FINANCIAL REPORT

UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

BOARD OF TRUSTEES
September 10, 2015
Since July BOT Meeting

- State budget remains at impasse
- FY 2016 budget reduction ranges from $57 million to $209 million
- State continues to pay the remaining FY 2015 appropriation ($49 million)
- State continues to pay the remaining FY 2015 Medicaid claims and is expected to pay FY 2016 claims
- August payroll made based on the University’s authority from other existing resources
- UA hiring freeze remains in effect
- Rating agencies affirm ratings with negative outlooks
- Legislative staff data requests
University of Illinois  
Fiscal Year 2015 Financial Summary

• It was a year of performance
  – Hospital and auxiliaries had positive outcomes; medical service plan shortfall
  – Tuition revenue and sponsored research grants approximated budget
  – Fiscal Year 2014 State appropriation receivable of $150 million was collected by end of September 2014

• It was a year of continuing challenges
  – Fiscal Year 2015 budget rescission of $18.4 million
  – Ended Fiscal Year 2015 with $114 million State appropriation receivable
  – Over $5.5 billion in unpaid Fiscal Year 2015 State vouchers at June 30th
  – State budget, pension and benefit issues remained a major concern
UI Month End GRF Receivable & Percent of State Budget
Fiscal Year 2010 through Fiscal Year 2015
As of June 30, 2015

Receivables as of June 30th for each of the following fiscal years were: 2009 ($125.9M), 2010 ($278.5M), 2011 ($312.7M), 2012 ($206.7M), 2013 ($181.4M), 2014 ($150.4M), 2015 ($113.6M). FY 2015 appropriation revised per PA99-0001.
University of Illinois
Direct State Tax Appropriations per Student FTE
FY 2000 – FY 2015

In constant FY15 CPI dollars

State Tax Appropriation: FY02 – FY15 adjusted for Health Insurance redirection and rescissions.
FY09 – FY15 does not include transfer of the State Surveys.
Payments on Behalf
FY 2011 – FY 2015
(Dollars in Millions)

In Nominal Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension System</th>
<th>Fringe Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>$362</td>
<td>$321</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$404</td>
<td>$414</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$588</td>
<td>$496</td>
</tr>
<tr>
<td>FY 2014</td>
<td>$644</td>
<td>$431</td>
</tr>
<tr>
<td>FY 2015</td>
<td>$1,075M</td>
<td>$491</td>
</tr>
</tbody>
</table>

* Retirement based on estimated historical share of SARS funding and fringe benefits based on 5 year average increase.
University of Illinois
Half the Full-time Undergraduate Students Pay Less than Sticker Price
Fall 2014 – All Students

Urbana-Champaign
- $0: 15%
- $1 - $2,999: 24%
- Full Tuition & Fees: 51%

Chicago
- $0: 35%
- $1 - $2,999: 12%
- $3,000 – Less than Full Tuition: 21%
- Full Tuition & Fees: 32%

Springfield
- $0: 25%
- $1 - $2,999: 16%
- Full Tuition & Fees: 32%

Students Who Pay
- $0
- $1 - $2,999
- $3,000 – Less than Full Tuition
- Full Tuition & Fees

Based on Fall 2014 Full-time Undergraduates.
Hospital Revenue/Expense/Net Income
Fiscal Year 2014 and 2015 through June 30th

FY 2014
- Budget: $821.2
- Revenue: $802.6
- Expense: $789.9
- Net Income plus Depreciation: $32.5

FY 2015*
- Budget: $837.4
- Revenue: $828.7
- Expense: $764.6
- Net Income plus Depreciation: $26.8

*Preliminary.
Medical Service Plan Revenue/Expense/Net Income
Fiscal Year 2014 and 2015 through June 30th

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Budget</th>
<th>Revenue</th>
<th>Expense</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>$194</td>
<td>$196</td>
<td>$16</td>
<td></td>
</tr>
<tr>
<td>FY 2015</td>
<td>$204</td>
<td>$190</td>
<td>$192</td>
<td>-$22</td>
</tr>
</tbody>
</table>

Dollars in Millions
Auxiliary Activities
Revenue/Expense/Net Income
Fiscal Year 2014 and 2015 through June 30th

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$667</td>
<td>$709</td>
</tr>
<tr>
<td>Revenue</td>
<td>$696</td>
<td>$739</td>
</tr>
<tr>
<td>Expense</td>
<td>$686</td>
<td>$722</td>
</tr>
<tr>
<td>Net Income</td>
<td>$10</td>
<td>$17</td>
</tr>
</tbody>
</table>
Utility Budget and Actual Expenditures
Fiscal Year 2014 and 2015

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$113</td>
<td>$113</td>
</tr>
<tr>
<td>Actual</td>
<td>$102</td>
<td>$111</td>
</tr>
</tbody>
</table>

Dollars in Millions
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$438</td>
<td>$278</td>
</tr>
<tr>
<td></td>
<td>$735</td>
<td>$718</td>
</tr>
</tbody>
</table>

**Urbana**
- Budget: $438
- Actual: $278

**Chicago**
- Budget: $423
- Actual: $278

**Springfield**
- Budget: $0
- Actual: $100

**University Admin**
- Budget: $735
- Actual: $718

**UI Total**
- Budget: $735
- Actual: $718
University of Illinois
Foundation Distributions to the University

Dollars in Millions

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>$128.3</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$129.1</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$137.3</td>
</tr>
<tr>
<td>FY 2014</td>
<td>$174.8</td>
</tr>
<tr>
<td>FY 2015</td>
<td>$168.1</td>
</tr>
</tbody>
</table>

Includes endowment income and current use gifts distributions from the UI Foundation.
UI and UIF Individual and Combined Total Endowment

Values are preliminary as of June 30, 2015

UI Endowment $782.9 Million
- Farms: 9.5%
- BIT’s: 7.3%
- Separately Invested: 0.3%
- Pool: 82.9%

UIF Endowment $1.61 Billion
- Farms: 2.9%
- BIT’s: 2.5%
- Separately Invested: 0.5%
- Pool: 93.2%

UI/UIF Combined Endowment $2.39 Billion
- Farms: 5.0%
- Real Estate/Other Assets: 0.6%
- Separately Invested: 0.4%
- BIT’s: 4.1%
- Pool: 89.9%
### University Endowment Pool Market Values:

<table>
<thead>
<tr>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2015</td>
<td>$648,715,710</td>
</tr>
<tr>
<td>March 31, 2015</td>
<td>$640,046,276</td>
</tr>
<tr>
<td>December 31, 2014</td>
<td>$613,948,350</td>
</tr>
</tbody>
</table>

### Performance Summary for the Periods Ending June 30th

<table>
<thead>
<tr>
<th>Period</th>
<th>University of Illinois Endowment Pool</th>
<th>Endowment Pool Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Year</td>
<td>2.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>3-Year</td>
<td>10.7%</td>
<td>11.4%</td>
</tr>
<tr>
<td>5-Year</td>
<td>12.4%</td>
<td>12.4%</td>
</tr>
<tr>
<td>10-Year</td>
<td>7.0%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>
University of Illinois
Institutional Support and Academic Support Expenditures
and % of Total Expenditures

| Source: Annual Financial Reports.  
| Percent of Total Expenditures less Depreciation. |

<table>
<thead>
<tr>
<th>Year</th>
<th>Institutional Support</th>
<th>Academic Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
<td>5.5%</td>
<td>8.6%</td>
</tr>
<tr>
<td>FY 2011</td>
<td>4.9%</td>
<td>8.2%</td>
</tr>
<tr>
<td>FY 2012</td>
<td>5.1%</td>
<td>8.3%</td>
</tr>
<tr>
<td>FY 2013</td>
<td>5.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>FY 2014</td>
<td>5.1%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>
University of Illinois
Institutional Support and Academic Support Expenditures and % of Total Expenditures (excluding Hospital/Medical)

Source: Annual Financial Reports.
Percent of Total Expenditures less Depreciation and Hospital/Medical.
University of Illinois
Fiscal Year 2016 Fiscal Outlook

• State’s FY 2016 general operating funds budget not passed
• University’s FY 2016 operating budget may be further deferred
• University operating on a continuing appropriation from FY 2015
• FY 2016 Monetary Award Program (MAP) funding remains uncertain
• University had $114 million in unpaid FY 2015 State vouchers as of June 30, 2015; remaining $49 million expected to be repaid by September 2015
• University has approximately $160 million in unprocessed FY 2016 bills
• Existing capital appropriations frozen; no new capital
• Significant unfunded pension liability
• Affordable Care Act and State Medicaid program may reduce hospital revenues with adjustment from fee for service to managed care
• Increase in annual rate of inflation negligible