

FINANCIAL REPORT

**Prepared for presentation to the Board of Trustees
March 15, 2017**

UNIVERSITY OF ILLINOIS SYSTEM



Since January BOT Meeting

- State budget remains at impasse with no additional funding for the University beyond the \$351 million FY 2017 “bridge appropriation” for the first six months of the fiscal year
- No appropriation has been made for AY16-17 Monetary Award Program for students
- Governor’s FY 2018 budget address made on February 15th
- State had \$11.9 billion in unpaid vouchers on March 2, 2017; including \$4.0 billion in health care billings
- The State’s Commission on Government Forecasting and Accountability (CGFA) reflect through January, FY 2017 year to date state general funds revenue down \$1.03 billion from FY 2016
- Endowment spending rate for FY 2018 confirmed at 4% of the six year moving average value of the investments to generate in excess of \$80 million for the University
- Financial and compliance audit reports for FY 2016 released by the Auditor General and the external audit firm
- Credit ratings unchanged by Moody’s Investor Service (AA3 with negative outlook) and Standard & Poor’s (A+ with negative outlook)
- Strong advocacy on behalf of the University continues
- IPAC legislation has been filed
- Budgetary monitoring and operating efficiency efforts are ongoing

Governor's Budget Recommendation

February 15, 2017

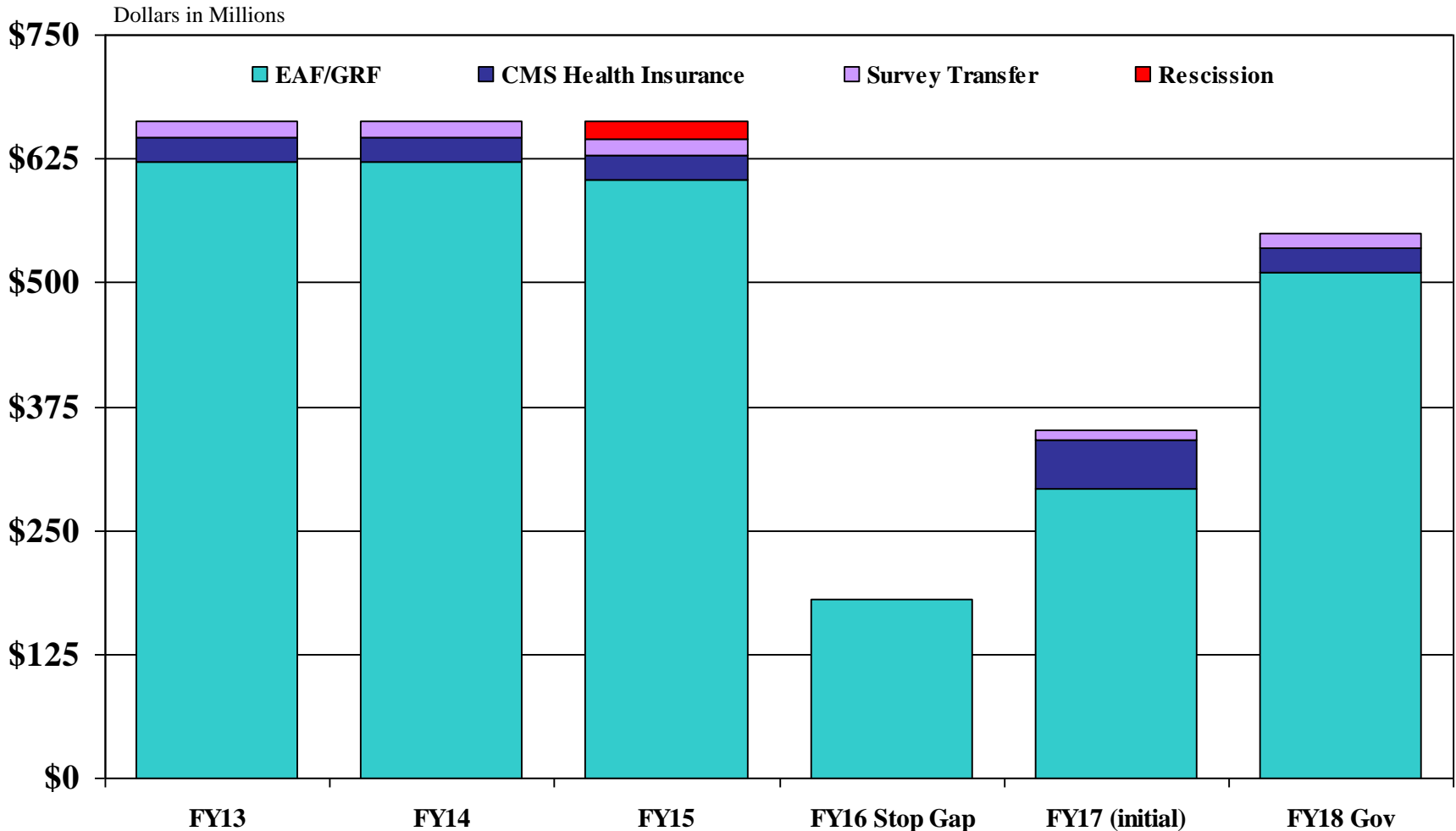
- FY 2018 recommendation of \$550 million is 15% lower than the final FY 2015 appropriation (\$97.1 million)
- Includes \$60.1 million IBHE performance funding, assumes current model
- Includes a “maintenance” budget of \$583 million for FY 2017, a \$232 million addition to the \$351 million bridge appropriation
- FY 2018 Monetary Award Program recommendation of a 10% increase from final FY 2015 appropriation
- Recommends changes to SURS (create Tier 3 hybrid plan for new employees, shift pension cost for high-end salaried employees, change 6% rule to CPI, offer consideration model for existing employees) and changes in group health insurance plans and costs to employees
- No new capital projects, existing projects still frozen

University of Illinois

EAF/GRF Appropriations

FY 2013 – FY 2018 Gov. Recommendation

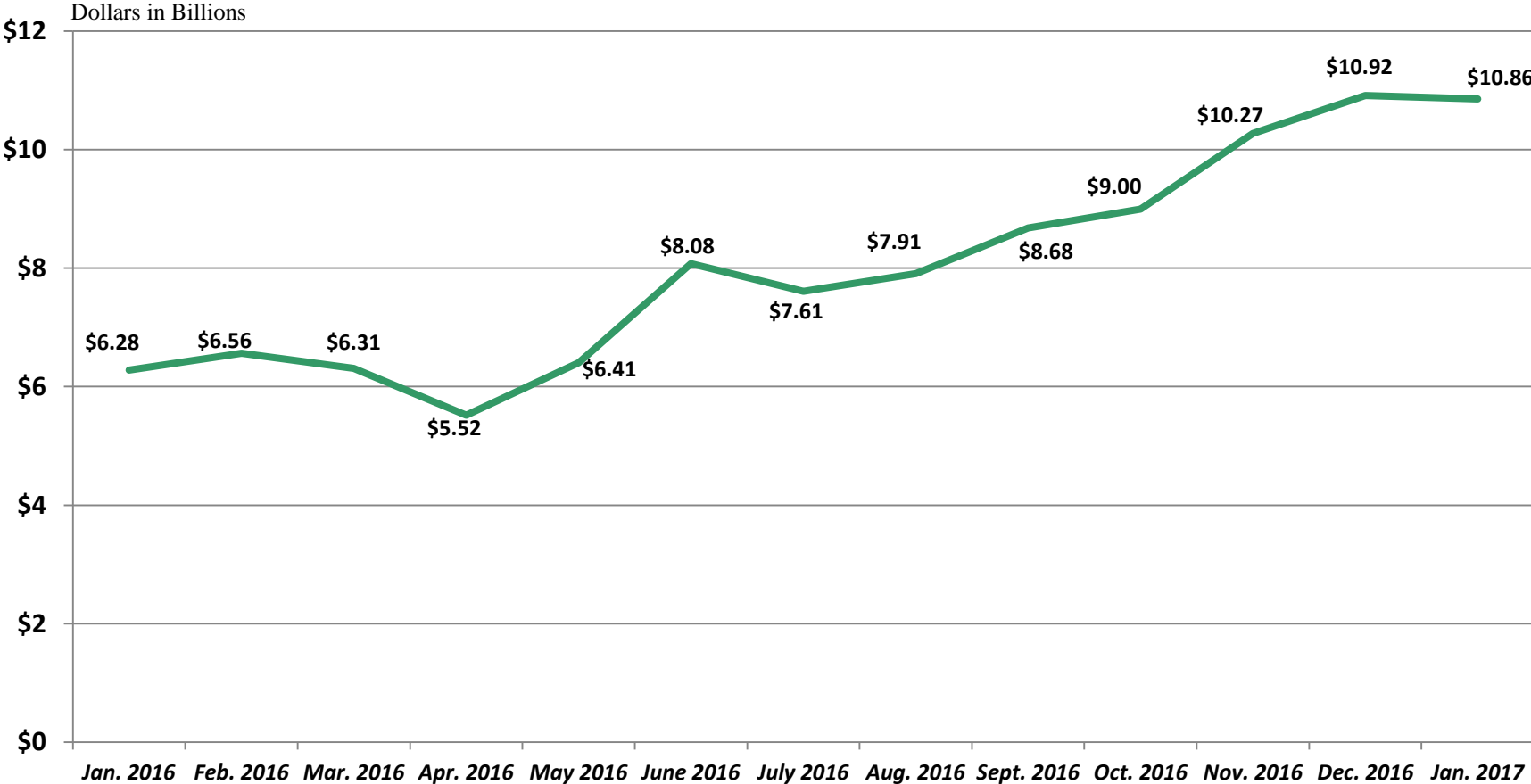
- Total Enrollment Fall 2012 over 77,400
- Total Enrollment Fall 2016 over 81,400



FY18 Gov does not include \$30+ million estimated allocation of performance based funding.

Governor's Office of Management and Budget Bills Backlog Total

January 2016 through January 2017



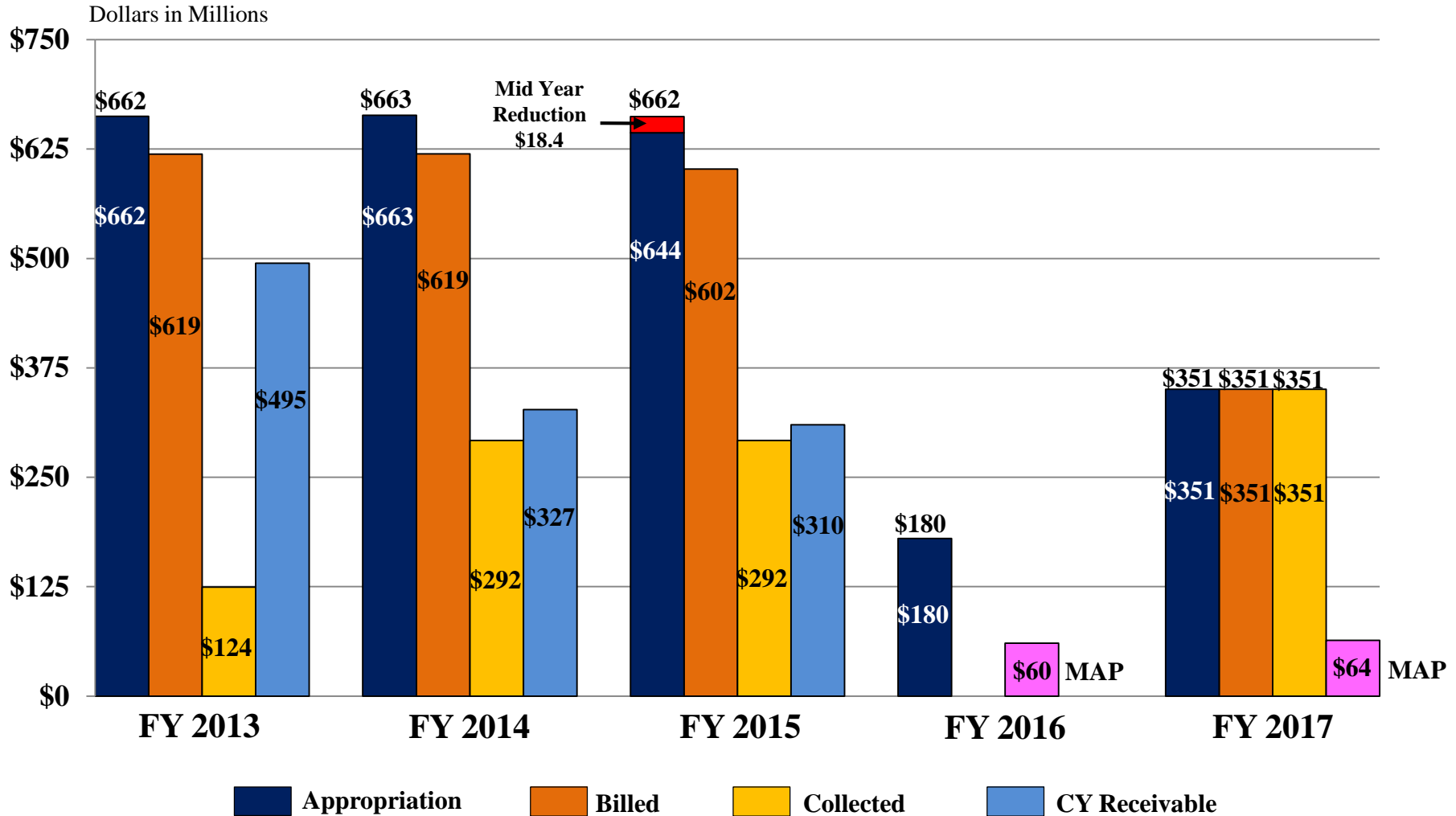
Source: Governor's Office of Management and Budget (including data from the Illinois Office of the Comptroller) February 15, 2017.

*Totals do not include Medicaid bills in-process at the Dept. of Healthcare and Family Services (HFS) from July '13 forward because they are being processed to the Comptroller in under 30 days, and the Department has sufficient FY17 appropriations to cover them. As of January 31, 2017, Medicaid bills in process at HFS total about \$577 million.

**Totals do not include all bills received by state agencies that have not been processed to the Comptroller due to lack of FY 16 and FY 17 appropriations. Bills at agencies numbers prior to June 2016 do not include all bills at Dept. of Human Services, or any bills held at Dept. of Corrections or Dept. on Aging.

State Appropriation Revenue

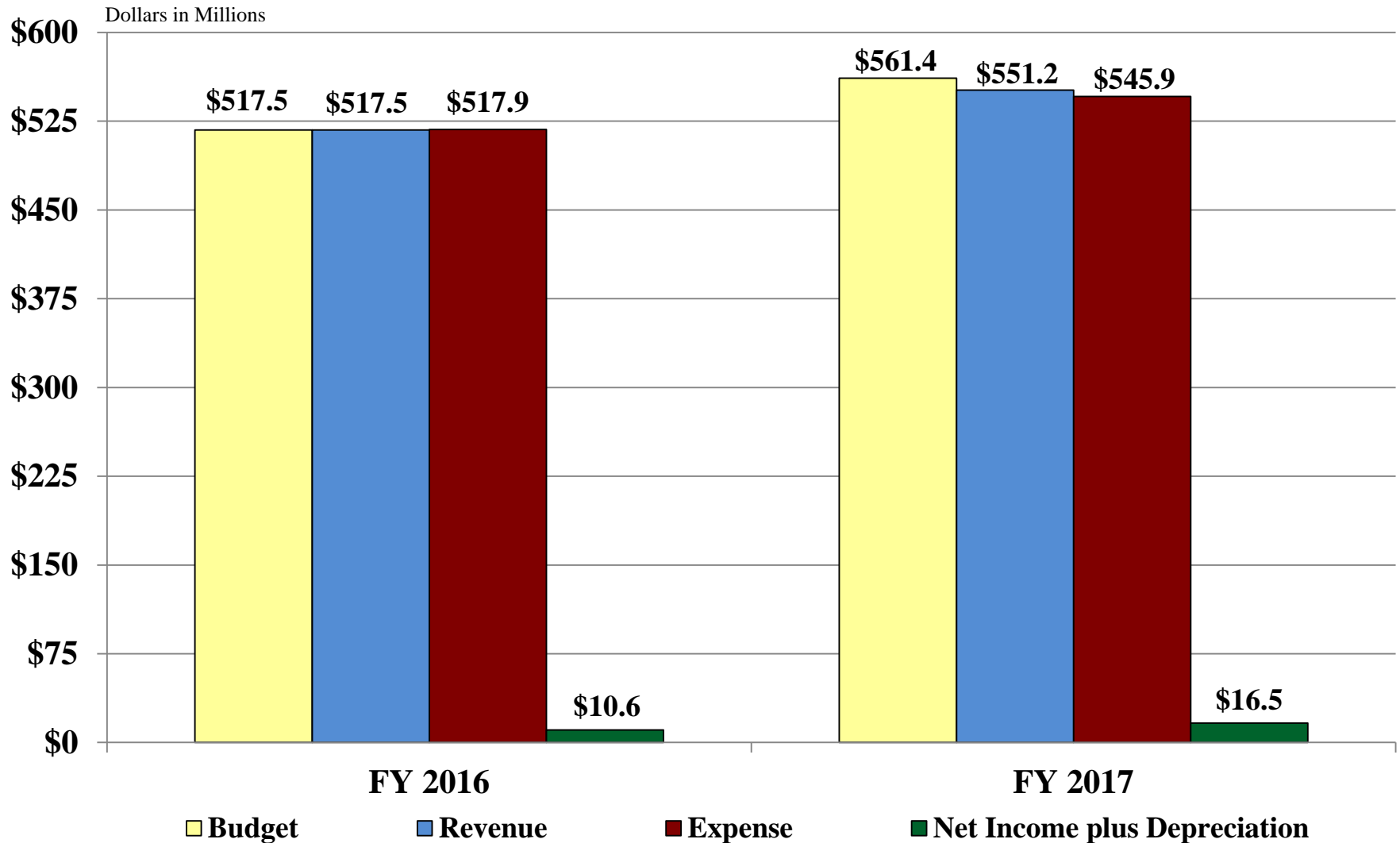
Billings and Collections through February 28, 2017



Note: FY16 appropriation not enacted until April 2016.

Hospital Revenue/Expense/Net Income

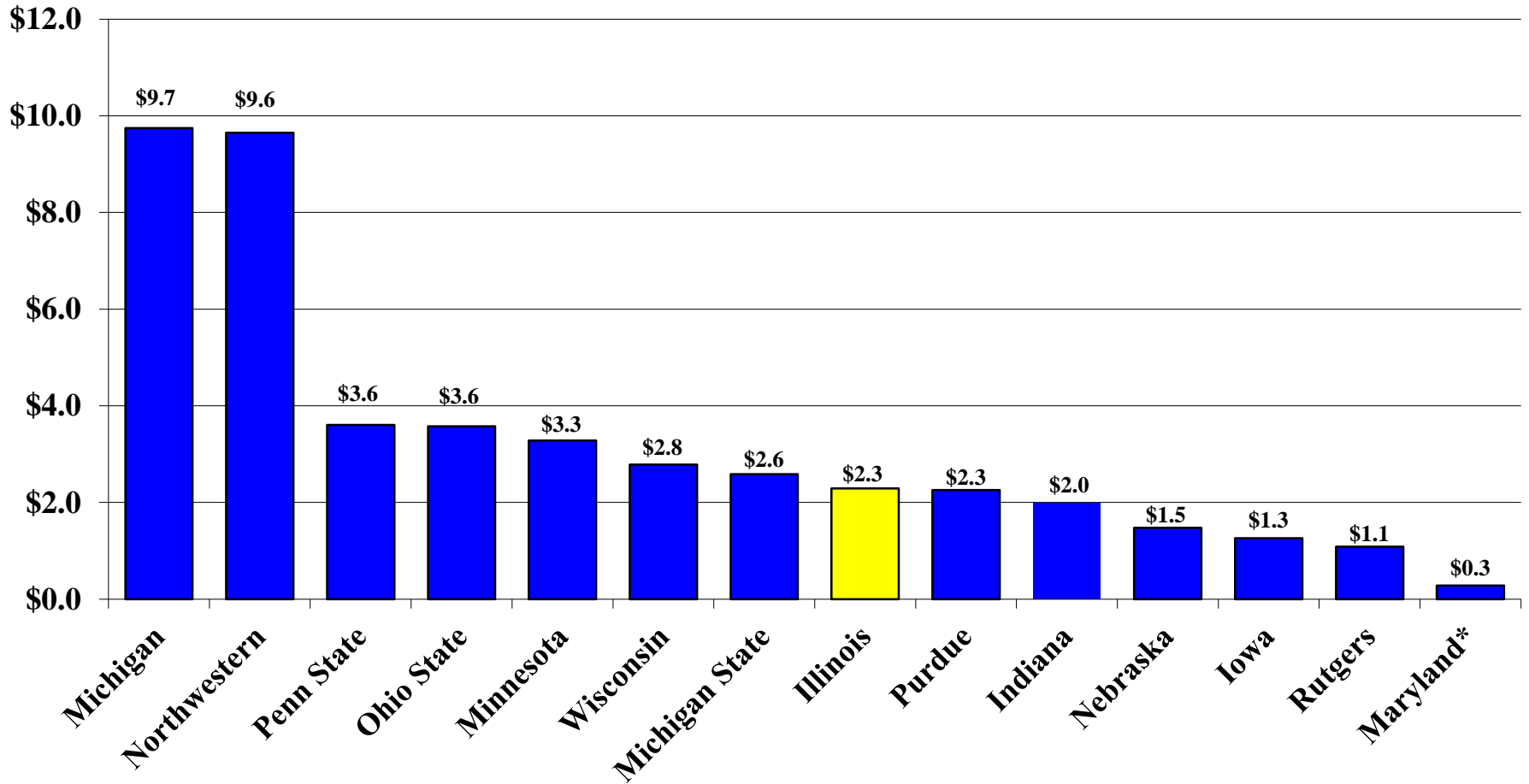
Fiscal Year 2016 and 2017 through January 31st



Big Ten University and Foundation Endowments

FY 2016

(Dollars in Billions)

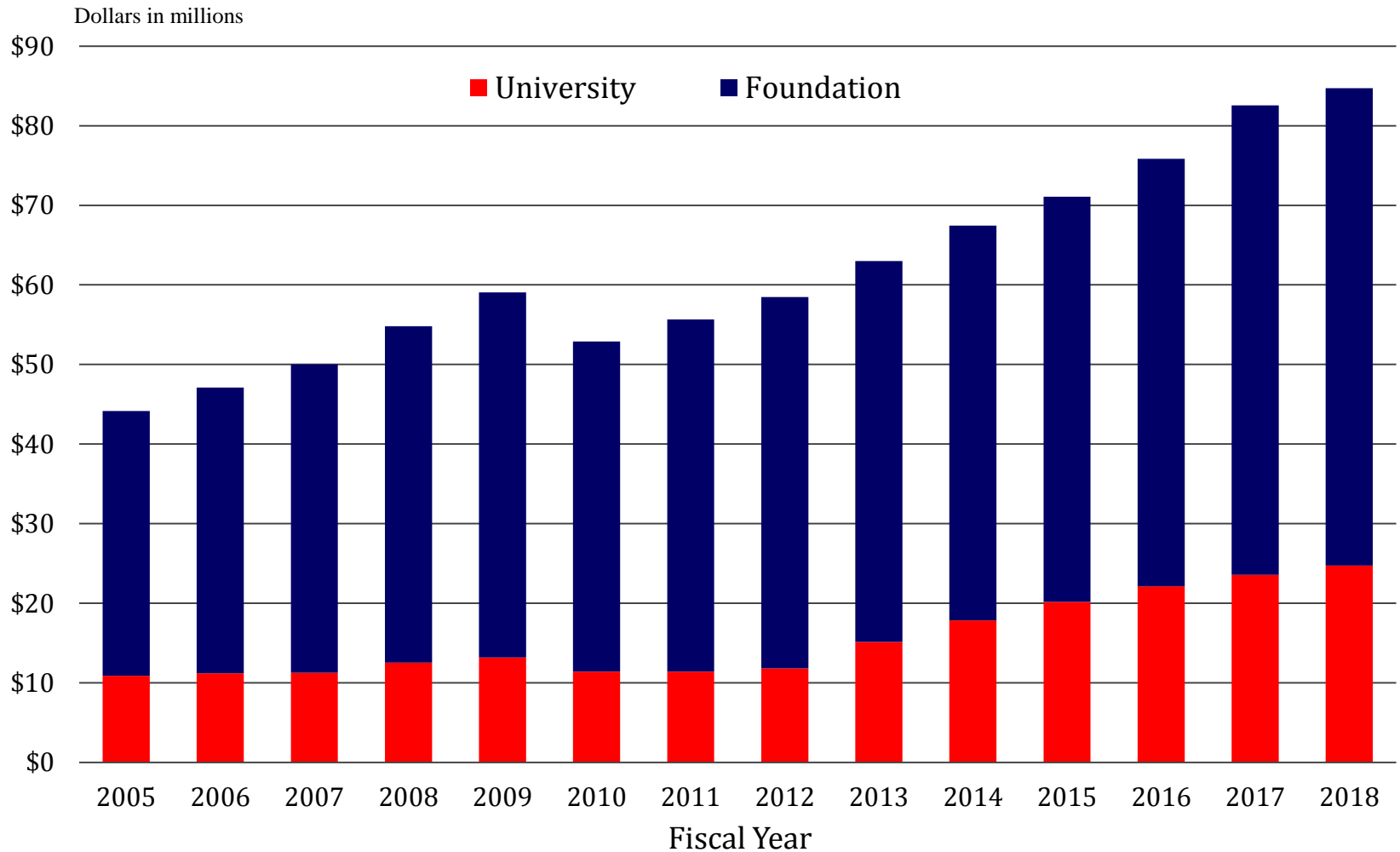


Source: NACUBO-Commonfund Study of Endowments FY 2016.

*Represents endowment balance for the University of Maryland College Park Foundation. Does not include endowment funds held in the University System of Maryland Foundation.

UIF & UI

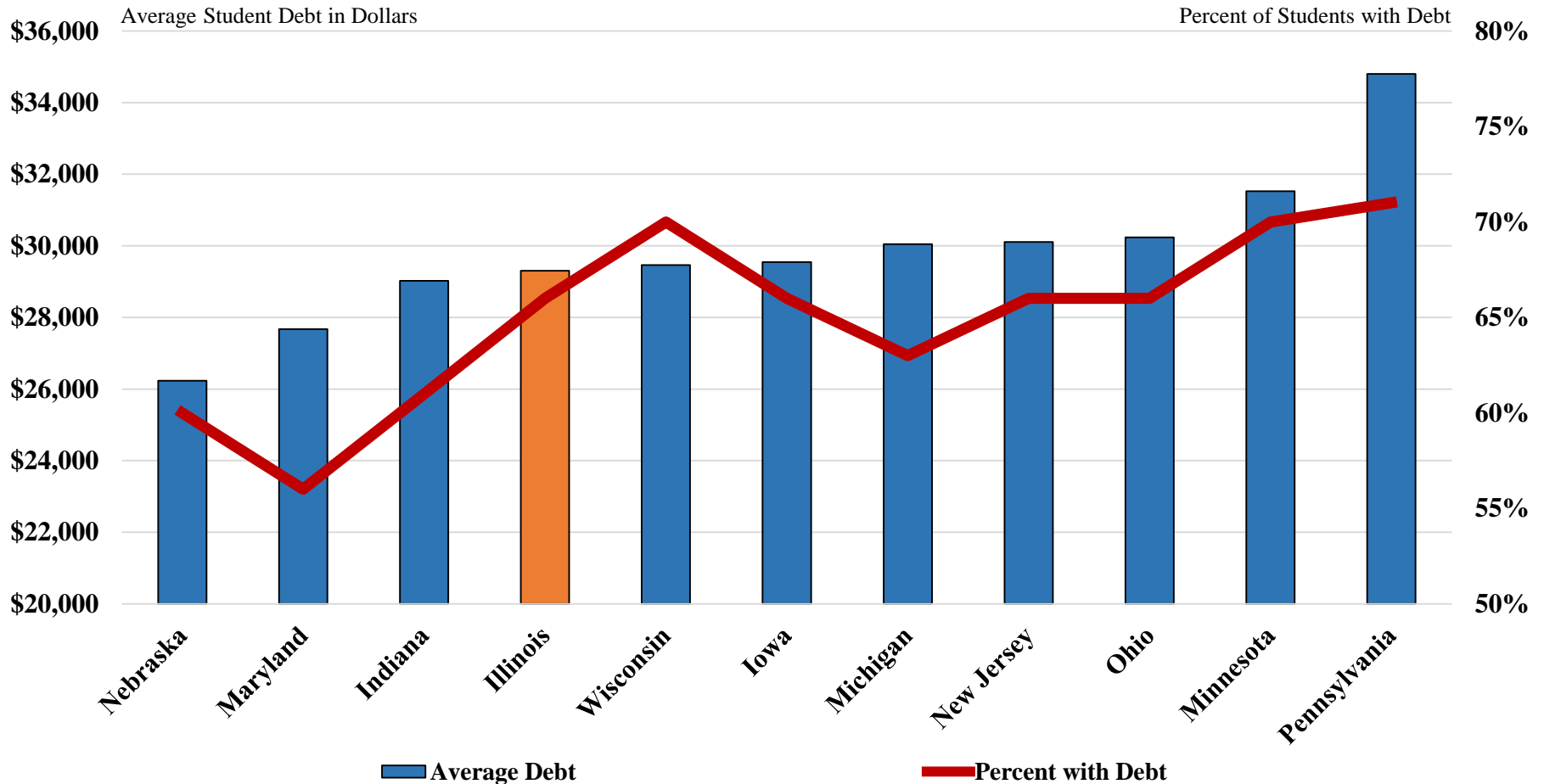
Total Endowment Spending



Source: UI Foundation. FY 2017 preliminary, FY 2018 estimated.

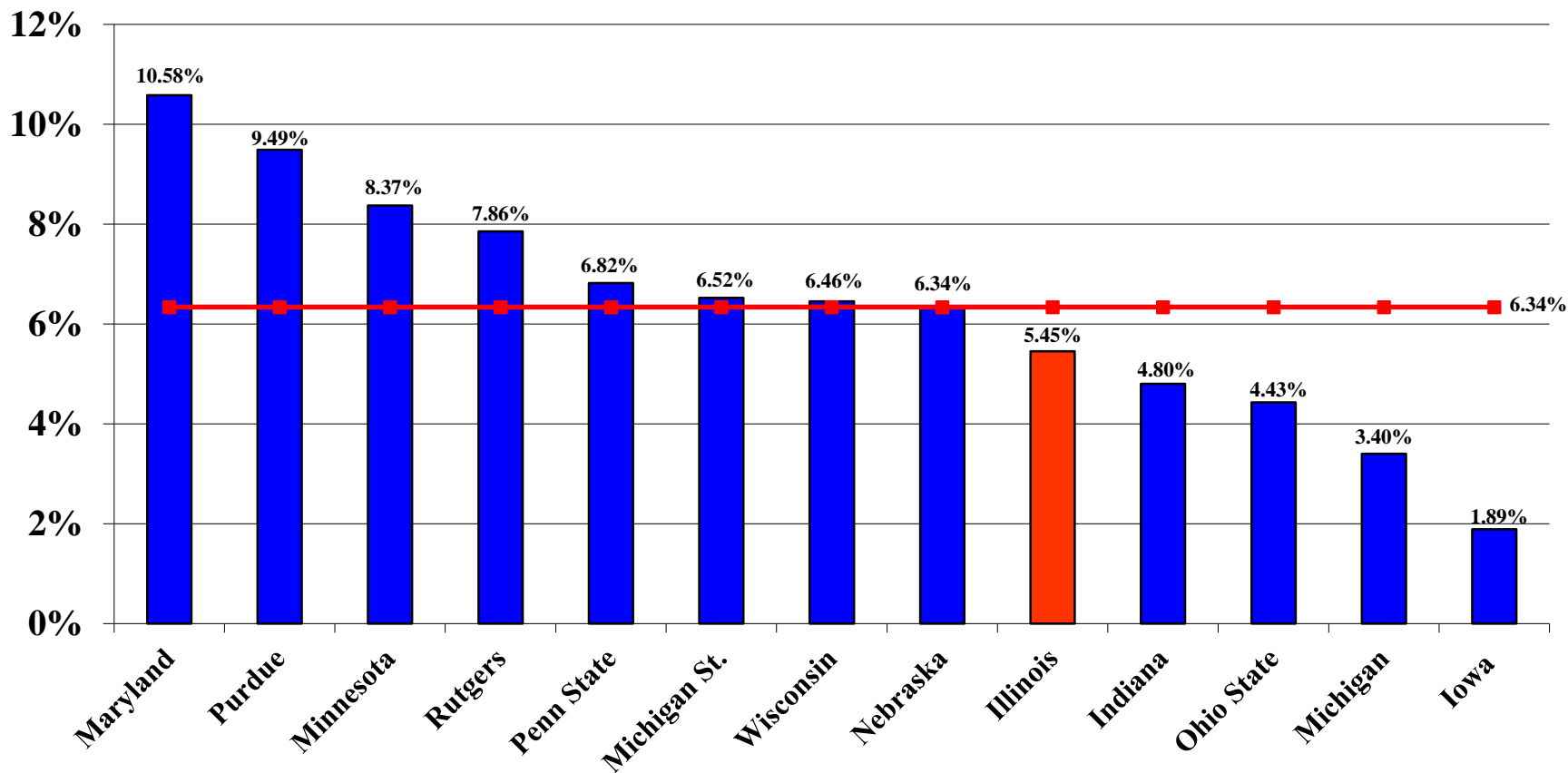
Percentage of Graduates with Debt and Average Debt of those With Loans

State of Illinois vs. Other “Big 10” States, Class of 2015



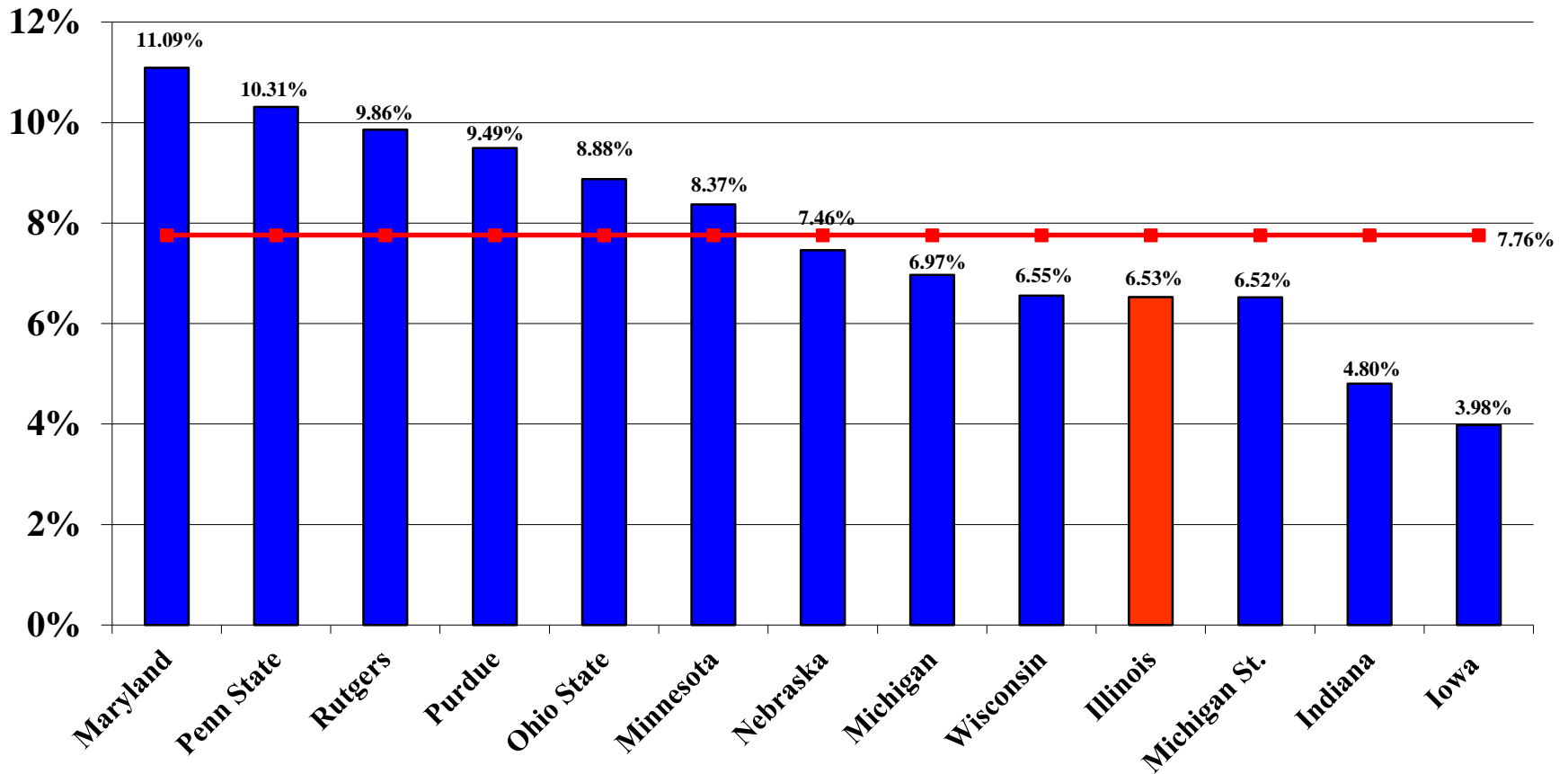
Source: The Institute for College Access & Success' 11th Annual Report, *Student Debt and the Class of 2015*, October 2016; Table 3.

Big Ten Public Universities Total Systems Institutional Support as a % of Total Expenditures FY 2016



Note: Total Expenditures are Operating Expenditures less Depreciation
 *Wisconsin FY 2016 Financial Reports not released; Used FY 2015
 Source: FY 2016 Annual Financial Reports

Big Ten Public Universities Total Systems Institutional Support as a % of Total Expenditures FY 2016 Excluding Hospital Enterprises

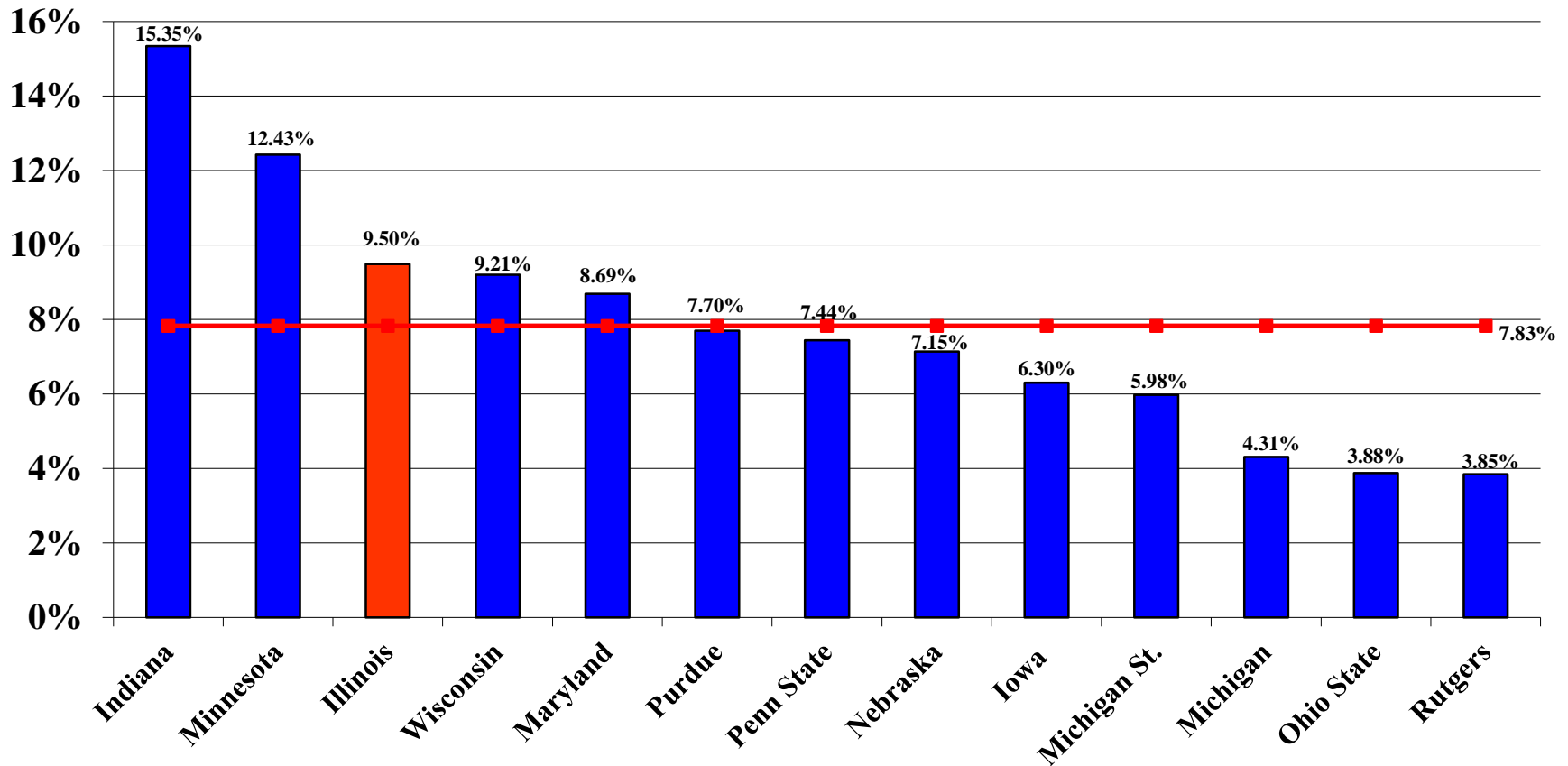


Note: Total Expenditures are Operating Expenditures less Depreciation and Hospital/Medical

*Wisconsin FY 2016 Financial Reports not released; Used FY 2015

Source: FY 2016 Annual Financial Reports

Big Ten Public Universities Total Systems Academic Support as a % of Total Expenditures FY 2016

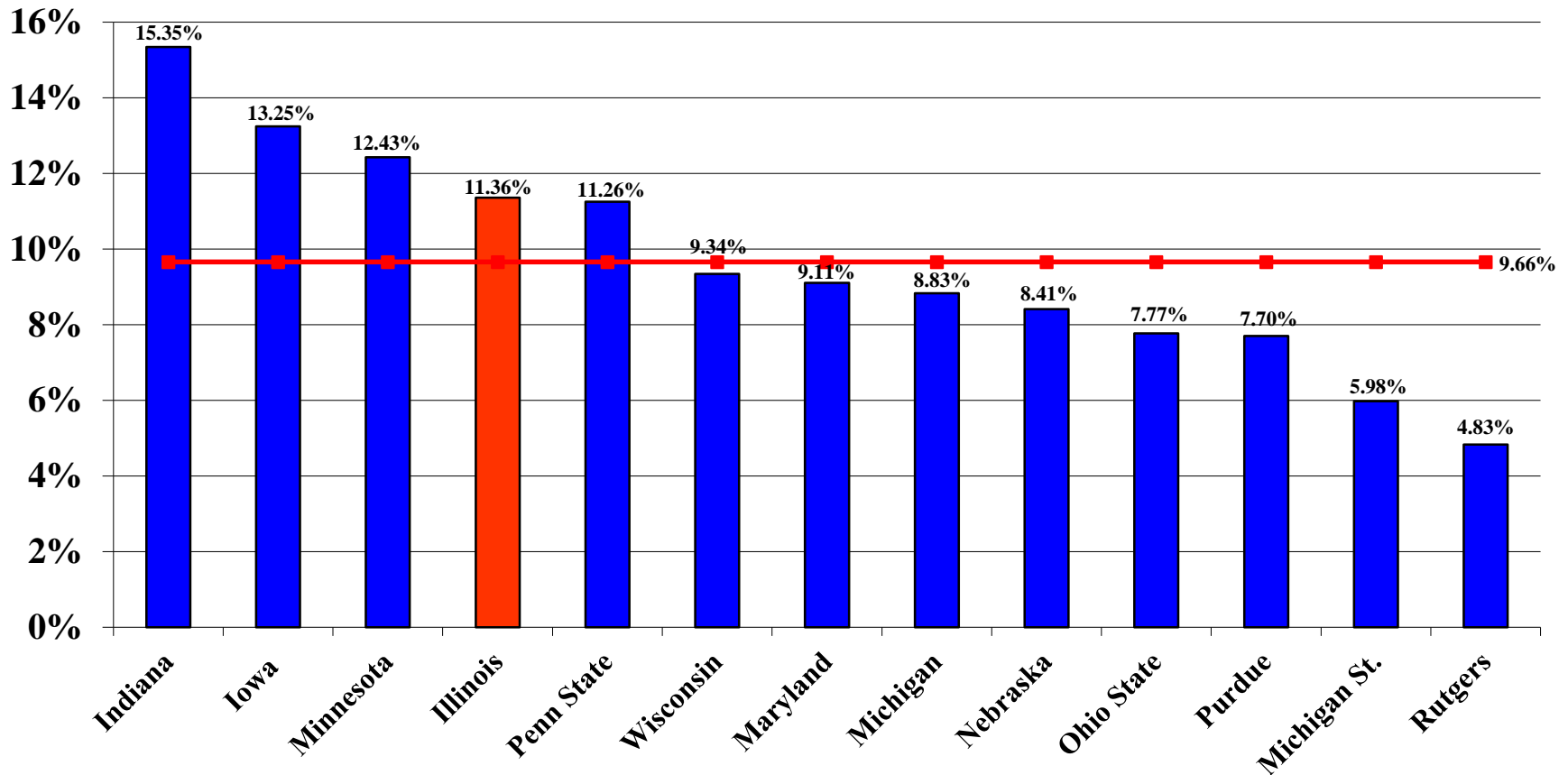


Note: Total Expenditures are Operating Expenditures less Depreciation

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Big Ten Public Universities Total Systems Academic Support as a % of Total Expenditures FY 2016 Excluding Hospital Enterprises



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