

May 26, 2006

**Members of the Board Finance Committee**

John Simmons, Chair  
Roger Tedrick  
Stephen Wigginton  
Marquita Wiley

Dear Members of the Finance Committee:

There will be a meeting of the Finance Committee on Thursday, June 8, 2006, at 9:00 a.m. in Roller Hall, Room 1511, Main Clinic Building 263, at the School of Dental Medicine in Alton, Illinois. The following items have been suggested for the agenda:

1. Approval of Minutes of the March 9 (amended) and May 2, 2006, meetings (enclosures).
2. Salary Increase Plan for Fiscal Year 2007 (Board Agenda Item K).
3. Temporary Financial Arrangements for Fiscal Year 2007 (Board Agenda Item L).
4. Operating and Capital RAMP Guidelines for Fiscal Year 2008 (Board Agenda Item M) (joint discussion with the Architecture and Design Committee).
5. Reorganization of Center for Environmental Health and Safety from Office of Finance to Office of Administration, SIUC (Board Agenda Item R).
6. Amended Proposed Increase: Student Activity Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6 and A-11] (Board Agenda Item S).

7. Appointments of Executive Director of Connect SI and Communications Director, Office of the President.
8. Investments Report (enclosure).
9. Budget Adjustment Request (enclosure).
10. Third Quarterly Budget Report for FY 2006 (enclosure).
11. Other business.

Yours truly,

Duane Stucky  
Vice President for Financial and Administrative Affairs  
And Board Treasurer

DS/lap

Enclosures

cc:	Samuel Goldman	Matthew Townsend	Walter V. Wendler
	Tequia Hicks	Glenn Poshard	Constituency Heads
	Ed Hightower	Vaughn Vandegrift	Other Interested Parties
	Keith Sanders		

**As amended at the May 2, 2006, Finance Committee Meeting**

**BOARD OF TRUSTEES**

**SOUTHERN ILLINOIS UNIVERSITY**

**Minutes of the Finance Committee Meeting**

**March 9, 2006**

The Finance Committee met following the Architecture and Design Committee in Ballroom B of the Student Center, Southern Illinois University Carbondale. Present were: Roger Tedrick (Chair Pro Tem), John Simmons (for a portion of the meeting) and Marquita Wiley (Pro Tem). Absent was: Stephen Wigginton. Other Board members present were: Samuel Goldman, Tequia Hicks, Keith Sanders and Matthew Townsend. Absent was: Ed Hightower. Executive Officers present were: President Glenn Poshard; Chancellor Vaughn Vandegrift, SIUE; Chancellor Walter Wendler, SIUC; Vice President for Academic Affairs John S. Haller, Jr.; and Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

**Minutes**

The minutes of the December 8, 2005, meeting were approved as submitted.

**Presentation and Discussion on Affordability.**

Vice President Stucky reminded Board members of last year's presentation on financial aid and that the University has had to rely more heavily on student tuition and fee increases to fund improvement. Approximately 25% of new tuition dollars has been used by the current Chancellors for student assistantships and financial aid.

Information was presented for FY 04-05 for undergraduate, full-time students regarding income levels and the net cost of attendance. Dr. Stucky thanked staff members for their time and effort in gathering this data. The distribution of students in the quintiles has not significantly changed in a three-year period. Roughly 30% of students on each campus do not file for financial aid. Generally, the students who are most needy get more financial from the government than those who are less needy. University/private aid does not proportionally decrease as income levels increase.

Tequia Hicks questioned the motivation for increasing the institutional need-based financial aid. Dr. Stucky responded that as tuition increases,

the gap between financial support and costs for the neediest students rises at a disproportionate level. There is a definite need for support for increased financial aid at the state and institution level.

Dr. Sanders pointed out that the dollar figure for student income in the Quintile 1 dependent category shows the income ranges for families nationally, which is probably high for our campuses. This number takes into account all public and private universities across the nation. Dr. Sanders asked that the income ranges for students at SIUE and SIUC be prepared and presented at the May meeting. He stated that one measure of affordability is the amount of a family's income that it takes to send a student to SIU after all the aid has been taken into account. For the May meeting, Dr. Sanders asked that staff prepare ways to fairly accurately measure changes in the affordability of SIU, based upon income each year of both dependent and independent students.

Dr. Goldman questioned whether financial aid would pick up the total amount of the proposed mandatory fee increases. Vice President Stucky and SIUC Vice Chancellor Larry Dietz explained the complexity of financial awards and the fact that some students in the neediest quintiles may have already reached their maximums on all award programs. Approximately 77% of SIUC and 70% of SIUE students receive some type of financial aid. Federal financial award programs do not increase annually, but increased ISAC funding could help offset additional tuition and fee increases. Dr. Goldman asked about any changes to wages paid to student workers. Chancellor Wendler responded that the SIUC student minimum wage, already above the federal minimum, has increased each of the last three years. Chancellor Wendler confirmed for Dr. Goldman that it is reasonable to expect that a portion of the proposed tuition and fee increases would be covered by increased aid or wages. Dr. Poshard received clarification that the aid shown on the presentation includes only grants. Dr. Sanders noted that Quintile 1 and 2 contain at SIUC 50% and at SIUE 40% of the students who apply for aid. Dr. Sanders indicated that he would propose at the May meeting that at least 25% of all tuition increases above inflation be folded back into needs-based student financial aid. Ms. Hicks voiced her agreement.

Nate Brown, Undergraduate Student Government (USG) President, raised a question regarding the impact on enrollment if the tuition and fee increases are approved. Chancellor Wendler responded this information is not available. Mr. Brown asked for a commitment from the Board and the University that as tuition and fees increase, a portion of the increase will be indexed toward assistance.

**Approval of the Integration of Saluki Way Into the Land Use Plan, SIUC (Board Agenda Item BBB) (Joint discussion with Architecture and Design Committee).**

This item had been previously discussed during Architecture and Design Committee.

**SIUC Fee Notice Items:**

**Notice of the Proposal to Create a Student Services Building Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-22] (Board Agenda Item I).**

**Notice of Proposed Course Specific Fee Increase for Forest Resources Management Summer Camp, SIUC (Board Agenda Item J).**

**Notice of Proposed Course Specific Fee Increase for Outdoor Recreation Resources Management Summer Camp, SIUC (Board Agenda Item K).**

**Notice of Proposed Increase: Intercollegiate Athletic Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item L).**

**Notice of Proposed Increase: Flight Training Charges, SIUC [Amendment to 4 Policies of the Board Appendix A-4] (Board Agenda Item M).**

**Notice of Proposed Increase: Mass Transit Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item N).**

**Notice of Proposed Increase: Residence Hall Rates and Apartment Rentals, SIUC [Amendment to 4 Policies of the Board Appendix A-18] (Board Agenda Item O).**

**Notice of Proposed Increase: Student Activity Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6 and A-11] (Board Agenda Item P).**

**Notice of Proposed Increase: Student Center Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item Q).**

**Notice of Proposed Increase: Student Medical Benefit (SMB):  
Extended Care Fee, SIUC [Amendments to 4 Policies of the Board  
Appendix A-6] (Board Agenda Item R).**

**Notice of Proposed Increase: Student Medical Benefit (SMB):  
Primary Care Fee, SIUC [Amendments to 4 Policies of the Board  
Appendix  
A-6] (Board Agenda Item S).**

**Notice of Proposed Increase: Student Recreation Fee, SIUC  
[Amendment to 4 Policies of the Board Appendix A-6] (Board  
Agenda  
Item T).**

**Notice of the Proposal to Create an Information Technology Fee,  
SIUC [Amendments to 4 Policies of the Board Appendix A-2, A-6,  
and Addition of A-23] (Board Agenda Item U).**

Chancellor Wendler reviewed a flyer which summarized the tuition and SIUC fee increases and how tuition dollars are being used. He mentioned the various groups with which he has discussed the proposed tuition and fee matters. Under the current proposal, tuition for new freshmen would increase by 9.4%.

Dr. Wendler explained that the Information Technology Fee would support a new Student Information System and some new information technology infrastructure. Support from the manufacturer of the current student information system is being phased out.

Rationale for the \$20 per semester Student Services Building Fee was given. The fee will increase by \$20 each year for four years, for a maximum continuing fee of \$80 per semester to fund the planned Student Services Building.

A component to the Athletics Fee for Athletics Facilities of \$44 per semester is proposed. Dr. Wendler mentioned that many other Illinois public universities currently have higher athletic fees than SIUC. The fee would be used, with the marriage of private funds on a 50/50 basis, to fund the athletics facilities included in Saluki Way.

Chancellor Wendler stated that most of the new fees are consistent with the suggestions of the Campus Master Plan, Vision 20/20, and *Southern at 150*. He also pointed out that, given the total proposal made, a student already enrolled with guaranteed tuition would pay a total increase of \$242.95 (7.1%). For new freshmen, the total increase over last year would be 14.4%.

A comparison of affordability with the Big Five Illinois Doctoral/Research Universities was given. It showed that SIUC has the lowest tuition and fee structure for FY 2006. Chancellor Wendler stated that the other universities expect to also increase their tuition and fees this year. He cautioned that SIUC does not want to be so cost effective that quality opportunities for our students are no longer provided.

Chancellor Wendler reiterated that 50% of the funds for the proposed athletic facilities will come from private donations.

A review of the Graduate and Professional Student Council (GPSC) and Undergraduate Student Government (USG) voting on the proposed tuition and fee matters was given.

The SIUC Graduate and Professional Student Council (GPSC) supported the Mass Transit, Student Medical Benefit Primary Care, and Student Recreation fees. They did not support the Residence Hall Rates, Student Center, Intercollegiate Athletics, Student Activity, Student Medical Benefit Extended Care, Information Technology and Student Services Building fees.

The SIUC Undergraduate Student Government (USG) supported the Student Center, Student Medical Benefit Primary Care and Student Recreation fees. They did not support the Intercollegiate Athletics, Mass Transit, Residence Hall Rates, Student Activity, Student Medical Benefit Extended Care, Information Technology and Student Services Building fees.

Tequia Hicks received clarification regarding increases in mandatory and non-mandatory fees. Dr. Goldman asked for the enrollment projection used in the proposed matters. Chancellor Wendler stated that a flat enrollment rate (approximately 21,500 students) was used, although the campus is working to build enrollment. The campus is also working on a plan to create a stronger environment for retaining and academically supporting students.

Jon Pressley stated that the GPSC did not believe that, according to Board Charter 8-5, the description for the Student Services Building met the criteria for the Board to authorize the new fee.

Concerns were expressed regarding the impact of fee increases on graduate students.

Tequia Hicks raised questions on the exact use of the Information Technology Fee, and SIUC Executive Director of Finance Kevin Bame responded. She also questioned the monies assessed for the Athletic Facility Fee and the guarantee of donations to complete projects. Chancellor Wendler responded that the Board, SIU administration, Alumni and Foundation are committed to raising the appropriate funds for the athletic facilities.

Dr. Goldman questioned whether the Student Services Fee and Information Technology Fee are permanent or if they would end after their particular purpose is finished. President Poshard responded that the need for the fees is more permanent because of the constant change in technology. Dr. Goldman also expressed concern regarding the level of debt for the University. Vice President Stucky assured the Board that any proposals brought forward will not damage the debt rating of the University. President Poshard explained that the proportional support from government for higher education has been reduced significantly and continues to threaten the affordability and accessibility to our students.

**SIUE Fee Notice Items:**

**Notice of Proposed Increase: Athletic Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item V).**

**Notice of Proposed Increase: Campus Housing Activity Fee, SIUE [Amendments to 4 Policies of the Board Appendix B-4 and B-8] (Board Agenda Item W).**

**Notice of Proposed Increase: Pharmacy Student Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item X).**

**Notice of Proposed Increase: Student Fitness Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item Y).**

**Notice of Proposed Increase: Student to Student Grant Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item Z).**

**Notice of Proposed Increase: Student Welfare and Activity Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item AA).**

**Notice of Proposed Increase: Textbook Rental Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item BB).**

**Notice of Proposed Increase: University Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item CC).**



**Notice of Proposed Increase: University Housing Rental Rates, SIUE [Amendment to 4 Policies of the Board Appendix B-11] (Board Agenda Item DD).**

**Notice of the Proposal to Create an Information Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-15] (Board Agenda Item EE).**

**Notice of the Proposal to Create a Student Academic Success Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-16] (Board Agenda Item FF).**

Chancellor Vandegrift mentioned that the SIUE fee and tuition proposals have been endorsed by the student government association and the University Planning and Budget Council. Matt Townsend, on behalf of the SIUE students, read a statement of endorsement by student organizations for the Student Academic Success Center and its related fee. The students also passed a resolution in support of the tuition increase and the Information Technology fee. Chancellor Vandegrift stated that SIUE is also concerned with maintaining affordability.

The SIUE Student Senate supported all their fee proposals.

**Notice of Proposed Tuition Rates for FY 2007 [Amendments to 4 Policies of the Board Appendices A and B] (Board Agenda Item GG).**

Vice President Stucky confirmed that each campus is moving forward with a proposal for a 9.4% increase in tuition for new undergraduate students. These tuition increases, coupled with an approval of the Governor's budget for higher education, would afford each campus a 4 to 4.5% budget increase.

**Authorization to Purchase a Student Information System, SIUC (Board Agenda Item VV).**

Approval of the matter was recommended and that it be placed on the Board's omnibus motion. The motion was duly seconded and was passed by the Finance Committee.

**Approval of Lease Agreement: Computer Workstations, SIUE (Board Agenda Item YY).**

Chancellor Vandegrift explained that this matter requests a three-year renewal of the current computer lease program.

Approval of the matter was recommended and that it be placed on the Board's omnibus motion. The motion was duly seconded and was passed by the Finance Committee.

**Authorization for the Sale of Bonds: “Series 2006A Housing and Auxiliary Facilities System Revenue Bonds” Capital Improvement Projects and Refunding of Outstanding Housing and Auxiliary Facilities System Revenue Bonds (Board Agenda Item AAA).**

Vice President Stucky explained the projects included in this sale and the proposed refunding of some past bonds. He stated that none of the refunding and refinancing will involve selling bonds of any longer term than already issued. Any savings benefit will likely be used to reduce debt service for the revenue bond system.

Approval of the matter was recommended for a roll-call vote by the Board during its regular meeting. The motion was duly seconded and was passed by the Finance Committee.

**Investments Report.**

Vice President Duane Stucky reviewed the University’s investments for the second quarter of Fiscal Year 2006. The report included a review of the University’s asset allocation of externally managed investments, return on investments, and fees.

**Second Quarterly Budget Report for FY 2006.**

Dr. Stucky distributed to the Board the current fiscal year’s income and expenditures.

**Other Business**

There being no further business, the meeting was adjourned.  
DS/lap

## **BOARD OF TRUSTEES**

### **SOUTHERN ILLINOIS UNIVERSITY**

#### **Minutes of the Finance Committee Meeting**

**May 2, 2006**

The Finance Committee met following the Executive Committee in the Conference Center of the Delyte W. Morris University Center, Southern Illinois University Edwardsville. Present were: John Simmons (Chair), Roger Tedrick, Stephen Wigginton and Marquita Wiley. Other Board members present were: Samuel Goldman, Tequia Hicks, Ed Hightower, Keith Sanders and Matthew Townsend. Executive Officers present were: President Glenn Poshard; Chancellor Vaughn Vandegrift, SIUE; Chancellor Walter Wendler, SIUC; Vice President for Academic Affairs John S. Haller, Jr.; and Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

#### **Minutes**

Tequia Hicks requested an addition be made to the March 9, 2006, minutes to reflect exactly how the student governments supported or did not support each fee proposal.

Votes were as follows:

The SIUE Student Senate supported all their fee proposals.

The SIUC Graduate and Professional Student Council (GPSC) supported the Mass Transit, Student Medical Benefit Primary Care, and Student Recreation fees. They did not support the Residence Hall Rates, Student Center, Intercollegiate Athletics, Student Activity, Student Medical Benefit Extended Care, Information Technology and Student Services Building fees.

The SIUC Undergraduate Student Government (USG) supported the Student Center, Student Medical Benefit Primary Care and Student Recreation fees. They did not support the Intercollegiate Athletics, Mass Transit, Residence Hall Rates, Student Activity, Student Medical Benefit Extended Care, Information Technology and Student Services Building fees.

The approval of the March minutes, to be amended, was tabled until the June meeting.

**SIUC Fee Items:**

**Proposed Course Specific Fee Increase for Forest Resources Management Summer Camp, SIUC (Board Agenda Item K).**

**Proposed Course Specific Fee Increase for Outdoor Recreation Resources Management Summer Camp, SIUC (Board Agenda Item L).**

**Proposed Increase: Flight Training Charges, SIUC [Amendment to 4 Policies of the Board Appendix A-4] (Board Agenda Item M).**

**Proposed Increase: Intercollegiate Athletic Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item N).**

**Proposed Increase: Mass Transit Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item O).**

**Proposed Increase: Residence Hall Rates and Apartment Rentals, SIUC [Amendment to 4 Policies of the Board Appendix A-18] (Board Agenda Item P).**

**Proposed Increase: Student Activity Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6 and A-11] (Board Agenda Item Q).**

**Proposed Increase: Student Center Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item R).**

**Proposed Increase: Student Medical Benefit (SMB): Extended Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item S).**

**Proposed Increase: Student Medical Benefit (SMB): Primary Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item T).**

**Proposed Increase: Student Recreation Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item U).**

**Proposal to Create an Information Technology Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-23] (Board Agenda Item V).**

**Proposal to Create a Student Services Building Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-22] (Board Agenda Item W).**

**SIUE Fee Items:**

**Proposed Increase: Athletic Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item X).**

**Proposed Increase: Campus Housing Activity Fee, SIUE [Amendments to 4 Policies of the Board Appendix B-4 and B-8] (Board Agenda Item Y).**

**Proposed Increase: Pharmacy Student Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item Z).**

**Proposed Increase: Student Fitness Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item AA).**

**Proposed Increase: Student to Student Grant Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item BB).**

**Proposed Increase: Student Welfare and Activity Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item CC).**

**Proposed Increase: Textbook Rental Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item DD).**

**Proposed Increase: University Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item EE).**

**Proposed Increase: University Housing Rental Rates, SIUE [Amendment to 4 Policies of the Board Appendix B-11] (Board Agenda Item FF).**

**Proposal to Create an Information Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-15] (Board Agenda Item GG).**

**Proposal to Create a Student Academic Success Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-16] (Board Agenda Item HH).**

Mr. Simmons announced that Board Agenda Item M was withdrawn from the agenda.

Chancellor Vandegrift reiterated the Student Senate support for the SIUE fee increases. He stated there was also a petition signed by 47 student organizations in support of the Student Academic Success Center.

Dr. Goldman proposed that Board Items N, P and W be removed from the omnibus motion. Ms. Hicks proposed that Board Item Q be removed from the omnibus motion.

Jon Pressley reported that GPSC members went to Springfield and spoke with Representative Poe, who sponsored the Truth-in-Tuition bill, regarding the Information Technology and Student Services Building fees. Mr. Pressley advised the Board that he raised concerns with the Representative regarding compliance with the Truth-in-Tuition law and sought the Representative's view of the purpose and intent of the law.

Approval of Matters K, L, O, R, S, T, U, X, Y, Z, AA, BB, CC, DD, EE, FF, GG, HH was recommended and that they be placed on the Board's omnibus motion. The motion was duly seconded and was passed by the Finance Committee.

Motions were made and seconded to place Matters N, P, Q and W on the Board's agenda.

**Proposed Tuition Rates for FY 2007 [Amendments to 4 Policies of the Board Appendices A and B] (Board Agenda Item II).**

Approval of the matter was recommended and that it be placed before the Board for a roll-call vote. The motion was duly seconded and was passed by the Finance Committee.

**Authorization to Purchase a Student Information System, SIUC (Board Agenda Item JJ).**

The matter was passed at the Finance Committee meeting on March 9, 2006, and was tabled at the full Board meeting.

Approval of the matter was recommended and that it be placed on the Board's agenda. The motion was duly seconded and was passed by the Finance Committee.

**Reorganization of Enrollment Management Function From Office of Student Affairs and Enrollment Management to Office of the Provost and Vice Chancellor, SIUC (Board Agenda Item NN).**

Chancellor Wendler reviewed the reorganization plan.

Approval of the matter was recommended and that it be placed on the Board's omnibus motion. The motion was duly seconded and was passed by the Finance Committee.

**FY 2007 Operating and Capital Budgets Planning Guidelines (Joint discussion with the Architecture and Design Committee) (Board Agenda Item PP).**

Vice President Stucky outlined the Operating and Capital Budgets Planning Guidelines. Salary guidelines will be presented at a later meeting.

Approval of the matter was recommended and that it be placed on the Board's omnibus motion. The motion was duly seconded and was passed by the Finance and Architecture and Design Committees.

**Budget Adjustment Request.**

Vice President Stucky explained the budget adjustments requested by the Carbondale and Edwardsville campuses.

Ms. Wiley recommended approval. The motion was duly seconded by Mr. Tedrick and was passed by Committee.

**Other Business**

Vice President Stucky explained that a Current and Pending Matter will be presented at the full Board meeting regarding Predatory Lending. In 2003, the State Legislature passed the High Risk Home Loan Act. This Act prohibited issuing high risk loans against the equity of homes of disadvantaged people. However, some nationally chartered banks have not complied with the Act because federal law supercedes state law. Michael Madigan has contacted Board Chair Tedrick requesting our SIU Board to adopt a policy asking the banks used by SIU to sign a letter certifying that they do not engage in predatory lending. The Current and Pending Matter will direct Jerry Blakemore and Dr. Stucky to work on a plan to comply with Speaker Madigan's request.

Vice President Stucky informed the Board of the outcome from the bond rating agencies for the Housing and Auxiliary Facilities Services 2006 bond issue. Ratings were: Standard and Poor's – A+; Moody's – A1.

Mr. Simmons stated that Board Agenda Item V should be acted upon during the Finance Committee. Approval of the matter was recommended and that it be placed on the Board's agenda. The motion was duly seconded and was passed by the Finance Committee.

There being no further business, the meeting was adjourned.

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# PERFORMANCE REPORT

Independent  
advice for  
the institutional investor

Southern Illinois  
University

Performance Report  
3rd Quarter of  
Fiscal Year 2006



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- 1 **Executive Summary**
- 2 **Asset Allocation**
- 3 **Performance Evaluation**
- 4 **Appendix**

Ennis Knupp + Associates calculates rates of return for Southern Illinois University and Western Asset Management Company monthly using statements provided by the JPMorgan Chase Bank, and reconciles these rates of return with those provided by investment managers. Occasional discrepancies arise between returns computed by Ennis Knupp + Associates and managers because of differences in computational procedures, securities pricing services, etc. We monitor these discrepancies closely and find that they generally do not persist over time. If a material discrepancy does persist, we will bring the matter to your attention. All rates of return contained in this report are net of investment management fees. All rates of return presented in this report for time periods greater than one year are annualized. Columns may not add to 100% because of rounding.

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## EXECUTIVE SUMMARY

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### Total Fund Rate of Return

	Third Fiscal Quarter	Fiscal Year-to-Date	One Year Ending 3/31/06
Total Fund	0.6%	1.4%	2.7%
Performance Benchmark	0.3	0.9	2.1

- The SIU Fund earned a positive return for the quarter, adding value against most of the major bond markets. The SIU Fund's return during the fiscal quarter exceeded that of the benchmark by 30 basis points with mixed results among the Fund's three portfolios. Gains from the Illinois Funds Money Market Fund and the Western Short Term portfolio were slightly offset by the Western Intermediate portfolios' negative absolute return.
- The Performance Benchmark is a weighted average return of the iMoney Net Money Fund Average Index, the Lehman Brothers 1-3 Year Government Bond Index and the Lehman Brothers Intermediate Government Bond Index. The weights used for each of the indices are based on the actual allocations among the three portfolios at the beginning of each month.

### Fixed Income Market Rate of Return Summary

	Third Fiscal Quarter	Fiscal Year-to- Date	One Year Ending 3/31/06
iMoney Net Money Fund Average Index	0.8%	1.9%	2.3%
Lehman Brothers 1-3 Year Government Index	0.4	1.2	2.4
Lehman Brothers Intermediate Government Index	-0.3	-0.2	2.1
Lehman Brothers Aggregate Bond Index	-0.7	-0.7	2.3

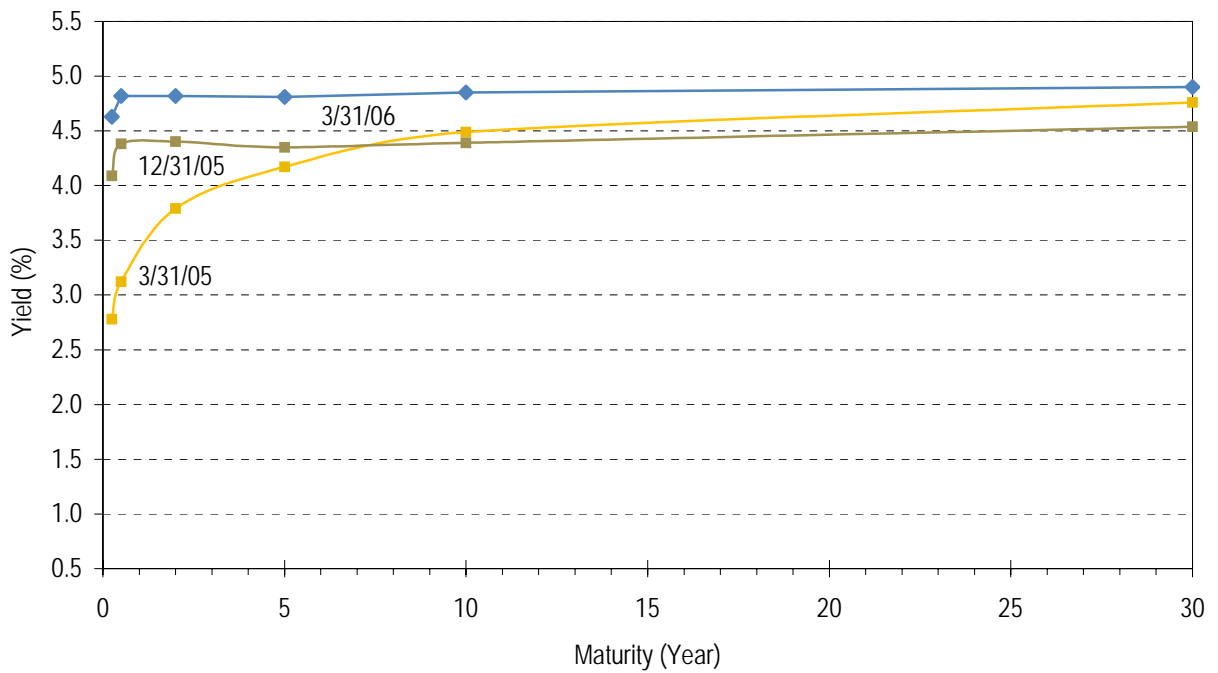
- The Federal Reserve Board increased rates by 25 basis points on May 10<sup>th</sup>, marking the sixteenth consecutive increase in the Federal Funds rate. The current rate now stands at a five year high of 5.0%.

## EXECUTIVE SUMMARY

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- The yield curve below illustrates the interest rate environment at three recent points in time by comparing the yield of Treasury securities at varying maturities (short-term to long-term). Additional data points have also been added to illustrate the portfolios within the Southern Illinois University portfolio.
- Typically, short-term securities offer lower yields as compared to longer-term securities. The higher yields compensate long-term investors for the uncertainty associated with an investment over a substantial length of time. After the yield curve temporarily inverted at year-end, it regained a positive slope during the first quarter. Yields across maturities rose during the quarter as the economy remained strong and investors anticipate additional rate hikes.

U.S. Treasury Yield Curve



## EXECUTIVE SUMMARY

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### Externally Managed Investments

#### Market Value Change (\$ in millions)

	Dec 31, 2005 – Mar 31, 2006	Dec 31, 2004 – Mar 31, 2005
Beginning Market Value	\$172.0	\$137.2
Income and Appreciation / (Depreciation)	1.3	0.2
Net Contributions / (Withdrawals)	33.6	69.9
Ending Market Value	\$206.9	\$207.3
Change in Market Value	\$34.9	\$70.1

- During the quarter ending March 31, 2006, the market value of the externally managed investments increased by \$34.9 million primarily due to net contributions.

### Asset Allocation and Policy Compliance

#### As of March 31, 2006

Externally Managed Investments	Actual Allocation	Policy Range
State Treasury Fund	60%	20-35%
Western Asset – Short-Term Portfolio	10	10-40
Western Asset – Intermediate-Term Portfolio	30	35-60

- The asset allocation of the Funds was out of line of the stated policy allowable ranges.
- For operational efficiency, subsequent to July 31, 2001, there was a \$10 million floor placed on the Western Asset Short-Term Pool, with the goal to keep assets in the account at or above \$10 million. During the summer months the demand for these funds is at its peak, therefore EnnisKnupp, SIU, and Western have created a structure to ensure adequate liquidity without sacrificing investment performance.

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## ASSET ALLOCATION

As of March 31, 2006 (\$ in millions)

	Dec 31, 2005	Mar 31, 2006	Percent of Total	Asset Value Change
<b>Externally Managed Investments</b>				
State Treasury Fund	\$89.8	\$124.9	44%	\$35.1
Western Asset – Short Portfolio	20.1	20.2	7	0.1
Western Asset – Intermediate Portfolio	62.1	61.9	22	(0.2)
<b>Total External Assets</b>	<b>\$172.0</b>	<b>\$206.9</b>	<b>74%</b>	<b>\$34.9</b>
<b>Internally Managed Investments</b>				
Construction Accounts	\$49.5	\$46.5	16%	\$(3.0)
Debt Service Funds	24.6	27.4	10	2.8
<b>Total Internal Assets</b>	<b>\$74.1</b>	<b>\$73.9</b>	<b>26%</b>	<b>\$(0.2)</b>
<b>Total Assets</b>	<b>\$246.1</b>	<b>\$280.8</b>	<b>100%</b>	<b>\$34.7</b>

- As of March, 2006, the assets of Southern Illinois University's externally managed investments totaled \$206.9 million, an increase of \$34.9 million during the quarter.
- As of March, 2006, the assets of Southern Illinois University's internally managed investments totaled \$74.0 million, and amount unchanged over the past quarter.



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## PERFORMANCE EVALUATION

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### THE ILLINOIS FUNDS MONEY MARKET FUND

Market Value at March 31, 2006: \$124.9 million

#### Rate of Return Summary

Periods Ending March 31, 2006

	Third Fiscal Quarter	Fiscal Year-to- Date	One Year Ending 3/31/06	Two-Years Ending 3/31/06
State Treasury Fund	1.0%	2.7%	3.4%	2.4%
iMoney Net Money Fund				
Average Index	0.8	1.9	2.3	1.5

#### Investment Approach

- The Illinois Funds Money Market Fund strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The Fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained \$4.6 billion in total assets as of March 2006. The Fund is currently rated AAA by Standard & Poor's.

#### Performance Commentary

- The returns of the Illinois Funds Money Market Fund surpassed that of the iMoney Net Money Fund Average Index during all periods measured above.
- The composition and characteristics of the State Treasury Fund As of March 31, 2006 are shown below.

Sector	Allocation
Treasury Bills	--
Treasury Notes	2%
Repurchase Agreements	84
Money Market Funds	10
Certificates of Deposit	4
P.O. Treasury Strips	--
	100%
30-Day Effective Yield	4.6%
Weighted Average Maturity	13 Days

## PERFORMANCE EVALUATION

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### WESTERN ASSET MANAGEMENT COMPANY SHORT-TERM PORTFOLIO

Market Value at March 31, 2006: \$20.2 million

#### Rate of Return Summary

Periods Ending March 31, 2006

	Third Fiscal Quarter	Fiscal Year-to- Date	One Year Ending 3/31/06	Two-Years Ending 3/31/06
Western Asset Short-Term Portfolio	0.5%	1.3%	2.4%	1.0%
Lehman Brothers 1-3 Year Government Index	0.4	1.2	2.4	1.1

#### Investment Approach

- Western Asset focuses on four primary areas within the portfolio in an attempt to exceed the return of the benchmark while approximating the benchmark's risk characteristics: sector allocation, issue selection, yield curve positioning and duration. Relative sector allocation decisions are based on historical yield spreads and fundamental factors that may influence spreads in the current environment. Western attempts to identify specific securities that appear undervalued through ongoing analysis of specific issues' circumstances and characteristics. The investment team uses projections of Fed policy and market expectations, along with implications of the current shape of the yield curve to determine positioning. In addition, duration exposure is limited to +/- 20% of the benchmark.
- In accordance with the guidelines, the portfolio does not invest in any security with an average life greater than three years. For maturities greater than six months, the manager will only invest in AAA-rated, government-backed securities. Corporate bonds, with a minimum rating of A, must have a maturity of less than six months at the time of purchase.

#### Performance Commentary

- The Western Short Term portfolio approximated its benchmark in the first quarter of 2006, and trailed the benchmark by 10 basis points over the two-year period.
- The Fund's performance benefited from a shorter duration position as shorter duration securities in general performed better than longer duration positions. The fund continues to overweight agencies as compared with the Lehman Brothers 1-3 Government Credit Index, 92% vs. 38% respectively.
- The composition and characteristics of the Short-Term Portfolio as of March 31, 2006 are shown on the following page.

PERFORMANCE EVALUATION

---

Portfolio Composition

As of March 31, 2006

	Short-Term Portfolio	LB 1-3 Year Government Index
<b>Sector Weighting:</b>	<b>Percentage</b>	<b>Percentage</b>
Treasury	8%	62%
Agency	88	38
Credit	2	--
Mortgage	2	--
Asset-Backed	--	--
Cash	--	--
	100%	100%
<b>Maturity Distribution:</b>		
0-1 Year	18%	--
1-3 Years	82	100%
<b>Contribution to Total Return:</b>		
Price	-0.4%	-0.6%
Income	1.0	1.0
<b>Total Return</b>	<b>0.5%</b>	<b>0.4%</b>
<b>Total Duration</b>	<b>1.6 Years</b>	<b>1.8 Years</b>

## PERFORMANCE EVALUATION

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### WESTERN ASSET MANAGEMENT COMPANY INTERMEDIATE PORTFOLIO

Market Value at March 31, 2006: \$61.9 million

#### Rate of Return Summary

Periods Ending March 31, 2006

	Third Fiscal Quarter	Fiscal Year- to-Date	One Year Ending 3/31/06	Two-Years Ending 3/31/06
Western Asset Intermediate Portfolio	-0.3%	-0.3%	2.0%	1.1%
Lehman Brothers Intermediate Government Index	-0.3	-0.2	2.1	0.8

#### Investment Approach

- Western Asset focuses on four primary areas within the portfolio in an attempt to exceed the return of the benchmark while approximating the benchmark's risk characteristics: sector allocation, issue selection, yield curve positioning and duration. Relative sector allocation decisions are based on historical yield spreads and fundamental factors that may influence spreads in the current environment. Western attempts to identify specific securities that appear undervalued through ongoing analysis of specific issues' circumstances and characteristics. The investment team uses projections of Fed policy and market expectations, along with implications of the current shape of the yield curve to determine positioning. In addition, duration exposure is limited to +/- 15% of the benchmark.
- In accordance with the guidelines, the portfolio does not invest in any security with an average life greater than ten years. For maturities greater than six months, the manager will only invest in AAA-rated, government-backed securities. Corporate bonds, with a minimum rating of A, must have a maturity of less than six months at the time of purchase.

#### Performance Commentary

- Western's return matched that of its benchmark for the quarter. Over the longer term the portfolio has added modest value, saving 30 basis points against the Lehman Brothers Intermediate Government Credit Index.
- Although Western's Intermediate-Term portfolio was positioned with a slightly shorter duration than the Index, securities within the 1-5 year and 6-10 year maturity spectrum performed poorly compared to other maturities, detracting from performance. The fund continues to overweight agencies as compared with the Lehman Brothers Intermediate Government Credit Index, 67% vs. 35% respectively.
- The composition and characteristics of the Intermediate-Term Portfolio as of March 31, 2006 are shown on the following page.

PERFORMANCE EVALUATION

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Portfolio Composition

As of March 31, 2006

	Intermediate-Term Portfolio	Intermediate Government Index
<b>Sector Weightings:</b>		
Treasury	33%	65%
Agency	63	35
Credit	2	--
Mortgage	2	--
Asset-Backed	--	--
Cash and Equivalents	--	--
	100%	100%
<b>Maturity Distribution:</b>		
0-1 Year	4%	--
1-5 Years	74	74%
6-10 Years	22	26
10 Years or more	--	--
	100%	100%
<b>Contribution to Total Return:</b>		
Price	-1.2%	-1.4%
Income	1.0	1.1
<b>Total Return</b>	<b>-0.3%</b>	<b>-0.3%</b>
<b>Total Duration</b>	<b>3.2 Years</b>	<b>3.3 Years</b>

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APPENDIX I

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FEE SUMMARY

	Basis Points	Approximate Annual Fee (\$)
<b>Externally Managed Investments</b>		
State Treasury Fund	9.8	\$122,145
Short-Term Portfolio	25.0	50,432
Intermediate-Term Portfolio	25.0	154,657
<b>Total Externally Managed Investment Fees</b>	<b>15.8</b>	<b>\$327,234</b>



## DESCRIPTION OF BENCHMARKS

**iMoney Net Money Fund Average Index** – An index made up of the entire universe of money market mutual funds. The Index currently represents 1,250 funds, or approximately 99 percent of all money fund assets.

**Lehman Brothers 1-3 Year Government Bond Index** – A market value-weighted index of U.S. Treasury and agency bonds with maturities between one and three years.

**Lehman Brothers Intermediate Government Bond Index** – A market value-weighted index of U.S. Treasury and agency bonds with maturities from one to ten years.

**Lehman Brothers Aggregate Bond Index** – A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$200 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

### DESCRIPTION OF OTHER TERMS

**Asset-Backed Security** – A bond backed or collateralized by a loan or accounts receivable originated by banks, credit card companies or other credit providers.

**Maturity** – The date at which the underlying principal and final interest payment is due to the bondholder.

**Mortgage-Backed Security** – A bond backed or collateralized by mortgages. The bondholder receives interest and principal payments that are “passed through” the issuing agency.

**P.O. Treasury Strips** – Created by separating a Treasury bond into its principal and interest payments. The holder of the P.O. gets cash flow from principal payments only.

**Repurchase Agreement** – An agreement to sell a bond at a fixed price to a second party tied to an agreement that the first party will buy back the bond at a specific future date. Also called Repos.

**Total Rate of Return** – Annual return of an investment including price appreciation and interest payments. The price of a bond is influenced not only by the market forces of supply and demand, but also by the movement of interest rates. As interest rates rise, bond prices generally decline, as the yields intrinsically adjust to the level available to an investor in the open market. Periodic income payments, or income, also factor into the total return of a fixed income security. The Total Rate of Return incorporates both realized and unrealized gains and losses.

**Yield** – The effective annual rate of return a bond earns if it is held to maturity, assuming periodic interest payments can be reinvested at the same interest rate.

**SOUTHERN ILLINOIS UNIVERSITY  
SHORT TERM FIXED INCOME PORTFOLIO  
INVESTMENT GUIDELINES  
(Approved July 14, 2005)**

**Objectives and Purpose**

The goal is to construct a portfolio that emphasizes safety of principal, maintaining liquidity, and will outperform the Lehman Brothers 1 to 3 Year Government Bond Index, (the "Benchmark"). Active management is expected to provide increased income and total return to Southern Illinois University. These guidelines should be reviewed periodically by Southern Illinois University, its investment consultant and Western Asset Management to assure that the University's objectives are being achieved.

In addition to the guidelines outlined below, the investment manager will adhere to the Southern Illinois University Statement of Investment Policy attached hereto as Exhibit A, the Illinois Public Funds Investment Act, other applicable state laws and applicable federal laws. The guidelines below are intended to summarize these documents and are not intended to supercede them.

**Eligible Securities**

Investments may be made in any of the following fixed income securities, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below. All securities must be authorized investments under the Illinois Public Funds Investment Act including the following:

1. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. Government-sponsored corporations and agencies. For purposes of this restriction, Federal National Mortgage Association (Fannie Mae) is not considered an agency. As such, investments in Fannie Mae securities are restricted to short-term discount obligations with an original maturity of less than one year.
2. Obligations of U.S. corporations such as debentures, commercial paper, certificates of deposit and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations; with a maturity of 180 days or less, rated in the three highest rating classifications by at least two standard rating services, and have at least \$500 million in assets.
3. U.S. Agency mortgage-backed securities (MBS); provided weighted average life is equal to or less than 3 years. No "derivative" MBS such as Interest Only (IO), Principal Only (PO), and inverse floaters will be allowed. Mortgage "to be announced" (TBAs) securities, and passthrough Planned Amortization Class Securities (PACS) are allowed. At no time shall the portfolio to be subjected to leverage.

**Duration Exposure**

The average weighted duration of portfolio security holdings shall not vary from that of the Benchmark by more than 20%.

**Credit Quality**

In all categories of investments, emphasis will be on high-quality securities and the weighted average of portfolio holdings will not fall below AA- or its equivalent. Portfolio holdings are subject to the following limitations:

1. Rated Securities: All securities must be rated at least as high as the minimum acceptable rating, noted in the table below, of at least two of the following Nationally Recognized Statistical Rating Organizations (NRSRO).

	<b>Minimum Acceptable Rating for Securities</b>	<b>Minimum Acceptable Rating for Commercial Paper</b>
Standard & Poor's	A-	A1
Moody's	A3	P1
Fitch	A-	F1

2. Split Rated: Securities rated at or above the foregoing minimum acceptable ratings by two or more NRSRO and below the foregoing minimum acceptable ratings by two or more NRSRO are permissible only if Western Asset Management, based on its independent research, assigns the security the higher rating.
3. Downgrade Securities: Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at Western Asset Management but must be approved by University staff. The University's staff will be notified of all such downgrades in writing.

**Diversification**

1. Maturity: Securities must be equal to or less than 3 years to maturity. In the case of MBS, average life will be used as a proxy for maturity.
2. Sector: The portfolio will at all times be diversified among the major market sectors, subject to the following limitations:
  - a) Maximum 33% in corporates.
3. Issuer: Holdings are subject to the following limitations:
  - a) Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit.
  - b) Obligations of other issuers are subject to a 5% of the market value of the portfolio limit to any single issuer excluding investments in commingled vehicles.

**Marketability**

All holdings will be of sufficient size and held in issues that are traded actively enough to facilitate transactions at minimum cost and accurate market valuation.

### Performance Measurement and Objectives

Total portfolio return will be calculated each calendar month and reported at the end of each calendar quarter. The manager will be evaluated on an after-fees basis against the Lehman Brothers 1 – 3 Year Government Bond Index (the “Benchmark”).

The manager shall aim to exceed the Lehman Brothers 1 – 3 Year Government Bond Index (the “Benchmark”) by an average of 40 basis points annually over the medium term (3 – 7 years).

### Reporting

Formal management reporting will include:

1. A monthly accounting statement showing portfolio income, holdings and transactions;
2. A quarterly total return computation; and
3. A quarterly market outlook and investment strategy.

**SOUTHERN ILLINOIS UNIVERSITY  
INTERMEDIATE FIXED INCOME PORTFOLIO  
INVESTMENT GUIDELINES  
(Approved July 14, 2005)**

**Objectives and Purpose**

The goal is to provide a portfolio that emphasizes safety of principal and total return and provides a modest element of liquidity as necessary. Active management is expected to provide increased income and total return to Southern Illinois University. These guidelines should be reviewed periodically by the Southern Illinois University, its investment consultant and Western Asset Management to assure that the University's objectives are being achieved.

In addition to the guidelines outlined below, the investment manager will adhere to the Southern Illinois University Statement of Investment Policy attached hereto as Exhibit A, the Illinois Public Funds Investment Act, applicable state laws and applicable federal laws. The guidelines below are intended to summarize these documents and are not intended to supercede them.

**Eligible Securities**

Investments may be made in any of the following fixed income securities, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below. All securities must be authorized investments under the Illinois Public Funds Investment Act including the following:

1. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. government-sponsored corporations and agencies. For purposes of this restriction, Federal National Mortgage Association (Fannie Mae) is not considered an agency. As such, investments in Fannie Mae securities are restricted to short-term discount obligations with an original maturity of less than one year.
2. Obligations of U.S. corporations such as debentures, commercial paper, certificates of deposit and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations; with a maturity of 180 days or less, rated in the three highest rating classifications by at least two standard rating services, and have at least \$500 million in assets.

U.S. Agency mortgage-backed securities (MBS); provided weighted average life is equal to or less than 10 years. No "derivative" MBS such as Interest Only (IO), Principal Only (PO), and inverse floaters will be allowed.

3. Mortgage "to be announced" (TBAs) securities, and passthrough Planned Amortization Class Securities (PACS) are allowed. At no time shall the portfolio to be subjected to leverage.

**Duration Exposure**

The average weighted duration of portfolio security holdings shall not vary from that of the Lehman Brothers Intermediate Government Bond Index, (the "Benchmark") by more than 15%.

**Credit Quality**

In all categories of investments, emphasis will be on high-quality securities and the weighted average of portfolio holdings will not fall below AA- or equivalent. Holdings are subject to the following limitations:

1. Rated Securities: All securities must be rated at least as high as the minimum acceptable rating, noted in the table below, of at least two of the following Nationally Recognized Statistical Rating Organizations (NRSRO).

	<u>Minimum Acceptable Rating for Securities</u>	<u>Minimum Acceptable Rating for Commercial Paper</u>
Standard & Poor's	A-	A-2
Moody's	A-3	P1
Fitch	A-	F1

2. Split Rated: Securities rated at or above the foregoing minimum acceptable ratings by two or more NRSRO and below the foregoing minimum acceptable ratings by two or more NRSRO are permissible only if Western Asset Management, based on its independent research, assigns the security the higher rating.
3. Downgrade Securities: Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at Western Asset Management but must be approved by University staff. The University's staff will be notified of all such downgrades in writing.

**Diversification**

1. Maturity: Securities must be equal to or less than 10 years to maturity. In the case of MBS, average life will be used as a proxy for maturity.
2. Sector: The portfolio will at all times be diversified among the major market sectors, subject to the following limitations.
  - a) Maximum 33% in corporates.
3. Issuer: Holdings are subject to the following limitations:
  - a) Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit.
  - b) Obligations of other issuers are subject to a 5% of the market value of the portfolio limit to any single issuer excluding investments in commingled vehicles.

**Marketability**

All holdings will be of sufficient size and held in issues that are traded actively enough to facilitate transactions at minimum cost and accurate market valuation.

### Performance Measurement and Objectives

Total portfolio return will be calculated each calendar month and reported at the end of each calendar quarter. The manager will be evaluated on an after-fees basis against the Lehman Brothers Intermediate Government Bond Index (the "Benchmark").

The manager shall aim to exceed the Lehman Brothers Intermediate Government Bond Index (the "Benchmark") by 50 basis points annually over the medium term (3 – 7 years).

### Reporting

Formal management reporting will include:

1. A monthly accounting statement showing portfolio income, holdings and transactions;
2. A quarterly total return computation; and
3. A quarterly market outlook and investment strategy.



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May 26, 2006

**Members of the Board Finance Committee**

John Simmons, Chair  
Roger Tedrick  
Steve Wigginton  
Marquita Wiley

Dear Members of the Finance Committee:

RE: Request for Approval of Budget Adjustment

In accordance with University budget decision rules, the Finance Committee must approve requests for budget adjustments that exceed specified limits.

The attached adjustment is included on the agenda for your meeting on June 8.

Sincerely,

Duane Stucky  
Vice President for Financial and Administrative Affairs  
and Board Treasurer

DS/lap

Attachment

cc:	Samuel Goldman	Glenn Poshard
	Tequia Hicks	Walter V. Wendler
	Ed Hightower	Vaughn Vandegrift
	Keith Sanders	Constituency Heads
	Matthew Townsend	Other Interested Parties

SOUTHERN ILLINOIS UNIVERSITY

**FY 2006 Budget Adjustment for Finance Committee Consideration  
June 8, 2006**

In accordance with SIU's budget decision rules, Finance Committee approval is requested for the following budget adjustment:

**Southern Illinois University Carbondale**

06-4	<b>Executive Director of Administration (Traffic &amp; Parking)</b>	2 <sup>nd</sup> Quarter Budget	3 <sup>rd</sup> Quarter Budget	Variance
	Beginning Cash	1,671,500	1,671,500	0
	Revenue	2,147,722	2,131,022	-16,700
	Expenditure	<u>2,410,722</u>	<u>2,748,022</u>	<u>337,300</u>
	Ending Cash (Estimated)	1,408,500	1,054,500	-354,000

Traffic and Parking request a budget adjustment due to a timing issue. Payment of \$337,300 to cover parking lot renovations (i.e., Lot 106, Library Annex lot) that were approved and initiated in fiscal year 2005 by the Traffic and Parking Committee were not completed until fiscal year 2006. No cost overruns or unexpected expenditures occurred. The funding for the capital projects came from decal and permit sales, parking meter collections, and parking fines. Revenue collected for last year's projects were rolled over into FY06 beginning cash balance, which is \$1.1 million higher than originally projected.



Southern Illinois University

Third Quarter Budget Report

March 31, 2006

**Southern Illinois University - Combined Total  
FY 2006 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>All Funds 2006 Totals</u>	<u>Service (2) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 12/31/05	\$363,235,500	\$105,300,600	\$10,326,200	\$101,292,200	\$82,960,800	<b>663,115,300</b>	\$113,277,100
Budget as of 3/31/06	<u>363,265,000</u>	<u>108,692,000</u>	<u>11,165,000</u>	<u>105,584,150</u>	<u>84,993,400</u>	<b>673,699,550</b>	<u>121,948,650</u>
Revenue Budget Variance	\$29,500	\$3,391,400	\$838,800	\$4,291,950	\$2,032,600	\$10,584,250	\$8,671,550
% Change	0.0%	3.2%	8.1%	4.2%	2.5%	<b>1.6%</b>	7.7%
<b>Expenditures Estimates</b>							
Budget as of 12/31/05	\$368,294,500	\$105,300,600	\$11,723,562	\$102,497,550	\$83,384,214	<b>\$671,200,426</b>	\$115,822,650
Budget as of 3/31/06	<u>368,294,500</u>	<u>108,692,000</u>	<u>11,888,562</u>	<u>105,997,850</u>	<u>85,820,464</u>	<b>680,693,376</b>	<u>124,620,050</u>
Expenditures Budget Variance	\$0	\$3,391,400	\$165,000	\$3,500,300	\$2,436,250	\$9,492,950	\$8,797,400
% Change	0.0%	3.2%	1.4%	3.4%	2.9%	<b>1.4%</b>	7.6%
Planned Operating Results (+/-)	(5,029,500)	0	(723,562)	(413,700)	(827,064)	<b>(6,993,826)</b>	(2,671,400)
<b>Actual Beginning Cash 7/1/05 (1)</b>	<b>\$5,074,141</b>	<b>\$0</b>	<b>\$11,173,529</b>	<b>\$12,931,918</b>	<b>\$18,747,387</b>	<b>\$47,926,975</b>	<b>\$4,700,960</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$44,641</u></b>	<b><u>\$0</u></b>	<b><u>\$10,449,967</u></b>	<b><u>\$12,518,218</u></b>	<b><u>\$17,920,323</u></b>	<b><u>\$40,933,149</u></b>	<b><u>\$2,029,560</u></b>

Notes:

(1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.

(2) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

**Southern Illinois University Carbondale  
FY 2006 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>All Funds 2006 Totals</u>	<u>Service (3) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 12/31/05	\$202,798,900	\$61,802,000	\$4,015,000	\$46,821,800	\$41,355,300	<b>356,793,000</b>	\$77,796,700
Budget as of 3/31/06	<u>202,792,500</u>	<u>63,671,000</u>	<u>4,180,000</u>	<u>46,529,250</u>	<u>43,109,500</u>	<b>360,282,250</b>	<u>85,424,050</u>
Revenue Budget Variance	(\$6,400)	\$1,869,000	\$165,000	(\$292,550)	\$1,754,200	\$3,489,250	\$7,627,350
% Change	0.0%	3.0%	4.1%	-0.6%	4.2%		9.8%
<b>Expenditures Estimates</b>							
Budget as of 12/31/05	\$206,064,800	\$61,802,000	\$4,015,000	\$46,638,850	\$42,432,600	<b>\$360,953,250</b>	\$79,493,750
Budget as of 3/31/06	<u>206,058,400</u>	<u>63,671,000</u>	<u>4,180,000</u>	<u>46,222,250</u>	<u>44,637,350</u>	<b>364,769,000</b>	<u>87,164,250</u>
Expenditures Budget Variance	(\$6,400)	\$1,869,000	\$165,000	(\$416,600)	\$2,204,750	\$3,815,750	\$7,670,500
% Change	0.0%	3.0%	4.1%	-0.9%	5.2%		9.6%
Planned Operating Results (+/-)	(3,265,900) (2)	0	0	307,000	(1,527,850)	<b>(4,486,750)</b>	(1,740,200)
<b>Actual Beginning Cash 7/1/05 (1)</b>	<b>\$3,265,900 (2)</b>	<b>\$0</b>	<b>\$6,489,650</b>	<b>\$6,891,350</b>	<b>\$9,833,450</b>	<b>\$26,480,350</b>	<b>\$5,156,200</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$6,489,650</u></b>	<b><u>\$7,198,350</u></b>	<b><u>\$8,305,600</u></b>	<b><u>\$21,993,600</u></b>	<b><u>\$3,416,000</u></b>

Notes:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Beginning cash and expenditures were restated to conform with new Governmental Accounting Standards Board (GASB) requirements for recognition of summer semester tuition revenue and expenses between fiscal years.
- (3) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

**Southern Illinois University School of Medicine  
FY 2006 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<b>All Funds 2006 Totals</b>	<u>Service (3) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 12/31/05	\$43,830,600	\$11,477,600	\$4,541,400	\$25,683,000	\$21,880,200	<b>107,412,800</b>	\$11,807,100
Budget as of 3/31/06	<u>43,885,500</u>	<u>13,000,000</u>	<u>5,215,200</u>	<u>30,267,500</u>	<u>22,158,600</u>	<b>114,526,800</b>	<u>12,851,300</u>
Revenue Budget Variance	\$54,900	\$1,522,400	\$673,800	\$4,584,500	\$278,400	\$7,114,000	\$1,044,200
% Change	0.1%	13.3%	14.8%	17.9%	1.3%		8.8%
<b>Expenditures Estimates</b>							
Budget as of 12/31/05	\$43,977,200	\$11,477,600	\$5,872,100	\$26,094,900	\$21,237,300	<b>\$108,659,100</b>	\$11,833,700
Budget as of 3/31/06	<u>44,002,600</u>	<u>13,000,000</u>	<u>5,872,100</u>	<u>30,011,800</u>	<u>21,468,800</u>	<b>114,355,300</b>	<u>12,960,600</u>
Expenditures Budget Variance	\$25,400	\$1,522,400	\$0	\$3,916,900	\$231,500	\$5,696,200	\$1,126,900
% Change	0.1%	13.3%	0.0%	15.0%	1.1%		9.5%
Planned Operating Results (+/-)	(117,100) (2)	0	(656,900)	255,700	689,800	<b>171,500</b>	(109,300)
<b>Actual Beginning Cash 7/1/05 (1)</b>	<b>\$161,700 (2)</b>	<b>\$0</b>	<b>\$3,999,000</b>	<b>\$1,737,000</b>	<b>\$1,820,000</b>	<b>\$7,717,700</b>	<b>\$610,000</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$44,600</u></b>	<b><u>\$0</u></b>	<b><u>\$3,342,100</u></b>	<b><u>\$1,992,700</u></b>	<b><u>\$2,509,800</u></b>	<b><u>\$7,889,200</u></b>	<b><u>\$500,700</u></b>

Notes:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Beginning cash and expenditures were restated to conform with new Governmental Accounting Standards Board (GASB) requirements for recognition of summer semester tuition revenue and expenses between fiscal years.
- (3) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

**Southern Illinois University Edwardsville  
FY 2006 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<b>All Funds 2006 Totals</b>	<u>Service (3) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 12/31/05	\$113,326,200	\$32,021,000	\$1,719,800	\$28,787,400	\$17,192,400	<b>193,046,800</b>	\$23,473,700
Budget as of 3/31/06	113,307,200	32,021,000	1,719,800	28,787,400	17,192,400	<b>193,027,800</b>	23,473,700
Revenue Budget Variance	(\$19,000)	\$0	\$0	\$0	\$0	(\$19,000)	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
<b>Expenditures Estimates</b>							
Budget as of 12/31/05	\$114,972,700	\$32,021,000	\$1,767,000	\$29,763,800	\$17,170,100	<b>\$195,694,600</b>	\$24,295,600
Budget as of 3/31/06	114,953,700	32,021,000	1,767,000	29,763,800	17,170,100	<b>195,675,600</b>	24,295,600
Expenditures Budget Variance	(\$19,000)	\$0	\$0	\$0	\$0	(\$19,000)	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Planned Operating Results (+/-)	(1,646,500) (2)	0	(47,200)	(976,400)	22,300	<b>(2,647,800)</b>	(821,900)
<b>Actual Beginning Cash 7/1/05 (1)</b>	<b>\$1,646,541 (2)</b>	<b>\$0</b>	<b>\$495,346</b>	<b>\$4,303,568</b>	<b>\$6,378,103</b>	<b>\$12,823,558</b>	<b>(\$1,065,240)</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$41</u></b>	<b><u>\$0</u></b>	<b><u>\$448,146</u></b>	<b><u>\$3,327,168</u></b>	<b><u>\$6,400,403</u></b>	<b><u>\$10,175,758</u></b>	<b><u>(\$1,887,140)</u></b>

Notes:

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- (2) Beginning cash and expenditures were restated to conform with new Governmental Accounting Standards Board (GASB) requirements for recognition of summer semester tuition revenue and expenses between fiscal years.
- (3) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.



**Southern Illinois University Administration  
FY 2006 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<b>All Funds 2006 Totals</b>	<u>Service (3) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 12/31/05	\$1,919,600	\$0	\$50,000	\$0	\$25,000	<b>1,994,600</b>	\$0
Budget as of 3/31/06	<u>1,919,600</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>25,000</u>	<b>1,994,600</b>	<u>0</u>
Revenue Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
<b>Expenditures Estimates</b>							
Budget as of 12/31/05	\$1,919,600	\$0	\$69,462	\$0	\$36,314	<b>\$2,025,376</b>	\$0
Budget as of 3/31/06	<u>1,919,600</u>	<u>0</u>	<u>69,462</u>	<u>0</u>	<u>36,314</u>	<b>2,025,376</b>	<u>0</u>
Expenditures Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Planned Operating Results (+/-)	0 (2)	0	(19,462)	0	(11,314)	<b>(30,776)</b>	0
<b>Actual Beginning Cash 7/1/05 (1)</b>	<b>\$0 (2)</b>	<b>\$0</b>	<b>\$189,533</b>	<b>\$0</b>	<b>\$130,234</b>	<b>\$319,767</b>	<b>\$0</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$170,071</u></b>	<b><u>\$0</u></b>	<b><u>\$118,920</u></b>	<b><u>\$288,991</u></b>	<b><u>\$0</u></b>

Notes:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Beginning cash and expenditures were restated to conform with new Governmental Accounting Standards Board (GASB) requirements for recognition of summer semester tuition revenue and expenses between fiscal years.
- (3) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

**Southern Illinois University - University Wide Services  
FY 2006 Operating Budget  
by Major Fund Groups**

	<u>Appropriated &amp; Income Fund</u>	<u>Grants and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>All Funds 2006 Totals</u>	<u>Service (3) Departments</u>
<b>Revenue Estimates</b>							
Budget as of 12/31/05	\$1,360,200	\$0	\$0	\$0	\$2,507,900	<b>3,868,100</b>	\$199,600
Budget as of 3/31/06	<u>1,360,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,507,900</u>	<b><u>3,868,100</u></b>	<u>199,600</u>
Revenue Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
<b>Expenditures Estimates</b>							
Budget as of 12/31/05	\$1,360,200	\$0	\$0	\$0	\$2,507,900	<b>\$3,868,100</b>	\$199,600
Budget as of 3/31/06	<u>1,360,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,507,900</u>	<b><u>3,868,100</u></b>	<u>199,600</u>
Expenditures Budget Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Planned Operating Results (+/-)	0 (2)	0	0	0	0	0	0
<b>Actual Beginning Cash 7/1/05 (1)</b>	<b>\$0 (2)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$585,600</b>	<b>\$585,600</b>	<b>\$0</b>
<b>Estimated Ending Cash Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$585,600</u></b>	<b><u>\$585,600</u></b>	<b><u>\$0</u></b>

Notes:

- (1) Carryover cash balances are used for ongoing operational costs of support units and expenditures are restricted in accordance with bond covenants, Legislative Audit Commission guidelines and Illinois Statute.
- (2) Beginning cash and expenditures were restated to conform with new Governmental Accounting Standards Board (GASB) requirements for recognition of summer semester tuition revenue and expenses between fiscal years.
- (3) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

The background of the top section is a grayscale image of several coins, likely quarters, with some text like '1981' and 'QUARTER' visible. The title 'Income Fund as of 3/31/2006' is overlaid in white text.

# Income Fund as of 3/31/2006

Income Fund revenue includes tuition revenue, off-campus program revenue, interest earnings, and certain miscellaneous fee revenue. Tuition revenue is a direct result of student enrollment, student residency, credit hours, and tuition rates.

Enrollment projections are made two years in advance for budget purposes. Off-campus program revenue is based on charges sufficient to cover all instructional and administrative costs of the programs. Miscellaneous income includes interest earnings from cash balances that were invested in U.S. Government securities and other University Investment Pools. Also, LAC guidelines require that certain fee revenue such as application fees, course-specific fees and graduation fees be deposited into the income fund.

## Southern Illinois University - Combined Total

### FY 2006 Income Fund Projections and Enrollment Updates

Fund Source	Original Projections	Current Projections	Variance
Tuition	\$132,028,400	\$131,981,500	(\$46,900)
Miscellaneous Income	3,861,700	3,861,700	0
Off-Campus Programs	9,768,100	9,768,100	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	\$145,658,200	\$145,611,300	(\$46,900)
Carryover From Previous Fiscal Year	186,400	5,074,100	4,887,700
<b>Total Expenditure Estimate</b>	145,844,600	150,640,800	4,796,200
<b>Projected Ending Balance</b>	<u><b>\$0</b></u>	<u><b>\$44,600</b></u>	<u><b>\$44,600</b></u>

Spring Term 2006 (FY06)	Projection	Actual	Variance
Enrollment Headcount	33,067	32,700	(367)

# Southern Illinois University Carbondale

## FY 2006 Income Fund Projections and Enrollment Updates

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$77,780,500	\$77,664,300	(\$116,200)
Miscellaneous Income	2,541,400	2,541,400	0
Off-Campus Programs	9,132,500	9,132,500	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	<b>\$89,454,400</b>	<b>\$89,338,200</b>	<b>(\$116,200)</b>
Carryover From Previous Fiscal Year	0	3,265,900	3,265,900
<b>Total Expenditure Estimate</b>	<b>89,454,400</b>	<b>92,604,100</b>	<b>3,149,700</b>
<b>Projected Ending Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

Spring Term 2006 (FY06)	Projection	Actual	Variance
Enrollment Headcount	20,199	19,893	(306)

# Southern Illinois University School of Medicine

## FY 2006 Income Fund Projections and Enrollment Updates

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$5,863,400	\$5,932,700	\$69,300
Miscellaneous Income	19,500	19,500	0
Off-Campus Programs	0	0	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	\$5,882,900	\$5,952,200	\$69,300
Carryover From Previous Fiscal Year	186,400	161,700	(24,700)
<b>Total Expenditure Estimate</b>	6,069,300	6,069,300	0
<b>Projected Ending Balance</b>	<b><u>\$0</u></b>	<b><u>\$44,600</u></b>	<b><u>\$44,600</u></b>

Spring Term 2006 (FY06)	Projection	Actual	Variance
Enrollment Headcount	292	290	(2)

# Southern Illinois University Edwardsville

## FY 2006 Income Fund Projections and Enrollment Updates

Fund Source	Original Projection	Current Projections	Variance
Tuition	\$48,384,500	\$48,384,500	\$0
Miscellaneous Income	1,300,800	1,300,800	0
Off-Campus Programs	635,600	635,600	0
	-----	-----	-----
<b>Total Revenue Estimate</b>	<b>\$50,320,900</b>	<b>\$50,320,900</b>	<b>\$0</b>
Carryover From Previous Fiscal Year	0	1,646,500	1,646,500
<b>Total Expenditure Estimate</b>	<b>50,320,900</b>	<b>51,967,400</b>	<b>1,646,500</b>
<b>Projected Ending Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

Spring Term 2006 (FY06)	Projection	Actual	Variance
Enrollment Headcount	12,576	12,517	(59)