

**APPENDIX B**

***Information Concerning***

***THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS***

***The information contained herein as Appendix B to the Official Statement has been obtained from The Board of Trustees of the University of Illinois and other sources deemed to be reliable.***

**THE SERIES 2013 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS OR OF THE UNIVERSITY; RATHER, THE SERIES 2013 BONDS, TOGETHER WITH THE OUTSTANDING HEALTH SERVICES FACILITIES SYSTEM REVENUE BONDS AND SUCH BONDS AS MAY BE ISSUED IN THE FUTURE (COLLECTIVELY WITH THE SERIES 2013 BONDS, THE “BONDS”), AND ANY ADDITIONAL PARITY DEBT ARE SECURED BY AND PAYABLE FROM: (i) THE NET REVENUES OF THE HEALTH SERVICES FACILITIES SYSTEM (THE “SYSTEM”), (ii) CHARGES, INCOME, AND REVENUES OF THE COLLEGE OF MEDICINE MEDICAL SERVICE PLAN, (iii) COLLEGE OF MEDICINE STUDENT TUITION, SUBORDINATE TO THE BOARD’S AUXILIARY FACILITIES SYSTEM BONDS (LIMITED IN THE CASE OF (ii) AND (iii) TO AN AMOUNT NOT TO EXCEED IN ANY FISCAL YEAR ANNUAL DEBT SERVICE ON THE BONDS AND MANDATORY TRANSFERS PURSUANT TO THE BOND RESOLUTION AND (iv) CERTAIN AMOUNTS ON DEPOSIT WITH THE TRUSTEE). SINCE THE SYSTEM, MSP, AND COLLEGE OF MEDICINE ARE NOT SEPARATE LEGAL ENTITIES, BUT ARE PARTS OF THE UNIVERSITY, INFORMATION CONCERNING THE UNIVERSITY IS SET FORTH IN THIS APPENDIX B.**

**Version 07/15/2013**

## Table of Contents

Background .....	B-1
Urbana-Champaign Campus (UIUC).....	B-4
Chicago Campus (UIC).....	B-5
Springfield Campus (UIS).....	B-6
Accreditations and Memberships .....	B-7
Board of Trustees and University Officers .....	B-7
Financial Condition of the University .....	B-10
2013 Budget and State Appropriations .....	B-14
Outstanding Indebtedness and Leasehold Obligations.....	B-16
Future Capital Plans .....	B-19
Faculty.....	B-20
Student Enrollment.....	B-20
Student Admissions.....	B-21
Tuition and Fees.....	B-22
Financial Aid to Students.....	B-22
Research Funding.....	B-23
Voluntary Support.....	B-24
University and Foundation Investments.....	B-24
Physical Plant.....	B-25
Employee Relations .....	B-25
Retirement Benefits.....	B-26

## THE UNIVERSITY OF ILLINOIS

### Background

The Board of Trustees of the University of Illinois (the “Board”) is a body corporate and politic of the State of Illinois (the “State”) created in 1867 by the Illinois General Assembly in response to the Federal Land Grant Act of 1862. The Board is responsible for the oversight and governance of the University of Illinois (the “University”), one of the nation’s largest universities. Complementing the University’s primary missions of education, research, and public service is the University’s role as an agent of economic development. The operating budget for Fiscal Year 2013 from all funding sources is approximately \$5.42 billion.

*Education.* The University has three campuses, located in Urbana-Champaign, Chicago, and Springfield, as well as health professions sites in Rockford and Peoria, with a combined total enrollment of 77,443 students (Fall 2012). In addition, the University has continuing education centers in suburban and downstate Illinois, extension offices in many of the State’s 102 counties, a major teaching hospital and multiple health clinics, and research farms. Fall (2012) enrollment on the campus of the University of Illinois at Urbana-Champaign (the “Urbana campus” or “UIUC”) totaled 44,520; on the campus of the University of Illinois at Chicago (the “Chicago campus” or “UIC”) totaled 27,875; and on the campus of the University of Illinois at Springfield (the “Springfield campus” or “UIS”) totaled 5,048. Illinois residents comprise 66 percent of the student body on the Urbana campus; 85 percent at UIC; and 82 percent at UIS. The University awarded more than 20,300 undergraduate, graduate, and professional degrees in 2011-2012. Graduation rates are increasing and other achievement indicators are also improving at all three campuses. The University receives almost four applications for each freshman slot.

There are 5,785 (full-time equivalent) faculty on the three campuses, including members of the National Academy of Sciences, the American Academy of Arts and Sciences, and the National Academy of Engineering. The University’s faculty and alumni have won 27 Nobel prizes, including John Bardeen who won in 1956 and 1972, the only person to have won the physics prize twice. The Urbana campus had two faculty members win Nobel Prizes in the same year: Paul C. Lauterbur shared the 2003 Nobel Prize in medicine for seminal discoveries concerning the use of magnetic resonance to visualize different structures and Anthony J. Leggett shared the 2003 Nobel Prize in physics for pioneering contributions to the theory of superconductors and super fluids. The University has had seventeen National Medal of Science recipients on its faculty, including Carl Slichter, who was recognized for establishing nuclear magnetic resonance as a powerful tool and microbiologist Carl Woese, whose discovery of a third form of life was also recognized with a Crafoord Prize in 2003. More than 45 faculty in Chicago and Urbana are listed on the ISI highly cited publications list, indicating significant contributions to the advancement of science and technology through fundamental, referenced research. The Urbana and Chicago campuses have had numerous MacArthur Fellows, individuals recognized for “extraordinary originality and dedication in their creative pursuits and a marked capacity for self-direction.”

The three campuses of the University offer a diversity of programs that lead to baccalaureate, graduate, and professional degrees as well as certificates. The University offers professional programs through the colleges of dentistry, law, medicine, pharmacy, and veterinary medicine. The University is one of only four universities in the nation with a school of public health and five health sciences colleges: applied health sciences, dentistry, medicine, nursing, and pharmacy.

*Research.* The University is recognized as a research intensive institution by the Carnegie Foundation. Total Federal support for Fiscal Year 2012 exceeds \$811 million on the three campuses. The Urbana campus attracts more than \$465 million in Federal support, with 29 percent from the National Science Foundation. The Chicago campus has more than \$339 million in federal grant and contract

expenditures. Because of its strong medical and healthcare research programs, over 62 percent of support to the Chicago campus comes from the Department of Health and Human Services.

The knowledge being generated and transmitted through University research has far-reaching implications for health, engineering, agriculture, and business, as well as for basic and applied research. Recent developments include the following:

- Miniature “bio-dots” developed at the Urbana Campus are soft and biocompatible and about seven millimeters long. These non-electric biological machines – engineered using hydrogel, heart cells, and a 3-D printer – could be customized for specific applications in medicine, energy, or the environment.
- A study from the Urbana College of Veterinary Medicine suggests that deer ticks and the Lyme disease bacteria they host are more adaptable to new habitats than previously believed, causing researchers to consider new mechanisms of disease transmission. Reports of human Lyme disease cases have more than tripled in Illinois since 1998.
- Powerful antibiotics that scientists and physicians thought stop the growth of harmful bacteria by completely blocking their ability to make proteins actually allow the germs to continue producing certain proteins – which may help contribute to the bacteria’s demise. The UIC College of Pharmacy research clarifies how antibiotics work and may aid in the discovery of new drugs or improved clinical therapy with existing ones.
- A UIC Jane Addams College of Social Work study funded by the John Templeton Foundation should facilitate an understanding of the counseling care that clergy provide and may serve as a springboard to the design of effective training programs based on pastors’ expressed needs.
- UIS is part of a nationwide study funded by the Bill & Melinda Gates Foundation examining the academic potential of massive open online courses (MOOCs) that are generally not for college credit. The research is being coordinated by the American Council on Education (ACE).
- Hispanics and Latinos living in the United States are highly likely to have several major cardiovascular disease risk factors, such as high cholesterol, high blood pressure, obesity, diabetes, and smoking according to a new, large-scale study from the UIC Institute for Minority Health Research.

The University has expanded its investment in research and development capabilities and emphasizes the transfer of ideas to the marketplace. The University has research parks located on the Urbana and Chicago campuses. Among the companies and centers housed in the Urbana research park are the ADM Sustainable Bioenergy Modeling Center, Caterpillar, Inc.’s Simulation Center, John Deere, Littlefuse, and Yahoo!. Located in the Illinois Medical District and a collaborative effort among the University, Rush University Medical Center and Cook County Health Services, the Chicago Technology Park (CTP) on the UIC campus has a life-science focus. Notable graduate companies include Amgen, MediChem Life Sciences, United Therapeutics, and Litholink.

New and refurbished facilities continue to enhance the resources of the University’s three campuses. Recent enhancements include:

- A \$60 million renovation of historic Lincoln Hall on the Urbana campus focused on energy efficiency, better utilization of learning and administrative space, and protecting the building’s historic architecture.

- Renovation of UIS student apartments to improve energy efficiency and enhance amenities.
- A new 101-bed hospital-within-a-hospital in the University of Illinois Hospital in Chicago includes pediatric medical-surgical care, intensive care, step-down beds and a neonatal intensive care unit with the highest care designation awarded by the State.
- The Kahn Annex on the Urbana campus that provides over 24,000 square feet of state-of-the-art laboratory, instructional and professional collaboration facilities for the College of Applied Health Sciences.
- The \$7 million Yeh Student Center, a 20,500 square foot addition to Newmark Civil Engineering Laboratory in Urbana that contains classrooms, meeting rooms, and informal spaces for the department's 1,300 students.
- Lincoln Hall is UIC's first LEED® (Leadership in Energy and Environmental Design) certified building. Renovated and reopened in 2009, Lincoln Hall uses geothermal heating and cooling, which reduces energy consumption and costs. Hallways on upper floors connect Lincoln Hall with nearby Douglas and Grant Halls.

*Economic Development.* As both an employer and a consumer, the University has a direct, annual economic impact of more than \$13 billion on the State, including the creation of more than 150,000 jobs.

The University makes an additional impact through its role as a creative force that generates new ideas. This role encompasses the four central missions of the University – teaching, research, service, and economic development – and engages it with the economic life of the State and nation. The University works with Illinois leaders in government and business on three primary research efforts within the University that will have a significant impact on the Illinois economy. They are:

- NCSA and the engineering and computer science fields that support information technology
- Biotechnology in the agriculture and life sciences
- Biotechnology in the health sciences

Existing strengths and major new capital investments in these areas by the State and private donors have positioned the University to leverage these strengths in the future.

A new initiative, UI LABS, is an independent, University-affiliated research technology center designed to make the State and Chicago a hub of innovation and build the region's economy. UI LABS is expected to provide a new approach to translational research and training, harnessing the research power of the State, Chicago, the University and business to solve society's grandest technology challenges. Funded through philanthropy, grants, and partnerships with industry, UI LABS has an independent board of directors.

*Public Service.* The University has a longstanding commitment to the communities it serves. Through its outreach units and programs, University faculty and staff provide expertise and resources in business and management, education, natural resources, health, engineering, and the arts. The University organizes and runs hundreds of public services activities around the State, which are cataloged in the University's public service database ([www.uops.uillinois.edu/ui-service/](http://www.uops.uillinois.edu/ui-service/)).

Each campus has an Office of Continuing Education. Across the University, credit and non-credit courses, degree programs, online courses, conferences, professional development, summer session classes, and programs are offered ([www.online.uillinois.edu/](http://www.online.uillinois.edu/)). In 2013, the Urbana-Champaign campus will begin offering courses in conjunction with Coursera, a “social entrepreneurship company” that works with universities around the globe to offer free, not-for-credit courses online. The University of Illinois Extension, a coordinating program offered through the Urbana campus which is celebrating its 100 year anniversary, provides practical, research-based information and programs to help individuals, families, farms, businesses, and communities throughout Illinois.

### **Urbana-Champaign Campus (UIUC)**

The UIUC campus is the oldest and largest campus of the University, enrolling more than 44,500 students each year in a wide variety of undergraduate, graduate, and professional programs offered by the colleges of agricultural, consumer, and environmental sciences; applied health sciences; business; education; engineering; fine and applied arts; law; liberal arts and sciences; media; and veterinary medicine. UIUC also has schools of library and information sciences, social work, and labor and employment relations and an institute of aviation. The campus is internationally known for its leading-edge research programs, outstanding faculty, top-tier alumni, and its many contributions to the State, the United States, and the world.

The UIUC campus conferred more than 12,100 degrees in Fiscal Year 2012. Doctor’s degrees (professional practice) are offered in three fields, doctor’s degrees (research/scholarship) in 92 fields, post-master’s certificates in 17 fields, master’s degrees in 204 fields, bachelor’s degrees in 134 fields, and one two-year certificate is offered in aviation.

The UIUC campus is the home of more than 150 research laboratories, institutes, and experiment stations, including the Institute for Genomic Biology, Beckman Institute for Advanced Science and Technology, the Center for Nanoscale Science and Technology, the National Soybean Research Laboratory, and the National Center for Supercomputing Applications. UIUC has the largest public university academic library in the country with more than 35 departmental libraries located across the campus. The library acquired its 13-millionth volume – the first illustrated Japanese printed book – in 2012.

UIUC is consistently ranked highly by a variety of publications. In its 2013 rankings, U.S. News & World Report’s America’s Best Colleges rated Illinois as the number 13 public university and the number 46 national university. In the 2012 U.S. News & World Report’s graduate and undergraduate rankings: the College of Engineering ranked 5th in undergraduate and 5th in graduate programs nationally; the College of Business ranked 14th in undergraduate programs nationally; the College of Education ranked 22nd in graduate programs nationally; and the School of Social Work ranked 16th nationally. The PhD program in chemistry ranked 6th in graduate programs nationally and the PhD program in computer science tied for 5th place nationally. The Graduate School of Library and Information Science’s programs tied for first in the nation in 2009.

The UIUC campus hosts a total of eight federally funded U.S. Department of Education Title VI Centers in international and area studies, each focusing on a different world region or issue. Over 600 faculty members from all colleges on campus are affiliated with one or more of these centers. The campus maintains over 200 active institutional linkages with international partners representing more than 40 different countries around the world.

Faculty members at the UIUC campus have been named to the National Academy of Sciences, the National Academy of Engineering, and the American Academy of Arts and Sciences and are fellows

of the American Association for the Advancement of Science. Two faculty members have been awarded Pulitzer Prizes and 17 alumni (and one graduate of the university high school) have received this honor.

The UIUC campus was chartered in 1867 as one of the 37 original land grant universities. Today, the UIUC campus consists of 705 total buildings (316 main campus buildings), spread across 5,086 acres. More than 10,700 faculty, academic and civil service staff members are employed in Urbana. Near the campus are the University's 1,700-acre Willard Airport, the 1,800-acre Allerton Park and Conference Center, an antenna research site, a radio telescope, an optical telescope, a radio direction finding and meteor radar site and about 100 acres of timber reserves. University of Illinois Extension offers educational programs to residents of all of Illinois' 102 counties coordinated by 27 unit offices – and far beyond through its many online education sites. Students can use the 70,000 computer connections across the campus and access the network in the more than 360 on- and off-campus buildings that offer wireless connectivity. All classroom seats have wireless access. Cultural offerings include the Krannert Art Museum with more than 9,000 works of art, the Krannert Center for the Performing Arts which hosts more than 350 performances annually, the Spurlock Museum with 46,000 artifacts, and the Sousa Archives and Center for American Music which has 75 percent of Sousa's original music manuscripts.

### **Chicago Campus (UIC)**

The UIC campus of the University traces its origins to medical colleges that opened during the 1800s. The Chicago-based colleges of pharmacy, dentistry, and physicians and surgeons officially affiliated with the University in 1896-97 and were incorporated into the University in 1913. A temporary, two-year branch campus of the University was established after World War II on Navy Pier and students completed their studies in Urbana. Demand in Chicago remained high and, in 1965, the Chicago Circle campus opened west of the Loop area, replacing the Navy Pier site.

UIC was formed in 1982 by the consolidation of the Medical Center and the Chicago Circle campuses of the University. The campus received Carnegie Research 1 status in 1987.

The UIC campus occupies approximately 250 acres in a mid-city location southwest of Chicago's downtown business district. Including the Rockford and Peoria campuses of UIC brings the total acreage to more than 300 acres. Today, the UIC campus has more than 15 million gross square feet in more than 130 buildings (including the regional campuses). Almost 100,000 square feet are devoted to research. Students have benefited from the construction and refurbishment of two student recreation and sports centers with a total of more than 240,000 gross square feet at a cost of more than \$45 million. The Rockford campus opened a new 58,000-square-foot addition in 2010 that provides space for new health science initiatives. Throughout the campus, 20 casual gathering spots furnished with couches and comfortable chairs have been established through Project Oasis. The IDEA Commons in the UIC Daley Library, which boasts a café, performance space, high-tech classrooms, and a student media lab, is popular with students and in 2012 received two Design Excellence citations of merit from the American Institute of Architects' Chicago chapter.

UIC employs more than 11,300 faculty, professional and support staff. The UIC campus has an enrollment of 27,875 (fall 2012), more than 620 of whom are located at regional medical schools in Peoria, Rockford and Urbana. Degrees are conferred upon more than 6,850 students annually at the Chicago campus. Degree programs are offered in 14 colleges and schools: applied health sciences; architecture and the arts; business administration; dentistry; education; engineering; the graduate college; liberal arts and sciences; medicine; nursing; pharmacy; social work; urban planning and public affairs; and public health. Doctor's degrees (professional practice) are offered in 5 fields, doctor's degrees (research/scholarship) in 68 fields, post-master's certificates in 11 fields, master's degrees in 78 fields, post-baccalaureate certificates in 3 fields, and bachelor's degrees in 85 fields.

UIC is the largest public university in the Chicago area and is a leader in health-related research. The University of Illinois Hospital & Health Sciences System is comprised of a 495-bed hospital, an outpatient facility, specialty clinics, and seven UIC health science colleges including the College of Medicine. As a leader in patient care, research, and education, UI Health is committed to making positive and lasting differences in health science and in people's lives. The University of Illinois Hospital had over 117,000 inpatient days and over 455,000 outpatient visits in Fiscal Year 2012. The average daily census of patients increased from 314 in Fiscal Year 2011 to 321 in Fiscal Year 2012. The University of Illinois College of Medicine is the largest medical school in the United States, with a longstanding reputation for diversity. The Hispanic Center of Excellence, which strengthens the pipeline of medical school applicants and enriches the education of Latino medical students, celebrated its 20th anniversary in 2011. Other health science colleges include dentistry, applied health sciences, nursing and pharmacy, the school of public health, and the Jane Addams School of Social Work.

The UIC campus received more than \$340 million in Federal support in 2011, primarily from the National Institutes of Health, because of its strong medical and healthcare programs. UIC was ranked 11th on a list in 2011 of the world's best young universities in 2011 published by Times Higher Education of the U.K. In 2012, the College of Business Administration was ranked No.1 among Chicago-area schools and tied for 56 overall among accredited undergraduate business programs by U.S. News & World Report.

UIC's engagement with the Chicago metropolitan area is embodied in the Great Cities Commitment, an umbrella name for the hundreds of teaching, research, and service programs that connect the campus with the community. Industry partnerships, internships, business and entrepreneurial development, infrastructure improvement, and neighborhood revitalization are examples of how the campus' partnership with Chicago benefits urban neighbors as well as faculty and students.

Faculty members serve as heads of national associations and societies, are the recipients of national research, teaching, and achievement awards, and are members of international and national honor societies. More than a dozen faculty are listed among the most highly cited researchers in their fields.

### **Springfield Campus (UIS)**

The UIS campus is a small public university with innovative, high-quality liberal arts programs. UIS enrolls more than 5,000 students (fall 2012) in 24 bachelor's degree, 9 post-baccalaureate certificate, 23 master's degree and three post-master's certificate programs, as well as one doctoral program in public administration. UIS enrollment has increased over 28% since Fall 2000. The campus awarded 1,326 degrees in 2011-2012, many to online students whose first time on campus is for their graduation ceremony.

UIS is a national leader in online education. The campus received the 2007 Excellence in Institution-Wide online teaching and learning programming award and the 2008 Gomory Award for quality online education from the Sloan Consortium, a group of institutions and organizations committed to quality online education. Two UIS staff members have been recipients of the Sloan Consortium's individual outstanding achievement award; both are also recognized as Sloan-C Fellows.

Academic programs range from traditional disciplines such as English, history, psychology, and biology to more career-oriented concentrations such as business administration, management information systems, criminal justice, accountancy, and social work. UIS offers a four-year baccalaureate program for high-achieving students called the Capital Scholars Honors Program. The Springfield campus has been a four-year university since 2006.



Norris L. Brookens Library supports UIS with a collection of more than 566,000 volumes (including nearly 30,000 e-books); more than 2,000 DVD/CDs; over 1,860,000 microforms; and provides access to more than 150 databases containing journal articles and other research materials. The collection also contains nearly 200,000 government documents and participates in a 70-library consortium with a shared catalog. The library offers more than 100 computers for on-campus students.

Other campus resources include the Public Affairs Center with the 2,000-seat Sangamon Auditorium performing arts center, conference facilities, and the campus bookstore. The Health and Sciences Building houses the Visual Arts Gallery, science laboratories and a number of computer labs. Founders Hall, an environmentally friendly, 200-bed residence hall, opened on the campus in the fall of 2008. The 62,000 gross-square-foot structure also houses the campus bookstore and a café.

The Center for State Policy and Leadership is instrumental in carrying out UIS's unique public affairs focus by identifying and addressing issues of state and national public policy and promoting governmental effectiveness and civic engagement. The center offers a graduate public service internship program and hosts the annual Lincoln Legacy lecture series. Among the eight units of the center are Illinois Issues magazine, WUIS/WIPA public radio, the Survey Research Office, and the Institute for Legal, Legislative, and Policy Studies.

### **Accreditations and Memberships**

The University is fully accredited in all of its departments and divisions by the North Central Association of Colleges and Schools. In addition, University programs are individually accredited by more than 30 professional associations, including American Library Association, American Psychological Association, American Bar Association, American Veterinary Medical Association, and Association to Advance Collegiate Schools of Business. The University is a member of the American Council of Education and the Association of American Universities.

### **Board of Trustees and University Officers**

The University is governed by the Board, which consists of 11 voting members, including one voting student member. The Governor of the State of Illinois serves as an ex-officio member, and there are two non-voting student members. The Board is responsible for the general supervision and management of the educational program and the lands, buildings, and other properties of the University and the control of the revenues and expenditures in support thereof.

The following persons are members or officers of the Board of Trustees:

Name	Trustees of the Board	Current Term Started	Current Term Ending
Patrick J. Quinn	Governor of the State of Illinois	<i>Ex-Officio</i>	<i>Ex-Officio</i>
Ricardo Estrada	Appointed Board Member	2011	2017
Patrick J. Fitzgerald	Appointed Board Member	2013	2019
Karen Hasara	Appointed Board Member	2011	2017
Patricia Brown Holmes	Appointed Board Member	2011	2017
Christopher Kennedy	Appointed Board Member	2009	2015
Timothy Koritz	Appointed Board Member	2013	2019
Edward L. McMillan	Appointed Board Member	2009	2015
James D. Montgomery, Sr.	Appointed Board Member	2013	2019
Pamela Strobel	Appointed Board Member	2009	2015
Danielle Leibowitz	Student Member, Chicago <sup>(1)</sup>	2013	2014
Jamaal Hollins	Student Member, Springfield <sup>(1)</sup>	2013	2014
Michael Cunningham	Student Member, Urbana <sup>(1)</sup>	2013	2014

<sup>(1)</sup> Voting member has not been determined. Only one of the three student members is designated by the Governor as a voting member.

Name	Officers of the Board
Christopher Kennedy	Chairman of the Board
Susan Kies	Secretary of the Board
Walter K. Knorr	Comptroller of the Board
Lester H. McKeever, Jr.	Treasurer of the Board
Thomas R. Bearrows	University Counsel

The principal individuals (executive officers) responsible for the operations of the University are:

**Robert A. Easter, Ph.D., President.** Dr. Easter became the University's 19th president in July 2012. He has spent his entire 36-year career as a senior administrator and faculty member on the Urbana-Champaign campus, where he earned his doctorate in animal science in 1976. He was interim chancellor from 2009-2011 and also has served as interim provost and interim vice chancellor for research. From 2002-2009, he was dean of the nationally ranked College of Agricultural, Consumer, and Environmental Sciences (ACES). Before that, he served for five years as head of the Department of Animal Sciences, where he has been a faculty member since 1976. An expert in swine nutrition Easter has co-authored a book on swine production and has written more than 90 peer-reviewed articles, 11 book chapters, four monographs, and numerous papers for conferences and industry publications.

**Phyllis M. Wise, Ph.D., Chancellor at the Urbana-Champaign Campus/Vice President.** Phyllis Wise has been vice president/chancellor of the Urbana-Champaign campus since 2011. Dr. Wise came to Illinois from the University of Washington where she was serving as the provost and executive vice president. Prior to her appointment as provost and executive vice president at the University of Washington, Dr. Wise was the university's interim vice president from 2010-2011 (stepping away temporarily from her post as provost, which she held since 2005). From 2002-2005, she served as Dean of the College of Biological Sciences at UC Davis. She earned her B.A. in Biology from Swarthmore, and her M.A. and Ph.D. in Zoology from the University of Michigan. Dr. Wise is a member of the

National Academies of Science (Internal Medicine) and a fellow in the American Association for the Advancement of Science.

***Paula Allen-Meares, Ph.D., Chancellor at the Chicago Campus/Vice President.*** Paula Allen-Meares has been vice president/chancellor of the Chicago campus since early 2009. Prior to being named chancellor, Dr. Allen-Meares was dean of the School of Social Work at the University of Michigan (1993-2009) and was the Norma Radin Collegiate Professor of Social Work and professor of education at that university. Before joining the University of Michigan, she was a professor and dean of the School of Social Work at the University of Illinois at Urbana-Champaign, where she received her master's and doctoral degrees. She earned her bachelor's degree at the University of New York at Buffalo.

***Susan J. Koch, Ph.D., Chancellor at the Springfield Campus/Vice President.*** Susan J. Koch has been vice president/chancellor of the Springfield campus since 2011. Dr. Koch was the provost and vice president for academic affairs at Northern Michigan University, where she had served since 2007. Before joining NMU, she was the associate provost and dean of the graduate college at the University of Northern Iowa. A South Dakota native, Dr. Koch earned her bachelor's degree at Dakota State University and her master's and doctorate degrees at the University of Northern Iowa, where she joined the faculty in 1985. Her academic field is health education.

***Thomas R. Bearrows, J.D., University Counsel.*** Thomas R. Bearrows joined the University of Illinois in 1997 and is responsible for the management of the University's legal affairs at all three campuses. Prior to joining the University, he spent 13 years in private practice with a Chicago law firm. He received his undergraduate and law degrees from the University of Illinois and a master's degree in public policy from Harvard University. In addition to his work for the University, Mr. Bearrows serves as counsel for the Alumni Association and the University of Illinois Foundation.

***Joe G.N. Garcia, M.D., Vice President for Health Affairs.*** Joseph G. N. "Skip" Garcia, M.D. has held the position of Vice President for Health Affairs at the University, Chief Executive Officer of the Hospital, and Earl M. Bane Professor of Medicine, Pharmacology and Bioengineering at UIC since 2011 and announced his resignation, effective **[September 1, 2013]**. The Board of Trustees created the Office of Vice President for Health Affairs to coordinate leadership and provide strategic oversight and day-to-day operations management for the System. The Board of Trustees has engaged strategic consultants to assist with, among other things, a review of the current effectiveness of the System's current organizational and governance structure with a view towards enhanced organizational integration. It is possible that, as a result of this review, the Board of Trustees may eliminate or revise the role of the Vice President for Health Affairs.

***Thomas P. Hardy, M.S., Executive Director, University Relations.*** Thomas Hardy joined the University of Illinois in 2002 as executive director of the Office for University Relations. Under Mr. Hardy's leadership, University Relations develops and executes strategic communications programs, provides public affairs and marketing assistance to university-wide offices, and coordinates activities and responses with the Public Affairs offices on the three campuses. A former journalist and public affairs consultant, Mr. Hardy served as press secretary to former Illinois governor Jim Edgar and worked for the Chicago Tribune for two decades, spending ten years as the Chicago-based political writer and columnist, covering local and state election campaigns and state legislative affairs. Immediately prior to joining university administration, Mr. Hardy worked in the Chicago office of Burson-Marsteller, a global public relations firm. He earned a B.A. from Ripon College and an M.S. from Northwestern University.

***Susan Kies, Ed.D., Secretary, Board of Trustees.*** Susan Kies was named as the secretary of the University of Illinois Board of Trustees in October 2011 and began her duties in early 2012. Dr. Kies received her undergraduate degree from the University of Illinois at Urbana-Champaign and later earned

her master's and doctor of education degrees from Oklahoma State University. She joined the University in 1993 as coordinator of instructional development for the Department of Internal Medicine in Urbana-Champaign, and later was promoted to assistant dean of educational affairs. From 1999 to 2003, she served as associate dean for academic student and educational affairs at the College of Medicine in Urbana-Champaign. Since 2004 and prior to assuming the secretary's post, Dr. Kies served as associate dean of academic affairs/curriculum management at the college.

**Walter K. Knorr, B.S., Vice President/Chief Financial Officer and Comptroller.** Walter K. Knorr was appointed vice president/chief financial officer (CFO) and comptroller in January 2007. The CFO serves as the senior University executive officer responsible for the operation of all financial functions for the University, including budget execution, financing, and execution of all capital projects. Together with the vice president for academic affairs and senior staff in planning and administration, the CFO is responsible for budget development. The CFO serves as treasurer of the University of Illinois Foundation and in an ex-officio capacity with the University of Illinois Alumni Association. The comptroller is an officer of the Board and approves all expenditures for which a general or specific appropriation has been made by the Board and signs contracts to which the University is a party. Prior to being appointed CFO, he served as comptroller of Cook County and as CFO and comptroller for the City of Chicago. He has also held senior positions at major financial firms and was a principal at a major audit firm. Mr. Knorr has a bachelor's degree from Wittenberg University and is a Certified Public Accountant.

**Christophe Pierre, Vice President for Academic Affairs.** Dr. Pierre began serving as Vice President for Academic Affairs in October 2011. Dr. Pierre came to Illinois from McGill University in Montreal, where he served as dean of the Faculty of Engineering since 2005. Prior to joining McGill he held engineering faculty and administrative appointments at the University of Michigan for two decades. He holds a bachelor's degree in aerospace engineering from Ecole Centrale des Arts et Manufactures de Paris in France, a master's degree in mechanical and aerospace engineering from Princeton University, and a doctorate in mechanical engineering and materials science from Duke University.

**Lawrence B. Schook, Ph.D., Vice President for Research.** Lawrence B. Schook began serving as the Interim Vice President for Research in March 2011 and assumed that role on a permanent basis in September 2011. He is the Edward William and Jane Marr Gutsell Professor in the Department of Animal Sciences on the Urbana campus. Dr. Schook also serves as the director of the Division of Biomedical Sciences responsible for directing strategic alliances related to health research and leading the Illinois Health Sciences Initiative that coordinates Urbana campus research and educational programs. He holds joint appointments in bioengineering, nutritional sciences, and in pathology, part of the University of Illinois College of Medicine, based at UIC, and has faculty appointments with the Institute for Genomic Biology and the Beckman Institute for Advanced Science and Technology. Dr. Schook graduated from Albion College in 1972 and received his PhD in 1978 from Wayne State School of Medicine. After postdoctoral training at the Institute for Clinical Immunology in Switzerland and the University of Michigan, he has held faculty positions at the Medical College of Virginia, University of Minnesota, and as a visiting professor at the Ludwig Cancer Center of the University of Lausanne.

## **Financial Condition of the University**

The financial statements of the University are presented in accordance with U.S. generally accepted accounting principles.

## Balance Sheet of the University

The following table summarizes the University's audited assets, deferred outflows of resources, liabilities, and net assets at June 30, 2012, 2011, and 2010, but excludes the University Related Organizations, which are discretely presented component units within the University's overall financial reporting entity:

### Balance Sheet (in 000's)

	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
<b>Assets and Deferred Outflow of Resources</b>			
<b>Current Assets:</b>			
Cash and cash equivalents .....	\$ 609,372	\$ 633,283	\$ 438,557
Cash and cash equivalents, restricted.....	182,490	193,338	270,812
Investments .....	93,418	49,706	13,486
Investments, restricted .....	31,263	12,584	48,306
Securities lending collateral .....	90,732	92,895	82,720
Accrued investment income.....	3,936	2,297	2,348
Accounts receivable, net of allowance for uncollectible .....	446,014	403,136	373,747
Receivable from State of Illinois, related to appropriations .....	204,972	288,669	265,624
Notes receivable, net of allowance for uncollectible .....	8,645	8,730	7,764
Accrued interest on notes receivable .....	3,149	2,929	2,928
Inventories .....	32,481	31,187	31,581
Prepaid expenses and deferred charges.....	20,397	20,723	22,011
Due from related organizations.....	1,425	913	1,114
<b>Total Current Assets.....</b>	<b>\$ 1,728,294</b>	<b>\$ 1,740,390</b>	<b>\$ 1,560,998</b>
<b>Noncurrent Assets:</b>			
Cash and cash equivalents, restricted.....	\$ 17,615	\$ 32,040	\$ -
Investments .....	812,879	430,811	324,207
Investments, restricted .....	447,845	355,728	237,519
Notes receivable, net of allowance for uncollectible .....	53,535	52,736	53,021
Prepaid expenses and deferred charges.....	9,797	9,750	9,312
Due from related organizations.....	-	701	968
Capital assets, net of accumulated depreciation....	3,389,304	3,295,809	3,329,807
Other assets .....	4,351	5,091	3,670
<b>Total Noncurrent Assets .....</b>	<b>\$4,735,326</b>	<b>\$4,182,666</b>	<b>\$3,958,504</b>
Deferred outflow of resources.....	33,028	19,576	21,720
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES.....</b>	<b>\$ 6,496,648</b>	<b>\$ 5,942,632</b>	<b>\$ 5,541,222</b>

	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities .....	\$ 284,357	\$ 230,825	\$ 247,005
Accrued payroll.....	145,172	139,128	137,035
Accrued compensated absences, current portion ..	22,618	21,090	17,810
Accrued self-insurance, current portion.....	60,933	60,388	59,008
Deferred revenue and student deposits .....	146,656	147,082	142,291
Accrued interest payable.....	17,455	17,503	17,242
Securities lending collateral.....	90,732	92,895	82,720
Bonds payable, current portion.....	41,066	37,683	94,875
Leaseholds payable and other obligations, current portion .....	145,836	28,430	84,031
Assets held for others.....	42,594	36,248	31,046
Total Current Liabilities .....	<u>\$ 997,419</u>	<u>\$ 811,272</u>	<u>\$ 913,063</u>
<b>Noncurrent Liabilities:</b>			
Bonds payable.....	\$ 1,093,724	\$ 1,058,324	\$ 967,323
Leaseholds payable and other obligations.....	353,916	496,353	504,912
Accrued compensated absences .....	178,434	180,198	197,178
Accrued self-insurance.....	184,777	184,106	147,821
Derivative instrument – swap liability .....	37,169	22,919	25,379
Total Noncurrent Liabilities .....	<u>\$ 1,848,020</u>	<u>\$ 1,941,900</u>	<u>\$ 1,842,613</u>
Total Liabilities .....	<u>\$ 2,845,439</u>	<u>\$ 2,753,172</u>	<u>\$ 2,755,676</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt .....	\$ 1,932,473	\$ 1,865,699	\$ 1,895,395
Restricted:			
Nonexpendable .....	78,446	75,065	60,965
Expendable .....	599,392	561,455	442,653
Unrestricted.....	1,040,898	687,241	386,533
Total Net Assets .....	<u>\$ 3,651,209</u>	<u>\$ 3,189,460</u>	<u>\$ 2,785,546</u>
TOTAL LIABILITIES AND NET ASSETS .....	<u>\$ 6,496,648</u>	<u>\$ 5,942,632</u>	<u>\$ 5,541,222</u>

## Statement of Revenues, Expenses, and Changes in Net Assets of the University

The following table presents the University's audited statement of revenues, expenses, and changes in net assets of the University for Fiscal Years ended June 30, 2012, 2011, and 2010, but excludes the University Related Organizations, which are discretely presented component units within the University's overall financial reporting entity:

### Statement of Revenues, Expenses, and Changes in Net Assets (in 000's)

	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
<b>OPERATING REVENUES</b>			
Student tuition and fees, net.....	\$ 987,796	\$ 905,693	\$ 823,488
Medical fee for services - state appropriation.....	-	-	1,014
Federal appropriations .....	18,072	13,919	16,188
Federal grants and contracts .....	718,621	684,392	641,708
State of Illinois grants and contracts.....	81,478	83,625	84,065
Private and other governmental agency grants and contracts .....	137,712	147,139	147,964
Educational activities.....	258,298	267,609	251,770
Auxiliary enterprises, net.....	363,319	374,644	368,515
Hospital and other medical activities, net .....	601,360	547,168	576,852
Medical service plan.....	236,160	223,654	185,061
Independent operations.....	13,083	15,173	12,960
Interest and service charges on student loans.....	1,945	1,537	1,584
<b>TOTAL OPERATING REVENUES.....</b>	<b>3,417,844</b>	<b>3,264,553</b>	<b>3,111,169</b>
<b>OPERATING EXPENSES</b>			
Instruction.....	1,114,474	1,006,190	970,339
Research .....	710,656	680,651	652,229
Public service.....	413,988	387,461	395,343
Academic support.....	377,982	349,095	354,238
Student services .....	141,130	131,827	126,635
Institutional support.....	232,023	209,752	228,610
Operation and maintenance of plant .....	270,947	287,825	269,739
Scholarships and fellowships.....	241,008	238,722	215,270
Auxiliary enterprises.....	307,597	316,442	310,794
Hospital and medical activities .....	709,650	633,795	597,426
Independent operations.....	12,442	13,866	12,067
Depreciation .....	213,070	209,745	208,885
<b>TOTAL OPERATING EXPENSES.....</b>	<b>4,744,967</b>	<b>4,465,371</b>	<b>4,341,575</b>
Operating Loss.....	(1,327,123)	(1,200,818)	(1,230,406)

	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State appropriations .....	\$ 709,683	\$ 716,794	\$ 717,300
Transfer of state appropriations to Illinois DHFS Hospital Services Fund .....	(45,000)	(45,000)	(45,000)
Private gifts .....	141,700	133,498	144,099
Federal grants, nonoperating .....	69,529	67,404	103,101
On behalf payments for fringe benefits .....	818,084	683,201	634,745
Net investment income .....	24,656	26,066	19,338
Net increase in the fair value of investments .....	10,979	68,810	54,980
Interest expense .....	(71,489)	(76,672)	(77,368)
Loss on sale/disposals/impairment of capital assets .....	(9,653)	(35,675)	(7,041)
Other nonoperating revenues, net .....	50,721	34,363	33,748
Net nonoperating revenues .....	1,699,210	1,572,789	1,577,902
Income before other revenues .....	372,087	371,971	347,496
Capital state appropriations .....	30,910	21,274	20,610
Capital gifts and grants .....	56,383	9,745	61,898
Private gifts for endowment purposes .....	323	924	98
<b>INCREASE IN NET ASSETS .....</b>	<b>459,703</b>	<b>403,914</b>	<b>430,102</b>
<b>NET ASSETS, BEGINNING OF YEAR.....</b>	<b>3,189,460</b>	<b>2,785,546</b>	<b>2,357,758</b>
<b>Cumulative effect of change in Accounting Principles.....</b>	<b>2,046</b>	<b>-</b>	<b>(2,314)</b>
<b>NET ASSETS, BEGINNING OF YEAR, AS ADJUSTED</b>	<b>3,191,506</b>	<b>2,785,546</b>	<b>2,355,444</b>
<b>NET ASSETS, END OF YEAR .....</b>	<b>\$ 3,651,209</b>	<b>\$ 3,189,460</b>	<b>\$ 2,785,546</b>

### 2013 Budget and State Appropriations

The University receives a major portion of the revenues needed to sustain its educational and research activities from state appropriations, tuition revenues, and the federal government. The State General funds and other special-purpose State funds appropriation reflected in the University's budget for Fiscal Year 2013 reflects a 6.0% decrease from Fiscal Year 2012 to \$667.4 million. Payments on behalf reflected in the budget increased by 28.7% or \$227.6 million, to \$1,021 million. In September 2012, the Board approved a final operating budget for Fiscal Year 2013 that provided a 7.6% increase over the final Fiscal Year 2012 operating results. The table below shows the components of the Fiscal Year 2013 budget compared with the final amounts from the adjusted Fiscal Year 2012 budget:



**Fiscal Year 2012 Budget Versus Fiscal Year 2013 Budget**  
(in millions)

	Budget 2012	Budget 2013	% Increase (Decrease)
State Tax Appropriations <sup>(1)</sup> .....	\$ 709.8	\$ 667.4	(6.0%)
Payments on Behalf <sup>(2)</sup> .....	793.3	1,020.9	28.7%
Tuition & Fees <sup>(3)</sup> .....	939.1	1,012.1	7.8%
Local Fund <sup>(4)</sup> .....	2,590.6	2,715.7	4.8%
<b>Total Budget</b> .....	<b>\$5,032.8</b>	<b>\$5,416.1</b>	<b>7.6%</b>

(1) Includes General fund, Fire Prevention fund, Hazardous Waste Research fund, Emergency Public Health fund, Used Tire Management fund, and General Professions Dedicated fund. Includes the transfer of the State Surveys in 2012. Beginning in Fiscal Year 2013, the State Survey funding is directly appropriated to the University.

(2) Payments by the State for employee benefits that are not appropriated to the University but are paid on its behalf (such as pension funding) are included.

(3) Excludes waivers for graduate assistants.

(4) Includes: Institutional Cost Recovery, Royalties, Administrative Allowance, Sponsored Projects, Federal Appropriations, Private Gifts & Endowment Income, MSP, Auxiliary Enterprise Operations, Hospital, AFMFA, and Department Activities.

Source: Compiled by the Office of Planning and Budgeting of the University.

The University annually receives appropriations from the General Assembly of the State, which are to be applied to the educational and general expenditures of the University. In addition, payments are made by the State on behalf of the University for employee benefits and retirement contributions. The State funding appropriated to the University for the past five fiscal years is set forth below (excluding capital State appropriations):

**State Funding to the University**  
Fiscal Year Ended June 30  
(in millions)

	2008	2009	2010	2011	2012
Current Operating Funds	\$ 726.0	\$ 745.0	\$ 718.3	\$ 716.8	\$ 709.7
Payments on Behalf <sup>(1)</sup>	441.5	486.0	634.7	683.2	818.1
<b>Total</b>	<b>\$1,167.5</b>	<b>\$1,231.0</b>	<b>\$1,353.0</b>	<b>\$1,400.0</b>	<b>\$1,527.8</b>

(1) The Governmental Accounting Standards Board (GASB) Statement 24 (Accounting and Financial Reporting for Certain Grants and Other Financial Assistance) requires State Universities to recognize in their financial statements and notes the amount the State of Illinois contributes to the State Universities Retirement System of Illinois (SURS) on behalf of the University employees.

Source: Compiled by the Office of the Comptroller of the University.

The State has had an uneven and sporadic capital program for the last decade or more with Fiscal Year 2003 being the last time appropriations were made in consecutive years. Fiscal Year 2010 marked a welcome change as there was a rather significant capital program in that fiscal year. Also in Fiscal Year 2010, the University received appropriations for several crucial capital projects totaling \$255 million distributed over ten projects. To date the majority of those projects have been funded and in several cases the facility constructed or under construction. \$60 million dedicated for the Petascale facility to house the world's most powerful computers was released and the facility has been constructed and is currently in use. The same holds true for \$14.8 million in construction funds for the College of Medicine at Rockford as that facility is complete and in service at this time. \$57 million for Lincoln Hall project was also approved and that project has just seen completion with classes resuming in that building in the fall of 2012. A full release of the \$32 million in repair and renovation funds has been realized and those funds are being deployed toward critical remodeling projects on each of the three University campuses.

Other projects part of the Fiscal Year 2010 list that are in various phases of construction at this time include: a partial release of funds of \$2.5 million to begin planning the Dentistry Building Modernization at the Chicago campus, construction funding of \$44 million and \$20 million, respectively, for the Electrical and Computer Engineering Building and the Integrated Bioprocessing Research Lab, facilities at the Urbana-Champaign campus.

Additional positive news includes the recent release of \$64 million that was originally appropriated in Fiscal Year 2002 – Fiscal Year 2003 for the Advanced Chemical Sciences Building at Chicago. These funds had been held or “frozen” over the last decade and were not available for use. With this recent release of funds work can now continue for the planning and construction of this important facility at the Chicago campus.

### **Outstanding Indebtedness and Leasehold Obligations**

The Board and the University had debt outstanding as of June 30, 2012, including:

- (i) University of Illinois Health Services Facilities System Variable Rate Revenue Bonds, Series 1997B (the “Series 1997B Health Facilities Bonds”) and the Variable Rate Demand Health Services Facilities System Revenue Refunding Bonds, Series 2008 (the “Series 2008 Health Facilities Bonds,” collectively with the Series 1997B Health Facilities Bonds, the “Health Facilities Bonds”). The Series 1997B Health Facilities Bonds were issued to finance a portion of the costs of the construction and equipping of an outpatient care center on the Chicago campus and a medical office building in Rockford, Illinois. The Series 2008 Health Facilities Bonds were issued June 26, 2008, together with certain other available monies, to refund the Series 2007 Health Facilities Bonds. (The Series 2007 Health Facilities Bonds were defeased on July 28, 2008.) The Health Facilities Bonds are secured by the net revenues of the Health Services Facilities System, revenues received from the Board's medical services plan net of bad debt expense and a lien on Student Tuition and Fees generated at the College of Medicine subordinate to the AFS Bonds (defined below in paragraph (ii)) but prior to the South Campus Bonds (defined below in paragraph (iii)). As of June 30, 2012, there were \$17,000,000 Series 1997B Health Facilities Bonds and \$40,080,000 Series 2008 Health Facilities Bonds outstanding;
- (ii) University of Illinois Auxiliary Facilities System Revenue Bonds, Series 1991, Series 1999A, Series 1999B, Series 2001A, Series 2001B, Series 2003A, Series 2005A, Series 2006, Series 2008, Series 2009A, Series 2010A, Series 2011A, Series 2011B, and Series

2011C (together, the “AFS Bonds”). The AFS Bonds were issued to fund improvements to the University’s Auxiliary Facilities System. The AFS Bonds are secured by Net Revenues of the Auxiliary Facilities System and a lien on Student Tuition and Fees prior to the Health Facilities Bonds and the South Campus Bonds. As of June 30, 2012, there were \$1,001,261,510 AFS Bonds outstanding (including capital appreciation bonds at their compound accreted value at June 30, 2012); and

- (iii) University of Illinois UIC South Campus Development Project Taxable Revenue Bonds, Series 2000, and UIC South Campus Development Project Revenue Bonds, Series 2003, were issued to finance the cost of acquiring, equipping, and improving certain facilities and improvements at the University’s South Campus Development Area (the “Area”) in Chicago, and the Variable Rate Demand UIC South Campus Development Project Revenue Refunding Bonds, Series 2008 (such Series 2000, Series 2003, and Series 2008 Bonds collectively, the “South Campus Bonds”), were issued to advance refund outstanding UIC South Campus Development Project Revenue Bonds, Series 2006A, which were issued for such purposes. The South Campus Bonds are secured by (a) certain incremental taxes to be received from the City of Chicago with respect to the Area, (b) Student Tuition and Fees, subordinate to the Health Facilities Bonds and the AFS Bonds, and (c) funds on deposit in the UIC South Campus Development Bond and Interest Sinking Fund Account (into which the Board may, but is not required, to deposit funds). The Series 2000 Bonds are additionally secured by a portion of the funds derived from certain sales of real property in the Area. As of June 30, 2012, there were \$62,090,000 South Campus Bonds outstanding.

As of June 30, 2012, the University had a total principal amount of \$1,120,431,510 of Bonds outstanding (including capital appreciation Bonds at their compound accreted value as of June 30, 2012, referred to as “CABs”), which are summarized as follows:

## Outstanding Bond Principal

Series	Rates on Outstanding Debt	Fiscal Year Maturity Dates	Outstanding at June 30, 2012 (in 000's)
<b>Auxiliary Facilities System</b>			
1991 (CABs)	7.300%-7.350%	2013-2021	\$ 105,775
1999A (CABs)	6.050%-6.330%	2015-2030	21,342
1999B (taxable)	7.560%	2013-2015	1,770
2001A	5.250%-5.500%	2013-2024	48,995
2001B	5.500%	2013-2019	12,645
2003A	4.250%-5.500%	2013-2034	42,500
2005A	4.625%-5.500%	2013-2031	139,470
2006	4.000%-5.000%	2013-2036	308,610
2008	Variable	2013-2038	19,345
2009A	3.000%-5.750%	2013-2038	81,975
2010A	4.000%-5.250%	2013-2030	56,560
2011A	3.000%-5.500%	2014-2041	81,075
2011B	2.105%-4.517%	2013-2021	9,300
2011C	2.000%-5.000%	2013-2032	71,900
<b>Health Services Facilities System</b>			
1997B	Variable	2013-2027	17,000
2008	Variable <sup>(1)</sup>	2013-2027	40,080
<b>UIC South Campus Development Project</b>			
2000	7.960%	2013-2013	1,785
2003	4.000%-5.250%	2013-2023	6,875
2008	Variable <sup>(2)</sup>	2013-2022	53,430
<b>Total Principal Payable</b>			\$ 1,120,432

(1) Synthetically fixed through the use of swaps with a fixed rate of 3.534%.

(2) Synthetically fixed through the use of swaps with an average fixed rate of 4.089%.

Source: Compiled by the Office of Capital Financing of the University.

On May 15, 2013 the Board issued \$212,540,000 of its Auxiliary Facilities System Refunding Revenue Bonds, Series 2013A (the "Series 2013A Bonds"). Proceeds of the Series 2013A Bonds were used to provide for the partial refunding of three different Series of AFS Bonds, the Series 2003A, Series 2005A, and Series 2006 Bonds, and to pay costs of issuance of the Series 2013A Bonds. The refunding resulted in a projected savings of \$22,921,360 over the life of the Series 2013A Bonds, with a present value approximately of \$17,972,000 discounted at a rate of 2.6%.

The University leases facilities, equipment, and services under various lease-purchase agreements or has purchased facilities or services through installment purchase contracts. Such leases and installment purchases are subject to cancellation in any year during which the Illinois General Assembly does not make an appropriation to the University for such purpose and there are no other budgeted legally available funds for payment thereof. The following table shows certificates of participation and other capital leases that were outstanding as of June 30, 2012:

## Outstanding Certificates of Participation, Other Capital Leases, and Other Obligations

Certificates of Participation	Outstanding Rates	Fiscal Year Maturity Dates	Outstanding at June 30, 2012 (in 000's)
Series 2003 South Farms Project <sup>(1)</sup> .....	3.750%-5.25%	2013-2023	\$ 16,890
Series 2003 UI-Integrate Project.....	4.500%-5.00%	2013-2015	31,700
Series 2003 Utility Infrastructure.....	5.000%	2013-2017	31,970
Series 2004 Utility Infrastructure.....	Variable <sup>(2)</sup>	2013-2022	125,280
Series 2005 UIC COM Research Building .....	4.610%-5.25%	2013-2025	15,375
Series 2006A Academic Facilities .....	4.625%-5.00%	2013-2026	64,205
Series 2007A.....	4.000%-5.25%	2013-2028	72,170
Series 2007B.....	5.000%	2016-2021	45,645
Series 2009A.....	3.500%-5.25%	2013-2028	36,560
Total Certificates of Participation.....			\$ 439,795
Other Capital Leases .....			37,232
Total Principal - Certificates of Participation and Other Capital Leases.....			\$ 477,027
Other Obligations <sup>(3)</sup> .....			16,780
Total Certificates of Participation, Other Capital Leases, and Other Obligations .....			\$ 493,807

(1) All of the 2003 South Farms Project certificates were called for redemption on March 1, 2013.

(2) Synthetically fixed through the use of swaps with a fixed rate of 3.765%.

(3) Energy Services Agreement, installment payment contract.

Source: Compiled by the Office of Capital Financing of the University.

### Future Capital Plans

The Board has an ongoing capital improvement program consisting of new construction and renovation of existing facilities. Capital improvements are expected to be funded from a variety of sources including gifts, State capital funds, revenue and lease financing and University funds. The Board has approved the Stanley O. Ikenberry Commons – Residence Hall No. 3 project for the UIUC campus with a budget of \$80 million. The Board anticipates issuing bonds in Fiscal Year 2014 for this project.

The Board has approved the University of Illinois Medical Center Infrastructure Replacement and Renovation project of \$85 million. The Board anticipates issuing HSFS bonds in Fiscal Year 2014 for this project.

The Board has an ongoing energy conservation program and plans to fund energy conservation measures on the UIC campus for five engineering buildings through a \$30 million direct placement loan in Fiscal Year 2014.

The UIUC campus plans received Board project approval at the Board's May 2013 meeting for a \$165 million repair and renovation project for Assembly Hall, with some portion funded by bonds in the third quarter of Fiscal Year 2014.

The Board may also from time to time refund or refinance its outstanding bonds, lease purchase obligations, or installment purchase obligations to restructure its indebtedness or to take advantage of more favorable interest rate levels.

## Faculty

The University has over 5,700 full-time equivalent faculty. Approximately half of all faculty are in the tenure system, including those that are either tenure or tenure-track. Of those in the tenure track, about three-fourths are fully tenured. Scores of faculty members have been elected to distinguished academic societies such as the American Academy of Arts and Sciences, the American Philosophical Society, the National Academy of Sciences, and the National Academy of Engineering.

## Student Enrollment

On-campus enrollments for the past five academic years, based on fall semester registrations, are shown on the following table:

Fall Term	On-Campus Headcount											
	Undergraduate				Graduate/Professional <sup>(1)(2)</sup>				Total			
	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total
2012	31,901	16,671	2,110	50,682	10,980	10,841	992	22,813	42,881	27,512	3,102	73,495
2011	31,932	16,911	2,217	51,060	10,669	10,669	1,093	22,431	42,601	27,580	3,310	73,491
2010	31,250	16,790	2,313	50,353	10,695	10,519	1,084	22,298	41,945	27,309	3,397	72,651
2009	31,209	15,964	2,184	49,357	10,708	10,281	1,113	22,102	41,917	26,245	3,297	71,459
2008	31,173	15,648	2,044	48,865	10,206	9,595	1,012	20,813	41,379	25,243	3,056	69,678

Fall Term	Full Time Equivalent <sup>(3)</sup>											
	Undergraduate				Graduate/Professional				Total			
	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total
2012	33,003	15,983	1,831	50,817	12,648	10,725	645	24,018	45,651	26,708	2,476	74,835
2011	33,036	16,054	1,932	51,022	12,027	10,593	706	23,326	45,063	26,647	2,638	74,348
2010	32,239	15,657	1,998	49,894	12,018	10,424	694	23,136	44,257	26,081	2,692	73,030
2009	32,118	15,069	1,877	49,064	12,029	10,100	693	22,822	44,147	25,169	2,570	71,886
2008	32,024	14,906	1,730	48,660	11,644	9,701	643	21,988	43,668	24,607	2,373	70,648

(1) The UIC Graduate/Professional enrollment excludes medical residents.

(2) Students enrolled in post-professional dentistry programs are classified as professional students.

(3) Based on the Illinois Board of Higher Education definition of full-time equivalency. Undergraduate student full-time equivalent is computed as the total number of fall semester credit hours divided by 15. Graduate and professional student full-time equivalent is computed as the total number of fall term semester hours divided by 12. Credit hours are included for students enrolled in coursework with zero credit at UIC and UIUC.

Note: Does not include students who were enrolled off-campus, on-line, and in home study programs. In fall 2012 there were 3,948 of these students (363 at Chicago, 1,946 at Springfield, and 1,639 at Urbana-Champaign).

Source: Compiled by the Office of Planning and Budgeting of the University.

UIUC had its second consecutive year of record enrollment and a six year graduation rate of 84%. Because of space limitations, the Urbana-Champaign campus annually denies admission to a number of fully qualified applicants. Demand for programs at the Urbana-Champaign campus, especially those in engineering, the sciences, and business, continues to be extremely high, so that even if the number of high school graduates in its applicant pool declines, the campus is likely to be able to retain its current level of enrollment without any significant loss of the extremely high quality of the student body. In addition, new efforts are planned to identify highly qualified applicants from outside the State to enhance the overall diversity of the undergraduate student body.

The Chicago campus consistently has attracted students from a more diverse age group than the traditional 18 to 21-year old undergraduates. These older students are typically employed full or part-time, and represent a continuing source of new enrollment prospects. Enrollments in the programs for health professionals are limited by the amount of facilities available to serve such students. The demand for admission to the programs remains strong. UIC's six year graduation rate improved almost 35% over the last 10 years and nearly doubled in the last sixteen years.

The on-campus student body of UIS is currently composed of 67% undergraduate students and the rest graduate students, a large proportion of whom are employed adults who attend part-time and appreciate the abundant class offerings in the evening. Most UIS students come from central Illinois, but a number of degree programs attract students from other regions of Illinois, other states, and other nations. UIS emphasizes excellence in teaching and active learning. Faculty are teacher-scholars who maintain strong connections to state government, business, and not-for-profit organizations, providing students with extraordinary internship opportunities. UIS is also a national leader in online education, offering select high-quality online degrees, particularly in the liberal arts.

### Student Admissions

The tables below set forth the total number of freshman applications received and admitted, and the number of freshmen enrolled for the academic years indicated for UIUC, UIC, and UIS:

#### UIUC

Fall Term	Applications Received <sup>(1)</sup>	Applicants Admitted	Percent Admitted	Admitted Enrollment	Percent of Admitted Enrolled
2012	31,454	19,924	63.3	6,921	34.7
2011	28,751	19,434	67.6	7,252	37.3
2010	27,310	18,324	67.1	6,929	37.8
2009	26,057	17,053	65.4	6,984	41.0
2008	23,240	16,043	69.0	7,287	45.4

#### UIC

Fall Term	Applications Received <sup>(1)</sup>	Applicants Admitted	Percent Admitted	Admitted Enrollment	Percent of Admitted Enrolled
2012	14,380	9,193	63.9	3,123	34.0
2011	14,564	9,151	62.8	3,115	34.0
2010	14,889	9,411	63.2	3,204	34.0
2009	14,661	9,244	63.1	3,147	34.0
2008	14,269	8,567	60.0	2,964	34.6

## UIS

Fall Term	Applications Received <sup>(1)</sup>	Applicants Admitted <sup>(2)</sup>	Percent Admitted	Admitted Enrollment	Percent of Admitted Enrolled
2012	1,506	849	56.4	270	31.8
2011	1,243	747	60.1	241	32.3
2010	1,311	779	59.4	294	37.7
2009	1,349	777	57.6	288	37.1
2008	1,297	783	60.4	309	39.5

(1) Number of applicants, not applications.

(2) Fall 2006 marked the first term Springfield admitted first-year students into its Capital Scholars expanded program.

Source: Compiled by the Office of Planning and Budgeting of the University.

### Tuition and Fees

The University operates its programs on a two-semester and summer session basis. Fees, tuition, and other educational costs of attending the University vary by campus, program and resident status. General undergraduate tuition rates for the 2013-2014 academic year range from \$16,553 to \$26,216 for non-residents and \$7,403 to \$11,834 for State residents depending primarily on the campus attended and the year of admittance. General graduate tuition rates range from \$7,440 to \$11,626 for State residents and \$15,774 to \$25,118 for non-residents depending on the campus attended.

Pursuant to the University of Illinois Act, subject to certain conditions, for an undergraduate student who is an Illinois resident and who first enrolls at the University after the 2003-2004 academic year, the tuition charged for four continuous academic years following initial enrollment shall not exceed the amount that the student was charged at the time the student enrolled in the University.

In January 2013, the Board approved increases for fall 2013 in the guaranteed tuition level for entering resident full-time general undergraduate students of \$99 per semester at the Urbana campus, \$87 per semester at the Chicago Campus and \$5.25 per credit hour at the Springfield campus. The Board also approved comparable increases in the non-guaranteed tuition level for resident full-time general undergraduate students at each campus. The Board also approved increases in the tuition level for resident general graduate students of \$87 per semester at the Urbana campus, \$92 per semester at the Chicago Campus and \$5.25 per credit hour at the Springfield campus. In addition, there are differential tuition increases for students who are enrolled in several special undergraduate and graduate degree programs. Undergraduate International students at Urbana are assessed a tuition surcharge above the non-resident rate.

Professional schools of law, medicine, veterinary medicine, dentistry, pharmacy, and physical therapy have separate tuition rate schedules, depending on the program of study.

### Financial Aid to Students

Students at the University receive financial assistance in a variety of ways:

*State and Federal Scholarships, Grants, Fellowships, and Traineeships.* These come primarily through the Illinois Student Assistance Commission and Federal Pell Grant program. However, all are supplemented by a significant amount of private funds administered by the University.



*Loans.* Most loans are subsidized with respect to the timing and/or amount of the effective interest rate by the federal government, although many are administered through the Illinois Guaranteed Loan Program.

*Tuition and Fee Waivers.* Some are need-based, but the dollar value of most are related to the employment of graduate teaching and research assistants, who not only receive a stipend for their employment but also receive a waiver of tuition and fees.

*University-provided Employment.* The University employs both graduate assistants for whom the stipend provides a major source of income, and undergraduates, who depend on the job as a significant component of their total college budget.

The below sources of financial aid totaled more than \$1.3 billion in Fiscal Year 2012, an average of more than \$15,400 per student. The average does not reflect the fact that much of the aid was directed at needy undergraduates and graduate assistants.

The financial aid to University of Illinois students in Fiscal Year 2012 is shown below:

	Number of Awards	Amount (000's omitted)
<b>Scholarships, Grants, Fellowships, and Traineeships</b>		
Federal .....	20,736	\$ 91,895.4
State .....	18,352	69,987.7
Private and Outside Agencies .....	5,785	24,005.5
University .....	37,173	160,225.8
<b>Loans</b>		
Federal, State, or Other Administered .....	40,349	546,204.9
University Administered.....	1,190	2,156.2
Tuition and Fee Waivers <sup>(1)</sup> .....	22,669	288,511.3
<b>Employment</b>		
Undergraduates .....	15,318	33,239.1
Graduates .....	14,563	151,813.5
Total.....	176,135	\$ 1,368,039.4

(1) Includes staff waivers.

Source: Compiled by the Office of Planning and Budgeting of the University.

## Research Funding

In the Fiscal Year ended June 30, 2012, the University earned approximately \$949.9 million in research funding from federal, state, and private sources. The University is consistently among the top universities in the nation in attracting federal contract dollars.

The table that follows itemizes research funding by source for the past five fiscal years:

**Grants and Contracts by Source**  
Fiscal Year Ended June 30  
(in 000's)

	2012	2011	2010	2009	2008
Federal Sources					
Department of Health and Human Services....	\$ 276,754	\$ 286,263	\$ 266,412	\$ 232,256	\$ 236,847
National Science Foundation .....	160,477	129,775	131,667	127,361	114,098
Department of Energy .....	58,201	56,023	46,418	32,424	28,423
Department of Defense .....	65,460	62,865	59,145	59,449	51,932
Department of Agriculture.....	17,213	16,185	15,444	18,193	18,570
Department of Education .....	105,353	112,571	97,201	73,764	67,303
Other Federal Agencies .....	48,690	44,036	34,108	40,138	34,419
<b>Total Federal Sources<sup>(1)</sup> .....</b>	<b>732,148</b>	<b>707,718</b>	<b>650,395</b>	<b>583,585</b>	<b>551,592</b>
State of Illinois .....	81,042	83,625	84,054	79,499	94,651
Private and Non-Profit Sources <sup>(2)</sup> .....	136,727	147,139	147,929	137,071	126,386
<b>Total Non-Federal Sources .....</b>	<b>217,769</b>	<b>230,764</b>	<b>231,983</b>	<b>216,570</b>	<b>221,037</b>
<b>Total All Sources<sup>(3)</sup> .....</b>	<b>\$ 949,917</b>	<b>\$ 938,482</b>	<b>\$ 882,378</b>	<b>\$ 800,155</b>	<b>\$ 772,629</b>

(1) Federal Sources are primarily research funds. Does not include federal agriculture appropriations. Does not include federal funds passed through other non-federal agencies.

(2) Including private gifts.

(3) Total All Sources does not include pass through social service grants.

Source: Compiled by the Office of Planning and Budgeting of the University.

## Voluntary Support

The University of Illinois Foundation (the “Foundation”) is an independent nonprofit corporation that raises and receives private gifts, administers funds, and manages assets to enhance the quality of the University and its programs. The Foundation is a University Related Organization, which is a discretely presented component unit within the University’s overall financial reporting entity. Gifts to the University’s three campuses and the Foundation totaled \$210.6 million for Fiscal Year 2012. On June 1, 2007, the Foundation announced a new fundraising campaign, Brilliant Futures, with a goal of \$2.25 billion. On December 31, 2011 the Foundation closed out this campaign, which was its most ambitious fundraising campaign ever, with gifts, commitments, and pledges of nearly \$2.43 billion, surpassing the \$2.25 billion goal. On June 1, 2011 the Foundation announced “Access Illinois: The Presidential Scholarship Initiative” campaign, to promote student access by increasing financial aid to students. The campaign goal is \$100 million by June 30, 2014. Through May of this year the Foundation has received gifts, commitments, and pledges of \$108.76 million, more than 100% of the goal.

## University and Foundation Investments

The University’s investments provide funds to support University academic programs and student related activities. Endowment and Similar Funds consist of both restricted and unrestricted funds, which are accounted for and invested as endowment. Income from endowments is distributed to unrestricted and restricted fund groups according to the designation of the donor. Income from other invested funds is distributed at the University’s discretion. The Foundation held approximately \$1,360 million in cash and investments as of June 30, 2012, which is included in Endowment and Similar Funds in the table below.

The fair value of the University's and the Foundation's investments at the end of each of the past five fiscal years are summarized as follows:

**University and Foundation Cash and Investments**  
Fiscal Year Ended June 30  
(in 000's)

	2012	2011	2010	2009	2008
Current Funds.....	\$1,200,797	\$ 931,678	\$ 715,883	\$ 536,371	\$ 624,463
Fiduciary Funds					
Endowment & Similar Funds.....	1,624,148	1,602,282	1,166,199	945,205	1,242,158
Annuity, Life Income, and Other Funds.....	56,862	49,858	185,637	148,819	159,765
Plant Funds.....	672,618	477,122	376,408	355,125	536,557
Total Cash and Investments .....	<u>\$3,554,425</u>	<u>\$3,060,940</u>	<u>\$2,444,127</u>	<u>\$1,985,520</u>	<u>\$2,562,943</u>

Source: Compiled by the Office of the Comptroller of the University.

**Physical Plant**

The following table sets forth, for each of the five previous fiscal years, the total investment in Plant of the University as reported or compiled for such years.

Fiscal Year Ended June 30	Investment in Plant (Original Cost in 000's)
2012	\$6,425,280
2011	\$6,186,124
2010	\$6,064,757
2009	\$5,901,064
2008	\$5,653,477

**Employee Relations**

Employees of the University are generally covered, pursuant to statute, by the State Universities Civil Service System, a separate entity of the State under the control of the University Civil Service Merit Board. The statute exempts faculty, principal administrative employees, and student workers from its coverage. Effective January 1, 1984, all employees of the University (including faculty) gained the right to bargain collectively with the University by virtue of the passage of the Illinois Educational Labor Relations Act. This act provides for the right to bargain on conditions of employment, the right to strike and the right to negotiate for a service fee for the elected employee representative group. Of the University's approximately 22,689 full-time faculty, administrative, and support staff employees for Fiscal Year 2012, approximately 40% (none of whom are faculty) are represented by 46 separate collective bargaining units.

The University believes its employee relations are satisfactory.

**Retirement Benefits**

Retirement benefits are provided for substantially all full-time employees under a separately created retirement plan administered by the State Universities Retirement System of Illinois (SURS). The liability of SURS relating to University participants is not a liability of the Board under current State law.