

FINANCIAL REPORT

**Prepared for presentation to the Board of Trustees
January 19, 2017**

UNIVERSITY OF ILLINOIS SYSTEM

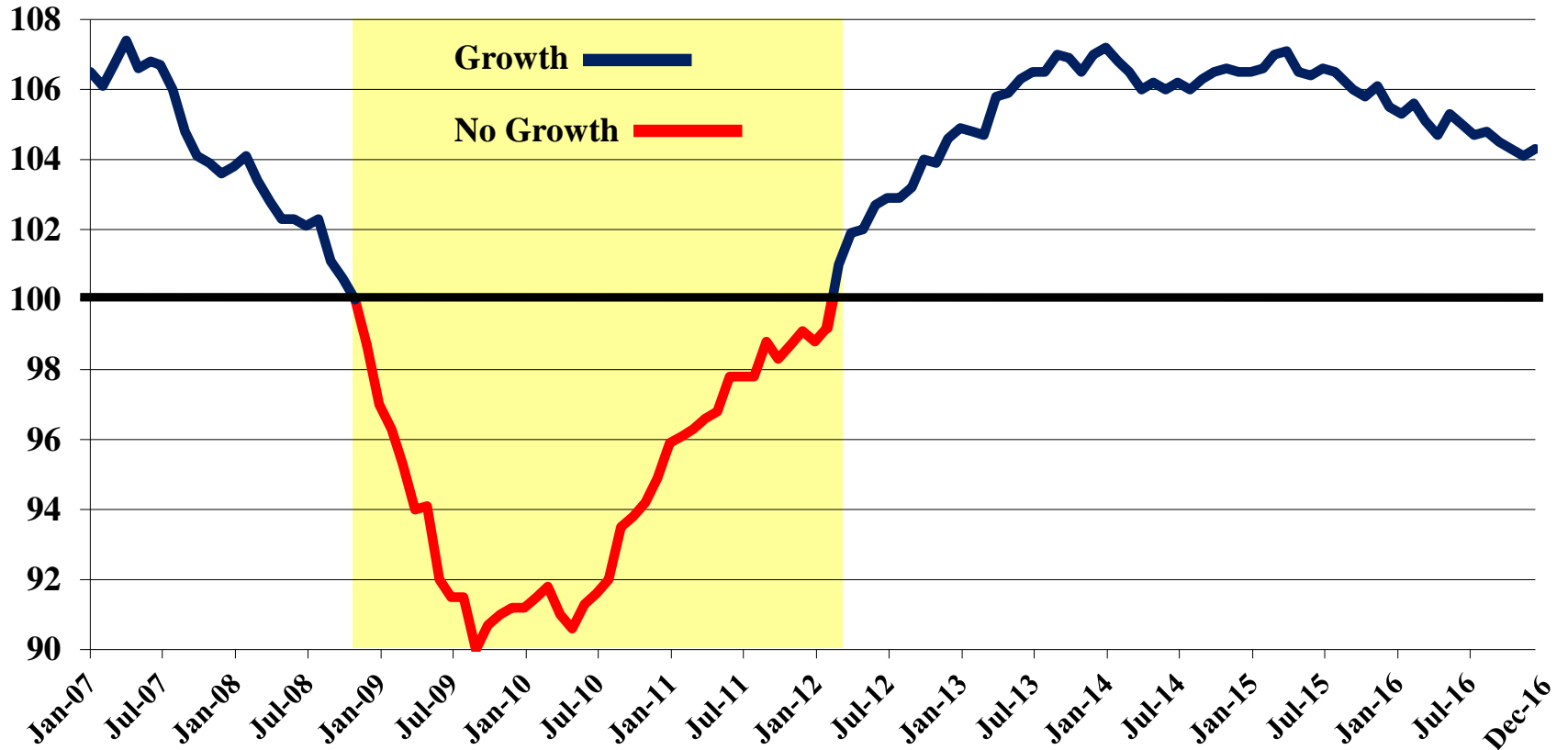


Since November BOT Meeting

- 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
- FY 2017 bridge appropriation has been fully received from the State
- State had \$11.1 billion in unpaid vouchers on January 5, 2017; including \$3.9 billion in health care billings
- FY 2016 financial performance for the hospital was marginally positive with State payments for managed care Medicaid claims remaining slow
- Institute of Government & Public Affairs reported the State’s economic growth slowed considerably during 2016 with a slight uptick at calendar year end
- Illinois Board of Higher Education recommends foundational level (final FY 2015) funding level for FY 2018 and prior years’ capital request
- Moody’s Investors Service and Standard & Poor’s credit ratings (Aa3 and A+, respectively) remained unchanged; credit review by Moody’s currently in progress
- University required to pay the State \$37 million for group health insurance from the FY 2017 bridge appropriation

U of I Flash Index

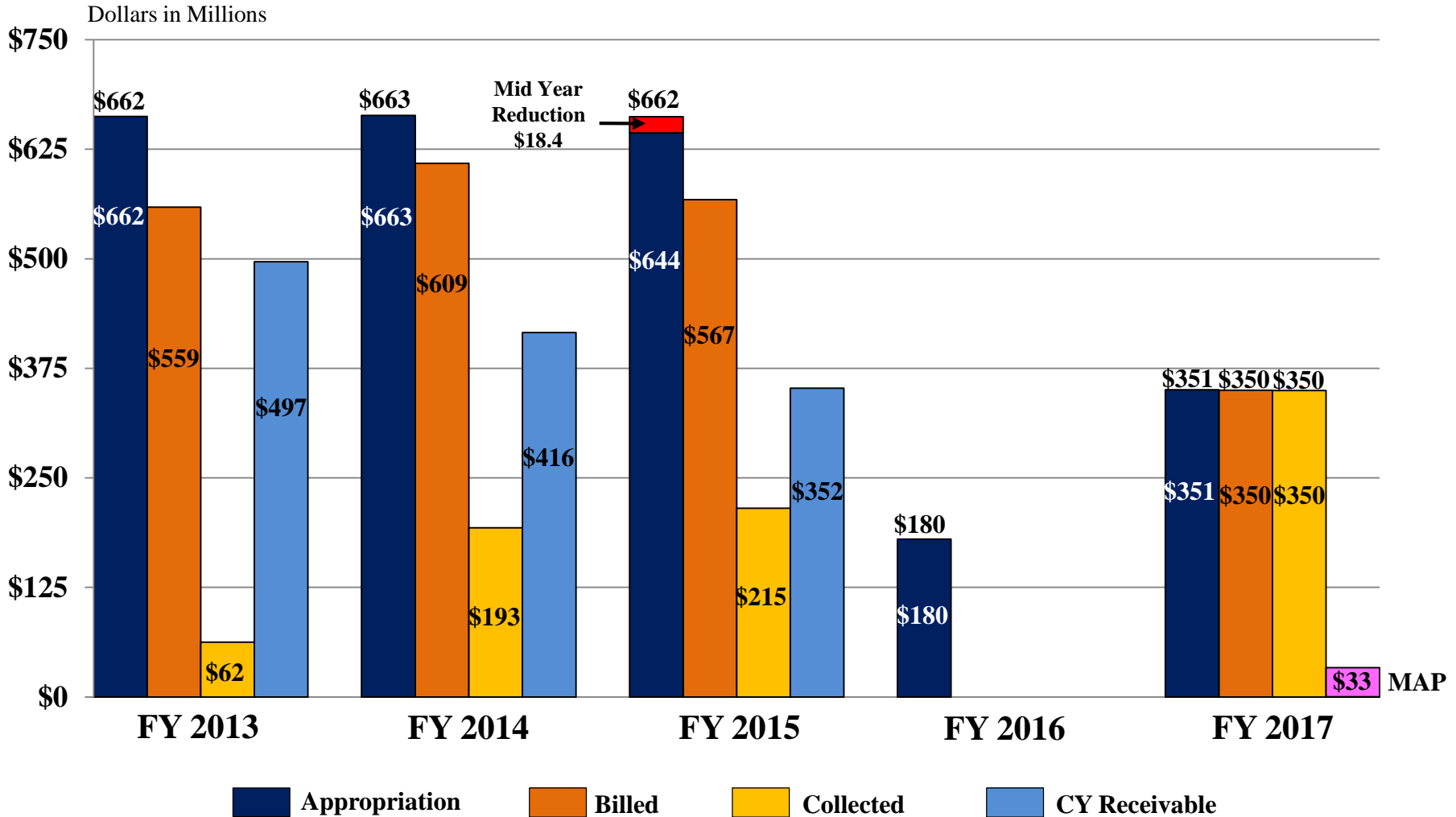
January 2007 to December 2016



Source: IGPA, U of I.

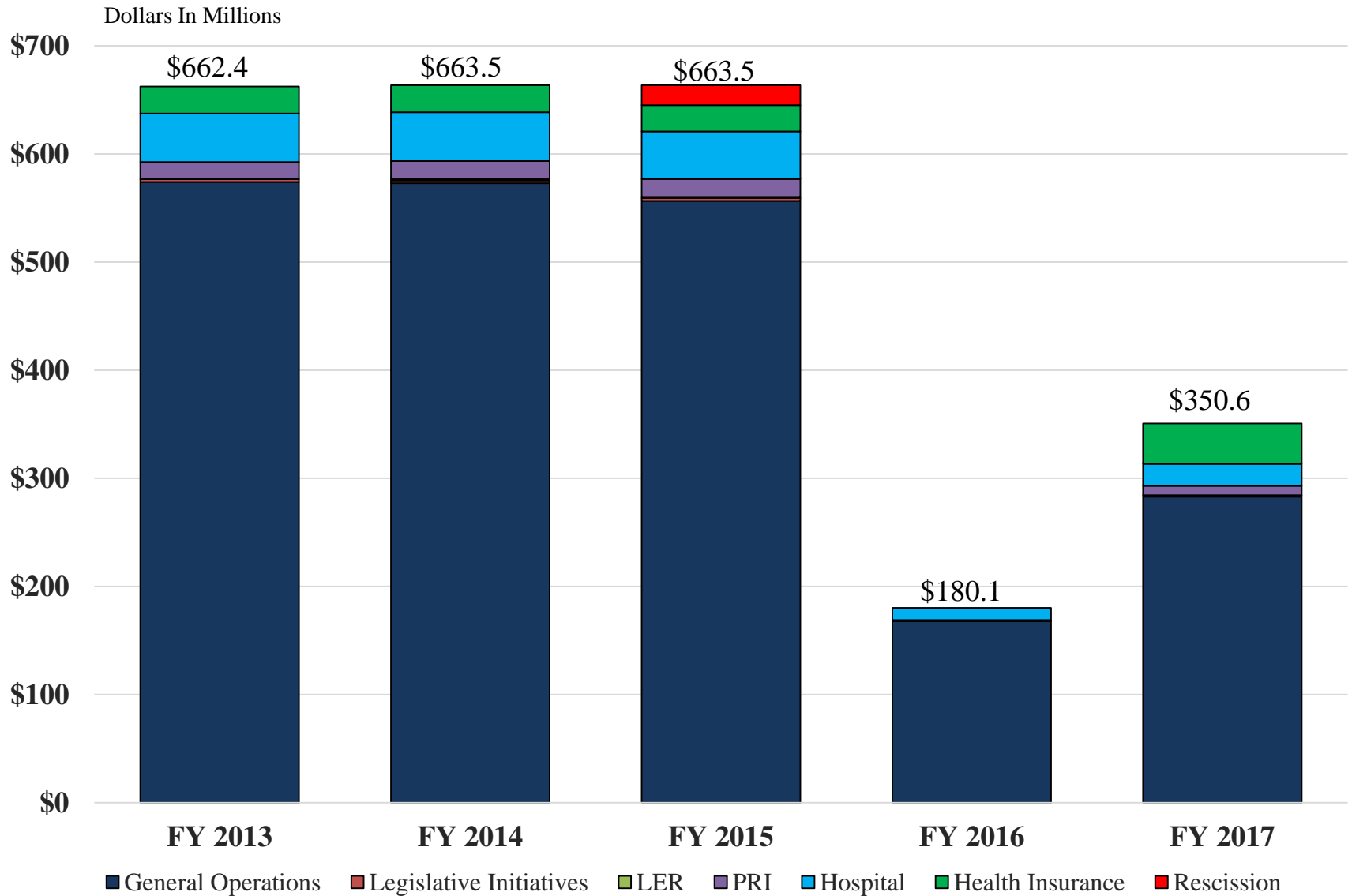
State Appropriation Revenue

Billings and Collections through January 11, 2017



Note: FY16 appropriation not enacted until April 2016.

State Appropriation Allocations

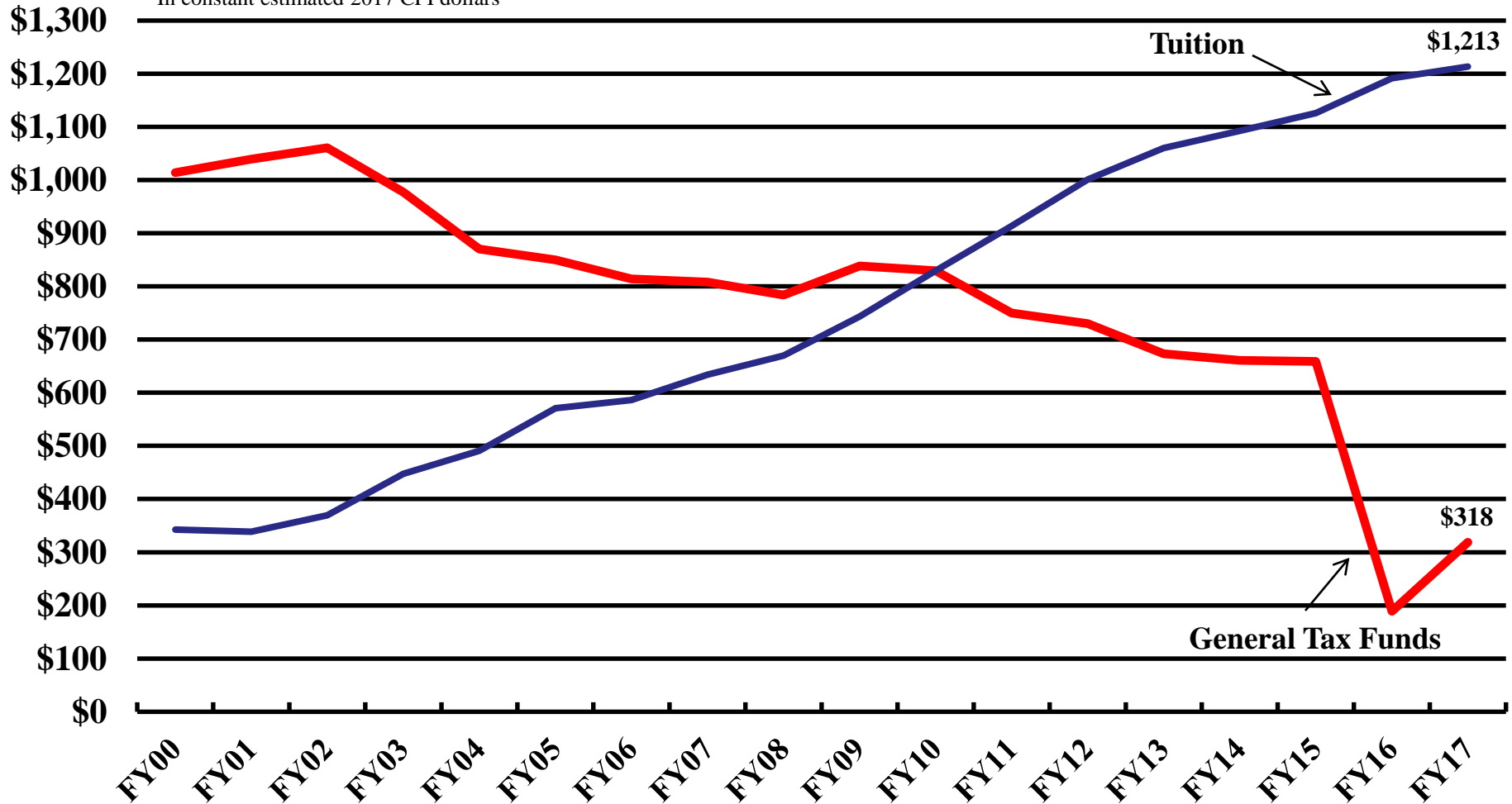


State and Tuition FY 2000 – FY 2017

- **Total Enrollment FY 2000 over 67,000**
- **Total Enrollment FY 2017 over 81,400**

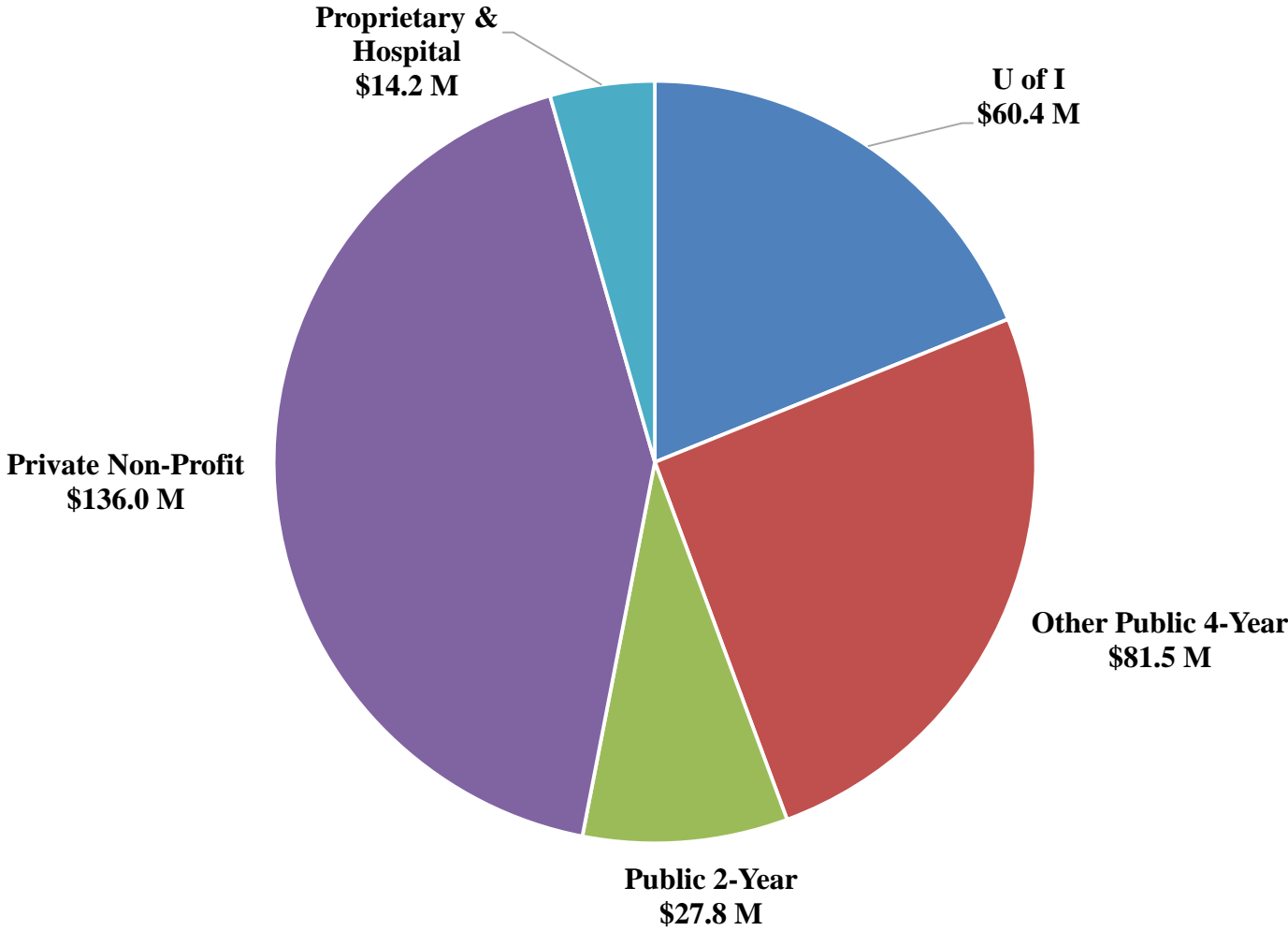
In Millions

In constant estimated 2017 CPI dollars



Sources: Budget Summary for Operations; FY16 & FY17 from Budget Allocation By Source of Funds.
 State include GRF and all other state fund appropriations. State for FY02 – FY15 excludes \$24.9 million and FY17 excludes \$37.3 million for Health Insurance.
 State Surveys are included in State beginning in FY09. Assumes 1.5% inflation in FY2017.

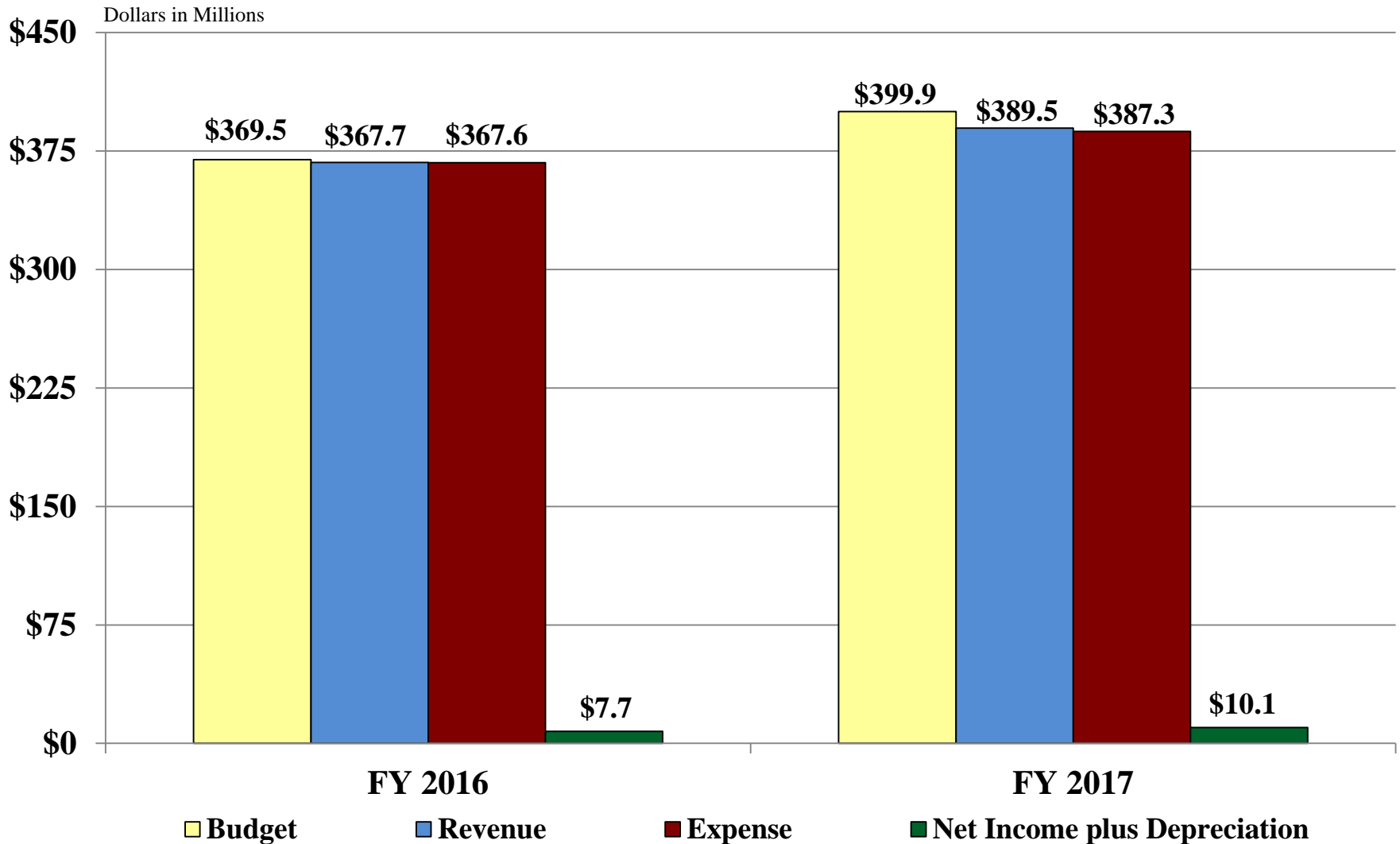
FY 2016 MAP Awards



\$319.9 Million
(\$151 million funded from FY17 appropriation)

Hospital Revenue/Expense/Net Income

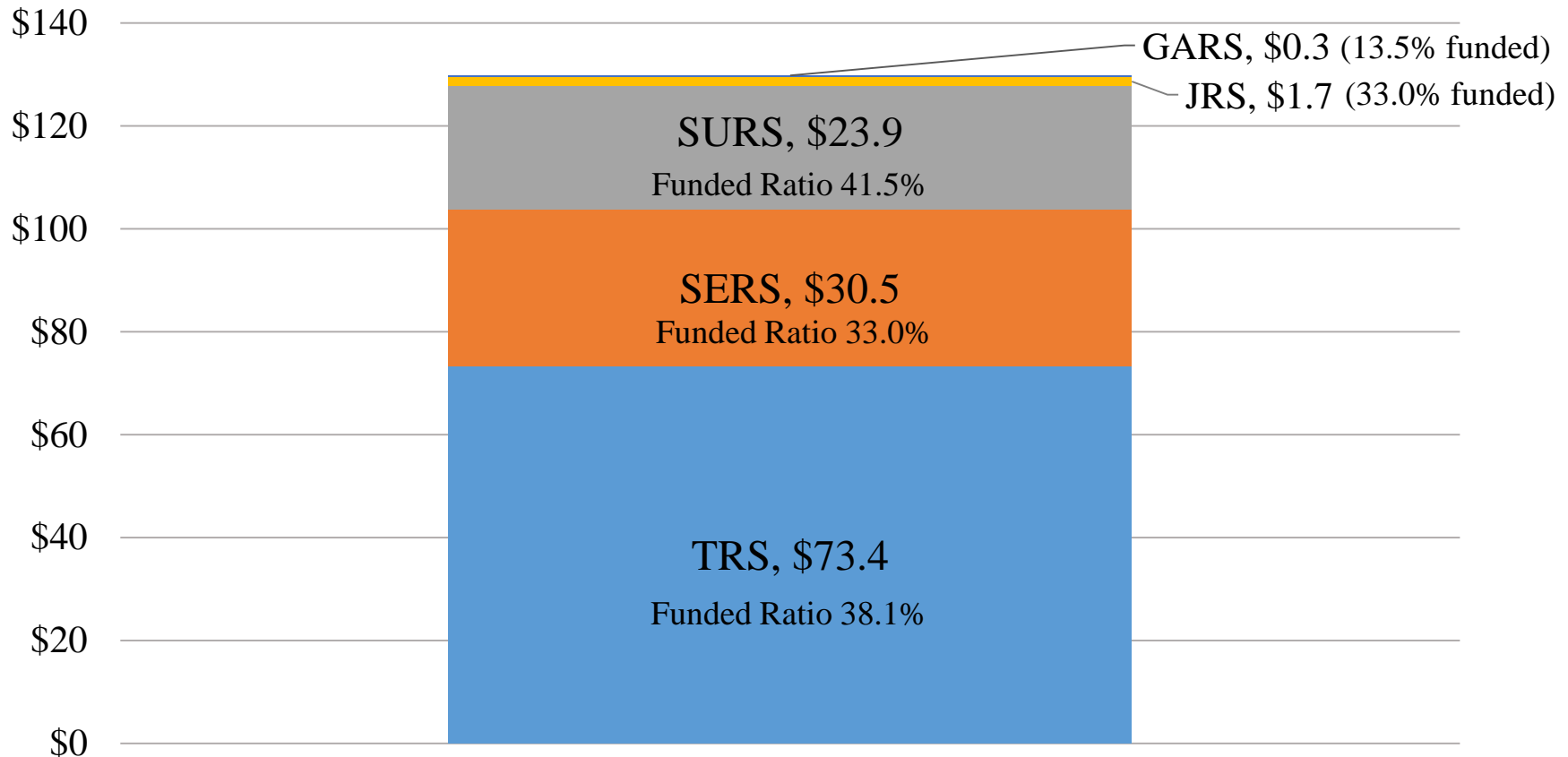
Fiscal Year 2016 and 2017 through November 30th



State of Illinois Unfunded Pension Liability

As of June 30, 2016

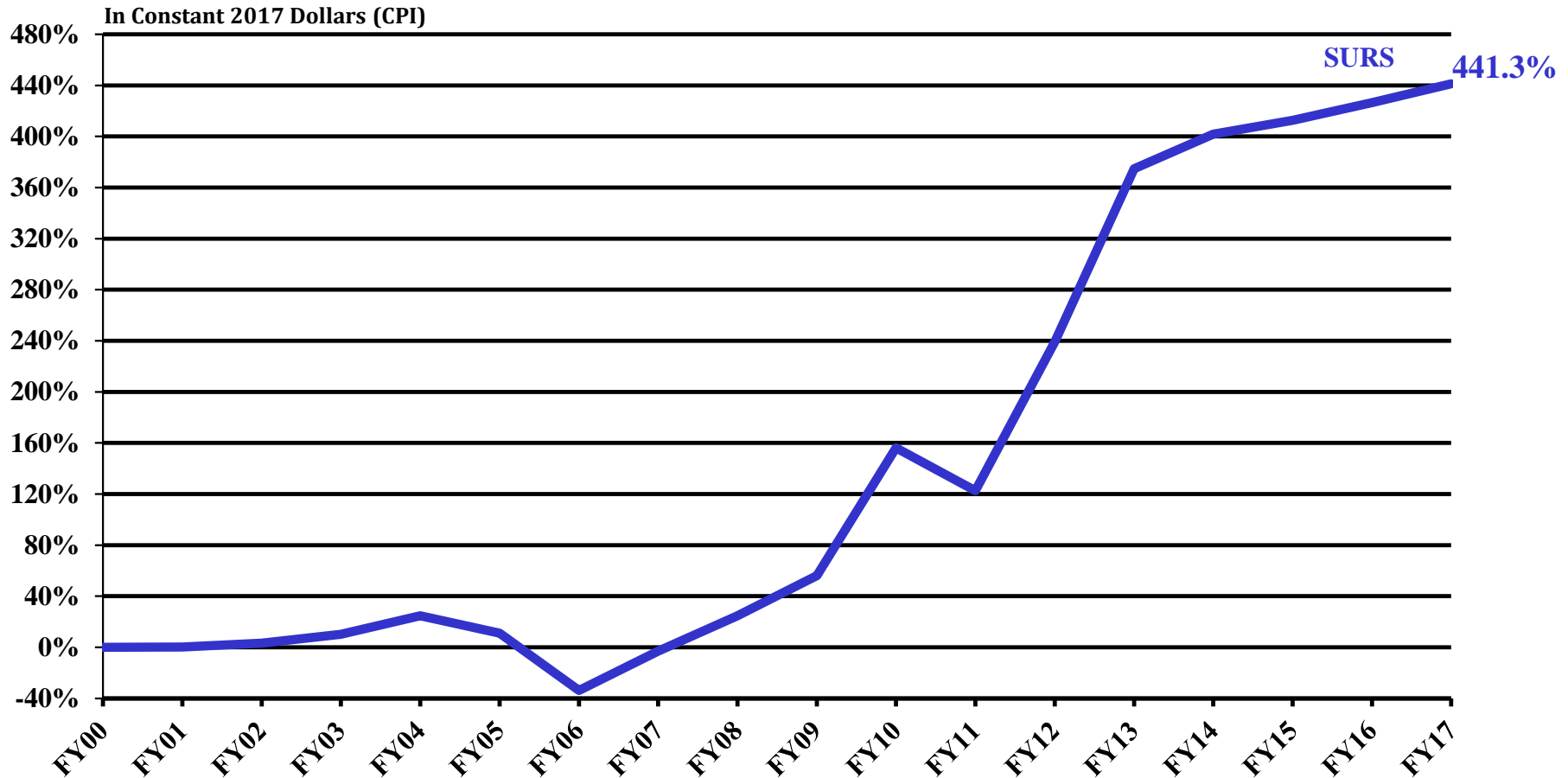
(Dollars in Billions)



\$129.8 Billion

Asset/Liability Ratio 37.6%

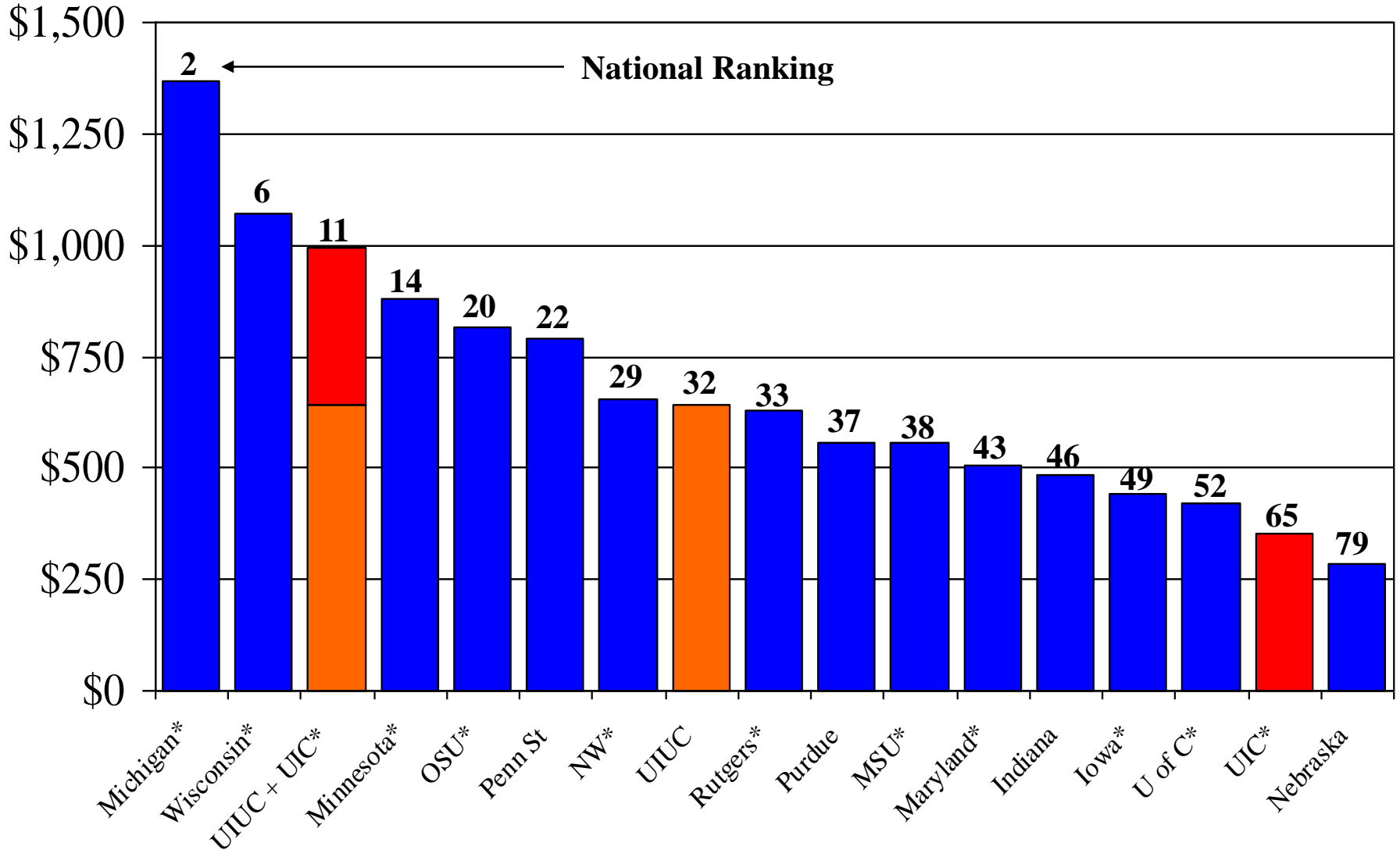
Cumulative Change in State Tax Appropriation for State University Retirement System (SURS)



Note: FY05 - FY17 include State Pension Fund; FY10 & FY11 SURS includes full funding from pension bonds.

Total R & D Expenditures FY 2015

(Dollars in Millions)



Source: NSF; All Fields.

* Have medical colleges.

The Higher Education Outlook

- Federal policy and funding changes
- Rising inflation and labor costs
- Increasing borrowing costs
- Retirement and healthcare liabilities (primarily publics)
- Financial market performance
- Moderating State support (publics)
- Tuition pressures
- Academic medical centers
- Endowment and philanthropic