FINANCIAL INDICATORS

UNIVERSITY OF ILLINOIS

Urbana-Champaign • Chicago • Springfield

BOARD OF TRUSTEES
September 9, 2011
Fiscal Year 2011
University Financial Summary

• It was a year of performance
  – Positive outcomes for hospital, medical service plan and auxiliaries
  – Instruction/research operations had robust revenue generation (tuition/sponsored research grants) and all campuses demonstrated strong expense control
  – ARR efforts generated administrative savings
  – UI collected $250 million FY10 state appropriation receivable by 12/31/10

• It was a year of challenges
  – Ended FY11 with $313 million State receivable
  – State has $7.4 billion in unpaid FY11 vouchers
  – Pension and benefit issues continue to be a top concern
University of Illinois
Appropriations & Benefits
(Dollars in Millions)

In Constant FY 2011 Dollars (CPI)

FY02-12 Appropriations adjusted for Health Insurance and Rescissions; FY09 – FY11 includes the transfer of the State Surveys, FY12 does not. Benefits includes the Health Insurance payment. FY04 benefits excludes one time pension bond proceeds. FY12 Benefits are estimated.
University of Illinois
Appropriations & Tuition
(Dollars in Millions)

In Constant FY 2011 Dollars (CPI)

FY02-12 Appropriations adjusted for Health Insurance and Rescissions; FY09 – FY11 include the transfer of the State Surveys, FY12 does not.
State Appropriation Revenue
Unrestricted Funds
Lapsed Period Billings and Collections through September 6, 2011

FY09 appropriation includes $18.6 million rescission. FY08 - FY10 as of August 31st.
FY10 appropriation includes $45.5 million of federal stimulus funding.
State Appropriation Revenue
Unrestricted Funds
Billings and Collections through September 6, 2011

In Millions

FY09 appropriation includes $18.6 million rescission. FY08 - FY10 as of August 31st.
FY10 appropriation includes $45.5 million of federal stimulus funding.
The first five months of FY11 had receivables from FY10 outstanding at the end of the month. The receivable amount for each month in millions was as follows: July $193; August $119; September $33.1; October $10.9; November $10.9. Receivables from FY11 outstanding in FY12, in millions are as follows; July 2011 $313, Aug. 2011 $313.

August 2011 is as of August 29, 2011.
## FY 2010 State Capital Budget

**Major Projects as Signed by the Governor**

*(Dollars in Thousands)*

<table>
<thead>
<tr>
<th>Project</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Wide Repair and Renovation</td>
<td>$21,505.0</td>
</tr>
<tr>
<td><strong>University Wide</strong> Repair and Renovation</td>
<td>10,700.0</td>
</tr>
<tr>
<td>Urbana Lincoln Hall Remodeling</td>
<td>57,304.0</td>
</tr>
<tr>
<td>Chicago College of Medicine Rockford</td>
<td>14,820.0</td>
</tr>
<tr>
<td>Urbana Petascale Facility</td>
<td>60,000.0</td>
</tr>
<tr>
<td>Chicago Dentistry Modernization/Code Compliance</td>
<td>20,800.0</td>
</tr>
<tr>
<td>Urbana Electrical and Computer Engineering Bldg.</td>
<td>44,520.0</td>
</tr>
<tr>
<td>Urbana Integrated Bioprocessing and Research Lab</td>
<td>20,034.0</td>
</tr>
<tr>
<td>Springfield Public Safety Building</td>
<td>4,000.0</td>
</tr>
</tbody>
</table>

1 Released  
2 State match of non-state funds  
3 $2.5M Planning funds released
Income Fund (Tuition) Revenue
Unrestricted Funds
Fiscal Year 2007-2011
Collections and billed through June 30 of Fiscal Years 2010 & 2011

Dollars in Millions

$0 $100 $200 $300 $400 $500 $600 $700 $800 $900

2007 2008 2009 2010 2011

Budget Billed Collected MAP

$540 $599 $648 $730 $834

$55.6 $55.6 $768.2 $762.1 $866.6

$712.6 $706.5 $807.8 $802.1

$762.1 $860.9
Hospital Revenue/Expense/Net Income
Fiscal Year 2010 versus Fiscal Year 2011 through June 30

Dollars in Millions

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$643.7</td>
<td>$690.1</td>
</tr>
<tr>
<td>Revenue</td>
<td>$710.5</td>
<td>$679.8</td>
</tr>
<tr>
<td>Expense</td>
<td>$650.8</td>
<td>$668.9</td>
</tr>
<tr>
<td>Net Income plus Depreciation</td>
<td>$81*</td>
<td>$32*</td>
</tr>
</tbody>
</table>

* Depreciation included above was approximately $21.3 million for FY10 and approximately $21.1 million in FY11.
Depreciation for MSP was approximately $800K for FY11. This represents equipment only and is not included in the net income figures above.
Auxiliary/Departmental Activities
Revenue/Expense/Net Income
Fiscal Year 2010 versus Fiscal Year 2011 through June 30

Dollars in Millions

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$601</td>
<td>$599</td>
</tr>
<tr>
<td>Revenue</td>
<td>$597</td>
<td>$621</td>
</tr>
<tr>
<td>Expense</td>
<td>$581</td>
<td>$601</td>
</tr>
<tr>
<td>Net Income</td>
<td>$16</td>
<td>$20</td>
</tr>
</tbody>
</table>

Auxiliary Facility System depreciation was approximately $29.9 million in FY11 and $28.7 million in FY10. These amounts are not included in the net income figures above.
Fiscal Year 2011 Budget Assessment
Sponsored Projects Revenue

<table>
<thead>
<tr>
<th>Campus</th>
<th>Actual Revenue</th>
<th>Budgeted Revenue</th>
<th>$ Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urbana</td>
<td>398.0</td>
<td>383.1</td>
<td>14.9</td>
<td>3.9%</td>
</tr>
<tr>
<td>Chicago</td>
<td>318.0</td>
<td>308.1</td>
<td>9.9</td>
<td>3.2%</td>
</tr>
<tr>
<td>Springfield</td>
<td>12.4</td>
<td>12.3</td>
<td>0.1</td>
<td>0.8%</td>
</tr>
<tr>
<td>University Admin</td>
<td>6.5</td>
<td>5.9</td>
<td>0.6</td>
<td>10.2%</td>
</tr>
<tr>
<td>Totals</td>
<td>734.9</td>
<td>709.4</td>
<td>25.5</td>
<td>3.6%</td>
</tr>
</tbody>
</table>
Operating Pool, Endowment and Debt Questions

• Could liquidity balances in the operating pool be invested more aggressively or used to pay down debt?
• Does the University endowment pool represent the entire University endowment?
• Should the University endowment pool be diversified further into non-traditional assets?
UI and UIF Individual and Combined Total Endowment
Values are preliminary as of June 30, 2011

UI Endowment $405 Million
- Farms: 16%
- BIT's: 10%
- Separately Invested: 0%
- Pool: 74%

UIF Endowment $1.2 Billion
- Farms: 2%
- BIT's: 2%
- Separately Invested: 1%
- Pool: 94%

Combined UI/UIF Endowment $1.6 Billion
- Farms: 6%
- BIT's: 4%
- Real Estate: 0%
- Other Assets: 1%
- Pool: 88%
UI Approved Target

- Equity: 48%
- Fixed Income: 20%
- Private Equity: 8%
- Real Estate: 7%
- Hedge Funds: 10%
- Farmland: 7%

UIF Target

- Equity: 50%
- Fixed Income: 17%
- Private Equity: 10%
- Real Estate: 10%
- Hedge Funds: 13%
- Farmland: 3%

UI/UIF Average

- Equity: 49%
- Fixed Income: 19%
- Real Estate: 8%
- Private Equity: 9%
- Hedge Funds: 12%
- Farmland: 3%
2010 NACUBO Commonfund Study of Endowments 6/30/2010

UI/UIF
- Equity: 46%
- Fixed Income: 19%
- Hedge Funds: 11%
- Real Estate: 7%
- Private Equity: 8%
- Other (Farms): 9%

Big Ten
- Energy/Commodities/Nat. Resources: 5%
- Hedge Funds: 18%
- Real Estate: 4%
- Private Equity: 12%
- Fixed Income: 20%

Harvard
- Energy/Commodities/Nat. Resources: 14%
- Hedge Funds: 16%
- Real Estate: 0%
- Private Equity: 13%
- Fixed Income: 13%
- Equity: 33%

Ivy League
- Energy/Commodities/Nat. Resources: 8%
- Hedge Funds: 22%
- Fixed Income: 11%
- Real Estate: 8%
- Private Equity: 23%

*Other includes cash and other investments not categorized in the asset classes represented by responding institutions.

Note: May not equal 100% due to rounding.
Summary

Endowment pool investments:
– UI BOT recently approved (Jan 2011) revised asset allocation to improve diversification of UI endowment pool. Staff will implement these decisions as rapidly as possible.

University debt:
– The University is aggressively amortizing debt. Debt outstanding will drop from $1.626 billion to $1.035 billion in 10 years (even with current AFS issuance plans).

Operating pool investments and liquidity:
– State of Illinois financial situation requires more liquidity than normal. The UI liquidity position has been a critical factor in maintaining the UI credit rating. Staff are prudently extending investment maturity within policy ranges.