

Mounting State Cash Crisis Response



UIC



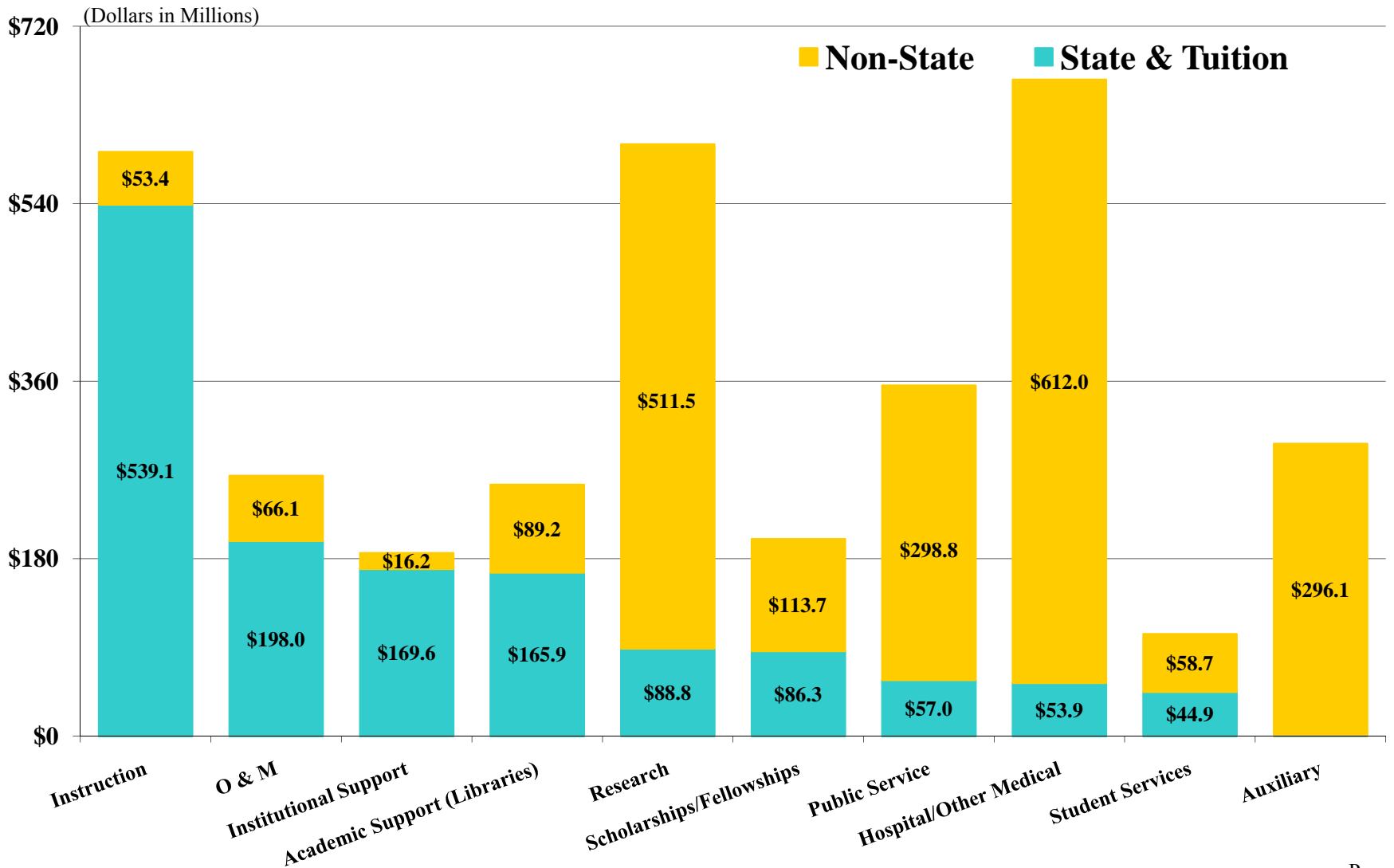
UNIVERSITY OF ILLINOIS

URBANA-CHAMPAIGN•CHICAGO•SPRINGFIELD

Presented to the Board of Trustees

January 21, 2010

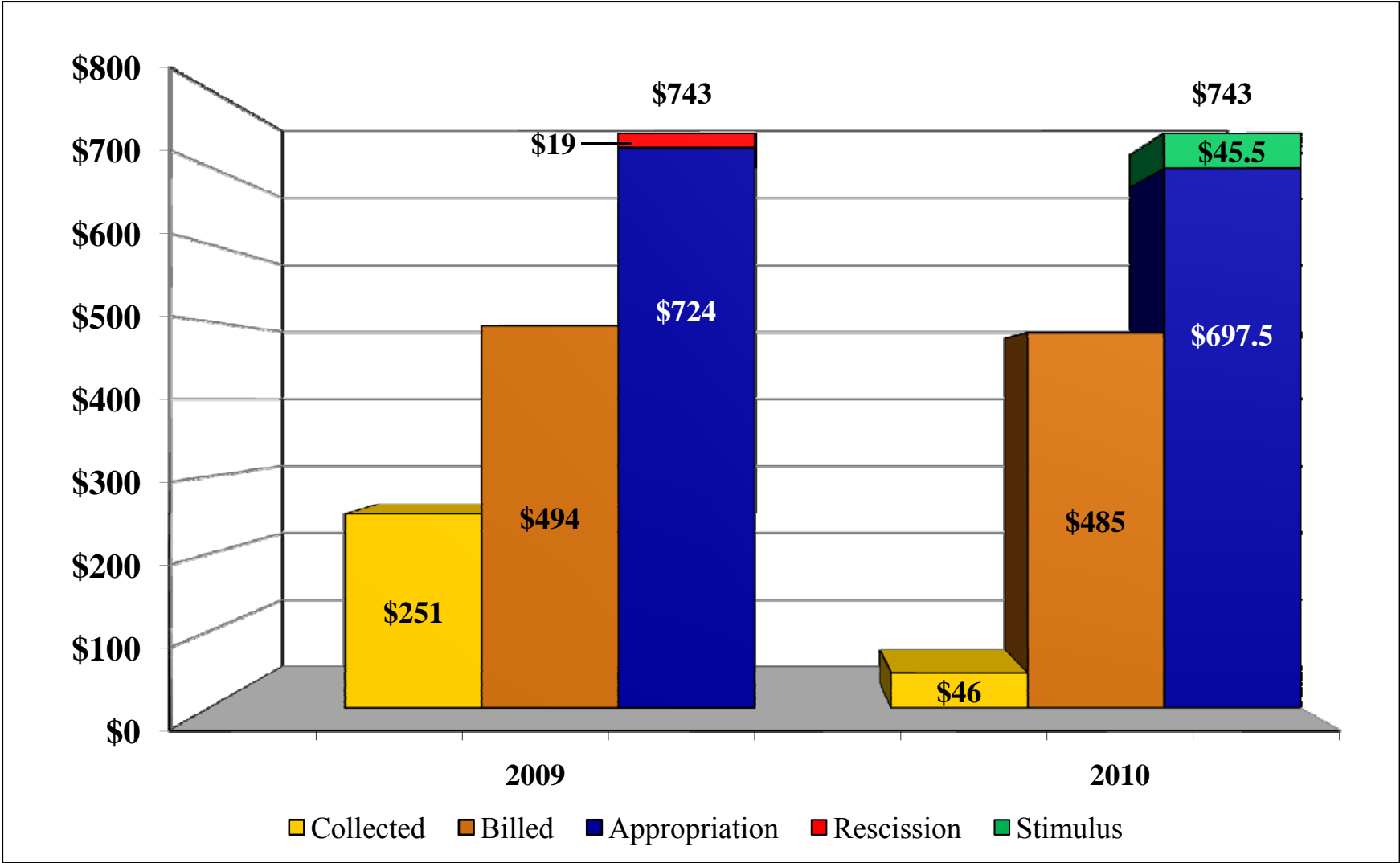
State & Tuition are the **Heart** of Instructional Support Expenditures by Function FY 2009



State Appropriation Revenue

Billings and Collections through December 31, 2010

In Millions



FY09 appropriation includes \$19 million rescission.

FY10 appropriation includes \$45.5 million of federal stimulus funding and assumes restoration of FY09 rescission.

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 (\approx \$ 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→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.