FY25 Financial Summary

Board of Trustees Presentation

November 2025

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FY2025 PRELIMINARY FINANCIAL RESULTS

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BOND RATING AND METRICS

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FINANCIAL PLANNING

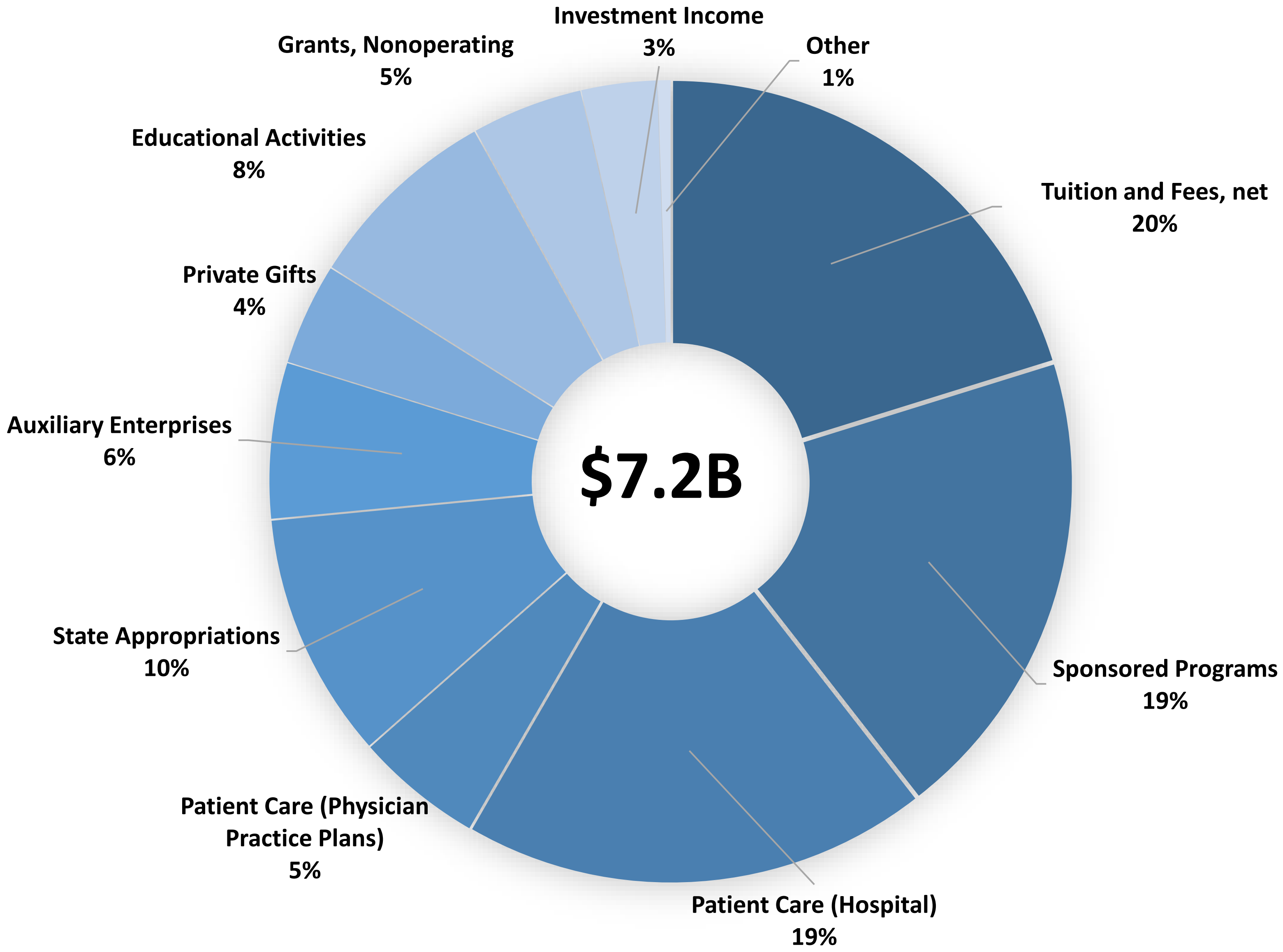
FY2025 Preliminary Financial Results

Unaudited
Fiscal Year 2025

Strategic fiscal planning

- Strong balance sheet
- Continued inflationary impacts on margins
- Healthy financial investment returns
- Revenue generation and cost control
- Strategic investments

FY25 Revenues Used for Operations



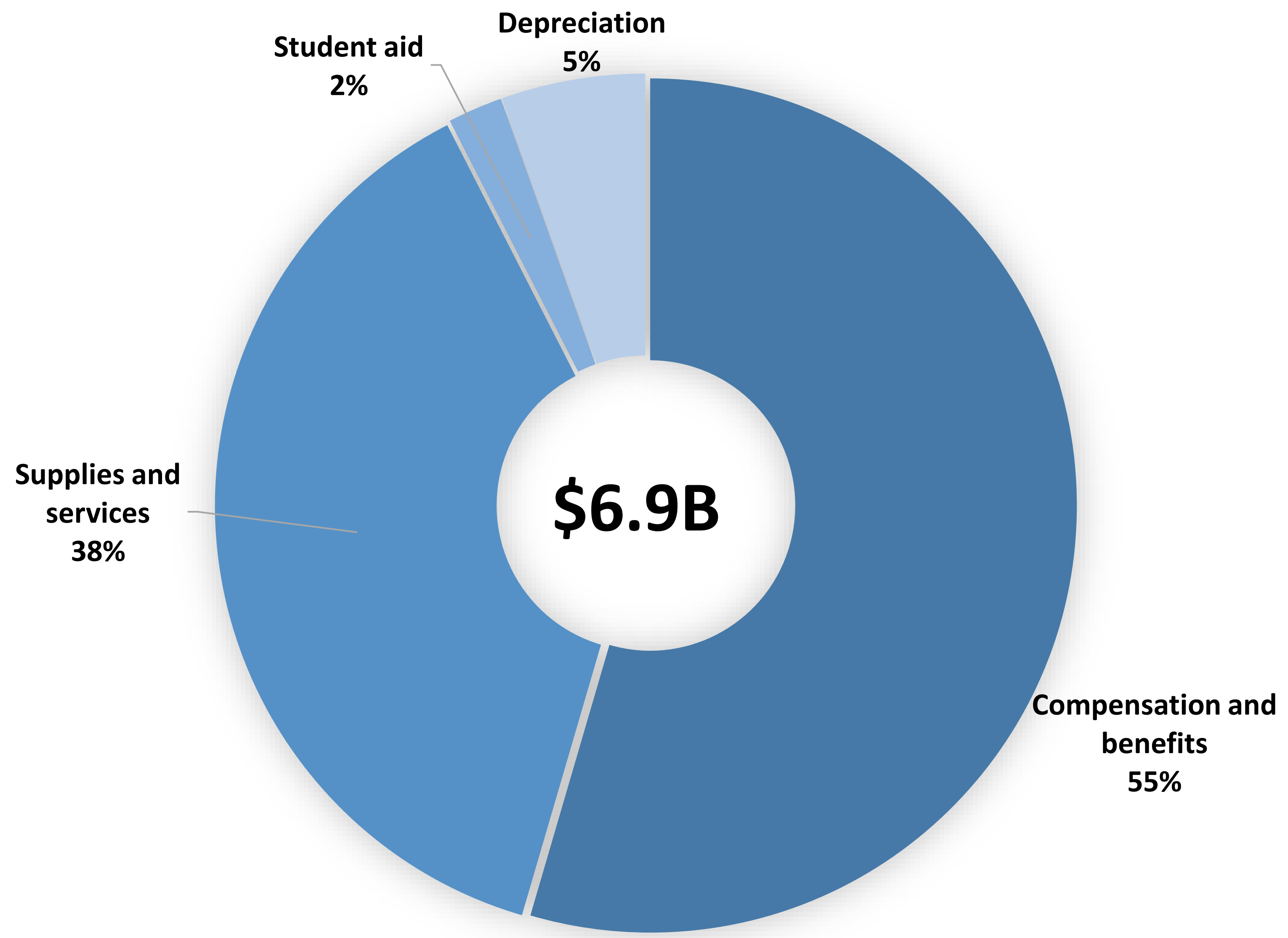
Change from FY24

Tuition and Fees, net*	4.7%
Sponsored Programs	13.3%
Patient Care (Hospital)	7.4%
Patient Care (Physician Practice Plans)	12.0%
State Appropriations	1.7%
Auxiliary Enterprises*	7.6%
Private Gifts	16.5%
Educational and Other Activities*	12.7%
Grants, Nonoperating	8.7%
Investment Income	20.3%

* Accounting change in FY24 required additional netting of financial aid against tuition and auxiliary charges, with the remaining financial aid to be reflected as student aid expense. The required change in methodology resulted in a larger netting of student aid expense against tuition and auxiliary revenue.

Excludes payments on behalf

FY25 Operating Expenses



Change from FY24

Compensation and benefits	7.1%
Supplies and services	14.4%
Student aid *	24.8%
Depreciation	6.8%

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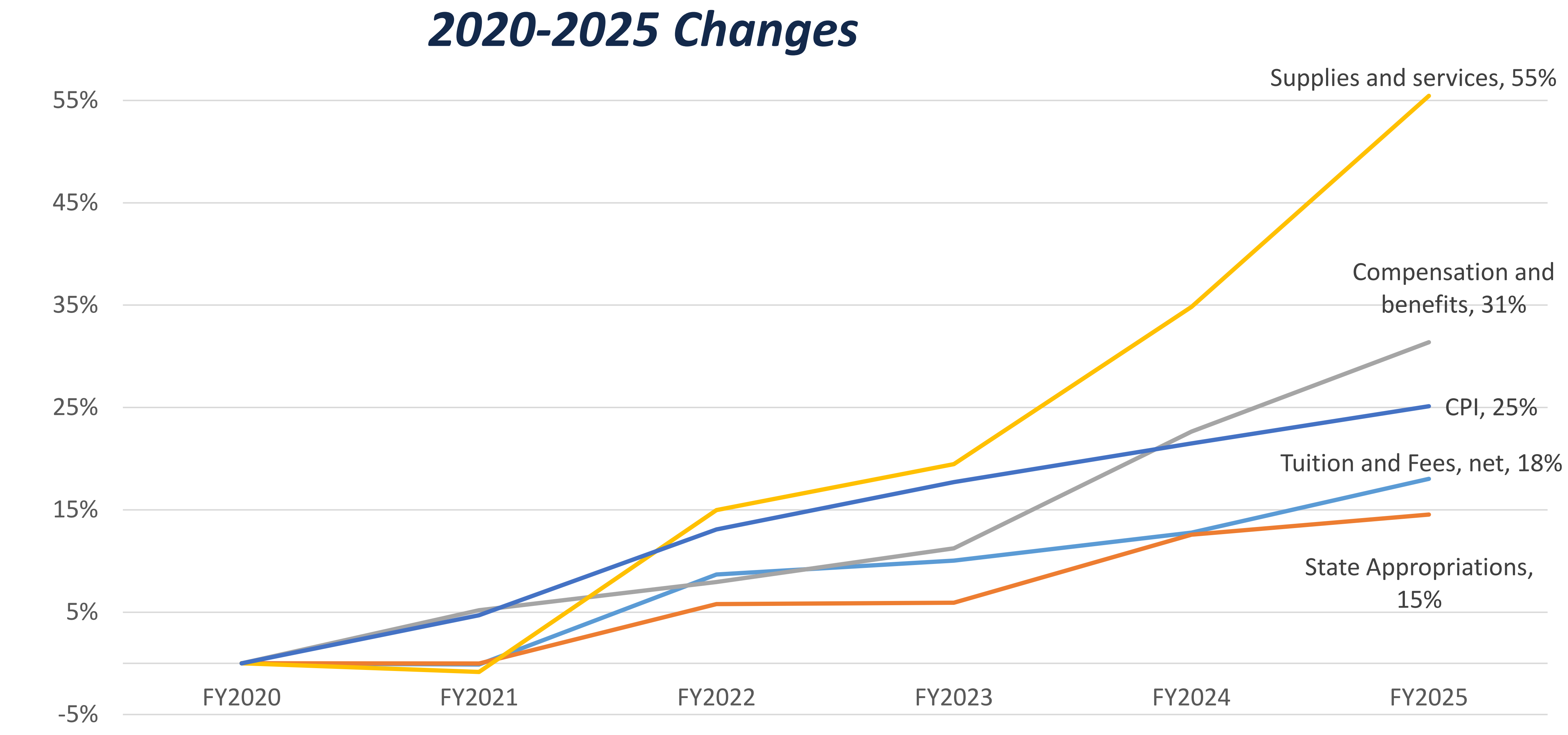
Gross Financial Aid increased 3.7% in FY24

Cost and revenue trends



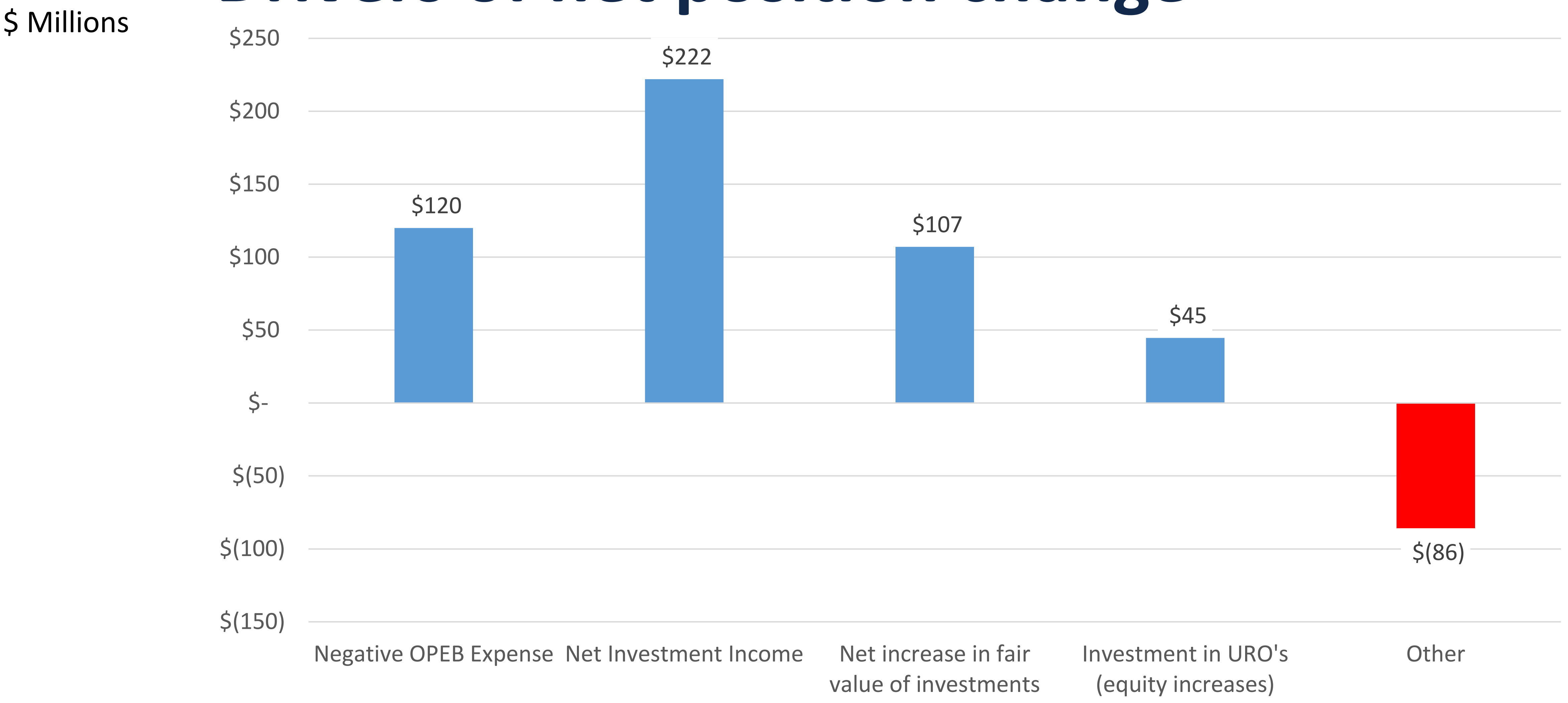
FY25 Statement of Net Position
($ Billions)

		Increase from FY24	
Total Assets and deferred outflows of resources	**$ 11.122**	$0.369	3.4%
Total Liabilities and deferred inflows of resources	**$ 4.367**	-$0.038	-0.9%
Net Position	**$ 6.755**	$0.408	6.4%

Impact of Other Post-Employment Benefits (OPEB)
No cash impact – Allocation from the State

$ 0.120	Impact of OPEB
$ 0.288	Increase in net position, excluding OPEB

Drivers of net position change



Comparative Rating History at Calendar Year End

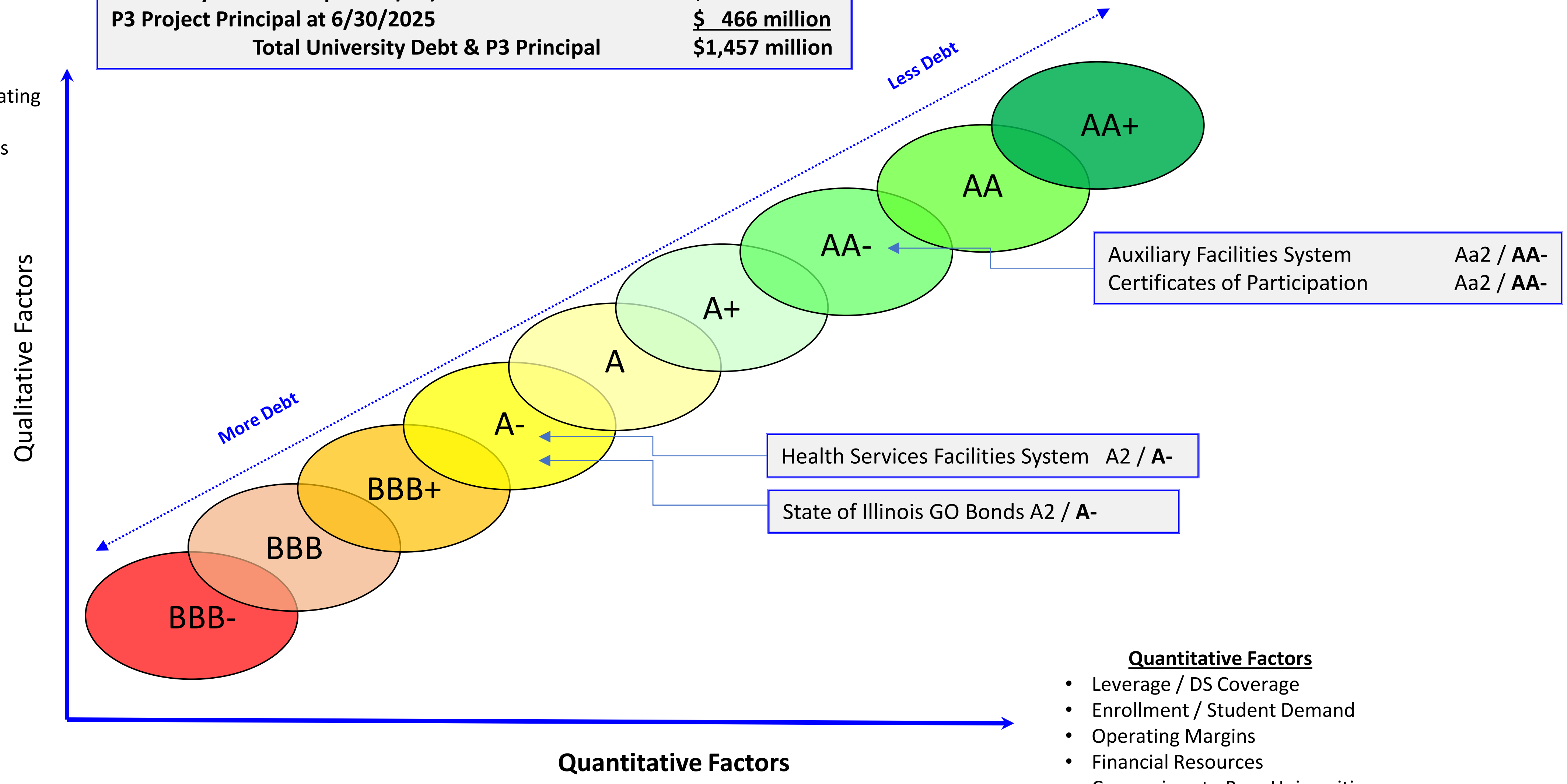
	University AFS Bonds		State of IL GO Bonds	
Year	S & P	Moody's	S & P	Moody's
2014	AA-	Aa3	A-	A3
2015	AA-	Aa3	A-	Baa1
2016	A+	Aa3	BBB	Baa2
2017	A-	A1	BBB-	Baa3
2018	A-	A1	BBB-	Baa3
2019	A-	A1	BBB-	Baa3
2020	A-	A1	BBB-	Baa3
2021	A+	Aa3	BBB-	Baa2
2022	AA-	Aa3	BBB	Baa1
2023	AA-	Aa2	A-	A3
2024	AA-	Aa2	A-	A3
October 2025	AA-	Aa2	A-	A2

System Credit Ratings – Standard & Poor's

University Debt Principal at 6/30/2025	**$ 991 million**
P3 Project Principal at 6/30/2025	**$ 466 million**
Total University Debt & P3 Principal	**$1,457 million**

Qualitative Factors

- Revenue Diversity
- State Relationship / State Rating
- Management / Governance
- Capital Plans / Facility Needs
- Market Position



Quantitative Factors

- Leverage / DS Coverage
- Enrollment / Student Demand
- Operating Margins
- Financial Resources
- Comparison to Peer Universities

System Credit Ratings – Moody's

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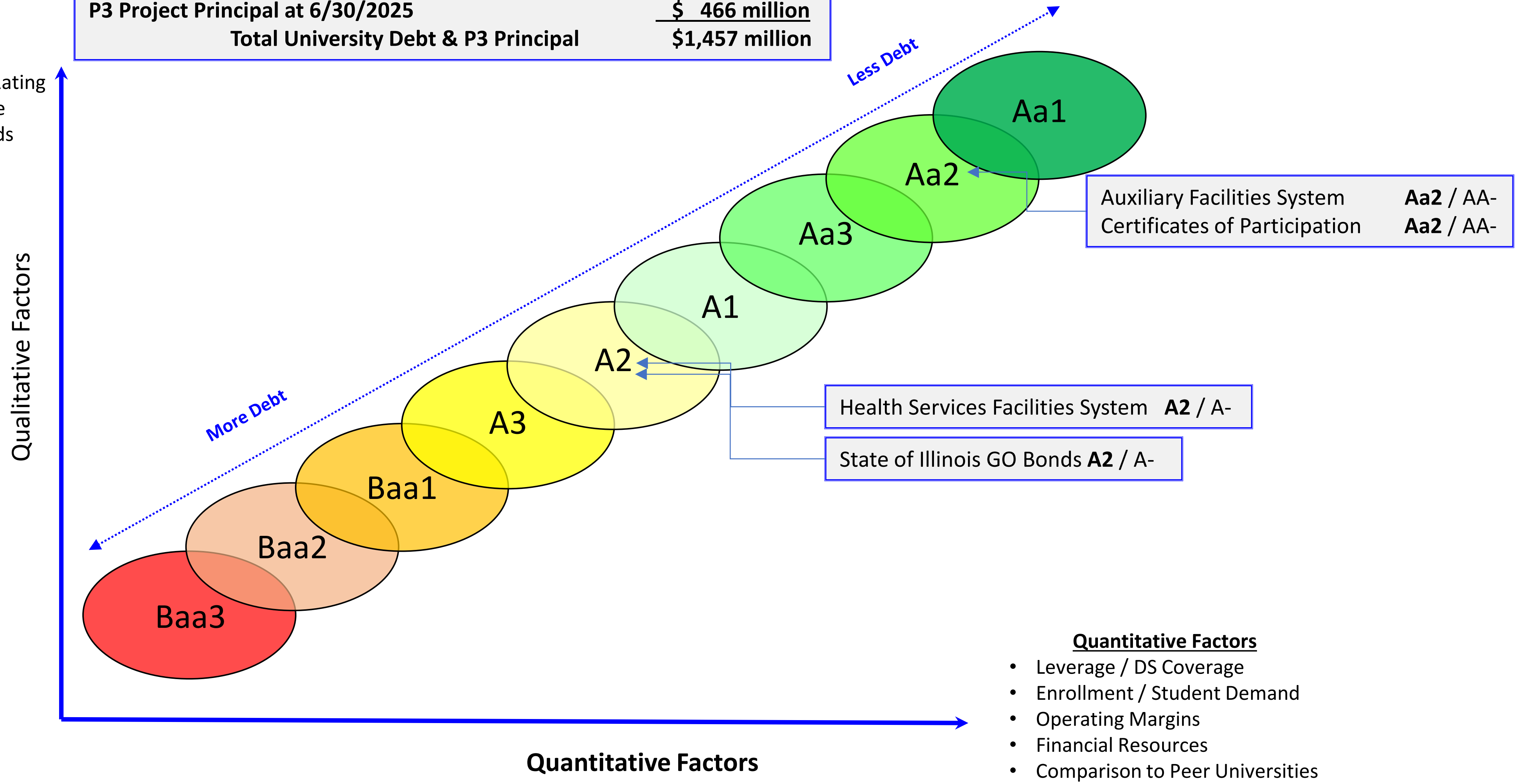

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Current U of I System Ratios to Peer Institution Medians

Moody's Key Credit Ratios	University of Illinois					Desired Trend	Moody's Medians FY2024		
Fiscal Year	**2021**	**2022**	**2023**	**2024**	**2025***		**Aa3**	**Aa2**	**Aa1**
Liquidity Ratios									
Spendable Cash & Investments to Operating Expenses (x)	0.7	0.8	0.9	0.9	0.8	↗	0.8	0.9	1.0
Total Debt to Operating Revenues (x)	0.2	0.2	0.2	0.2	0.2	↘	0.5	0.5	0.4
Monthly Days Cash on Hand (days)	176	199	229	217	216	↗	167	204	205
Leverage Ratios									
Spendable Cash & Investments to Total Debt (x)	3.7	3.6	3.9	4.2	4.5	↗	1.7	1.9	2.7
Debt Service to Operating Expenses (%)	2.2	2.2	2.0	1.7	1.5	↘	4.2	3.8	2.5
Total Debt-to-Total Capitalization (%)	15.3	15.0	14.0	13.1	12.2	↘	25.0	25.0	17.4

Quality Increase

Notes:

On April 4th, 2023, the Moody's rating agency upgraded the University's AFS rating to its current rating of 'Aa2' from 'Aa3'. On December 13, 2022, the S&P rating agency upgraded the University's AFS rating to 'AA-' from 'A+'.

* FY 2020 to 2024 data is published by Moody's. FY 2025 data calculated by the Office of Capital Financing and future Moody's published results may vary. These ratios are calculated based on the University of Illinois System FY 2025 draft un-audited financial statements which include operating and non-operating revenues and expenses of the three universities, the AFS and UI Health system.

Current U of I System Ratios to Peer Institution Medians

Moody's Key Credit Ratios**	University of Illinois					Desired Trend	Moody's Medians FY2024		
Fiscal Year	2021	2022	2023	2024	2025*		Aa3	Aa2	Aa1
Market & Operating Performance									
Adjusted Operating Revenue ($ millions)	7,308	7,497	6,811	7,340	8,156	↗	829	2,069	4,607
EBIDA Margin (%)	5.2	12.9	11.8	8.2	8.3	↗	10.7	9.6	11.2
Wealth & Liquidity Ratios									
Total Cash & Investments ($ millions)	6,959	7,026	7,599	8,241	8,646	↗	1,185	3,053	6,434
Total Cash & Investments to Operating Expenses (x)	1.0	1.0	1.2	1.2	1.1	↗	0.8	1.0	1.4
Leverage Ratios									
Total Cash & Investments to Total Adjusted Debt (x)	4.4	4.3	4.9	5.3	5.6	↗	1.1	0.9	1.9
Annual Debt Service Coverage (x)	2.4	6.3	6.3	4.9	5.9	↗	3.1	2.8	4.3

Notes:
* FY 2020 to 2024 data is published by Moody's. FY 2025 data calculated by the Office of Capital Financing and future Moody's published results may vary. These ratios are calculated based on the University of Illinois System FY 2025 draft un-audited financial statements which include operating and non-operating revenues and expenses of the three universities, the AFS and UI Health system.
** In August 2021 Moody's revised its rating methodology and scorecard. The ratios provided in the table above are selected ratios emphasized under the new methodology.

Quality Increase

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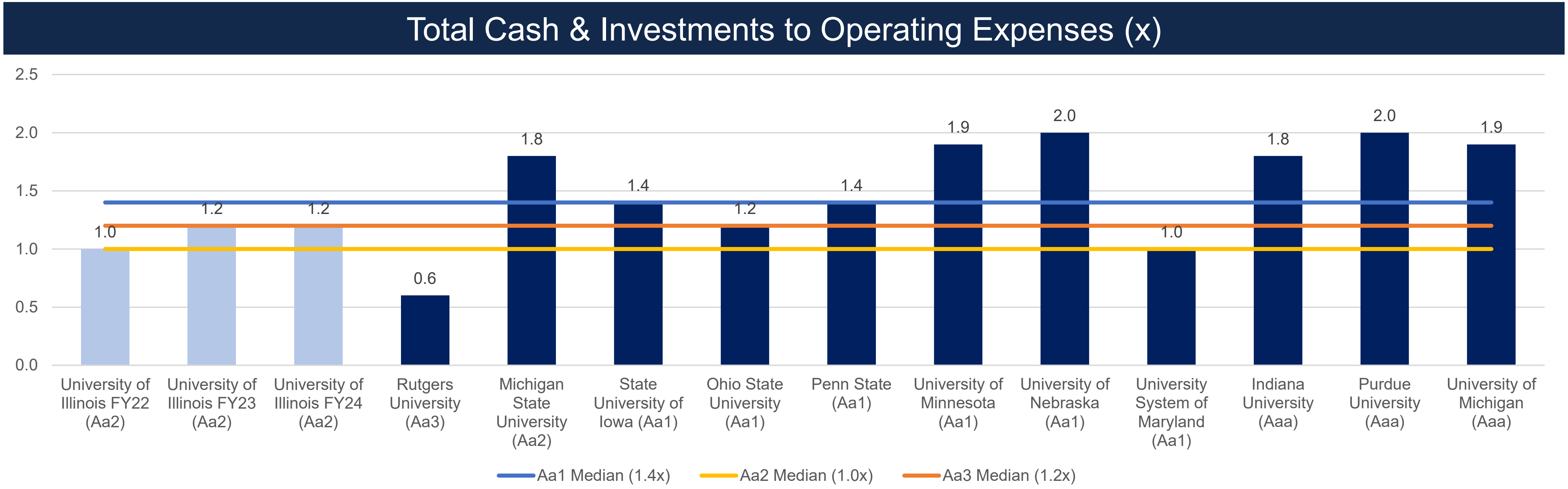
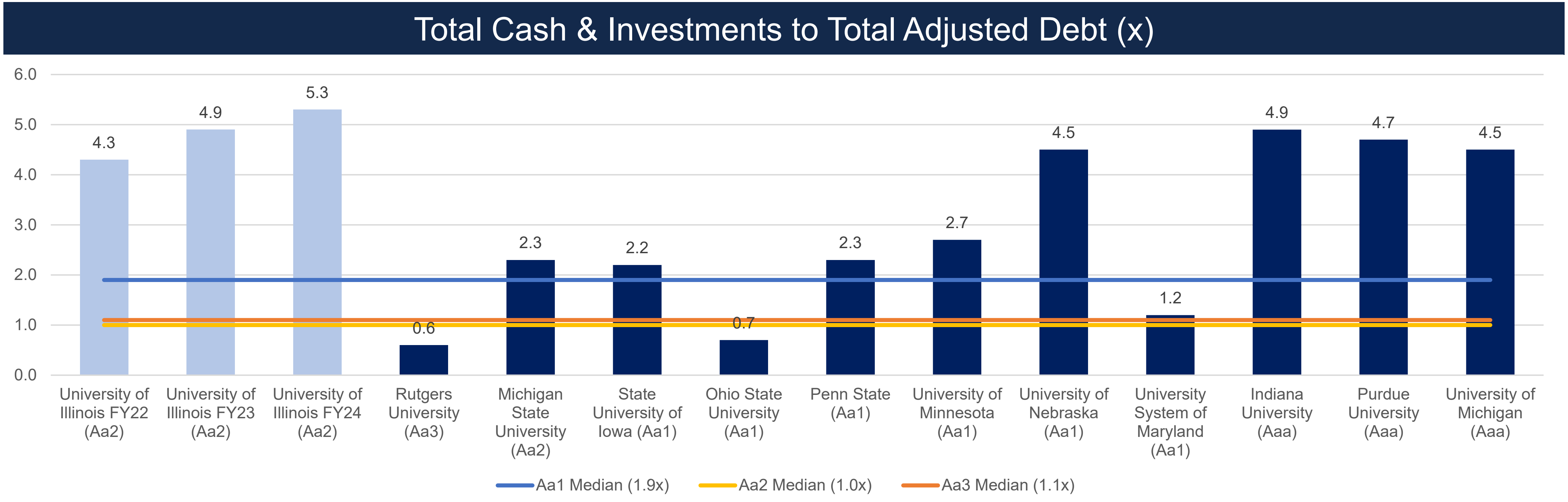
University of Illinois System Peer Comparison – Total Cash & Investments to Operating Expenses



Source: Information compiled using the Moody's Sector Report Municipal Financial Ratio Analysis (MFRA) database. Peer data are reported as of Fiscal Year 2024.

The University's total cash and investments to operating expenses ratio has remained relatively constant, with growth in cash and investments matched by increased operating expenses.

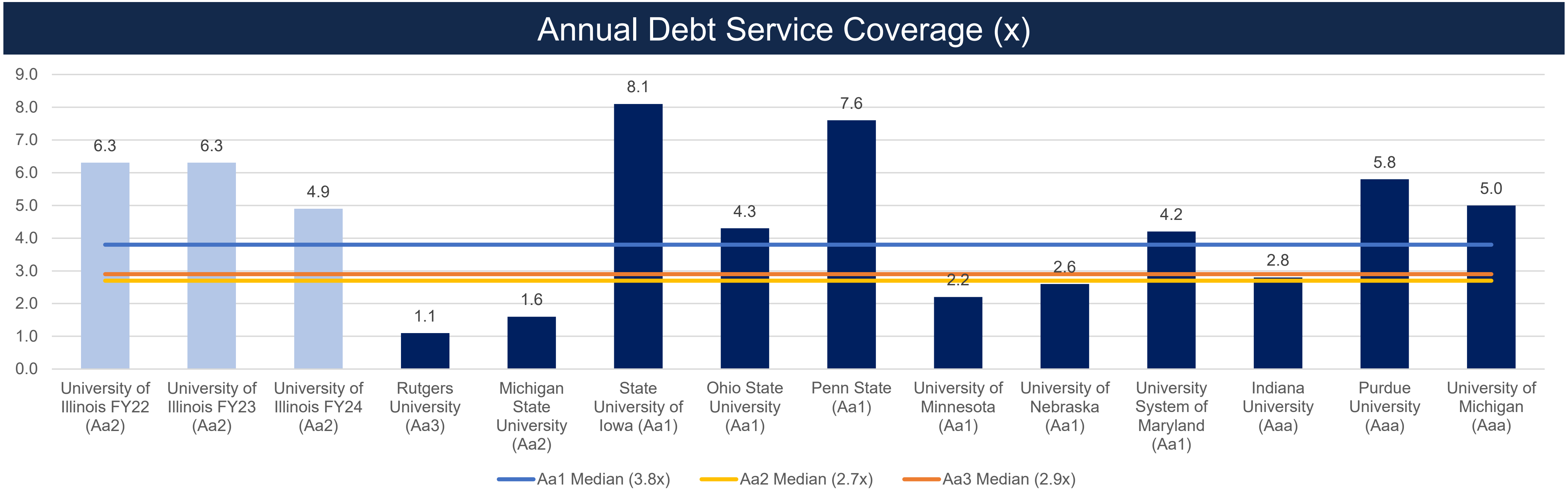
University of Illinois System Peer Comparison – Total Cash & Investments to Total Adjusted Debt



Source: Information compiled using the Moody's Sector Report Municipal Financial Ratio Analysis (MFRA) database. Peer data are reported as of Fiscal Year 2024.

Growth in the University's cash and investments paired with the regular amortization of AFS bonds and COPs have tempered the impact of new debt-like agreements, primarily Public Private Partnerships (UIHealth SCB, UIUC Wymer Hall and UIC Grenshaw Parking) entered between 2020 to 2025.

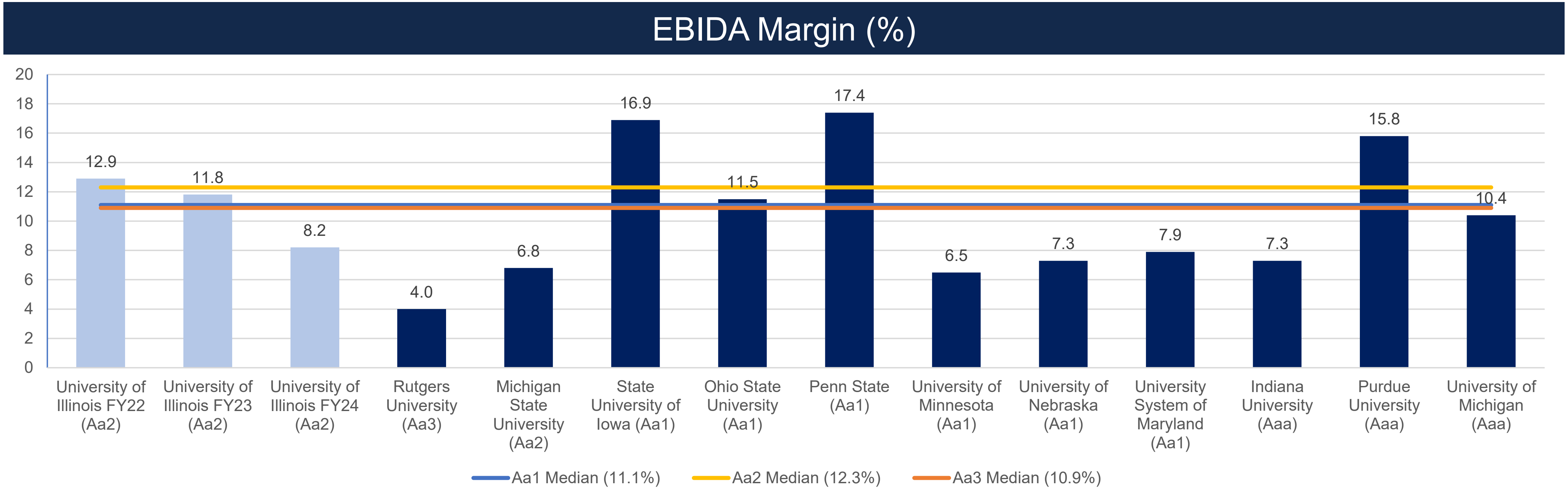
University of Illinois System Peer Comparison – Annual Debt Service Coverage



Source: Information compiled using the Moody's Sector Report Municipal Financial Ratio Analysis (MFRA) database. Peer data are reported as of Fiscal Year 2024.

Annual DSCR as computed by Moody's impacted by reduction in operating cash flow from FY23 to FY24

University of Illinois System Peer Comparison – EBIDA Margin



Source: Information compiled using the Moody's Sector Report Municipal Financial Ratio Analysis (MFRA) database. Peer data are reported as of Fiscal Year 2024.

The University's EBIDA margin is similar to peer Big 10 universities for FY24.

Financial Planning is Critical

Shrinking Margins

Federal Headwinds

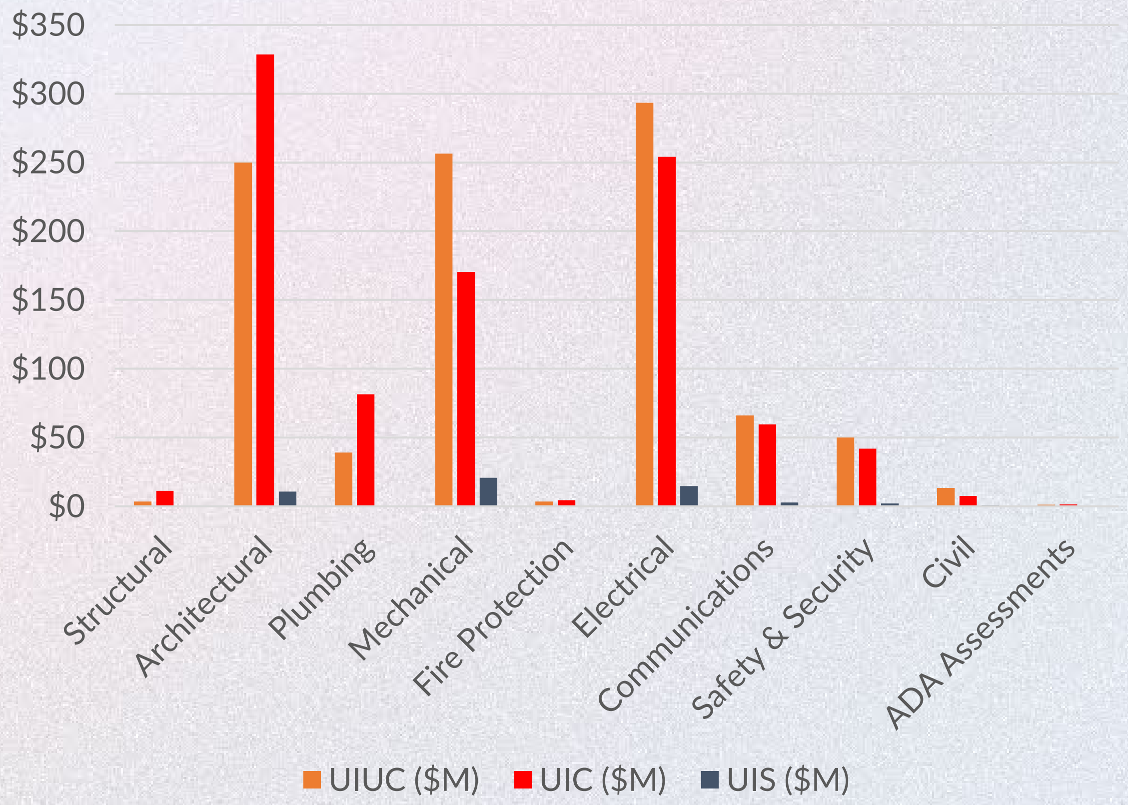
State Appropriations

Capital and IT renewal

- Deferred Maintenance
- ERP System
- IT Infrastructure

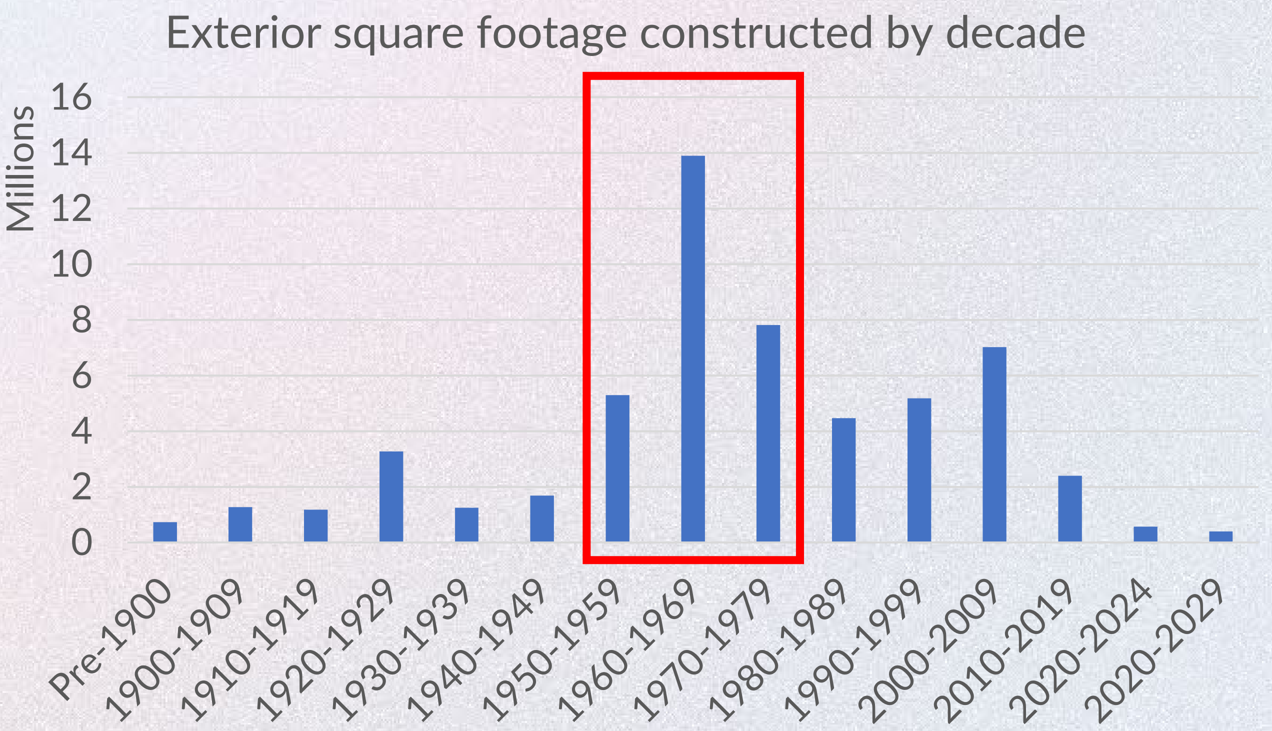
CAPITAL RENEWAL NEEDS

- System-wide facility condition assessment performed on 24.5M square feet
  - State-supported academic and research facilities were the primary focus
  - Represents ~ 57% of total university space
- Deficiencies identified by construction discipline
- 10-year, $2 billion+ need identified on assessed spaces
  - These reflect estimated **construction costs ONLY over the 10 years**; design and other project-related costs are not represented. Overall costs could exceed 2X.



AGING INFRASTRUCTURE

- Nearly 50% of Chicago and Urbana-Champaign campus buildings were constructed between 1950-1979
- Current construction climate favors renovation over new construction
- The universities have identified nearly $1 billion in 5-year capital renewal needs, across all facilities
- Nearly 75% of the need identified in classroom and laboratory spaces



Budget Action Plans

Actions:

- Academic Portfolio Review (APR) – Program Prioritization
- Developing Scalable online degrees
- Developing New Programs in workforce aligned applied science and technology
- External holistic review of Enrollment Retention Management and Marketing areas
- Diversification of international student population
- Launched national search for next VC Enrollment Management
- Reviewed and recommended new athletic programs with greatest ROI potential
- Space consolidation to reduce deferred maintenance
- Strategic review of all new and replacement position requests
- Review of all processes and procedures leveraging technology to create efficiencies and scalability
- Targeted budget reductions

UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN

Actions:	Re-evaluation of investments/commitments with a target reduction of $50 M
	Careful evaluation of permanent/annual funding levels
	Re-evaluation of funding levels and sources
	Budget reductions for administrative units ($10 M over 2 years)
	Developed the FAIR Act Committee in partnership with system staff to review impacts related to indirect charge changes
	Slowing of hiring: essential areas only / core mission

UNIVERSITY OF ILLINOIS CHICAGO

Actions:

- **Fiscal Preparedness Strategy** – A comprehensive inventory of emerging financial and environmental threats, paired with tiered strategies to anticipate and mitigate their fiscal impact.
- **Fiscal Roles & Responsibilities Policy** – Establishes clear expectations for Deans, Vice Chancellors, and Vice Provosts regarding financial sustainability, accountability, and stewardship of institutional resources.
- **Budget Cuts –** All administrative units implemented 5% budget cuts. The chancellor, vice chancellors, and deans did not receive raises this year.
- **Hiring and Purchasing Chill –** Heighten approval for all hiring and purchases over $50,000
- **Fiscal Strategy Sessions** – Regular (monthly, bi-monthly, or quarterly) meetings with all units experiencing fiscal stress, regardless of current deficit status, to ensure early intervention and continuous monitoring.
- **Long-Range Financial Planning Software (Workday Adaptive Planning)** – A new university-wide platform enabling multi-year financial modeling, scenario planning, and improved decision support.
- **Analytical tools –**
  - **HelioCampus** – A new analytics platform supporting human capital planning, workforce analytics, and administrative benchmarking.
  - **Academic Analytics –** A complementary platform designed to strengthen academic program review, benchmarking, and strategic portfolio management.
  - **Proprietary** – Tools developed to analyze class size, multiple sections that could be consolidated, and faculty teaching workload
- **Shared Services** – Advancing a strategy to centralize selected administrative functions to improve effectiveness, increase efficiency, and achieve long-term cost savings.
- **Continuous Improvement –** Documentation and review of all administrative processes with a view toward automation and AI. Reduce costs and improve service.
- **Inflation and Tuition Revenues** – A focused strategy to align tuition and differential rate adjustments with inflationary pressures and union-negotiated cost increases, ensuring long-term financial stability.
- **Capital Projects** – Deferred all non-essential capital projects.
- **Federal Contracts and Grants** – Monitoring non-renewal of non-competitive renewals of multiyear contracts and non-payment during shutdown

UI Health

Actions:

- Enhancement of financial counseling program to enroll uninsured patients in Medicaid or other programs
- Use of revenue cycle AI functionality to improve yield and operational efficiency
- Improving reimbursement through better clinical documentation
- Improving throughput and capacity by reducing the length of stay
- Focus on the cost-effectiveness of care:
  - Surgical Supply Costs and Inventory Management
  - Labor Costs – Agency use, Overtime, Position Control
  - Program reviews for financial reasonableness and community need costs
  - Discretionary Costs – Reduce purchased services, consulting, travel, etc.

University of Illinois System

Actions:

- Budget reductions across units
- Careful evaluation of carryover reserves
- Secondary reviews of all new hiring and promotions
- Utilization and deployment of AI to improve business processes
- Increase shared services opportunities within the System and across universities – utilizing benchmark data to prioritize functional areas
- Coordinate and scale procurement processes to enhance service quality, reduce duplicative licenses, and lower systemwide costs
- Debt refinancing
- Propose additional funding mechanisms to address capital renewal

Answers