Mounting State Cash Crisis Response

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

(Dollars in Millions)

Instruction: $539.1
O & M: $198.0
Institutional Support: $66.1
Academic Support (Libraries): $169.6
Research: $165.9
Scholarships/Fellowships: $511.5
Public Service: $298.8
Hospital/Other Medical: $511.5
Student Services: $612.0
Auxiliary: $296.1
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% (≈ $45 M) to central funds

- Hiring freeze with exemptions on a case by case basis

- Personnel Cost Reduction - Faculty and Academic Professionals (≈$ 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.