | 25           | 205          | -35.3%                   | 19.0%        | -31.4%        |
| Communication Sciences & Disorders              | 66           | 38           | 104           | 71           | 38           | 109           | 78           | 40           | 118           | 70           | 40           | 110           | 50           | 42           | 92           | -24.2%                   | 10.5%        | -11.5%        |
| Museum Studies                                  | -            | 25           | 25            | -            | 23           | 23            | -            | 25           | 25            | -            | 33           | 33            | -            | 37           | 37           | -                        | 48.0%        | 48.0%         |
| Museum Studies                                  | -            | 23           | 23            | -            | 23           | 23            | -            | 23           | 23            | -            | 32           | 32            | -            | 34           | 34           | -                        | 47.8%        | 47.8%         |
| Museum Studies-PBC                              | -            | 2            | 2             | -            | -            | -             | -            | 2            | 2             | -            | 1            | 1             | -            | 3            | 3            | -                        | 1            | 1             |
| Music, School of                                | 202          | 28           | 230           | 181          | 25           | 206           | 185          | 25           | 210           | 174          | 27           | 201           | 163          | 29           | 192          | -19.3%                   | 3.6%         | -16.5%        |
| Music (B.A.)                                    | 4            | -            | 4             | 7            | -            | 7             | 1            | -            | 1             | 2            | -            | 2             | -            | -            | -            | -100.0%                  | -            | -100.0%       |
| Music (B.M.) (M.M.)                             | 107          | 28           | 135           | 103          | 25           | 128           | 114          | 25           | 139           | 105          | 25           | 130           | 100          | 26           | 126          | -6.5%                    | -7.1%        | -6.7%         |
| Music Education                                 | 91           | -            | 91            | 71           | -            | 71            | 70           | -            | 70            | 67           | -            | 67            | 63           | -            | 63           | -30.8%                   | -            | -30.8%        |
| Music Performance-PBC                           | -            | -            | -             | -            | -            | -             | -            | -            | -             | -            | 2            | 2             | -            | 3            | 3            | -                        | -            | -             |
| Theatre and Dance                               | 67           | 16           | 83            | 77           | 21           | 98            | 76           | 24           | 100           | 73           | 17           | 90            | 69           | 15           | 84           | -11.9%                   | -6.3%        | -10.8%        |
| Musical Theatre                                 | 35           | -            | 35            | 31           | -            | 31            | 29           | -            | 29            | 28           | -            | 28            | 27           | -            | 27           | -22.9%                   | -            | -22.9%        |
| Theatre   | 32           | 16           | 48            | 46           | 21           | 67            | 47           | 24           | 71            | 45           | 17           | 62            | 32           | 15           | 47           | -                        | -6.3%        | -2.1%         |
| <b>TOTAL FINE ARTS &amp; COMMUNICATION</b>      | <b>927</b>   | <b>128</b>   | <b>1,055</b>  | <b>917</b>   | <b>129</b>   | <b>1,046</b>  | <b>923</b>   | <b>138</b>   | <b>1,061</b>  | <b>857</b>   | <b>134</b>   | <b>991</b>    | <b>740</b>   | <b>148</b>   | <b>888</b>   | <b>-20.2%</b>            | <b>15.6%</b> | <b>-15.8%</b> |
| <b>OTHER</b>                                    |              |              |               |              |              |               |              |              |               |              |              |               |              |              |              |                          |              |               |
| Non-Degree Advanced Graduate                    | -            | 63           | 63            | -            | 73           | 73            | -            | 88           | 88            | -            | 78           | 78            | -            | 84           | 84           | -                        | 33.3%        | 33.3%         |
| Community & Economic Development (M.A.)         | -            | -            | -             | -            | -            | -             | -            | -            | -             | -            | 7            | 7             | -            | 16           | 16           | -                        | -            | -             |
| General Studies                                 | 494          | -            | 494           | 478          | -            | 478           | 468          | -            | 468           | 420          | -            | 420           | 369          | -            | 369          | -25.3%                   | -            | -25.3%        |
| Interdisciplinary Studies                       | 39           | -            | 39            | 23           | -            | 23            | 20           | -            | 20            | 10           | -            | 10            | 9            | -            | 9            | -76.9%                   | -            | -76.9%        |
| Non-Degree Student (High School)                | 1            | -            | 1             | 6            | -            | 6             | 21           | -            | 21            | 19           | -            | 19            | 40           | -            | 40           | 3900.0%                  | -            | 3900.0%       |
| Unclassified#                                   | 76           | 141          | 217           | 38           | 118          | 156           | 36           | 148          | 184           | 22           | 144          | 166           | 7            | 107          | 114          | -90.8%                   | -24.1%       | -47.5%        |
| University Advising                             | 401          | -            | 401           | 424          | -            | 424           | 388          | -            | 388           | 275          | -            | 275           | 182          | -            | 182          | -54.6%                   | -            | -54.6%        |
| WEST  | 71           | 30           | 101           | 70           | 39           | 109           | 17           | 35           | 52            | 41           | 9            | 50            | 15           | 9            | 24           | -78.9%                   | -70.0%       | -76.2%        |
| <b>TOTAL OTHER</b>                              | <b>1,082</b> | <b>234</b>   | <b>1,316</b>  | <b>1,039</b> | <b>230</b>   | <b>1,269</b>  | <b>950</b>   | <b>271</b>   | <b>1,221</b>  | <b>787</b>   | <b>238</b>   | <b>1,025</b>  | <b>622</b>   | <b>216</b>   | <b>838</b>   | <b>-42.6%</b>            | <b>-7.7%</b> | <b>-36.3%</b> |
| <b>ENROLLMENT TOTAL</b>                         | <b>9,873</b> | <b>1,834</b> | <b>11,707</b> | <b>9,645</b> | <b>1,813</b> | <b>11,458</b> | <b>9,141</b> | <b>1,953</b> | <b>11,094</b> | <b>8,543</b> | <b>1,830</b> | <b>10,373</b> | <b>7,599</b> | <b>1,842</b> | <b>9,441</b> | <b>-23.0%</b>            | <b>0.4%</b>  | <b>-19.4%</b> |

#includes unclassified and transitional students

PBC = Post-Baccalaureate Certificate

Note: Pre-Architecture & Pre-Engineering have Mathematics CIP Codes, so totals are reflected in Mathematics. However, these students are advised by the Physics Dept.

\*Program Change FL16 - Instructional Design & Technology moved from COEHS to Dept. of Engineering Tech in CBT.

\*Program Change FL17 - African Am Studies, Religious Studies, Women's Studies merged under Liberal Arts & Sciences; Philosophy merged with Mathematics; Network Technologies BS changed to Cyber Security; M.S.Ed. in EIS changed to M.S.Ed. in Educational Studies.

\*\*Department Title Changes FL17