

# FINANCIAL REPORT



# UNIVERSITY OF ILLINOIS

URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

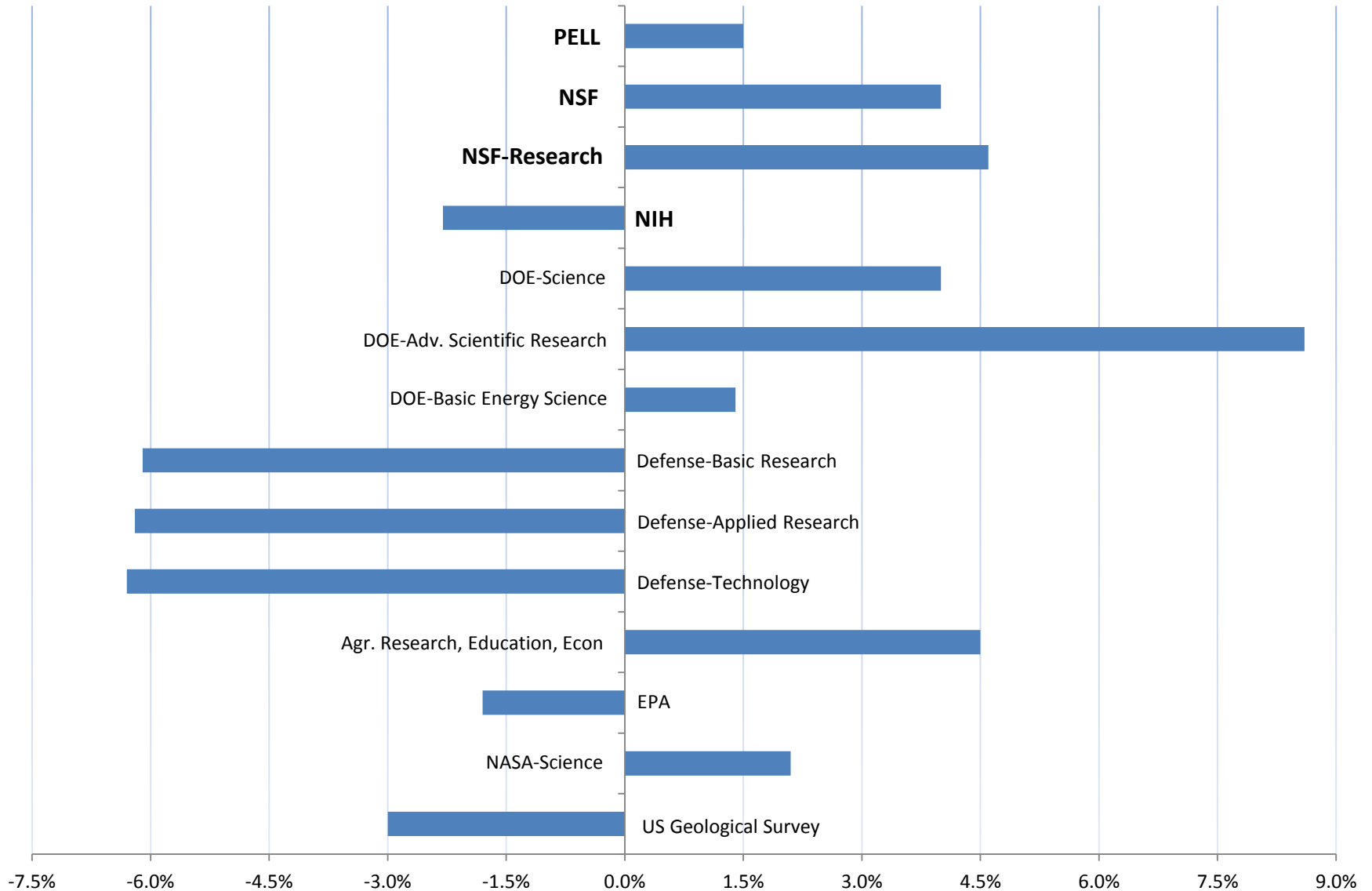
BOARD OF TRUSTEES

January 23, 2014

# Federal Update

- Shutdown and budget sequestration little impact in FY 2013, continued focus on recent Federal Omnibus Budget Bill
- University medical center adjusting to provisions of the Affordable Care Act
- PELL – has been excluded from budget reductions
- Farm Bill in conference committee
- American Opportunity Tax Credit extended for 5 years
- Charitable gift deduction remains

# Federal Omnibus Budget Bill



# State of Illinois Update

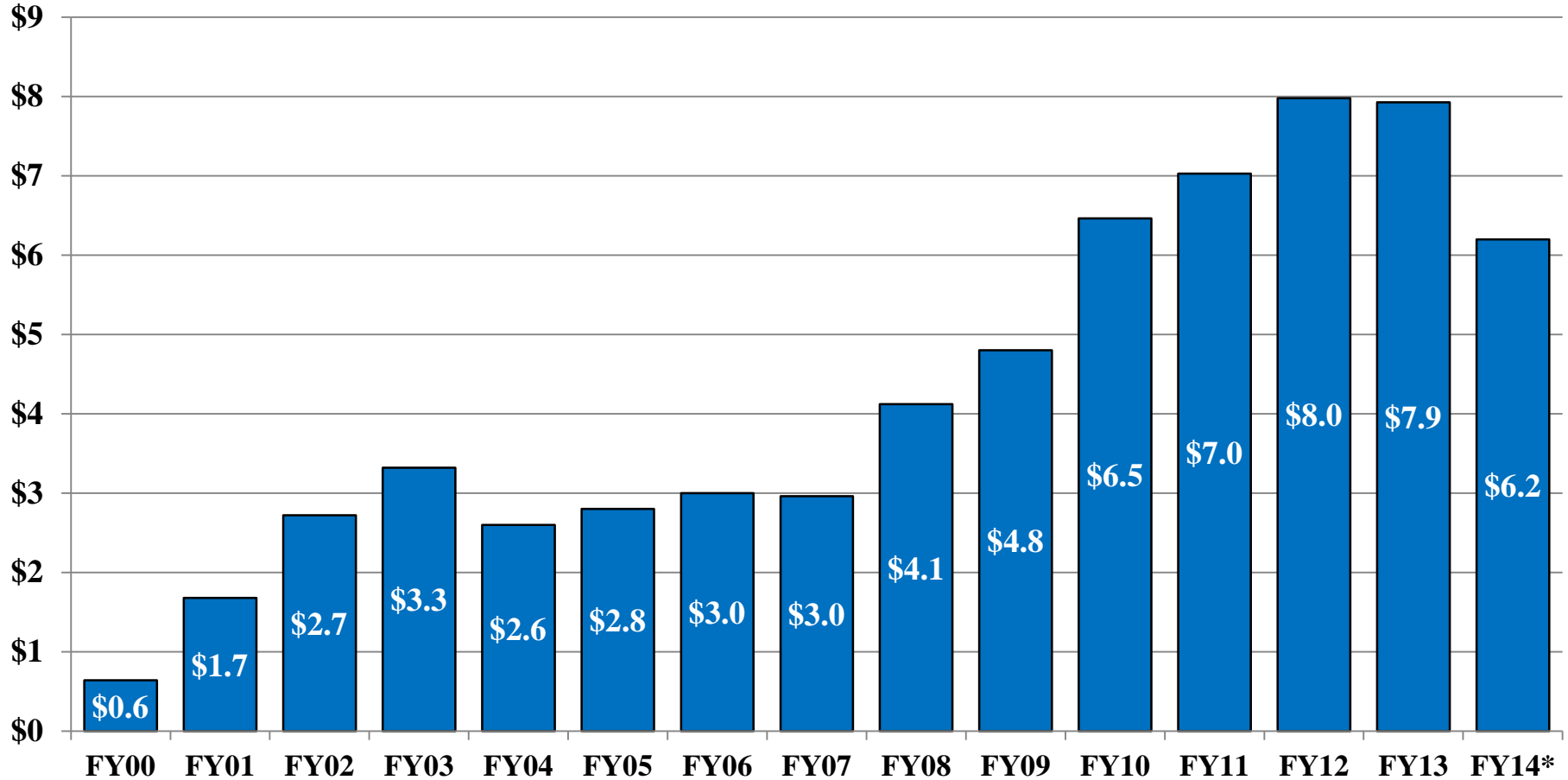
- General Assembly passes pension reform and fully funds the State's pension systems
- State backlog of unpaid bills reduced at year end 2013 due to surge in spring tax receipts but continues
- The University received all of Fiscal Year 2013 State appropriations by the end of September
- The University received the full \$28.8 million Fall MAP installment
- Significant increases in the employees' share of health insurance cost
- Medicaid reimbursement rate and payments affecting Health System

# Pension Reform Legislation

- SURS unfunded liability estimated at \$19.3 billion at June 30, 2013
- Senate Bill 1 approved by General Assembly on December 3rd and signed by Governor on December 6th
- Pension legislation reduces cost of living adjustments for annuitants, increases retirement age, caps pensionable salary, reduces employee contributions and provides for a long term funding plan
- Effective date of legislation is June 1, 2014
- Litigation challenging the constitutionality of the legislation has been filed
- University has begun exploring options to provide a supplementary defined contribution plan for employees for Board consideration
- Beginning Fiscal Year 2015, recently promulgated Governmental Accounting Standards require recognizing the University's share of the unfunded pension liability for pension on its balance sheet

# U of I Estimated Unfunded Pension Obligation State Universities Retirement System (SURS)

**(Dollars in Billions)**



\*Estimated.

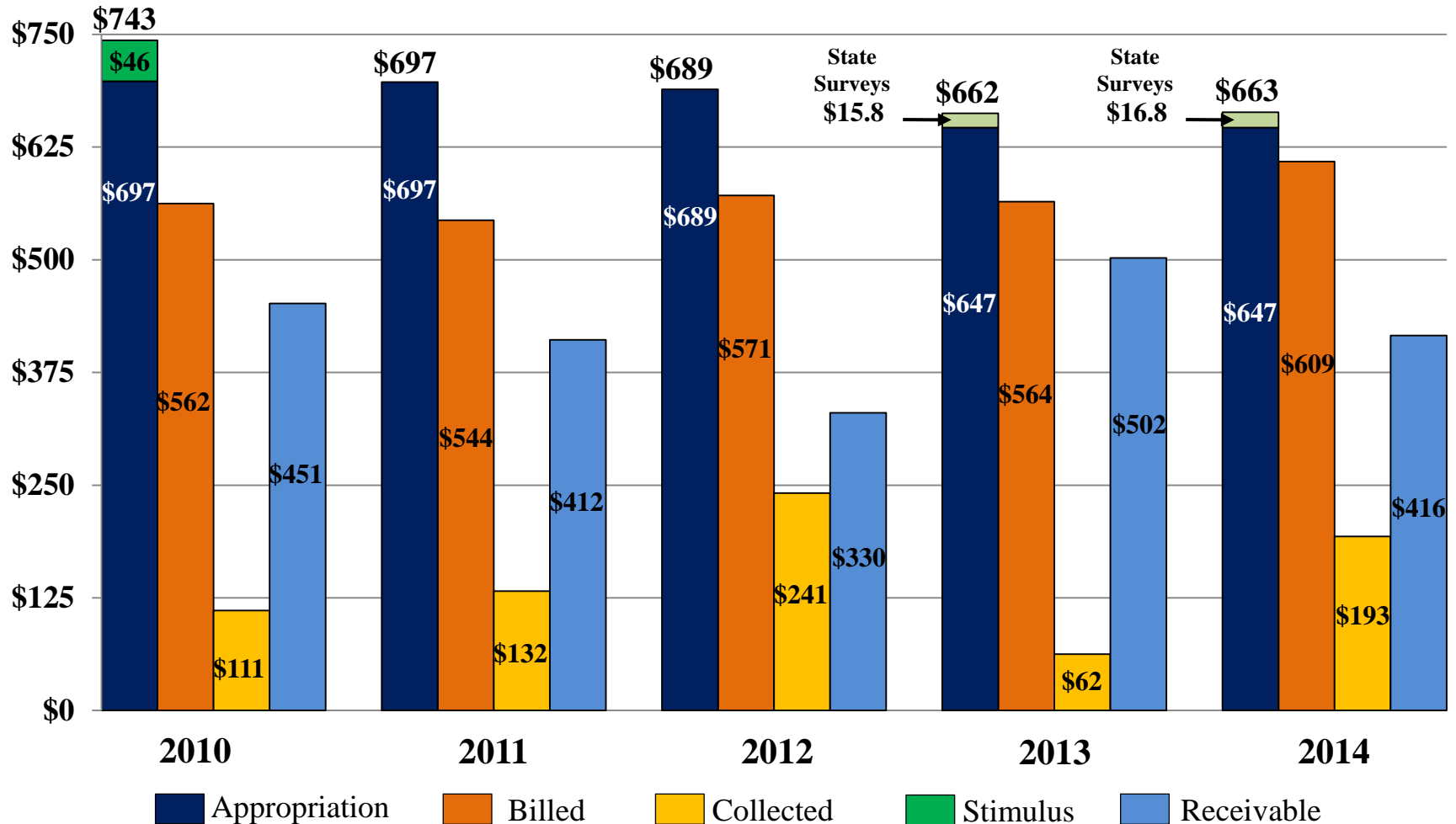
(At end of Fiscal Year, FY 2003-04 sale of Pension Bonds)

FY13 is preliminary, U of I portion is estimated.

# State Appropriation Revenue

## Billings and Collections through January 21, 2014

Dollars in Millions

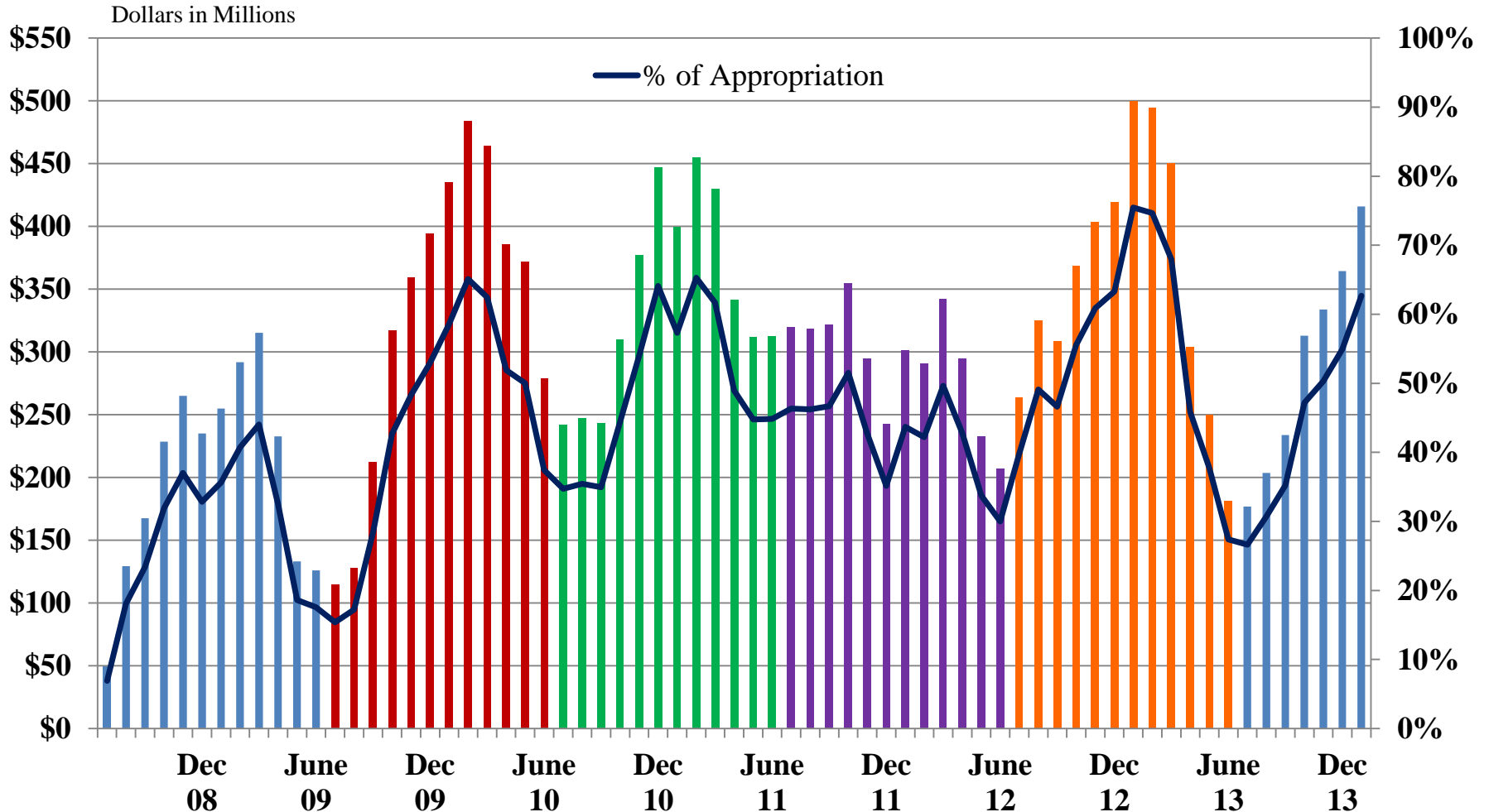


*FY10 appropriation includes \$45.5 million of federal stimulus funding.*

# UI Month End GRF Receivable & Percent of State Budget

Fiscal Year 2009 through Fiscal Year 2014

As of January 21, 2014



Receivables as of June 30<sup>th</sup> for each of the following fiscal years were: 2009 (\$125.9M), 2010 (\$278.5M), 2011 (\$312.7M), 2012 (\$206.7M), 2013 (\$181.4M).

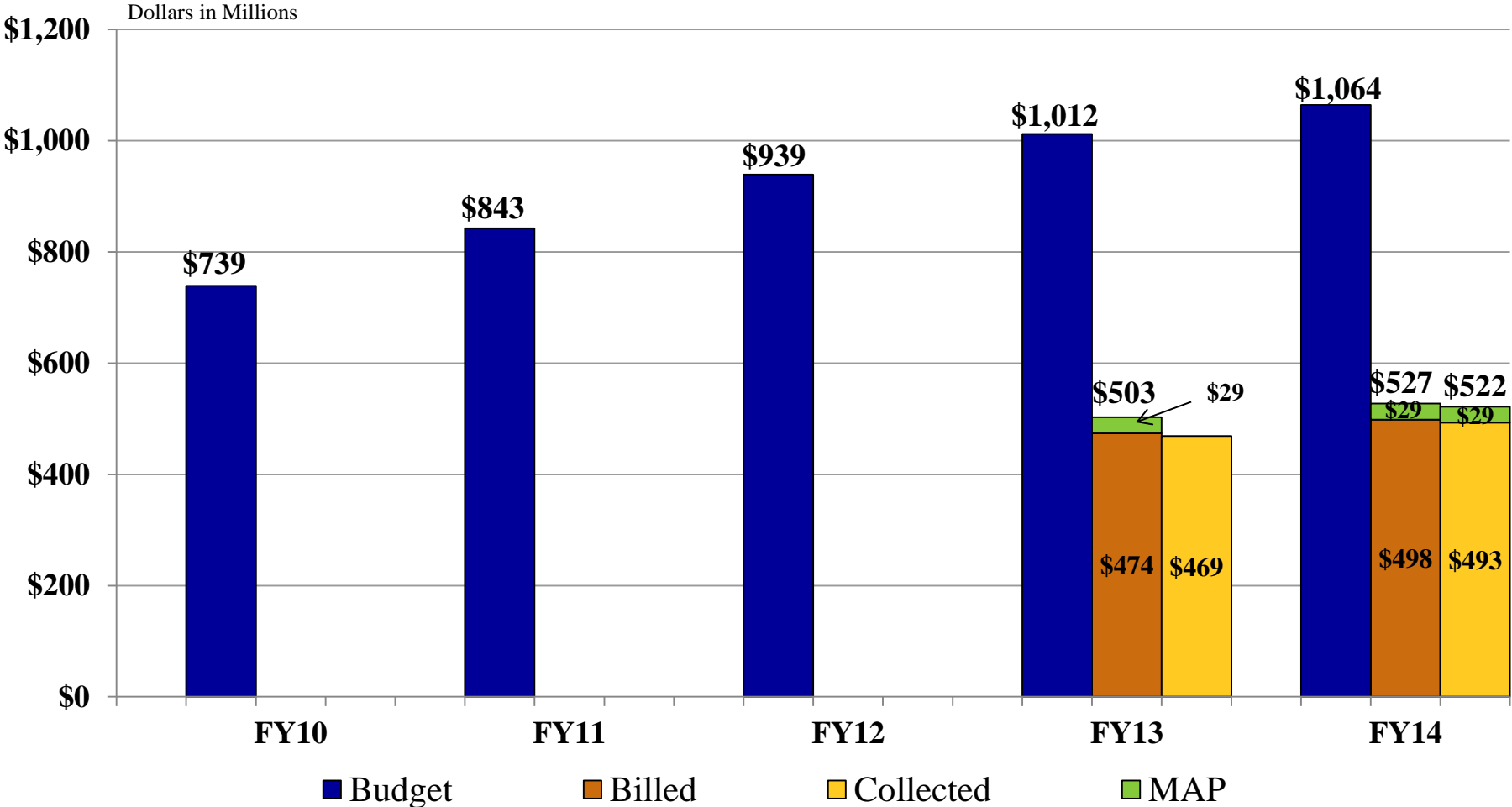


# Income Fund (Tuition) Revenue

## Unrestricted Funds

Fiscal Years 2010 – 2014

Collections and Billed through December 31<sup>st</sup> of Fiscal Years 2013 & 2014

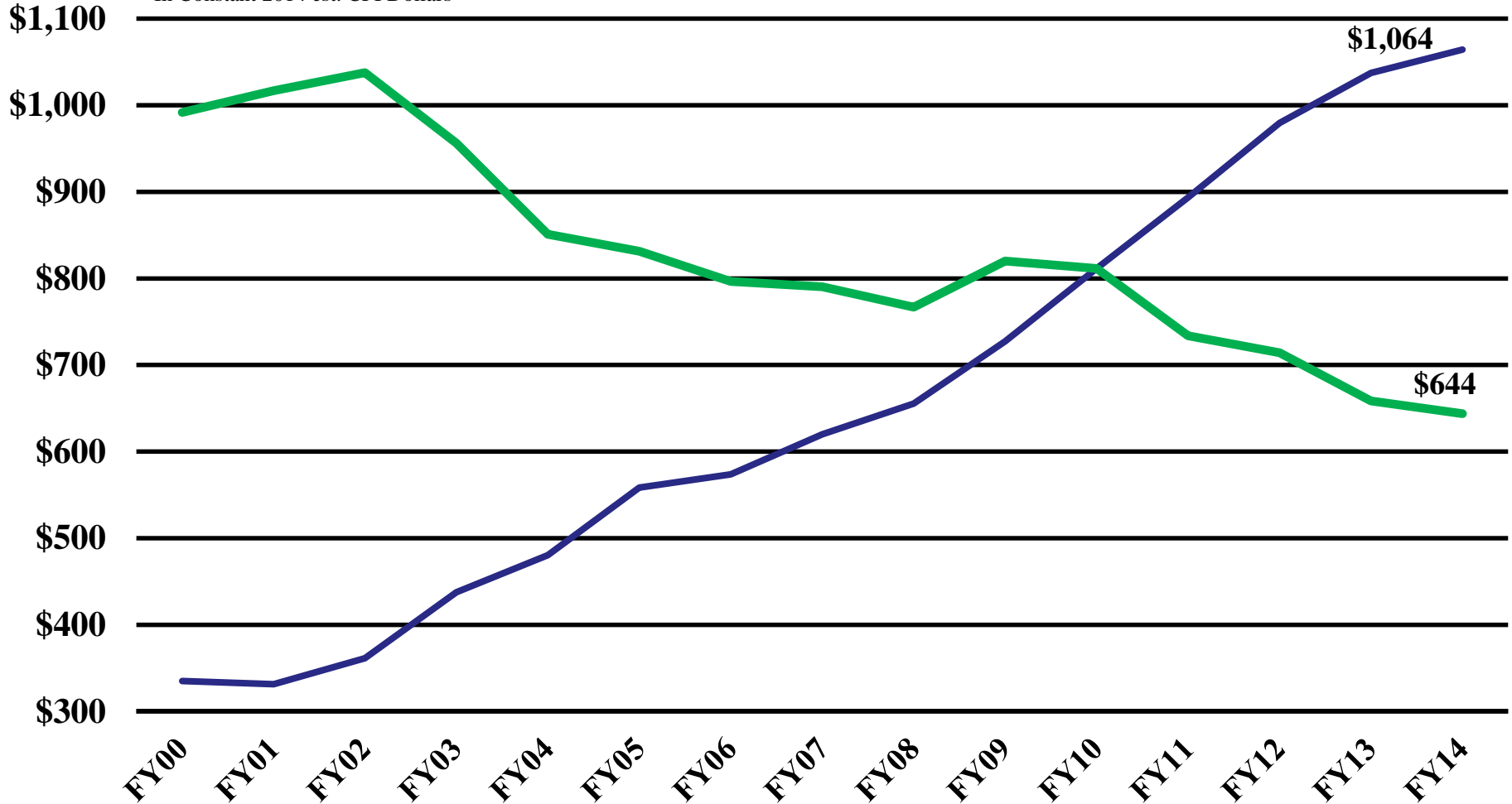


# State and Tuition FY 2000 – FY 2014

- **Total Enrollment FY 2000 over 67,000**
- **Total Enrollment FY 2014 over 78,100**

In Millions

In Constant 2014 est. CPI Dollars

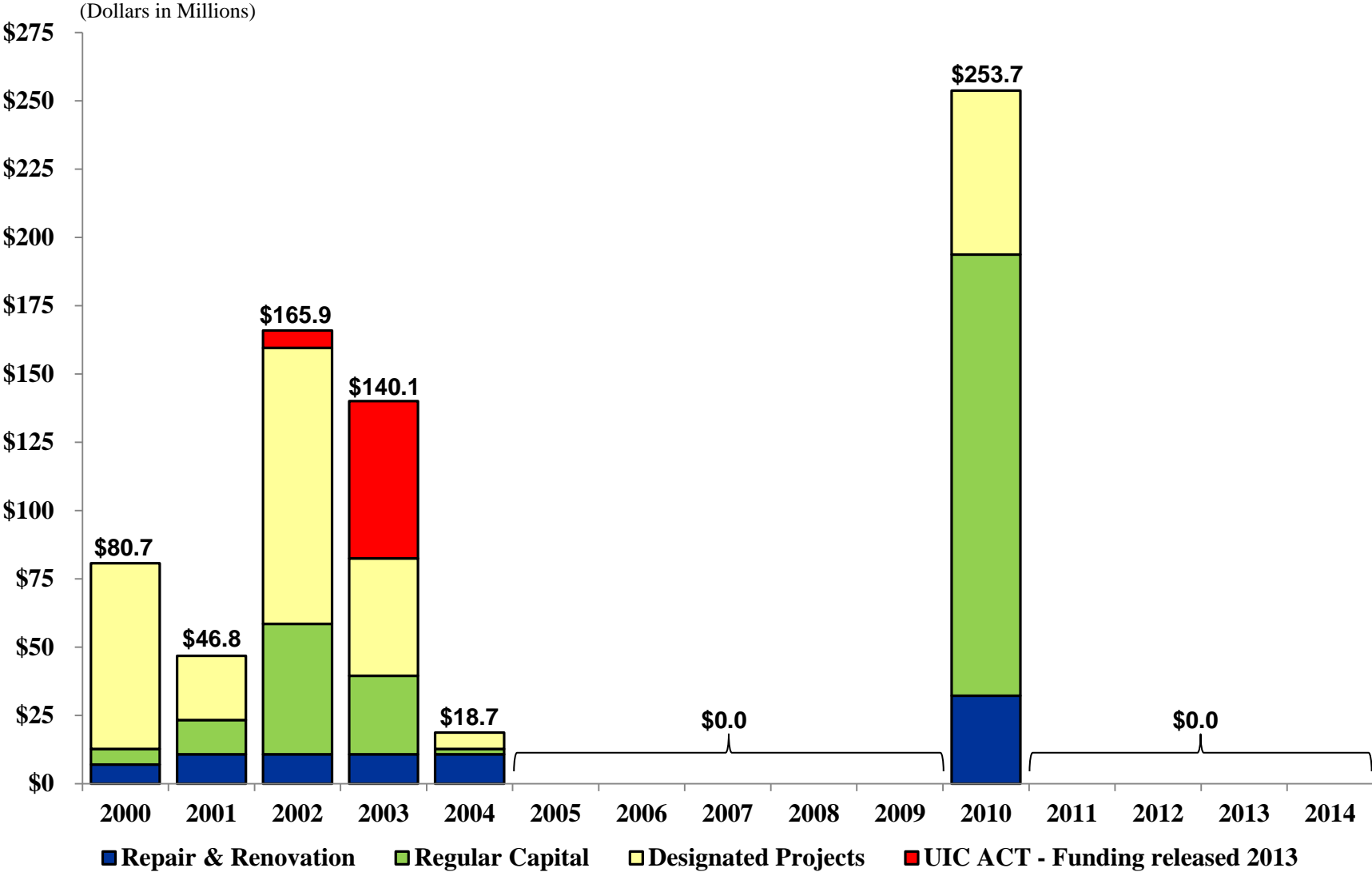


Sources: Budget Summary for Operations. State include GRF and all other state fund appropriations. State for FY 02 – FY 14 exclude \$24.9 million for Health Insurance.

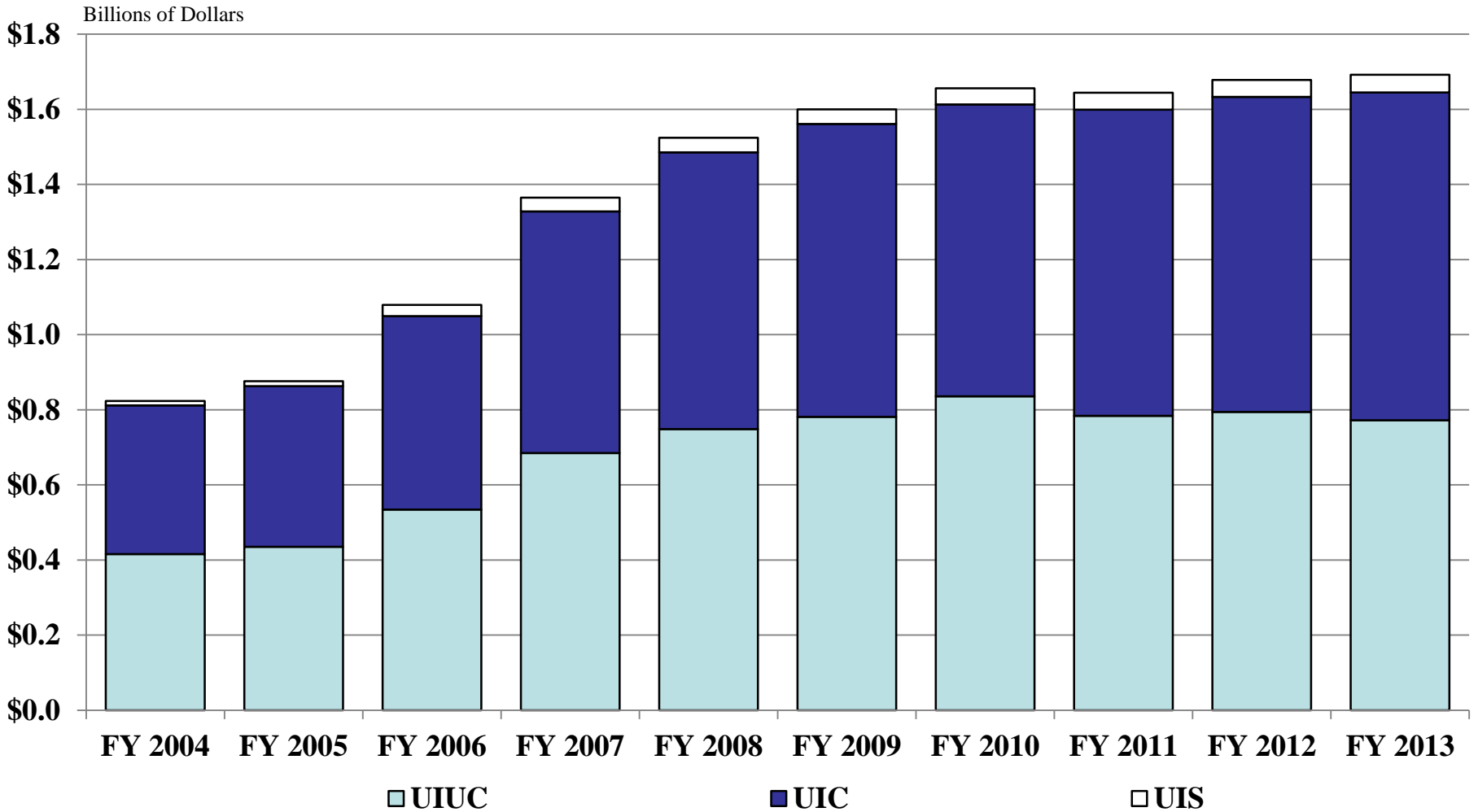
State Surveys are included in State beginning in FY 09. FY14 CPI estimated at 2.5%.

# U of I Capital Appropriations

## FY 2000 – FY 2014



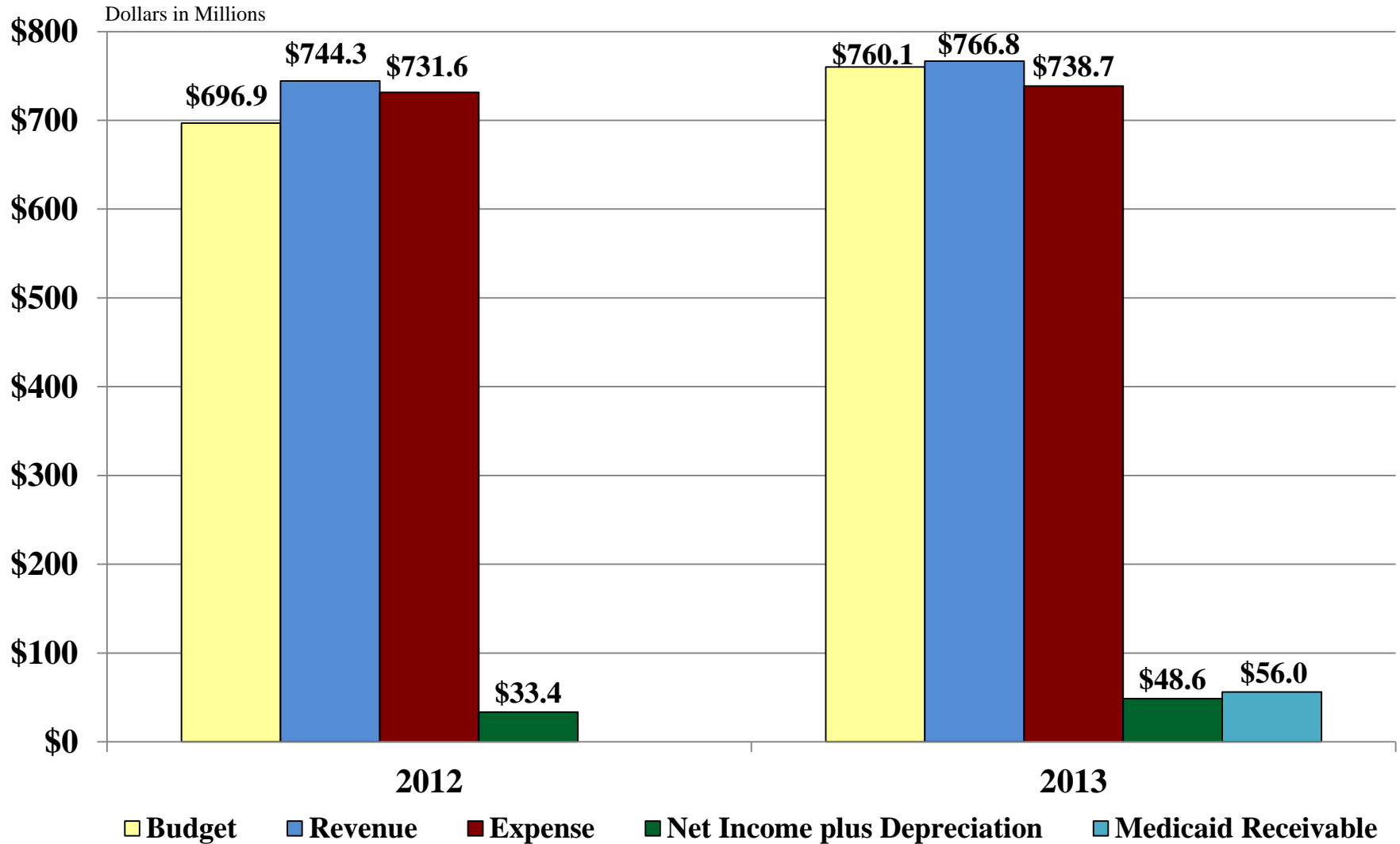
# University of Illinois Deferred Maintenance Annual Estimate FY 2004 – FY 2013



Source: IBHE technical question, Campus Facilities and Services

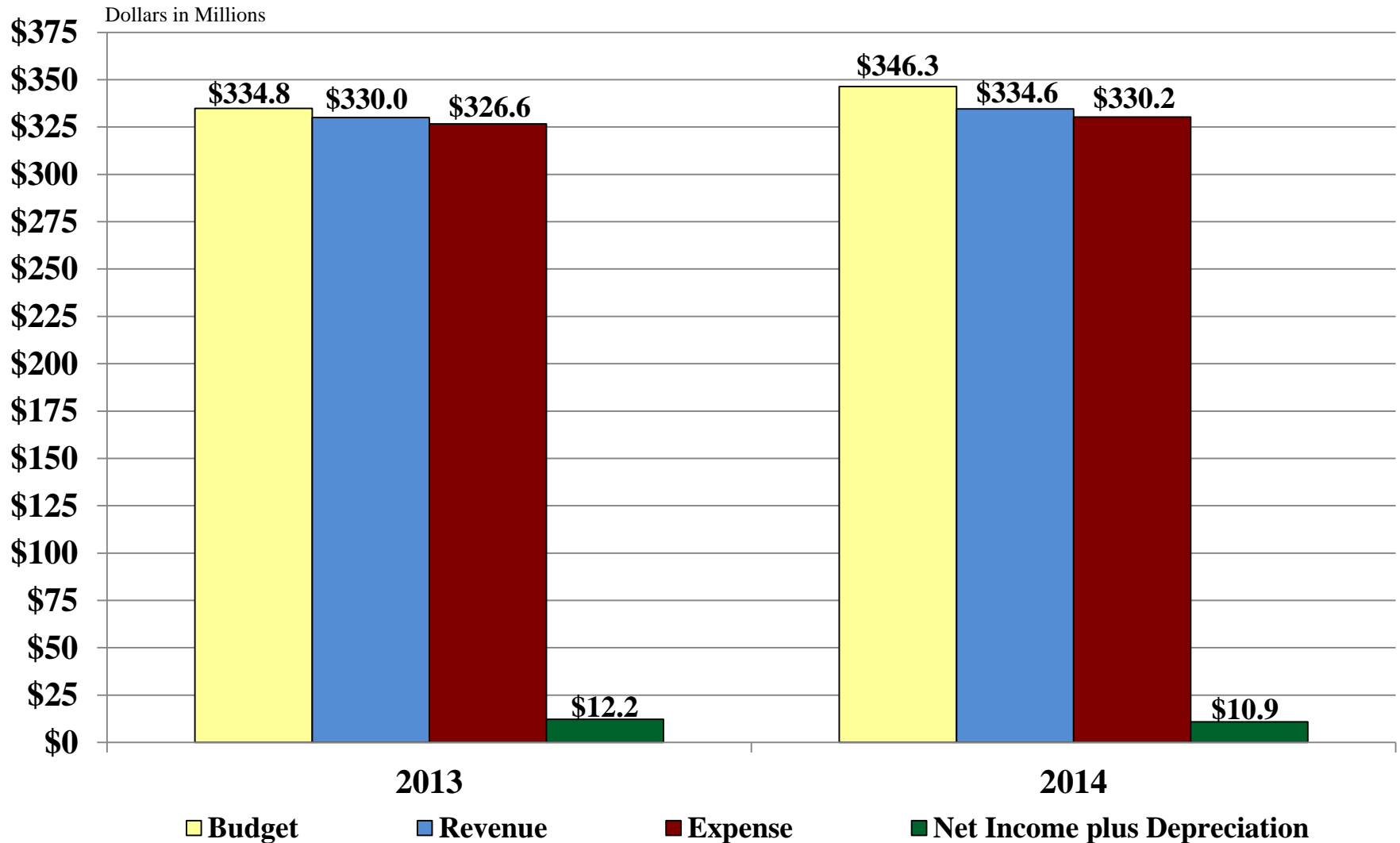
# Hospital Revenue/Expense/Net Income

Fiscal Year 2012 vs. Fiscal Year 2013 through June 30, 2013



# Hospital Revenue/Expense/Net Income

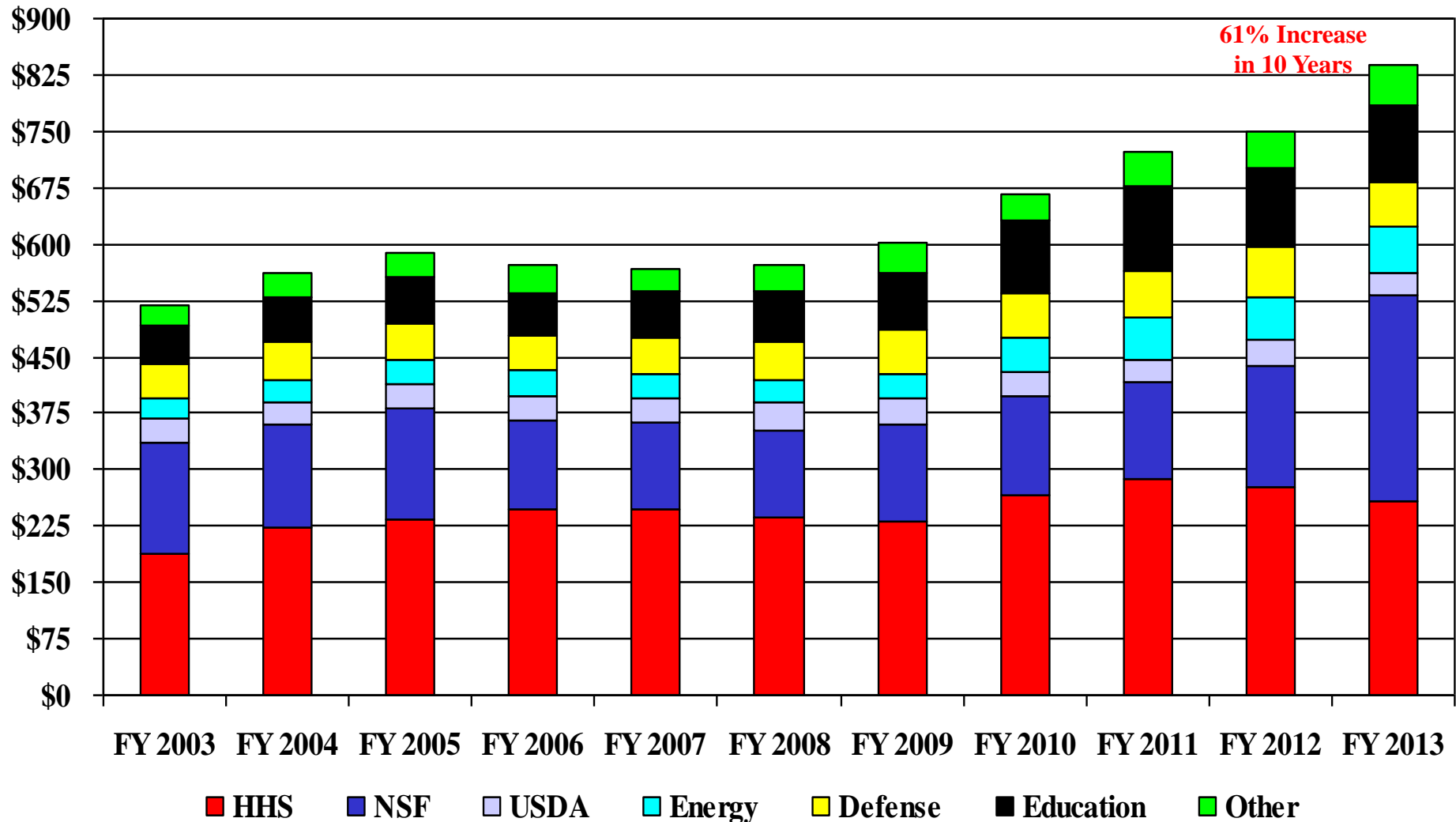
Fiscal Year 2013 vs. Fiscal Year 2014 through November 30th



# Federal Grants & Contracts Expenditures

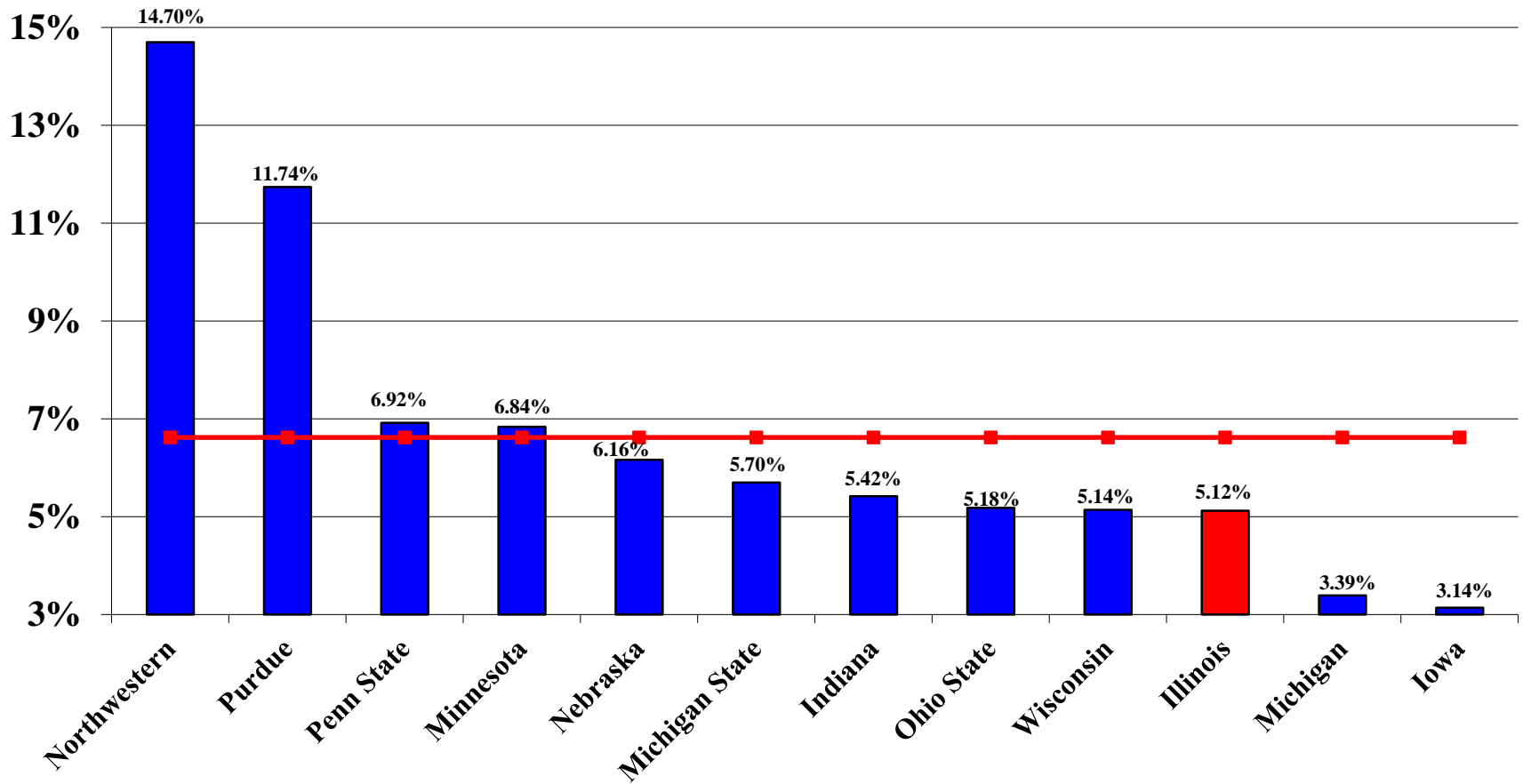
## All Functions – Total University

(Dollars in Millions)



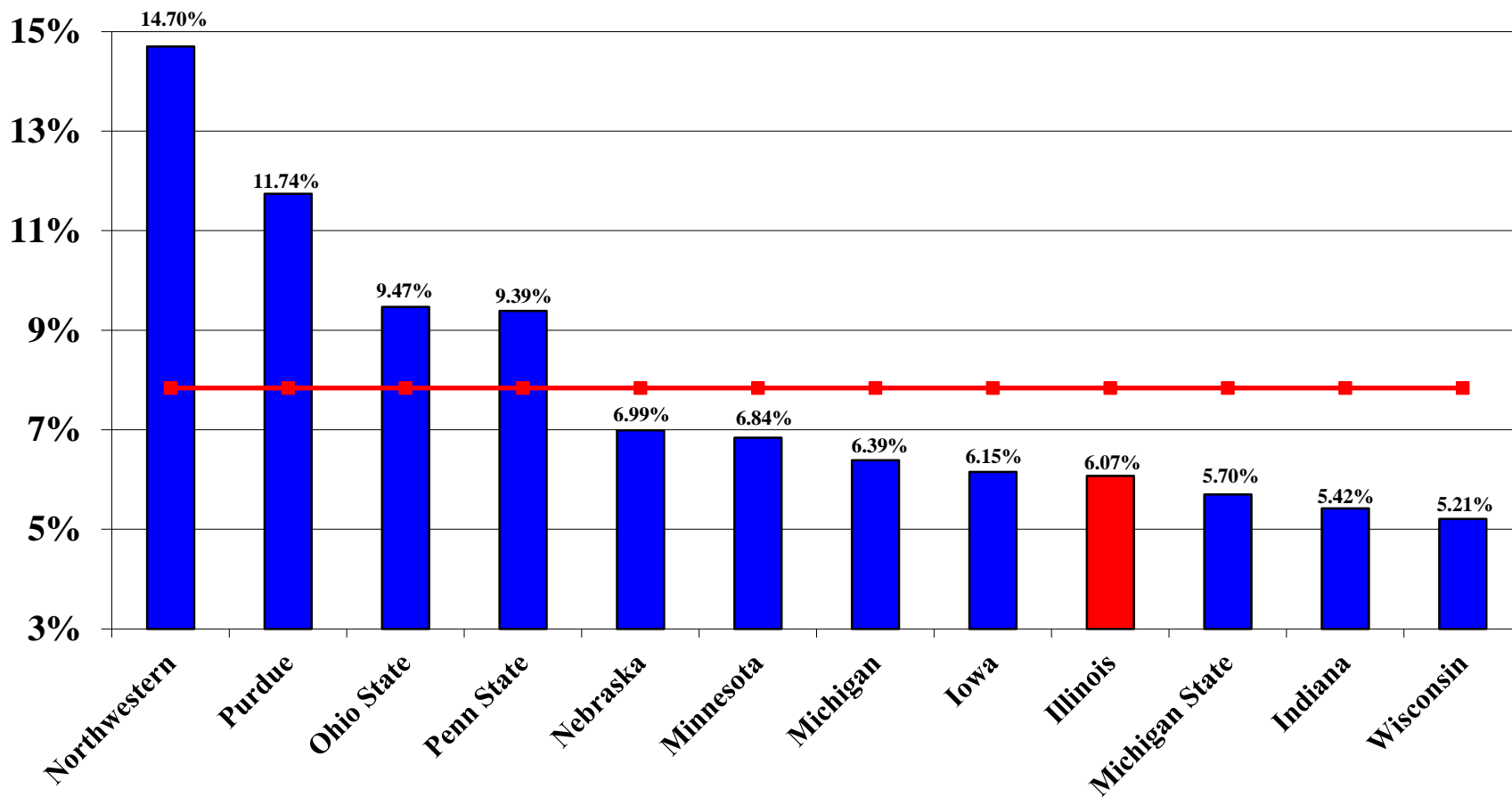
Does not include federal funds passed through to the University from non-federal entities.

# Big Ten Universities Total Systems Institutional Support as a % of Total Expenditures FY 2012





# Big Ten Universities Total Systems Institutional Support as a % of Total Expenditures FY 2012 Excluding Hospital Enterprises



# Moody's Investors Service Ratings Report

## Auxiliary Facilities System Revenue Bonds

January 15, 2014

Aa3, Negative

- Strengths

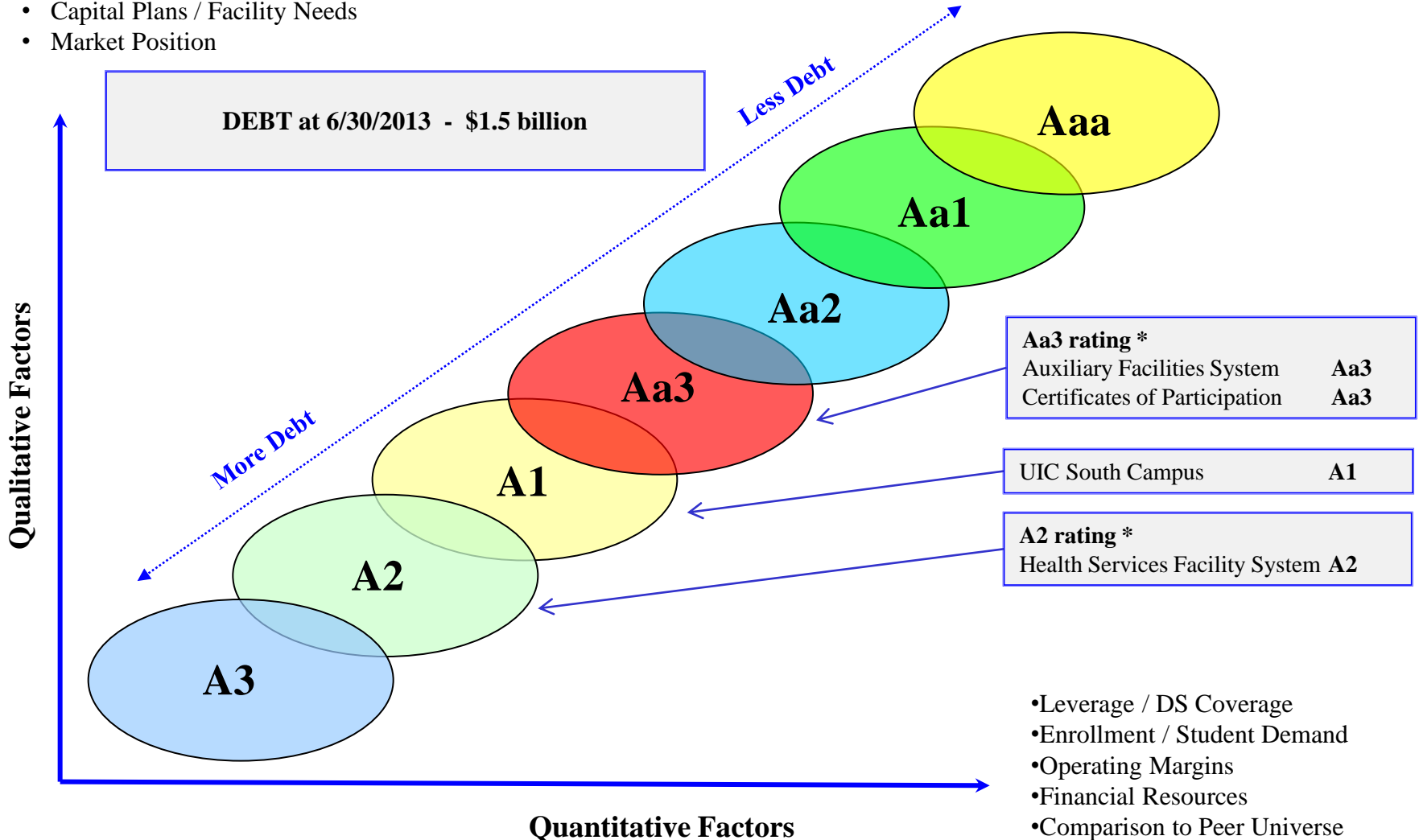
- Premier public university
- Strong student demand
- Leading national research university
- Improved liquidity
- Positive operating margin
- Fundraising success

- Challenges

- Reliance on the State (32%)
- Delays in State funding
- Vulnerable to the impact of State pension reform
- Exposure to healthcare sector

# Debt Capacity

- Revenue Diversity
- State Relationship / State Rating
- Management / Governance
- Capital Plans / Facility Needs
- Market Position



\*Interest rates depend on market conditions.

Source: Public Financial Management.