

# Mounting State Cash Crisis Response



**UIC**



**UNIVERSITY OF ILLINOIS**

**URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD**

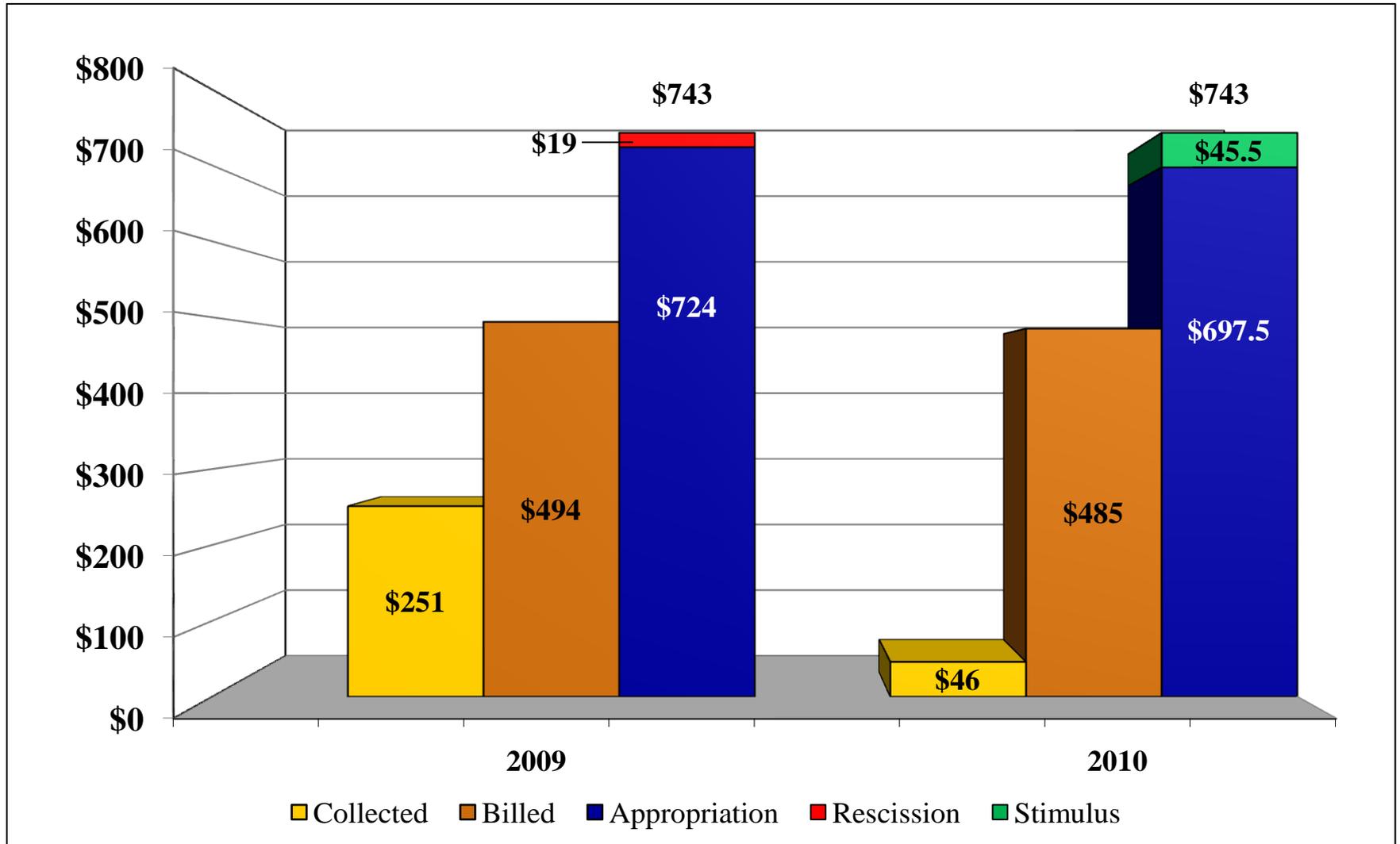
**Presented to the Board of Trustees**

**January 21, 2010**

# State Appropriation Revenue

## Billings and Collections through December 31, 2010

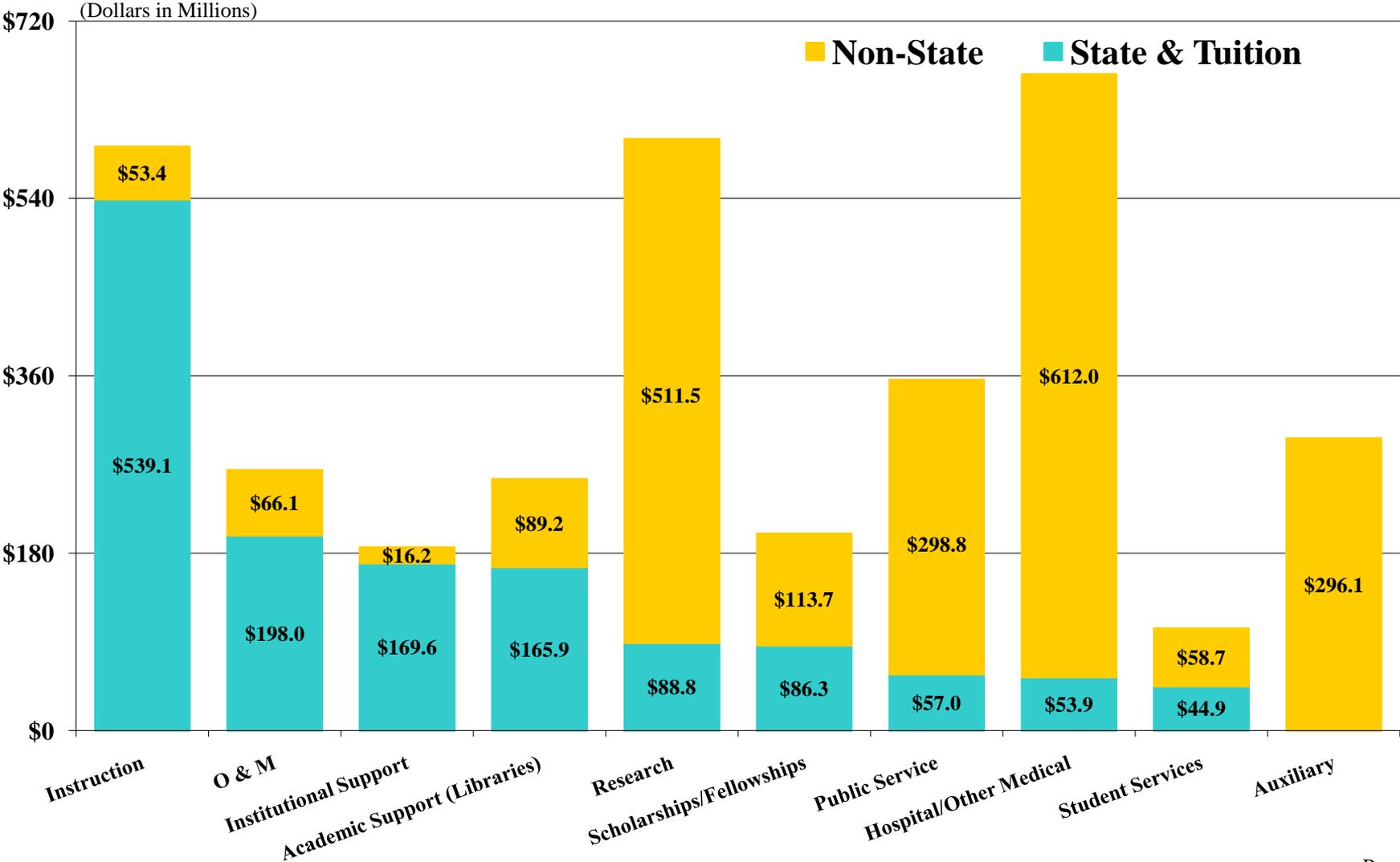
In Millions



*FY09 appropriation includes \$19 million rescission.*

*FY10 appropriation includes \$45.5 million of federal stimulus funding and assumes restoration of FY09 rescission.*

# State & Tuition are the **Heart** of Instructional Support Expenditures by Function FY 2009



# Overview

**Early Warning:** 2009 Payment Cycle from the State - **Late**

July 2009:

- Conservative spending; hold back \$19.8 M
- Interim furlough plan and language in appointment notices

**Cash Crisis Emerges:** October 31, **Unreimbursed \$258M**

November 2009:

- Possible 6% reduction of state funds planning
- Hiring slow down; no immediate current personnel cost cuts

**Tipping Point:** December 31, **UNREIMBURSED \$436M**

# Response to Escalating Crisis: **Intervention**

## January 2010

- Units asked to return 6% ( $\approx$  \$45 M) to central funds
- Hiring freeze with exemptions on a case by case basis
- Personnel Cost Reduction - Faculty and Academic Professionals ( $\approx$ \$ 17M)
  - Temporary; Maximum flexibility
  - Graded Furloughs:
    - 10 days for Senior Administrators, 4 days for others not exempted
    - Implementation within the necessary Labor Laws
  - Voluntary Pay Reduction Option in lieu of Furlough
- Planning for FY 2011
  - Administrative and Academic enterprise review
  - Issuance of select Notices of Non-Reappointment

# Moving Forward

## Challenge:

- Work force our biggest asset but > 85% of GRF-related costs
- Demand for our work product – **EDUCATION** – is increasing

## FY 2011→Beyond:

- Administrative and Programmatic restructuring
- Planning for additional potential reductions in State support
- Personnel cost reductions

**No amount of cuts/reallocation can make up for \$745 million, and stave off problems at the heart of our mission -- excellence in higher education.**