

UNIVERSITY OF ILLINOIS  
AT URBANA-CHAMPAIGN

# Budget Update

4/29/13



[illinois.edu](http://illinois.edu)



# **How Do We Measure our Current Financial Health?**

- What is the current financial status of the campus?
- What are appropriate cash balances?
- How are we using our cash balances?



# Unrestricted Funds

These are the flexible funds used for our day-to-day operations.

- How do we measure these funds?
- How much should we have?



# Unrestricted Balance from Annual Financial Statement

- It has been widely reported that our unrestricted balances grew to more than \$1 billion
- Unfortunately, this metric is not helpful in analyzing the current financial condition of our campus



# Unrestricted Balance from Annual Financial Statement

in millions of dollars

State/institutional Funds	256.5
Self-Supporting	297.3
Quasi-Endowment	79.6
Plant (facility funds)	411.6
Adjustments	(4.1)
<b>Total</b>	<b>\$ 1,040.9</b>



**A system-wide total (UIC, UIS, UIUC & UA)—our share \$351m.**

# Unrestricted Balance from Annual Financial Statement

in millions of dollars

State/institutional Funds	256.5
Self-Supporting	297.3
Quasi-Endowment	79.6
Plant (facility funds)	411.6
Adjustments	(4.1)
<b>Total</b>	<b>\$ 1,040.9</b>

**These funds are actually restricted**



# Unrestricted Balance from Annual Financial Statement

in millions of dollars

**Truly unrestricted, but understated**

State/institutional Funds	256.5
Self-Supporting	297.3
Quasi-Endowment	79.6
Plant (facility funds)	411.6
Adjustments	(4.1)
Total	<u>\$ 1,040.9</u>





# Urbana-Champaign Share of Unrestricted Balance

in millions of dollars

Here is how our share  
(\$351m) is broken out:

State/institutional Funds	68.2
Self-Supporting	65.5
Quasi-Endowment	-
Plant (facility funds)	217.7
Adjustments	-
Total	\$ 351.4

**Includes accounting adjustments: accrued vacation & SL, pay accruals and others.  
Not a useful number!**





# What Should We Look At?

The simplest measures are the budgets and unspent balances of our day-to-day operating funds:

- The budgets for truly unrestricted funds (state, tuition & ICR)
- The sum of all of these accounts at the end of the year—how much do we carry forward from one year to the next year?



# UIUC Budget by Fund

(000)

	FY03	FY13
State Appropriations	\$292,263	\$242,784
Tuition	197,875	631,512
Institutional Funds	121,438	158,164
Grants, Contracts, & Fed Appropriations	300,742	476,035
Gifts & Endowment Income	81,637	116,586
Departmental Activities	83,302	127,581
Auxiliary Enterprises	136,887	211,941
<b>Total</b>	<b>\$ 1,214,144</b>	<b>\$ 1,964,603</b>

*The first three funds are centrally allocated.  
Including other funds in analysis is misleading.*



# However, Even Unrestricted Funds Have Restrictions

- The vast majority of funds reside in colleges and departments
- College and dept. funds often reflect faculty lines. Needed to fund new hires.
- Significant portion are “owned” by individual faculty: startups, Humanities and Art Research Funds, faculty share of ICR



# **Appropriate Balances are Necessary**

- Balances should be sized to risk we face
- They should be sized to allow unit flexibility—15% to 35% carryover targets
- They allow us to invest in our future



# State of Campus Financial Situation

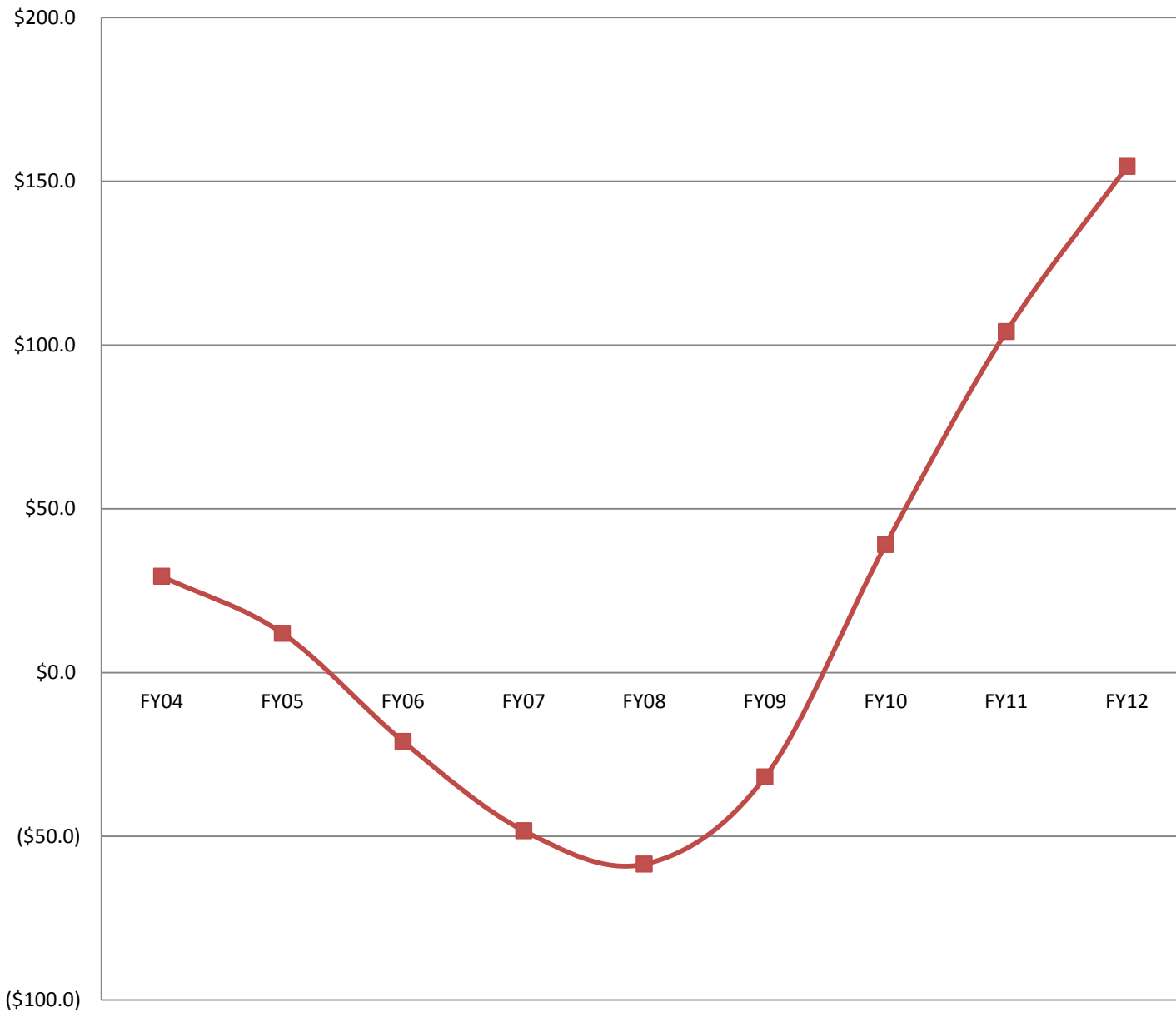


# Continuing our Emphasis on Stability

- Action taken to avoid lurching from crisis-to-crisis
  - Multi-year planning process
  - Annual hiring plans
  - Multi-year utility purchases & budgeting
  - Encouragement to avoid long-term commitments, where possible
  - Retaining capacity to invest, even in unpredictable times



## UIUC Year-End Unrestricted Fund Balances (millions)





# FY12 Deficit Totals

Amount	#	\$
>\$1M	8	\$80,870,347
\$500K to \$999K	6	4,119,482
\$100K to \$499K	23	6,082,281
<\$100K	76	2,468,742
	113	\$93,540,852



# Major Financial Challenges

- State of Illinois
  - Cash flow issues
  - Pension shortfall
- Federal Funding
- Access and Affordability
- Maintaining & Improving Facilities
- Transforming UG Education

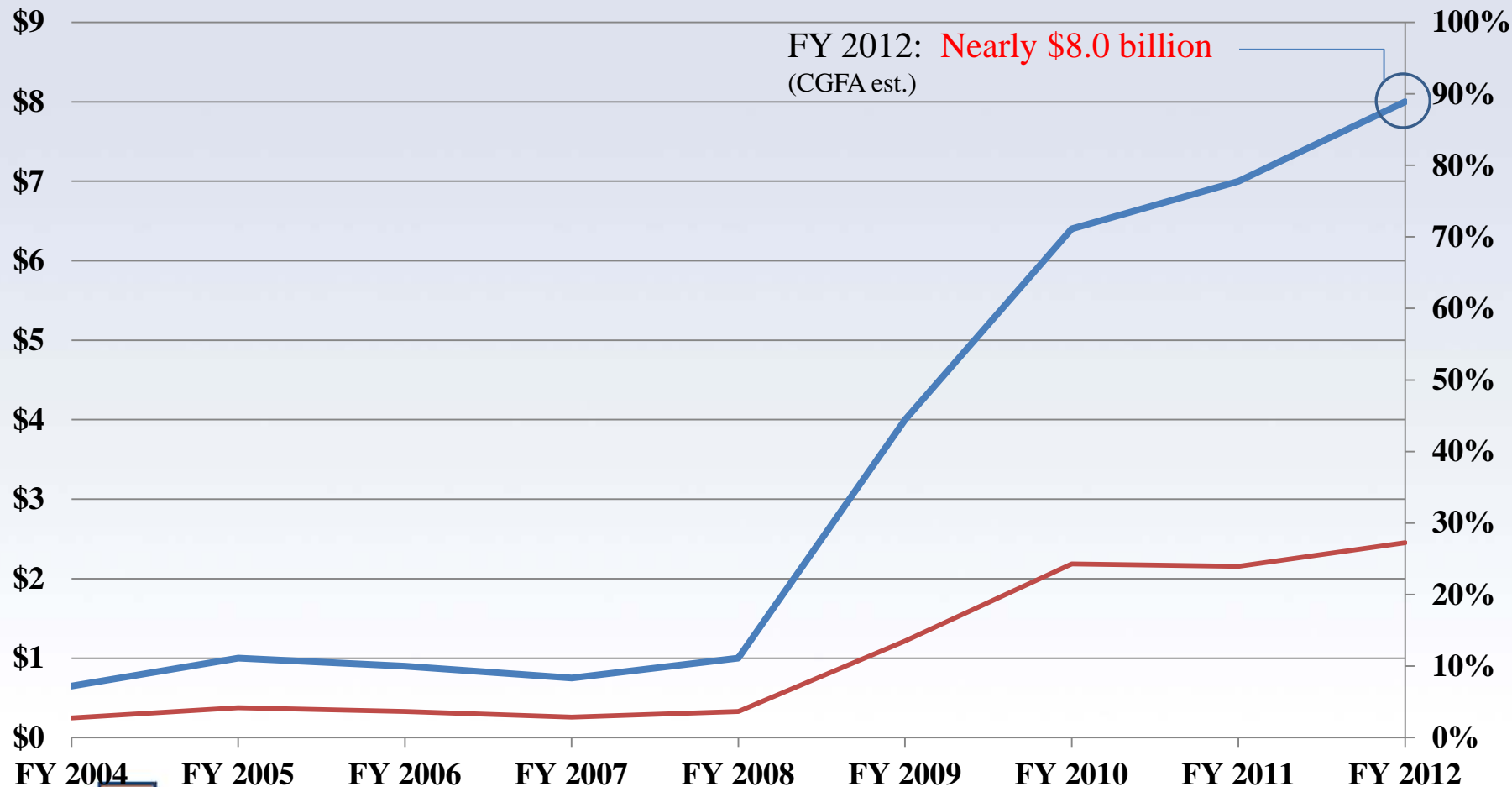


# State of Illinois – General Revenue Fund

## Estimated Accumulated Unpaid Vouchers and % of Appropriation

TOTAL ACCOUNTS PAYABLE at FISCAL YEAR END

Dollars in Billions

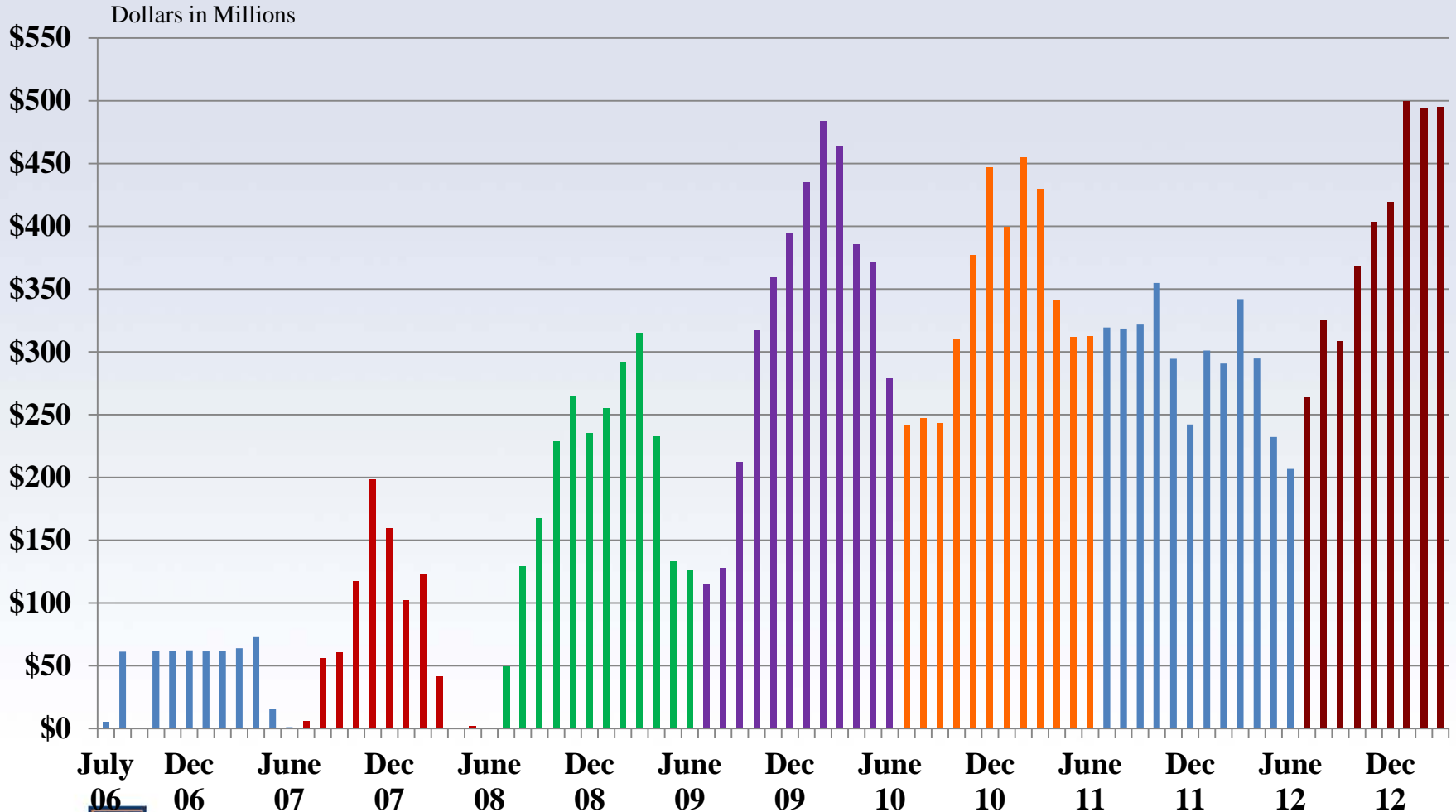


Appropriations based on CGFA Budget Summaries.

# UI Month End GRF Receivable & Percent of State Budget

## Fiscal Year 2007 through Fiscal Year 2013

### As of March 11, 2013



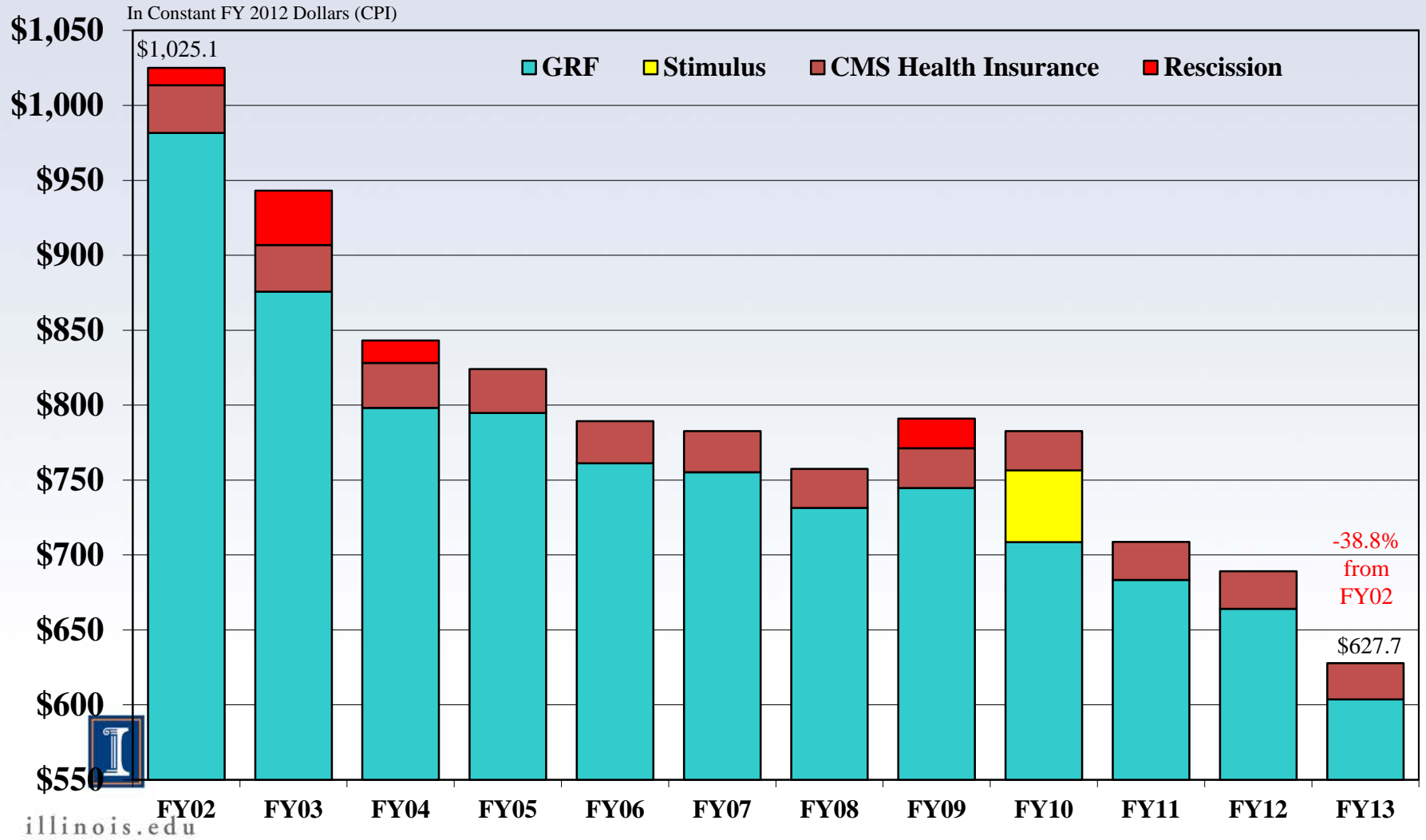
Receivables as of June 30<sup>th</sup> for each of the following fiscal years were: 2009 (\$125.9M), 2010 (\$278.5M), 2011 (\$312.7M), 2012 (\$206.7M).

# GRF Appropriations to the University of Illinois

## FY 2002 – FY 2013

(Dollars in Millions)

- Total Enrollment FY 2002 over 67,000
- Total Enrollment FY 2012 over 77,600

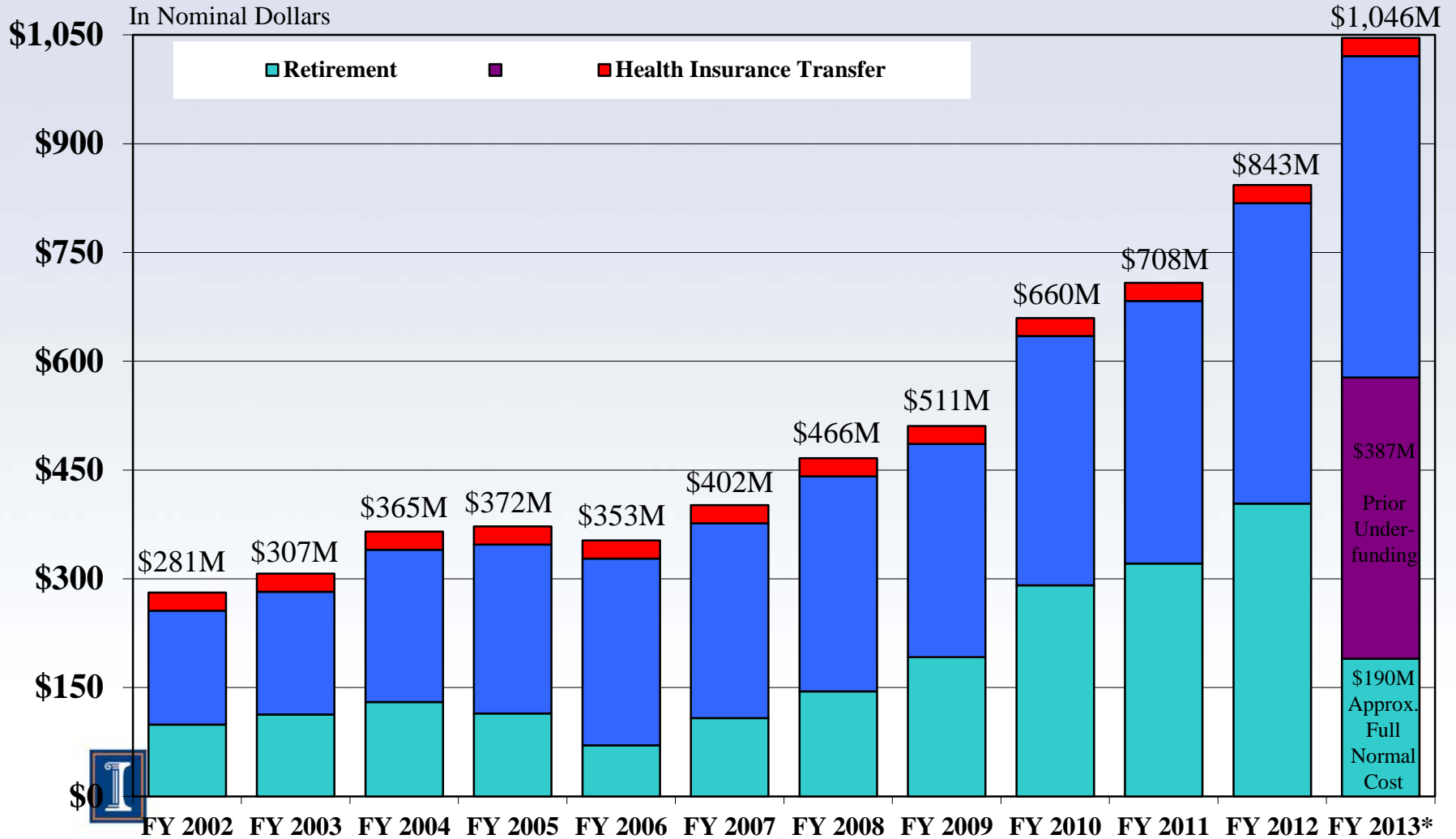


FY 2009 – FY 2013 Do Not include the transfer of the State Scientific Surveys.

# Payments on Behalf

FY 2002 – FY 2013

(Dollars in Millions)



# 2011 US Federal Outlays by Source

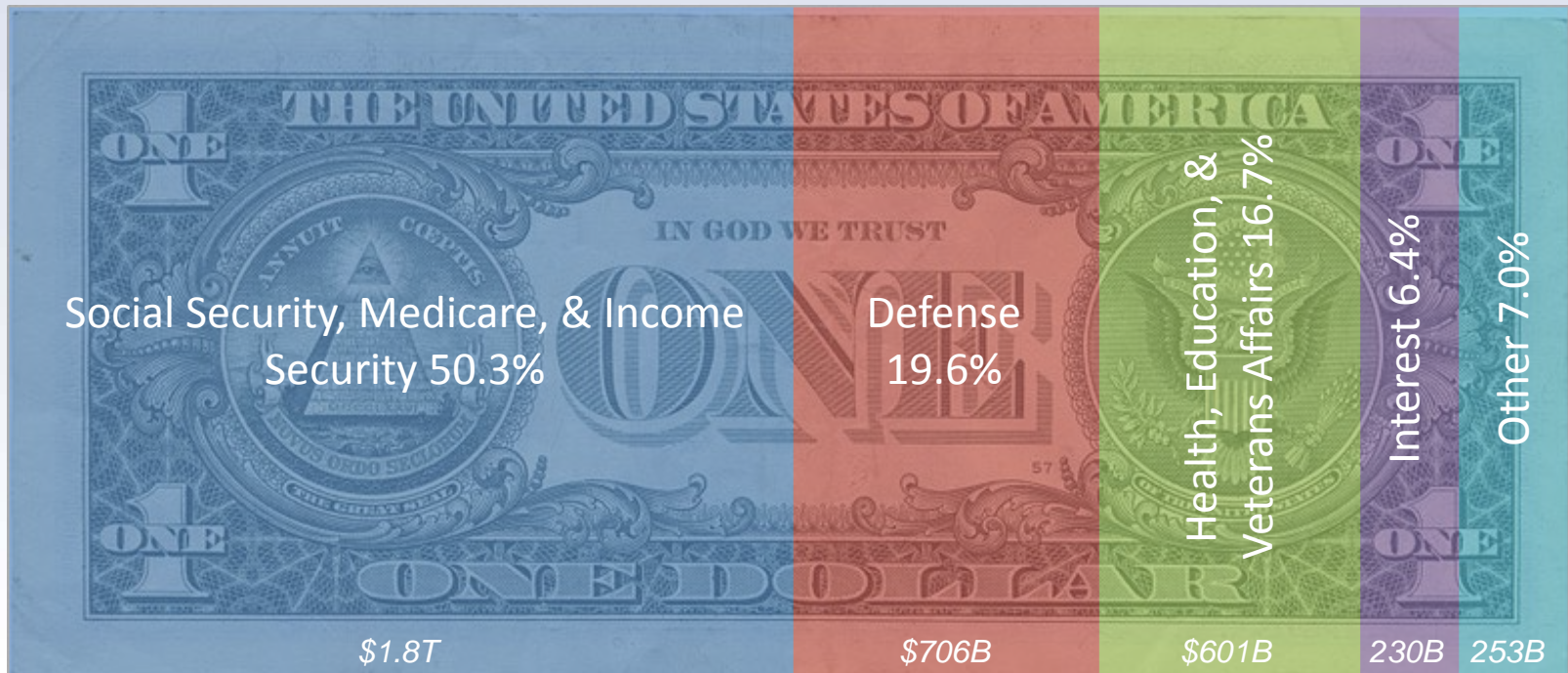
Total = \$3.603 Trillion





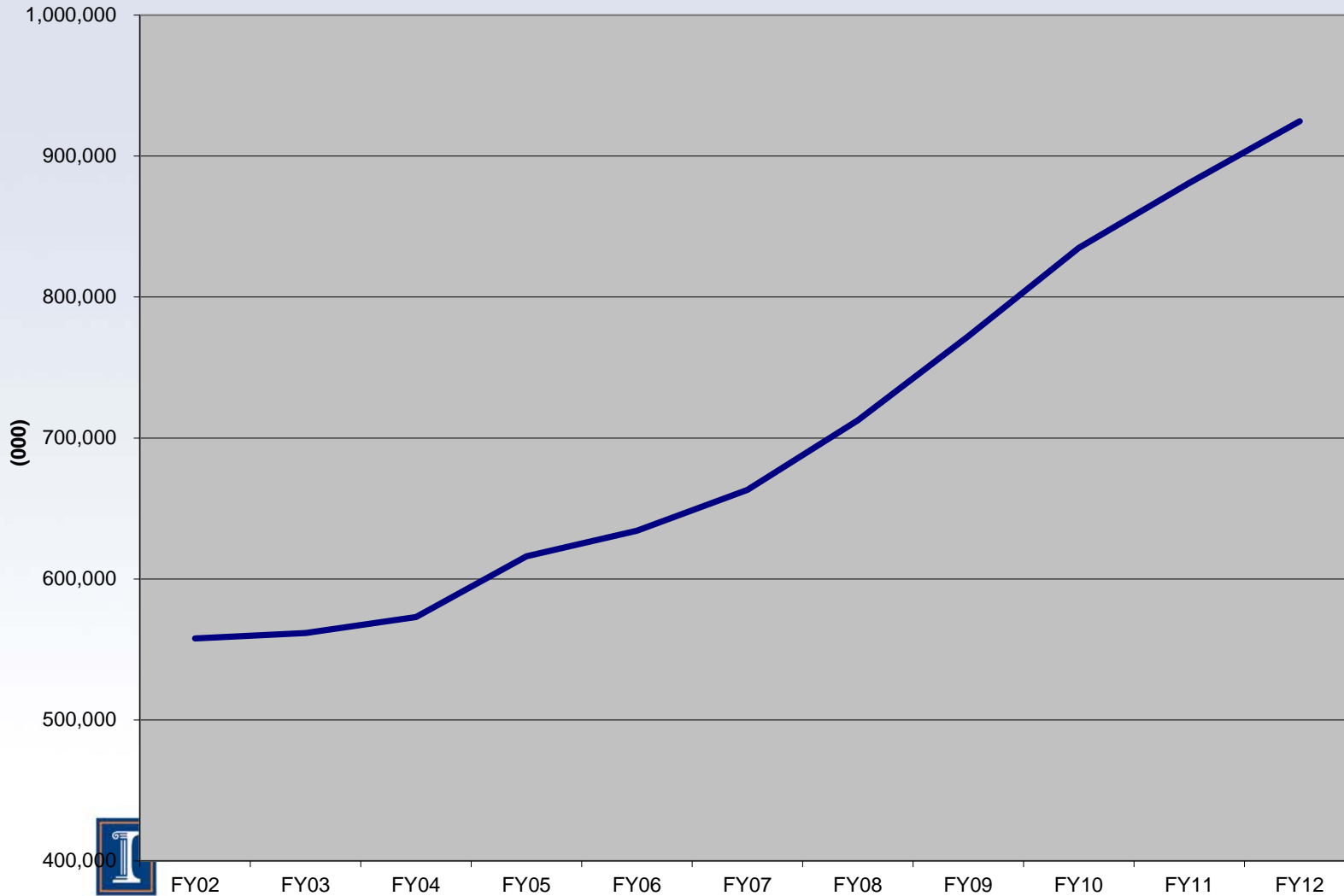
# 2011 US Federal Outlays by Function

Total = \$3.603 Trillion



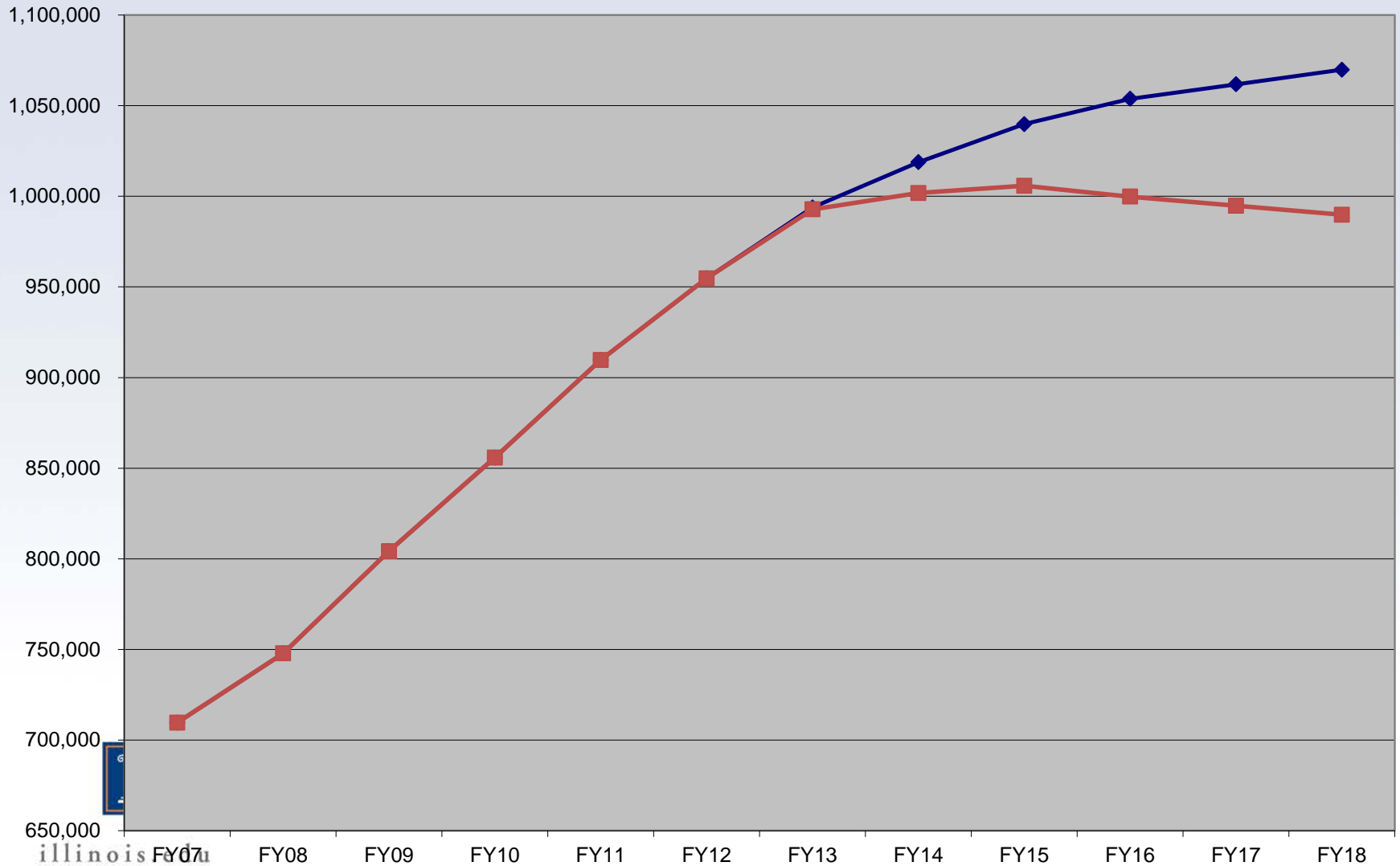
# State, Tuition & ICR Budget

## Combined



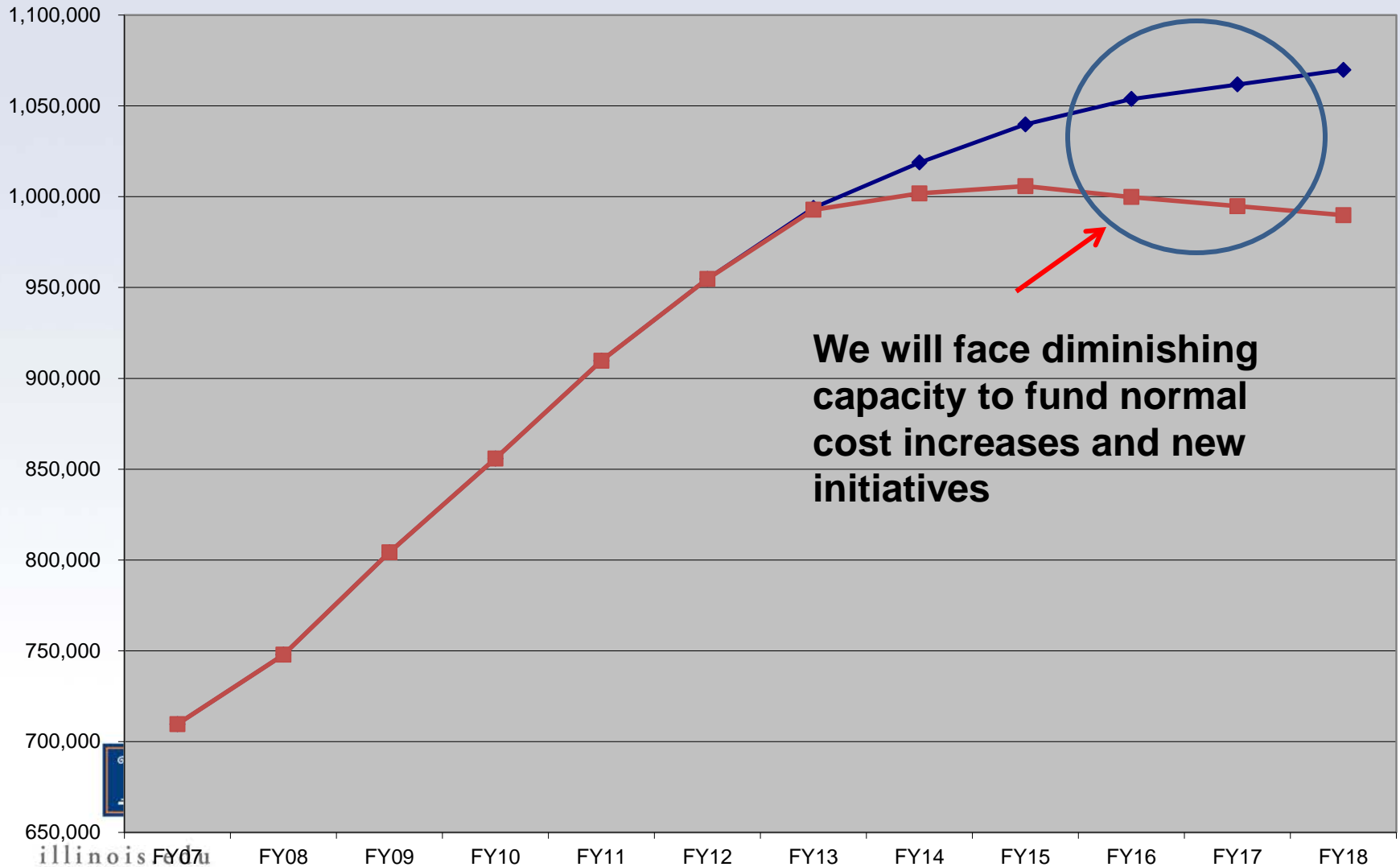
# State, Tuition and Institutional Funds

in millions of dollars with projections for FY14 through FY18



# State, Tuition and Institutional Funds

in millions of dollars with projections for FY14 through FY18



***How are we using our cash?***



# Improving our Financial Position

- Resolving long-term financial challenges
  - Eliminating deficits
  - Improving unit financial positions
- Funding start-up costs
- Paying off long-term debt
- Investing in development activities



*These steps will leave us less vulnerable  
to future funding challenges*

# Improving our Facilities

- \$70m classroom improvement initiative will modernize 110 classrooms across campus
- \$64m Lincoln Hall now complete
- New Electrical Engineering facility underway
- \$70m renovation of Natural History Building underway shortly





# Protecting the Student Experience

- Protecting access—redirecting cost savings to financial aid. \$20m over two years
- Transforming UG education
  - Small class initiative
  - Expansion of classroom tech
  - Established the Office of UG Research
  - Funding innovation



***All of public higher education is  
entering uncharted territory.***

***However, our efforts in recent years  
will provide support for Illinois as  
we move forward***

