BOARD OF TRUSTEES
Illinois State University

Resolution Number 2026.07/29

Approval of FY2027 Operating Budget

Resolution

Whereas, the Board of Trustees of Illinois State University (the "Board") has the authority to approve Illinois State University's (the "University") annual operating budget, and

Whereas, the Illinois Board of Higher Education policies stipulate that the Board of Trustees shall approve an official budget for fiscal year 2027 ("FY2027"), and

Whereas, the Board took action at its May 8, 2026, meeting authorizing expenditures from tentative budget allocations.

Therefore, be it resolved that the Board of Trustees approves the FY2027 Budget for Operations totaling $600.4 million as shown in Table 1, which is attached hereto and incorporated herein.

For Office of the President use only:

Board Action on ________________________

Motion by ________________________

Second by ________________________

Vote _____ Yeas, _____ Nays

ATTEST: Board Action, July 24, 2026

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Secretary / Chairperson

FY2027 marks the first year that the University will utilize a new budget framework, alongside updated processes and timelines: The operating budget is established with each division receiving a general funds budget target that aligns with the University's total projected general funds revenues.

The University's major sources of funds are grouped into two broad classifications– unrestricted purpose funds and restricted purpose funds. Unrestricted purpose funds are those that the University has the most discretion in allocating among its instruction, public service, research, student service, and academic and institutional support functions. These funds include:

- **State-Appropriated Funds**: Funds appropriated to Illinois State University annually by the General Assembly and approved by the Governor for general operating expenses.

- **University Income Fund**: Includes annual tuition revenue, the Academic Enhancement Fee, and miscellaneous operational and instructional fees.

State-appropriated funds and the University Income Fund are aggregated and collectively budgeted as General Revenue Funds.

Restricted purpose funds are those funds whose use is restricted either by a granting agency, legislative statutes and rules, or by other contractual commitments. These funds include:

- **Bond Revenue (Auxiliary Facilities System – AFS)**: Revenues that are derived from the operation of facilities constructed with proceeds from debt issued by the University, such as residence halls and dining centers. The revenue is used both for operations of the unit and to repay the debt to the bond holders. These funds cannot be used for other purposes.

- **Grants and Contracts**: Includes funds that are awarded to individual faculty or staff members for research projects or institutional improvement. Funds may come from federal, state, or local grant foundations and are governed by individual guidelines of the grantor. The University also includes state funds provided to the University Laboratory Schools under Grants and Contracts.

- **Other Local Funds (Agency)**: Includes revenues generated by self-supporting units such as the University Farm, revenues from student fees such as activity fees, and revenues generated by charging a course material fee. These funds are restricted in use to the specific purpose for which they are charged. In other words, revenue generated from a course material fee must be used to purchase materials for this same course in the future. These funds are also referred to as Agency Funds.

- **State College and University Trust Fund:** Includes revenues generated by the University's proportion of collegiate license plates sold; distributed, subject to appropriation by the General Assembly, to each university or college for the sole purpose of scholarship awards to residents of the State of Illinois.

Table 1 presents the FY2027 revenue and expense projections by fund. Revenue projections assume enrollment of 22,113 students (19,632 undergraduate; 2,481 graduate), a 5% increase in base tuition rates, three student cohorts in differential tuition programs, a 1% increase in state appropriations, a 1.7% increase in mandatory student fees, and a 4% increase in room and board rates as approved by the Board at the February 20, 2026, meeting. The University made a strategic investment decision in FY2024 to fund start-up expenses for the new College of Engineering from general revenue reserves until enrollments in the program provide the revenues necessary to cover program expenses. In FY2027, planned expenditures for the College of Engineering are in the general fund operating budget and will be covered by a planned transfer of $7.85 million from reserves.

The University's FY2027 total source of funds of $603.6 million exceeds the total expense budget of $600.4 million, providing an operating positive margin of $3.2 million. Bond revenue operations are projecting a surplus of $9.1 million in FY2027. Other local funds, or agency, expenses are projected to exceed FY2027 revenues by $5.9 million. The primary driver of this deficit is the planned use of reserves by these units covering the initial overhead expense associated with the new budget model as they adjust their financial models to cover the overhead expense in FY2028 and future years.

Table 1: Fiscal Year 2027 Operating Budget – Unrestricted Funds

SOURCE OF FUNDS	REVENUES	EXPENSES	PERCENT OF TOTAL	NET INCOME
UNRESTRICTED				
State Appropriation	$82,997,000	$82,997,000	13.8%	-
University Income Fund	$286,650,000	$294,500,000	49%	($7,850,000) *
SUBTOTAL	$369,647,000	$377,497,000	62.9%	($7,850,000)
RESTRICTED				
Bond Revenue Operations	$119,600,000	$110,500,000	18.4%	$9,100,000
Grants and Contracts (includes Laboratory School state funds)	$38,500,000	$38,500,000	6.4%	-
Other Local Funds	$68,000,000	$73,900,000	12.3%	($5,900,000)
State College and University Trust Fund (collegiate license plate revenue)	$30,000	$30,000	0%	-
SUBTOTAL	$226,130,000	$222,930,000	37.1%	$3,200,000
TOTAL	**$595,777,000**	**$600,427,000**	**100%**	**($4,650,000)**
Planned Transfer from General Revenue Reserves – College of Engineering	**$7,850,000**			**$7,850,000**
Total Resources All Funds	**$603,627,000**	**$600,427,000**		**$3,200,000**

* Planned transfer from General Revenue Reserves to fund the College of Engineering start-up expenses