Mounting State Cash Crisis Response





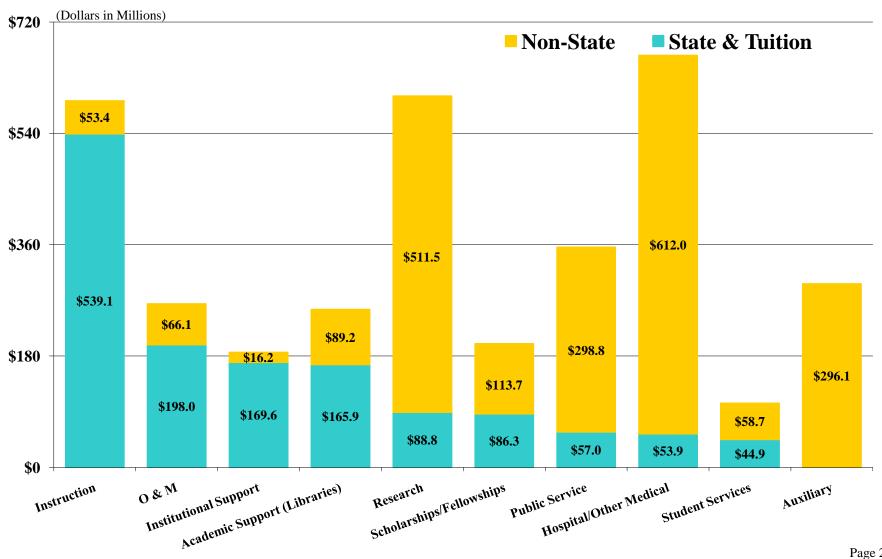


University of Illinois

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Presented to the Board of Trustees January 21, 2010

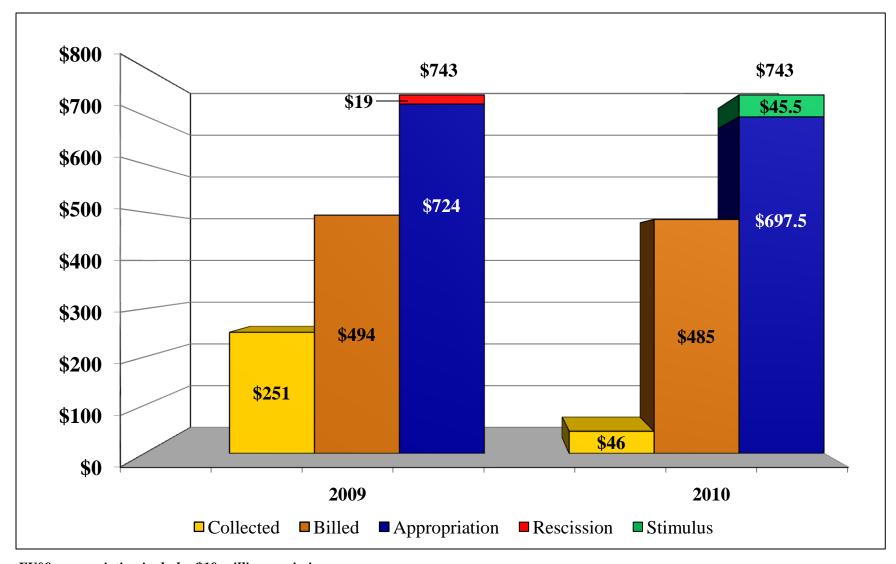
State & Tuition are the Heart of Instructional Support Expenditures by Function FY 2009



State Appropriation Revenue

Billings and Collections through December 31, 2010

In Millions



Overview

Early Warning: 2009 Payment Cycle from the State - Late

July 2009:

- Conservative spending; hold back \$19.8 M
- Interim furlough plan and language in appointment notices

Cash Crisis Emerges: October 31, Unreimbursed \$258M

November 2009:

- Possible 6% reduction of state funds planning
- Hiring slow down; no immediate current personnel cost cuts

Tipping Point: December 31, UNREIMBURSED \$436M

Response to Escalating Crisis: Revive January 2010

- Units asked to return 6% (\approx \$45 M) to central funds
- Hiring freeze with exemptions on a case by case basis
- Personnel Cost Reduction Faculty and Academic Professionals (≈\$ 17M)
 - Temporary; Maximum flexibility
 - Graded Furloughs:
 - 10 days for Senior Administrators, 4 days for others not exempted
 - Implementation within the necessary Labor Laws
 - Voluntary Pay Reduction Option in lieu of Furlough
- Planning for FY 2011
 - Administrative and Academic enterprise review
 - Issuance of select Notices of Non-Reappointment

Moving Forward

Challenge:

- Work force our biggest asset but > 85% of GRF-related costs
- Demand for our work product **EDUCATION** is increasing

FY 2011 \rightarrow Beyond:

- Administrative and Programmatic restructuring
- Planning for additional potential reductions in State support
- Personnel cost reductions

No amount of cuts/reallocation can make up for \$745 million, and stave off problems at the heart of our mission -- excellence in higher education.