

# Financial Analysis of the University of Illinois Urbana-Champaign

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# Roadmap

- Overall Financial Condition of the UI System
  - Assets, Liabilities, and Net Assets
  - Revenue and Expense Analysis
  - State Appropriation
  - State of Illinois
  - UI Foundation
- Analysis of UIUC
  - Revenue Analysis
  - Expense Analysis (IPEDES)
  - Peer Analysis
  - Administrator salaries and staffing levels
  - Class size
  - Athletics
- Conclusions

# Summary

- **Many believe that the University of Illinois is in poor financial condition, due to the financial troubles of the State. However, this report will demonstrate that the University of Illinois – and UIUC – are in strong financial condition.**
- **There are two external items of evidence that support this conclusion:**
  - **1. In the 2010 audited financial statements, the administration of UI states: “To maintain its strong financial position, the University continues to develop multiple and diverse sources of revenue to support our mission of instruction, research, public service and economic development.”**
  - **2. The UI System has a very strong bond rating, and this rating is much stronger than the bond rating for the State of Illinois**

## Summary, Continued

- The UI System, and UIUC, are not the State of Illinois. The State is “a” factor, but it is not “the” factor, in determining the financial condition of UI and UIUC.
- There has been a declining commitment to the core academic mission, and increasing commitment to increasing the number and compensation of administrators
- Tuition is going up at a significant rate, as are class sizes. With fewer full time faculty, students are paying more and getting less.

# Data Sources

- **Audited financial statements**
- **Division of Management Information**
- **Orange Book for budget**
- **Grey book for salaries**
- **State Higher Education Executive Officers (SHEEO) reports on appropriations**
- **State of Illinois Comprehensive Annual Financial Report**
- **State of Illinois Revenue Forecasts**
- **Center on Budget Policy and Priorities report on state fiscal gaps**
- **US Census Bureau for educational attainment**
- **Bureau of Labor Statistics for Unemployment Rates**
- **IPEDES (Integrated Postsecondary Education Data System)**
- **AAUP Salary Surveys**
- **Common Data Set**
- **EADA (Equity in Athletic Data Analysis)**
- **USA Today for athletic revenues**

# Audited Statements vs. Budgets

- The audited financial statements are NOT the same as a budget
- A budget is a plan on what future revenues and expenses will be. The advantage is that they are timely
- The audited financial statements report what actually happened
- Both provide useful information
- All we hear about are budget shortfalls and holes, and then we discuss how they will be filled.
- This discussion has nothing but bad options
- The remainder of this presentation will provide a different perspective

# Timing

- The most recent audited statements that are publicly available for the year ended June 30, 2010.
- The audited statements for the year ended June 30, 2011 will likely be completed within a few weeks; transparency should be the rule, and the administration should share these statements with the faculty
- The overall budget request for the 2012-13 fiscal year (July 1, 2012 to June 30, 2013) was made in September of 2011. Specific budgets through the 2011-12 fiscal year are available, and we will use those budgets to determine if the UIUC administration has been true to the core academic mission.
- Preview: They have not been.

# Competing Narratives

- In the 2013 budget request, the UI administration paints a bleak picture of the finances of the UI System, citing the poor financial condition of the State, and how this endangers the quality of education that can be delivered.
- However, the actual financial statements, the words of the administration, and outside bond ratings suggest a different picture; the UI System is in strong financial condition, despite the problems at the State
- What we will also focus on is the priority issue, in terms of commitment to the core instructional and research areas of the university.

# UI System: Statement of Net Assets (Balance Sheet)

Amounts in Thousands	2005	2006	2007	2008	2009	2010
Total Assets	4,316,181	4,537,087	4,905,345	5,143,193	5,166,923	5,541,222
Liabilities	2,007,097	2,167,102	2,489,489	2,787,844	2,809,165	2,755,676
Net Assets	2,309,084	2,369,985	2,415,856	2,355,349	2,357,758	2,785,546
As Percent of Total Assets	2005	2006	2007	2008	2009	2010
Total Assets	100%	100%	100%	100%	100%	100%
Liabilities	47%	48%	51%	54%	54%	50%
Net Assets	53%	52%	49%	46%	46%	50%

- The UI System has over \$5.5 billion of assets. These assets have grown significantly
- Net assets are also growing, and grew significantly in 2010 (over \$400 Million)
- It is not possible to parse out UIUC; however, any claim that UI or UIUC is broke is preposterous

# University Related Organizations (URO)

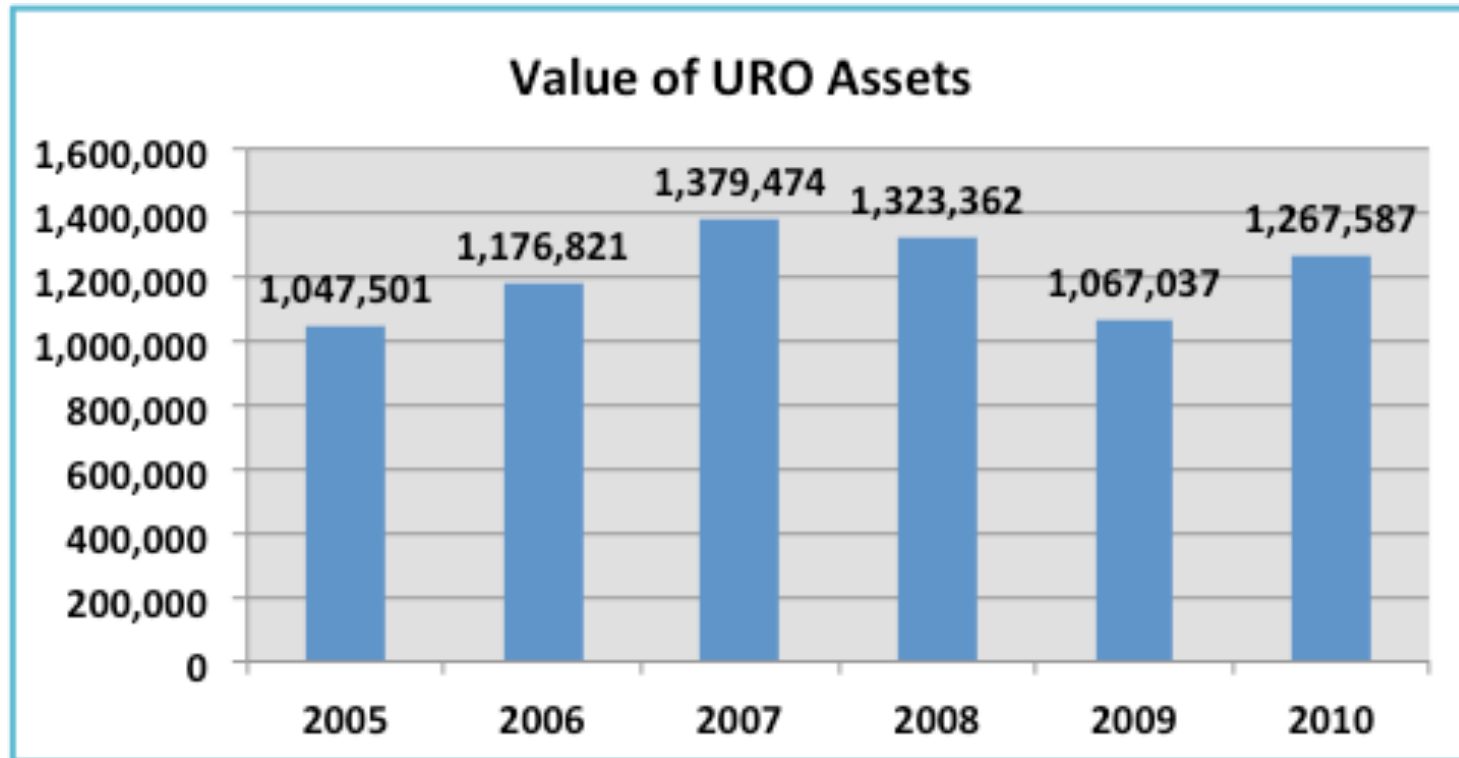
- The financial statements encompass the University and its discretely presented component units
- According to the audited statements: “They are included in the University’s reporting entity because of the significance of their operational or financial relationship with the University. “
- In fact, the financial statements for the UI System are reported side-by-side with the UROs
- Moody’s considers the combined results of the UI System and the UROs when analyzing the financial strength of the University of Illinois

# University Related Organizations

Unit	Purpose	Assets (6/30/10)
<b>UI Foundation</b>	Provide fund raising to the university; attract gifts to support instruction, research, and public service	<b>1.2 Billion</b>
<b>Alumni Association</b>	Promote general welfare of the University and stimulate interest among students and former students	<b>16 Million</b>
<b>Walcot, Wood, and Taylor</b>	Provide management support services and operate as a billing entity for health care activities	<b>1 Million</b>
<b>Prarieland</b>	For profit corporation wholly owned by UI; supports utility services to the University	<b>6 Million</b>
<b>Illinois Ventures</b>	For-profit corporation wholly owned by UI; facilitates new companies commercializing technology developed by faculty, staff, or students	<b>10 Million</b>
<b>Research Park</b>	For-profit, wholly owned corporation; a research park in the UIUC campus, to promote the development of new companies	<b>1 Million</b>
<b>Singapore Research</b>	For-profit, wholly owned corporation; a research center in Singapore to encourage and facilitate research and commercialization of the intellectual assets of the University	<b>2 Million</b>

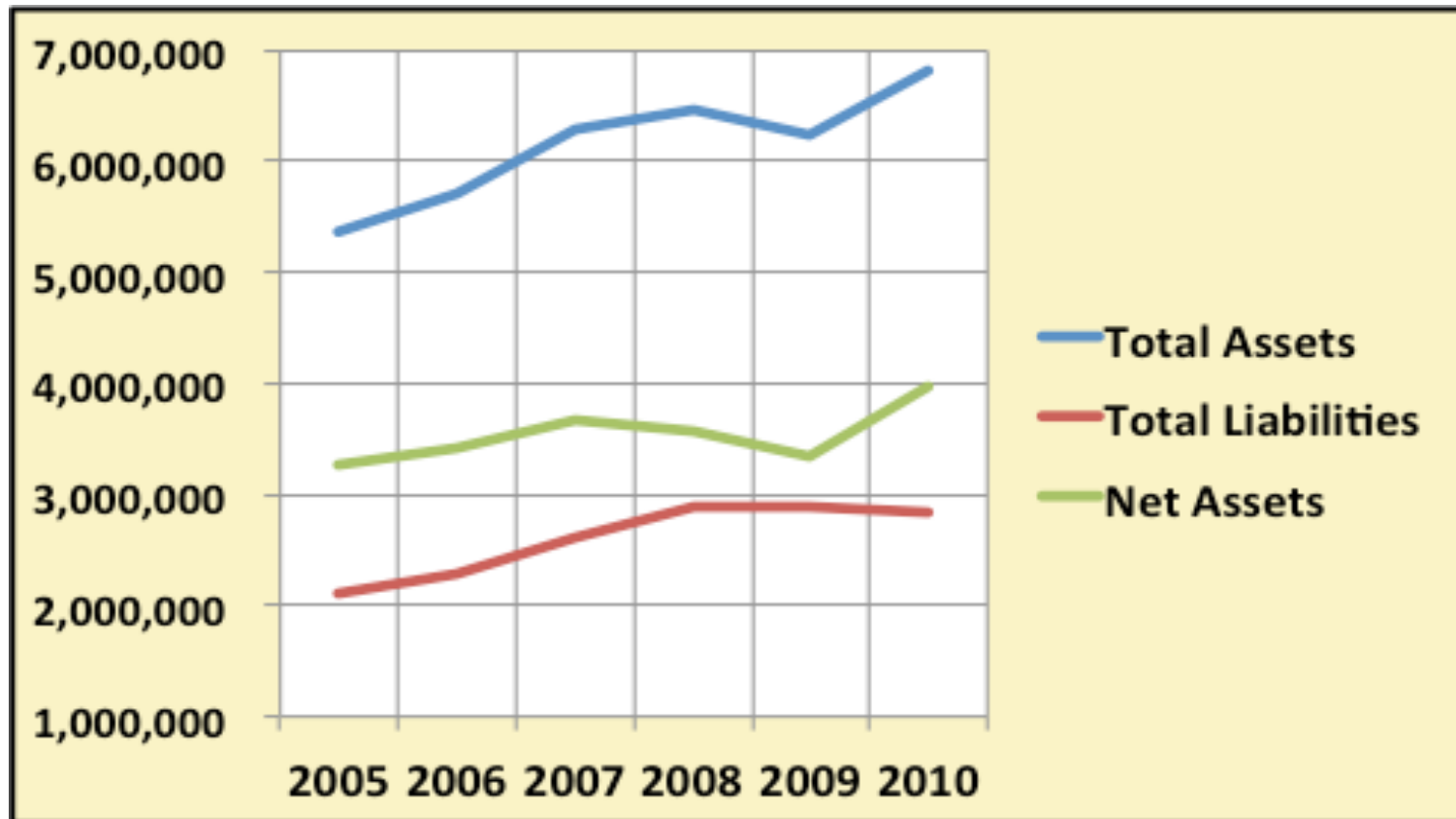
- The UI Foundation typically spends 5% of assets to support the mission of UI
- That amounts to \$50-60 million per year

# University Related Organizations (URO)



- UI or UIUC cannot spend these funds as they wish; however, it is nice to have \$1.3 billion in assets to invest and earn interest on
- The decline in 2009 is due to the stock market decline
- As of 6/30/2010, \$820 million is associated with UIUC

# Combined Balance Sheet (UI System and UROs)



- Assets generally growing, except for 2008 and 2009
- Liabilities grew up to 2008, then flattened
- Net Assets grew significantly in 2010

# 2010 Asset Breakdown

<b>ASSETS:</b>	<b>Dollars in Thousands</b>	<b>Percent of Total Assets</b>
Unrestricted Cash	444,394	7%
Restricted Cash	272,563	4%
UI System Investments	623,518	9%
UI Foundation Investments	1,129,782	17%
Accounts Receivable	394,967	6%
Due from State of Illinois	265,624	4%
Capital Assets	3,343,570	49%
All Other Assets	334,391	5%
<b>Total Assets</b>	<b>6,808,809</b>	<b>100%</b>

- Though the dominant asset is capital assets, there is approximately \$2.5 billion in cash and investments (four blue items)
- A good portion of the investments are restricted; but they earn income, and it is nice to have a couple of billion dollars of assets
- The State paid back the \$265 million in December of 2010. Delays in payments have led to uncertainty.

## Net Asset Analysis: UI System and UROs Combined

Amounts in thousands	2005	2006	2007	2008	2009	2010
Invested in Capital Assets	1,781,101	1,836,879	1,844,838	1,824,861	1,867,585	1,904,026
Restricted Non-Expendable	676,897	749,007	889,707	854,249	620,828	726,666
Restricted-Expendable	615,293	693,546	770,595	772,072	1,052,367	972,507
Unrestricted	183,601	149,313	170,410	119,957	(197,861)	357,196
Total Net Assets	3,256,892	3,428,745	3,664,506	3,571,139	3,342,919	3,960,395

- Total reserves, according to the bond rating agencies, include restricted-expendable and unrestricted net assets
- Therefore, the UI system had \$1.3 billion of reserves at the end of 2010; this does not mean that a pot of cash is laying around. It reflects financial flexibility, and should dispel any myth that UI is broke
- The big change in 2009 was due to the stock market decline
- The increase in 2010 was due to increases in revenues, expense control, and stock market appreciation

## Can We Parse Out UIUC Reserves from UI System Reserves?

- IPEDS (Integrated Postsecondary Education Data System) attempts to parse them out and allocate total UI System reserves to UIC, UIUC, UIS, and the Central System Office. However, this allocation is very tenuous.
- Given that UIUC is approximately 45% of the total UI System in terms of expenses, we can roughly estimate that 45% of the reserves go to UIUC. However, the central administration keeps some for themselves (we cannot discern how much).

## Discussion of Net Assets and Reserves

- There are 3 categories of net assets:
  - Invested in capital assets
  - Restricted
  - Unrestricted
- Net Assets invested in capital assets represent the value of capital assets that do not have debt associated with them. Since the University (UI System and/or UIUC) is unlikely to sell these capital assets, this category of net assets does not represent or demonstrate any financial flexibility or freedom for the University.
- Restricted net assets are those that are earmarked for specific purposes.
- Unrestricted net assets allow the University much more financial flexibility and freedom

# Unrestricted Net Assets

- The administration will claim that unrestricted is not unrestricted, as they have designated those funds for particular purposes (they belong to the departments is often heard)
- However, the Board can reverse those designations. If the designations were a set in stone “no-way-you-can-get-out-of-them commitments”, the external auditors would put them in the restricted-expendable or restricted nonexpendable categories.
- Therefore, unrestricted is really unrestricted.

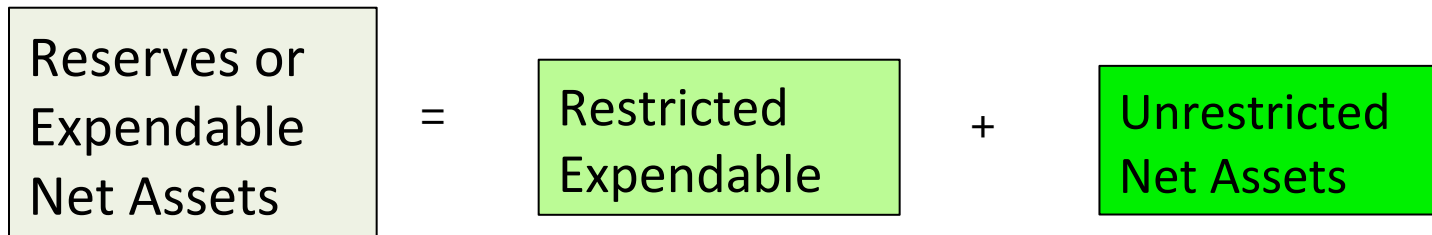
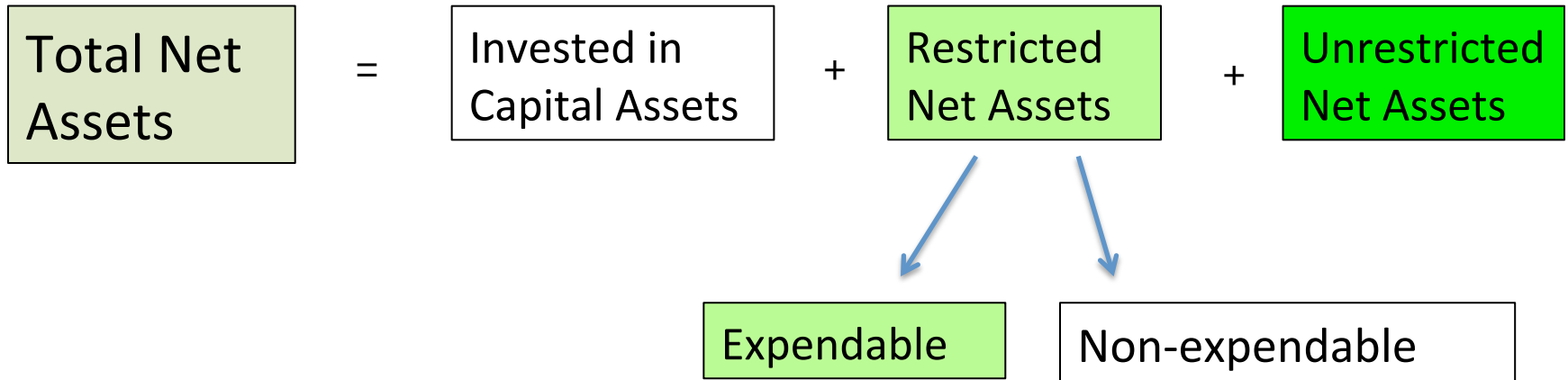
## Further Discussion of Net Assets and Reserves

- Restricted-expendable net assets represent funds that can only be used for a specific purpose. For example, a bond sinking fund is set up for future principal and interest payments, and the University is not allowed to use any of those funds for any purpose except paying off the debt (the fund cannot be used for faculty salaries, for example).
- However, the existence of these assets still helps the University. Let's say you have a home mortgage, and all of your future house payments are covered in a fund. You cannot touch this fund for anything but house payments. The existence of this fund still helps your overall financial situation. The same applies to the UI/UIUC.
- Restricted nonexpendable are typically assets that have restrictions imposed by donors (you can NEVER spend the principal)

## Still More on Reserves

- Therefore, we add restricted-expendable net assets to unrestricted net assets in analyzing total reserves (green boxes in next slide).
- Expendable net assets are the numerical sum of restricted-expendable net assets and unrestricted net assets. These are seen by the financial community as an important measure of financial strength.
- Moody's clearly adds the reserves of the UI System with the UROs in computing reserve ratios.

# Reserves



## Primary Reserve Ratio (reserves vs. expenses)

Amounts in Thousands	2005	2006	2007	2008	2009	2010
Total Expenses (UI System and URO)	3,684,460	3,773,542	3,987,718	4,287,912	4,489,704	4,632,310
Restricted Expendable	615,293	693,546	770,595	772,072	1,052,367	972,507
Unrestricted Net Assets	183,601	149,313	170,410	119,957	(197,861)	357,196
Total Reserves	798,894	842,859	941,005	892,029	854,506	1,329,703
Primary Reserve Ratio	22%	22%	24%	21%	19%	29%

- The primary reserve ratio is defined as total reserves divided by total expenses
- Note that the UI System is a \$4.6 billion operation in 2010; also note that expenses increase each year. We will see that revenues also increase each year
- We will see if 29% is considered large
- The increase in this ratio in 2010 is due to the large increase in reserves

## Viability Ratio (reserves vs. debt)

Amounts in Thousands	2005	2006	2007	2008	2009	2010
Total Debt (UI System and URO combined)	913,055	841,369	1,191,947	1,139,510	1,096,395	1,069,490
Total Reserves	798,894	842,859	941,005	892,029	854,506	1,329,703
<b>Viability Ratio</b>	<b>87%</b>	<b>100%</b>	<b>79%</b>	<b>78%</b>	<b>78%</b>	<b>124%</b>

- The viability ratio is defined as total reserves divided by total debt
- Over 98% of the debt is from the UI System
- In 2007, 300 million of debt was issued to finance various construction projects
- There was very little debt issued since 2007
- We will see if 124% is large or not; again, this ratio increased in 2010 due to the increase in reserves

# Net Income Ratio (Revenues vs. Expenses)

Amounts in Thousands	2005	2006	2007	2008	2009	2010
Total Revenues	3,801,135	3,945,395	4,223,479	4,194,545	4,228,205	5,163,785
Total Expenses	3,684,460	3,773,542	3,987,718	4,287,912	4,489,704	4,632,310
Change in Net Assets	116,675	171,853	235,761	(93,367)	(261,499)	531,475
<b>As % of Total Revenues</b>	<b>3.1%</b>	<b>4.4%</b>	<b>5.6%</b>	<b>-2.2%</b>	<b>-6.2%</b>	<b>10.3%</b>
Unrealized Change in Value of Investments (paper gain/loss)	77,717	89,157	198,869	(133,070)	(331,691)	158,139
Change in Net Assets WITHOUT paper gain/loss	38,958	82,696	36,892	39,703	70,192	373,336

- The net income ratio is described as total revenues less total expenses, divided by total revenues
- The negative results in 2008 and 2009 were both due to unrealized or paper losses on investments
- 2010 was a banner year for the UI System: \$373 million in profit

# Moody's Ratio Analysis

- Moody's uses three ratios to judge the financial condition of public universities.
- Then a composite score is compiled based on these 3 ratios:
- Primary Reserve Ratio
  - Are there sufficient reserves?
- Viability Ratio
  - Is there too much debt?
- Net Income Ratio
  - Are revenues and expenses in line with each other?

## Moody's Ratio Definitions

- *Primary reserve ratio*: Expendable net assets divided by total operating expenses.
- *Viability ratio*: Expendable net assets divided by debt.
- *Net Income Ratio*: Change in total net assets divided by total revenues.
- Final Score =
  - 50% \* Primary Reserve Ratio +
  - 30% \* Viability Ratio +
  - 20% \* Net Income Ratio

# Moody's Summary Scores

<b>SCORE</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Primary Reserve Ratio</b>	< -.1	-10% to 4.9%	5% to 9.9%	10% to 24.9%	25% to 49.9%	50% or more
<b>Viability Ratio</b>	< 0	0% to 29%	30% to 59%	60% to 99%	100% to 250%	> 250% or NA
<b>Net Income Ratio</b>	< -.05	-5% to 0%	0% to 0.9%	1% to 2.9%	3% to 4.9%	5% or more

# Bond Rating Ratios: 2005 to 2010

	2005	2006	2007	2008	2009	2010
<b>Primary Reserve Ratio</b>	22%	22%	24%	21%	19%	29%
<b>Viability Ratio</b>	87%	100%	79%	78%	78%	124%
<b>Net Income Ratio</b>	3.1%	4.4%	5.6%	-2.2%	-6.2%	10.3%
<b>Primary Reserve Score</b>	3	3	3	3	3	4
<b>Viability Score</b>	3	4	3	3	3	4
<b>Net Income Score</b>	4	4	5	1	0	5
<b>Moody's Composite Score</b>	3.2	3.5	3.4	2.6	2.4	4.2

- A composite score of 4.2 is very solid; 5.0 is the highest possible score. This is why the UI System has a very high bond rating, as we will see next.
- To be in trouble, the ratio has to be below 1.75 for two consecutive years
- The decline in 2008 and 2009 was due to the stock market decline and the decline in the State appropriation

## Actual Moody's Ratings

- “NEW YORK, Jun 11, 2011 -- Moody's Investors Service has assigned a Aa2 rating to the University of Illinois' (the University's) \$82.9 million of Auxiliary Facilities System Revenue Bonds, Series 2011A and \$10.8 million of Auxiliary Facilities System Revenue Bonds, Series 2011B (Taxable).”
- “At this time we have affirmed the outstanding ratings on the University's other rated debt.”
- This is the 3<sup>rd</sup> highest rating out of 23 potential ratings.

# Rationale from Moody's

- The Aa2 rating for the University reflects its strong market position in **student demand** and health care, its nationally **prominent research position**, good liquidity and good debt service coverage **from operating cash flow**.
- The rating also reflects the rating impact of reliance on the State of Illinois that is currently rated A1 with a negative outlook, as well as high debt levels and a modest financial resource base.
- The negative outlook reflects the potential for continued **delays in state funding** and potential for reductions in the state operating support due to State of Illinois budget issues that could reduce the University's operating flexibility as it **uses its existing liquidity to fund the unpaid receivables from the State** which will strain its overall operations and bring liquidity levels even lower.

# Strengths from the Moody's Report

- Premier public university in Illinois, with over 73,000 full-time equivalent (FTE) students and **strong student demand** at the three campuses of this flagship and land grant institution for the State of Illinois.
- Nationally prominent reputation as one of the top research universities in the nation, with both the Urbana-Champaign and Chicago campuses classified as Carnegie Research 1 institutions, with nearly \$880 million in total **annual research funding** in FY 2010.
- **Positive cash position**, with the University reporting approximately \$439 million in unrestricted cash as of 6/30/2010.
- Generally **balanced operating performance** despite constrained state appropriations.
- **Fundraising success**, with \$2.14 billion raised as of March 31, 2011 against the \$2.25 billion goal of the "Brilliant Futures" campaign, including \$1.5 billion in outright gifts.
- **Limited additional debt and capital plans**. The Health System has substantially reduced its capital plans, shelving for now the plan for a replacement facility and choosing to renovate existing space.

# Challenges from the Moody's Report

- **Moderately high reliance on State of Illinois (rated A1 with a negative outlook; A1 is the 5<sup>th</sup> highest potential rating, but the lowest of any US State), a state under fiscal distress, for operating support, with 30% of FY 2010 operating revenues derived from state funding, either directly or "payments on behalf" for employee benefits.**
- **Substantial delays in the funding payments, ending FY 2010 with a \$260 million receivable that was finally paid by December 2010 and receiving as of June 6, 2011 only \$384 million 55% of its FY 2011 appropriation to date.**
- **Modest, but improved, financial resource cushion supporting debt and operations, with FY 2010 expendable financial resources cushioning debt 0.7 times and operations only 0.3 times.**
- **Debt structure, with \$265 million or 16% in variable rate mode and supported by bank liquidity facilities with covenants and events of default that could cause acceleration of the debt.**

# Moody's Market/Competitive Profile

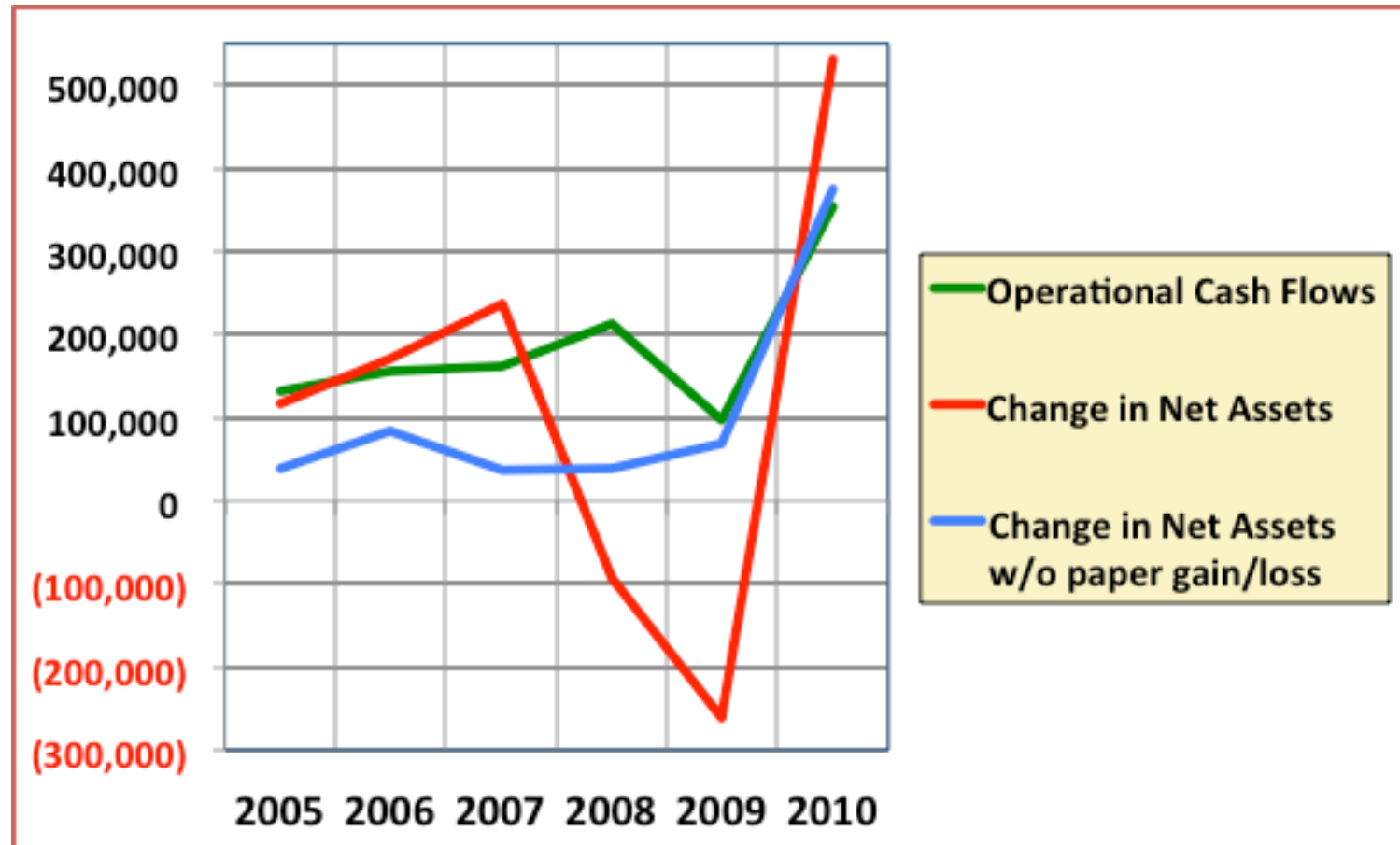
- **Moody's believes the credit strength driving the Aa2 rating is University of Illinois' market position as the State's flagship and land grant institution and a member of the prestigious Big 10 athletic conference. The University is one of the largest public higher education institutions in the country, with over 73,000 FTE enrollment for Fall 2010 at its three campuses - Urbana (UIUC), Chicago (UIC) and Springfield. Although 76% of total enrollment is Illinois residents, the University shows increased enrollment from students outside Illinois, including international graduate and professional students, particularly at UIUC. The University expects enrollment to be stable or modestly higher as undergraduate enrollment is at capacity at UIUC and UIC.**
- **The University is one of the top research universities in the nation, reporting nearly \$900 million in total annual research funding in FY 2010, up from nearly \$800 million in FY 2009. With its national research prominence and programmatic and funding diversification, we believe University of Illinois remains well-positioned to attract increased research funding for the foreseeable future.**

# Cash Flows

	2005	2006	2007	2008	2009	2010
Cash Flow from Operations	(584,382)	(589,879)	(587,641)	(554,032)	(626,797)	(376,571)
Noncapital Financing (mostly the State of Illinois appropriation)	763,136	796,136	807,172	837,263	794,769	799,531
Interest Payments	(46,800)	(49,869)	(57,089)	(69,560)	(70,819)	(69,079)
Operating Cash Flows	131,954	156,388	162,442	213,671	97,153	353,881

- The University is generating positive cash flows each year
- This is very important evidence to confirm and support the conclusion that the University of Illinois System is in strong financial condition

# The Change in Net Assets vs. Cash Flows



- The cash flows are much steadier than the change in net assets
- The change in net assets are affected by the paper gain or loss on investments, and taking out the paper loss (blue line) shows that these are real cash flows

# Summary of Financial Ratio Analysis

- The financial ratios, as well as the cash flow evidence, clearly indicate that the University of Illinois System is in strong financial condition.
- This conclusion is confirmed by the outside credit rating agencies, and affirmed by the University in its own words (they use the phrase “strong financial condition”)
- This does not mean that the State appropriation is adequate; we will demonstrate the effect the decline in the appropriation has had on the UIUC
- We will also focus on the administration’s priorities, to see if they have been true to the core academic mission.

# Further Evidence of Financial Strength: Playing High Finance

- The UI Foundation has just over \$1 billion of investments. These investments are classified as Level 1, Level 2, or Level 3. Level 3 investments do not have an observable market (level 1 are stocks and mutual funds and bonds) or published net asset value (level 2), and Level 3 value is based on unobservable inputs.
- The UI Foundation has over \$432 million in Level 3 investments, more than Level 1 (\$316M) or level 2 (\$350M) investments.
- Real estate partnerships are the most prevalent level 3 investment for UI. In fact, the \$374 million in real estate trusts is the single largest investment in the entire UI Foundation
- An organization that feels good about itself financially invests in level 3 assets.



# More High Finance for UI: Interest Rate Swaps

- UI has three interest-rate swaps (a type of derivative), covering approximately \$95 million of debt. UI is swapping variable rate interest payments for fixed payments, which sounds conservative. However, the more conservative play is to borrow fixed in the first place. For these swaps, UI borrows variable rate debt, then goes in the swap market and swaps into fixed payments. The swap market costs money, and carries risk.
- As of June 30, 2010, UI is losing about \$10 million on the swaps. Why? They swapped out of variable payments, and interest rates actually declined. This does not mean they should not be doing swaps. It does mean they feel good about themselves financially.



# Revenue Distribution: UI System vs. UIUC

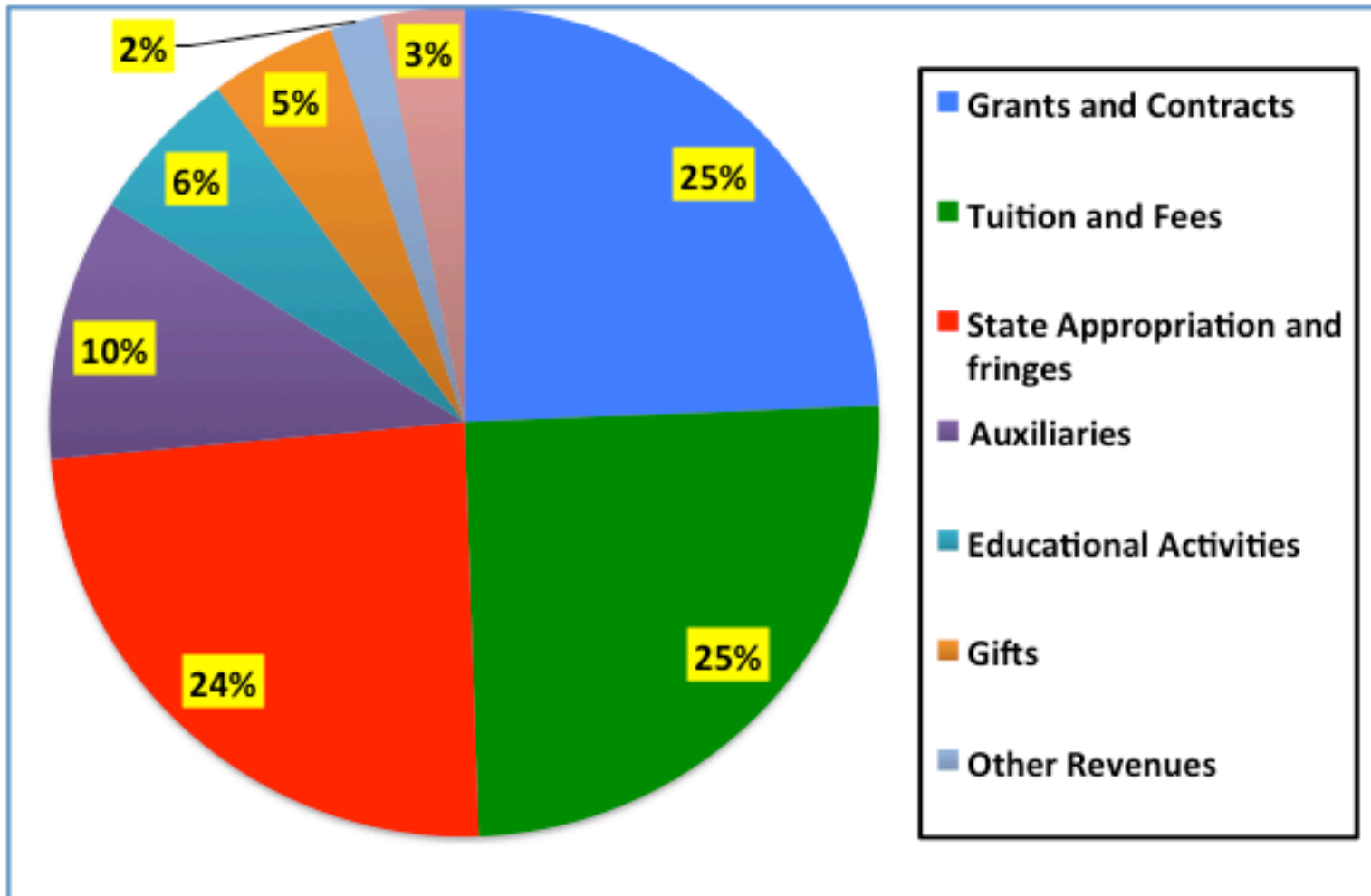
## Sources: Audited Statements and IPEDS (for UIUC)

Amounts in Thousands	Total UI System	UIUC Only	UIC /UIS /Admin
Grants and Contracts	873,737	523,150	350,587
Tuition and Fees	823,488	538,279	285,209
Hospital and Medical	761,913	0	761,913
State Appropriation	717,300	257,232	460,068
State payment for fringes	634,745	260,501	374,244
Auxiliaries	368,515	219,017	149,498
Educational Activities	251,770	130,609	121,161
Gifts	205,997	105,582	100,415
Other Revenues	108,479	42,942	65,537
Federal Grants (ARRA; Pell)	103,101	69,018	34,083
<b>Total Revenues</b>	<b>4,849,045</b>	<b>2,146,331</b>	<b>2,702,714</b>
As Percent of Total Revenues	Total UI System	UIUC Only	UIC /UIS /Admin
Grants and Contracts	18%	24%	13%
Tuition and Fees	17%	25%	11%
Hospital and Medical	16%	0%	28%
State Appropriation	15%	12%	17%
State payment for fringes	13%	12%	14%
Auxiliaries	8%	10%	6%
Educational Activities	5%	6%	4%
Gifts	4%	5%	4%
Other Revenues	2%	2%	2%
Federal Grants (ARRA; Pell)	2%	3%	1%
<b>Total Revenues</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# What is IPEDS?

- Integrated Postsecondary Education Data System
- It is run by the US Department of Education, and surveys every college, university, and technical and vocational institution that participates in the federal student financial aid programs (everyone).
- Participating in the survey is required by The Higher Education Act of 1965, and data on enrollment, graduation rates, number and type of employees finances, tuition, and financial aid are compiled.

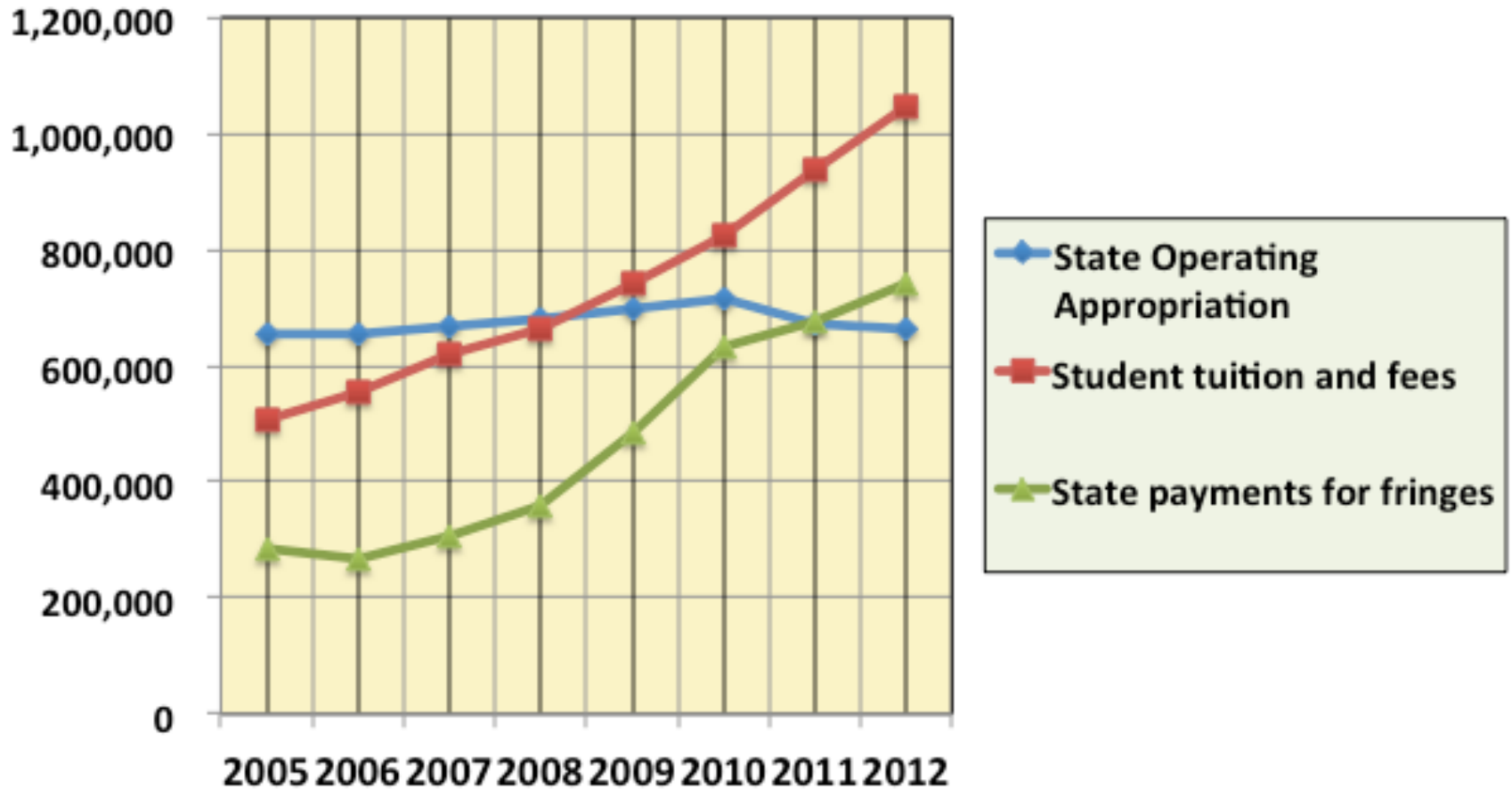
# UIUC 2010 Revenue Distribution



# Discussion of 2010 Revenue Distribution

- The State is 24% of total revenues for UIUC
- For the UI System, the medical revenues are associated with UIC.
- The 2010 UIUC revenue distribution reveals the variety of revenue sources that UIUC has. The importance of research, through grants, is clear.
- The State is not the same as UIUC. The audited statements and Moody's both cite the diversity of revenues as a source of financial strength.
- Technical note: The Moody's report states that for the system, the State is 30% of total revenues. The chart on slide 39 has this at 28%. This is because Moody's does not include federal ARRA and Pell grants in the denominator of total revenues (they use operating revenues).

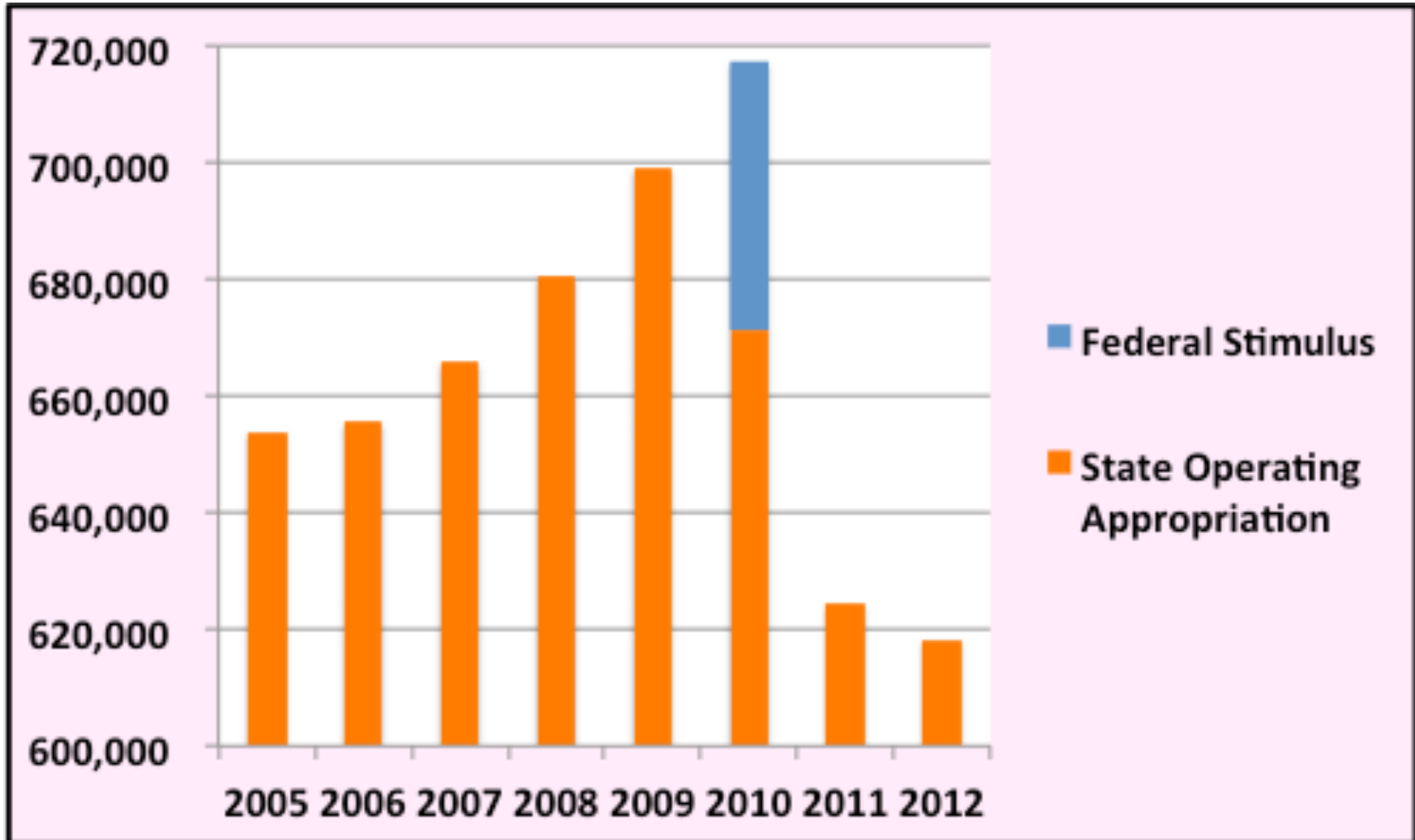
# UI System: Tuition vs. State Appropriation Over Time



# Discussion of UI System Revenue Over Time

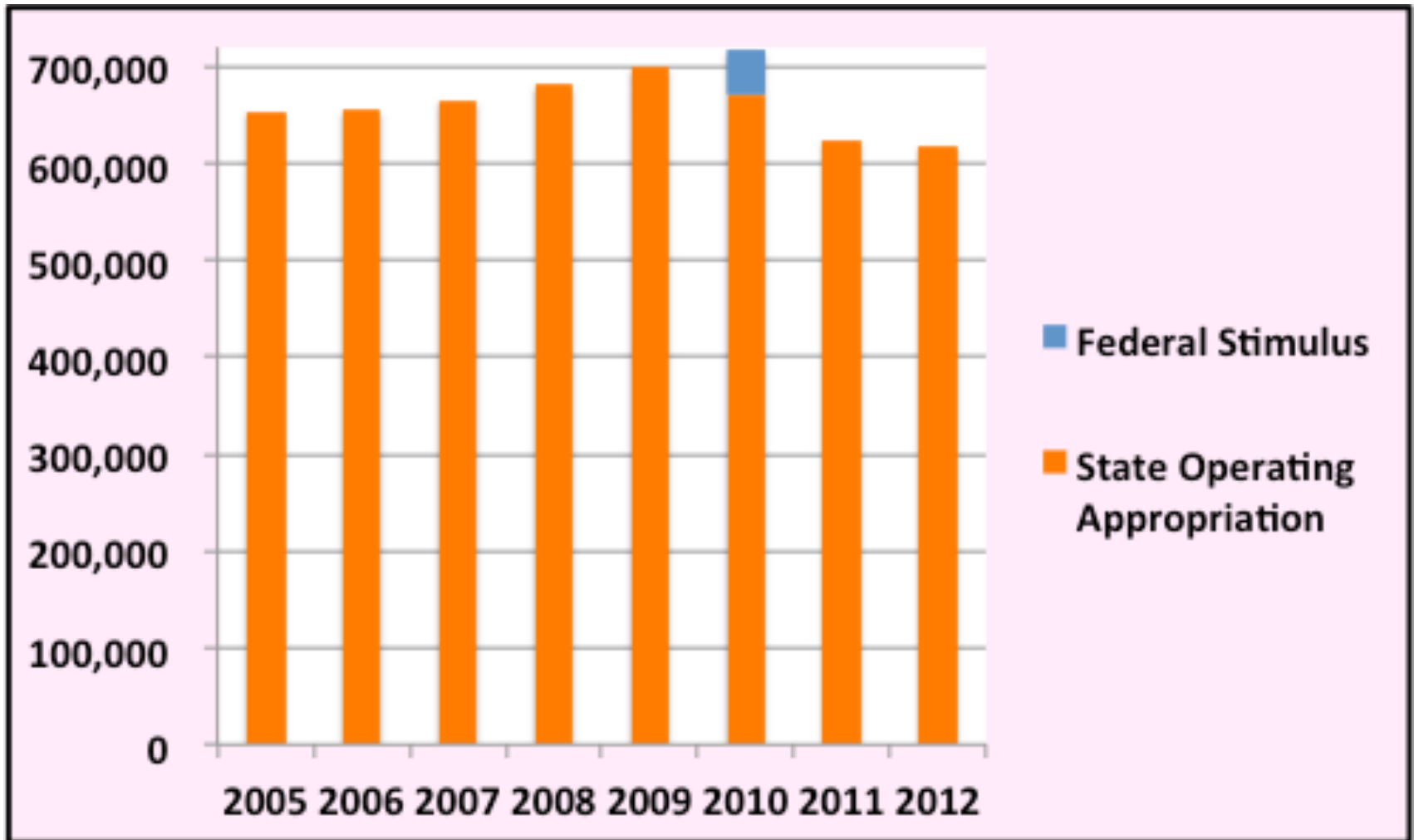
- The 2011 and 2012 data are based on the Fiscal Year 2011 (and 2012) Annual Operating Budget, Executive Summary
- The increases in tuition and fringe payments is in stark contrast to the flatness/decline from the State
- 2011 Assumptions
  - Reduction in state appropriation of 6.3%
  - Increase in tuition revenue of 14.1%
  - Increase in fringe payments of 6.5%
- 2012 Assumptions
  - Reduction in state appropriation of 1.1%
  - Increase in tuition revenue of 11.5%
  - Increase in fringe payments of 9.7%

# What About the End of the Federal Stimulus? Administration View



# The Real Picture of the Federal Stimulus

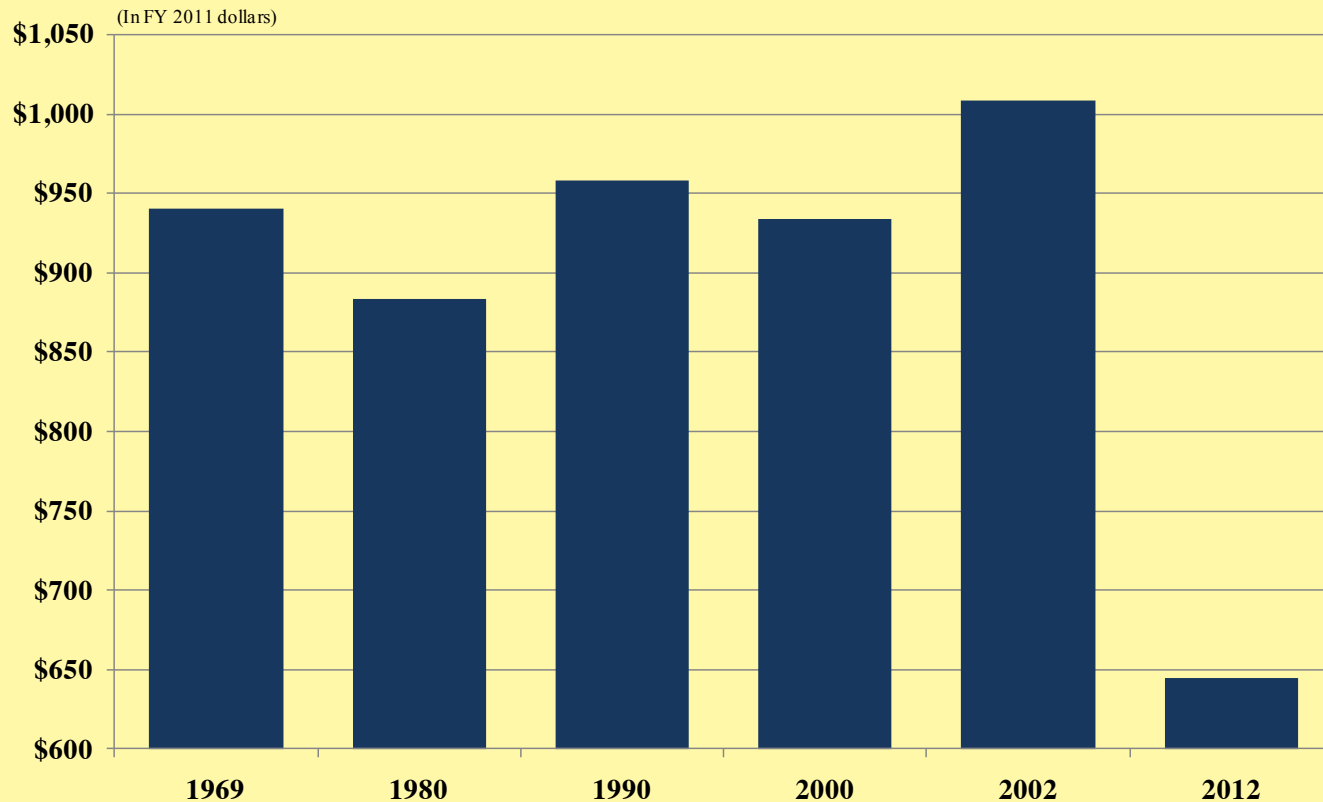
## \$46 Million out of \$717 Million in 2010



# Closer Look at Total UI System State Appropriation

Source: FY 2013 Budget Request: September 2011

**Figure 3**  
**University of Illinois**  
**State Tax Support**



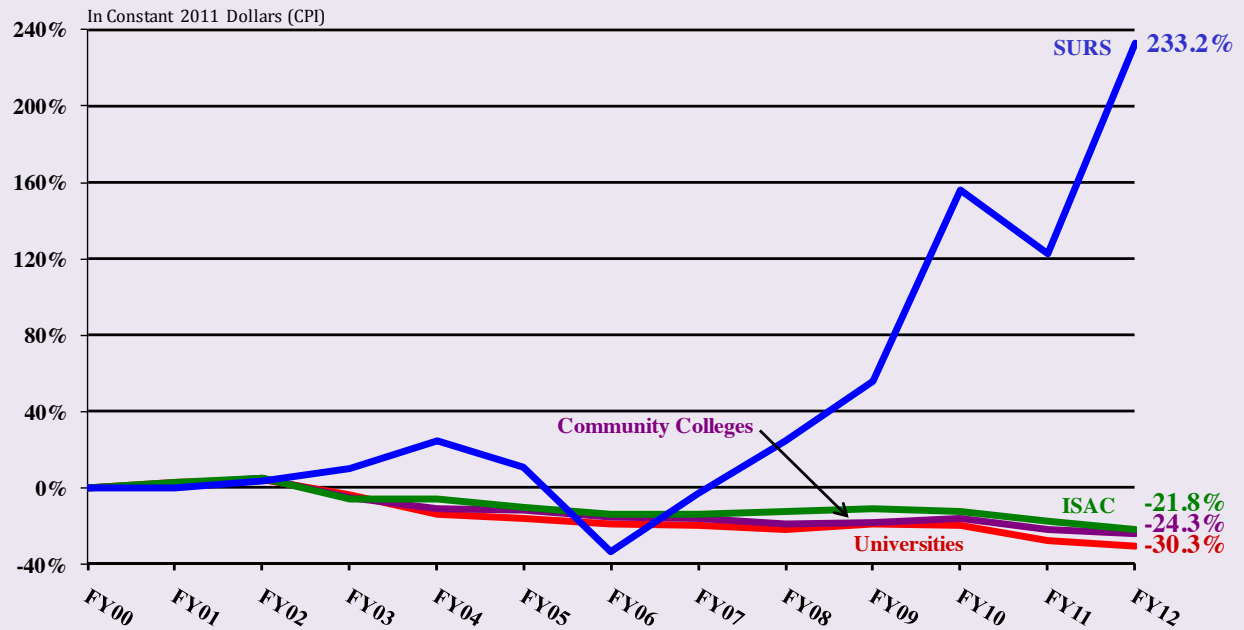
FY 1969 does not include UIS, all other years include UIS. FY 2002 at original appropriation amount. FY 2012 does not include transfer of State Surveys.

# UI System: Effect of Fringe Benefit Costs

Source: FY 2013 Budget Request: September 2011

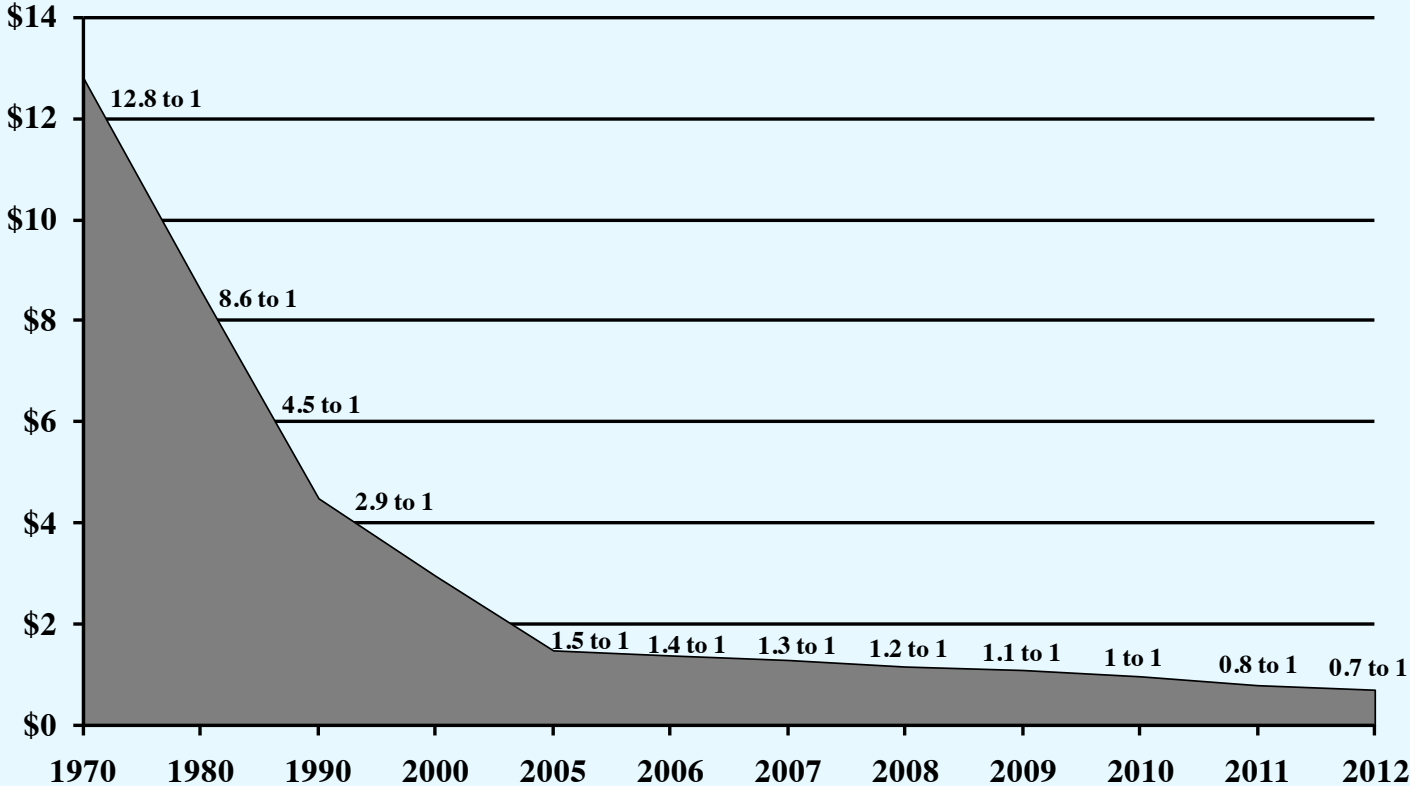
▼  
*Within the higher education budget, appropriations for SURS have captured a significant share of the funding since FY 2000 after accounting for inflation.*

**Figure 6**  
**Cumulative Change in State Tax Appropriations by Higher Education Sector**



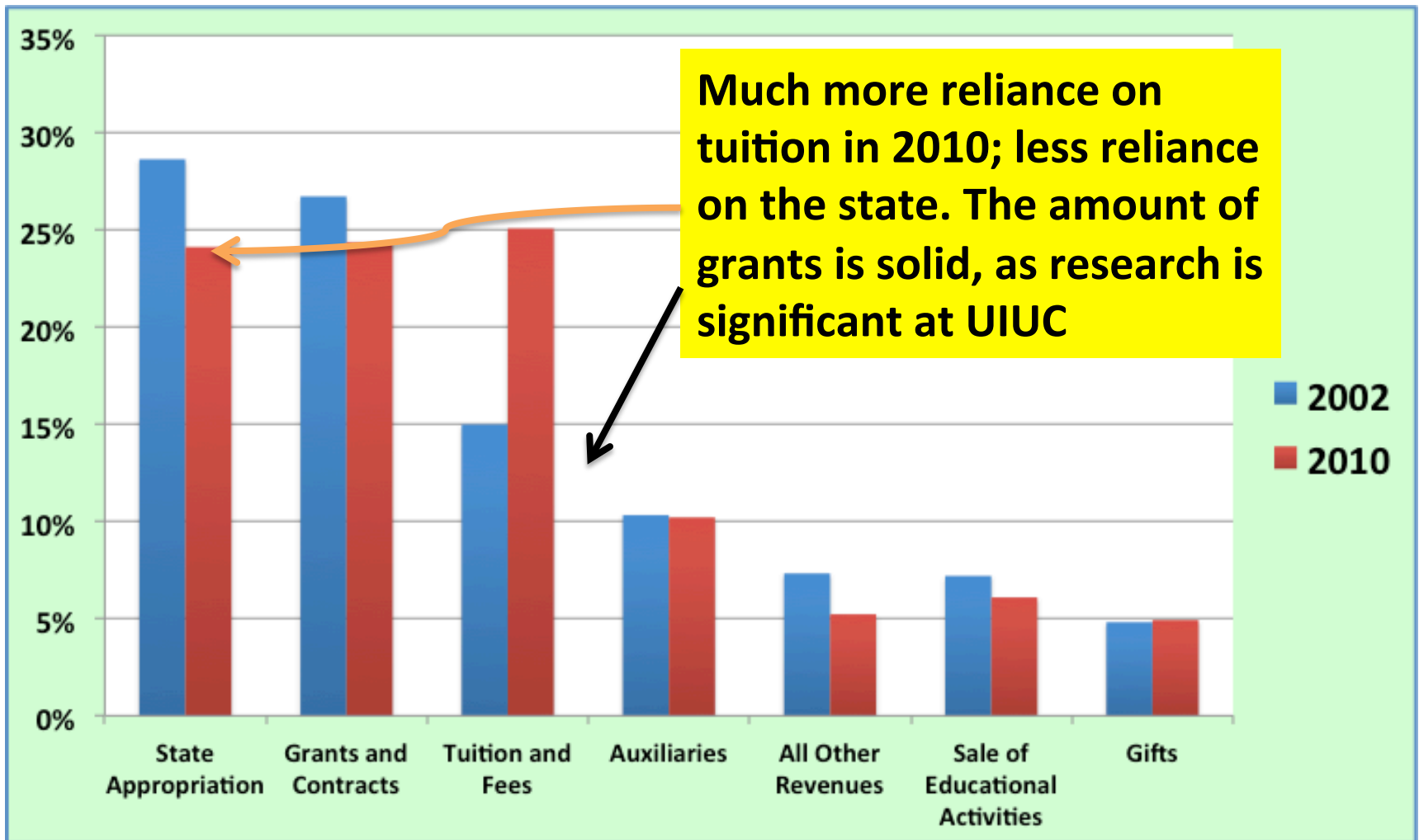
# State Appropriation Versus Tuition

**Figure 9**  
**Direct State Support per Tuition Dollar**  
**FY 1970 to FY 2012**



# UIUC Revenue Distribution: 2002 vs. 2010

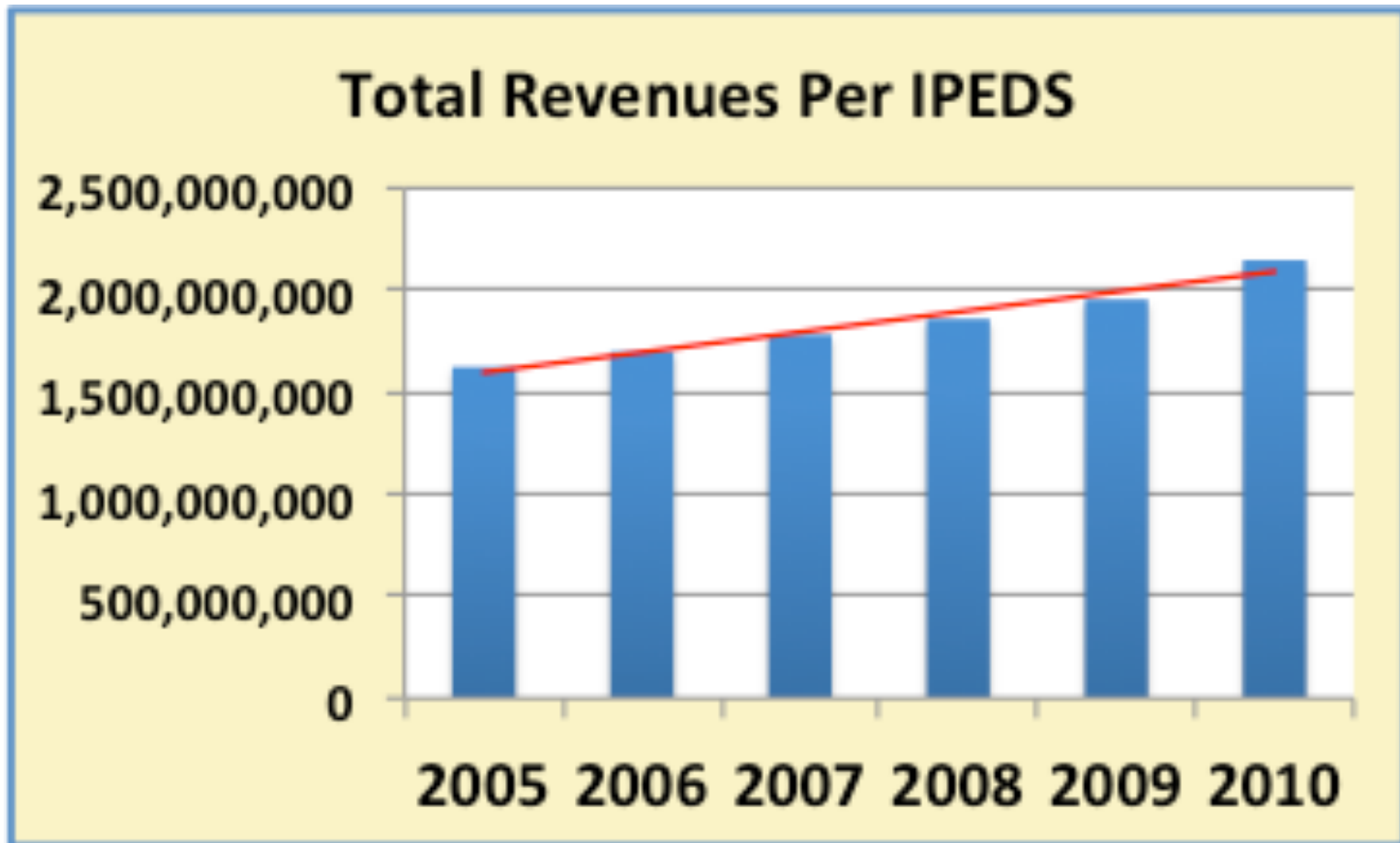
Source: IPEDS



# What Are Sales of Educational Services?

- Revenues from the sales of goods or services that are incidental to the conduct of instruction, research or public service.
- Examples include film rentals, sales of scientific and literary publications, testing services, university presses, dairy products, machine shop products, data processing services, cosmetology services, and sales of handcrafts prepared in classes.

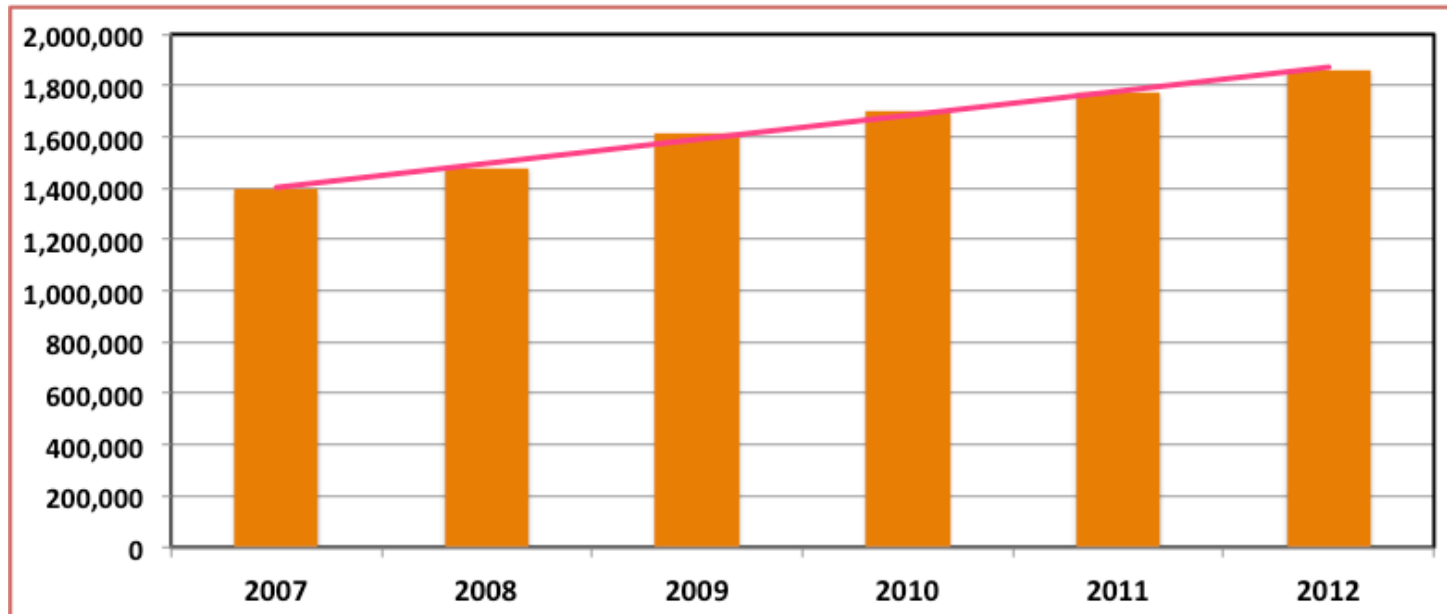
## UIUC Total Revenues: 2002 to 2010 Per IPEDS



- These are actual total revenues, and they increased each year
- This is similar to the total revenue results from the entire UI System

# UIUC Total Budgeted Revenues: 2007 to 2012 Per Orange Book

Amounts in Thousands	2007	2008	2009	2010	2011	2012
Total Revenues	1,395,853	1,479,940	1,615,458	1,699,071	1,772,611	1,860,510
Dollar Change		84,087	135,518	83,613	73,540	87,899
Percentage Change		6.0%	9.2%	5.2%	4.3%	5.0%



# Discussion of Total Revenues

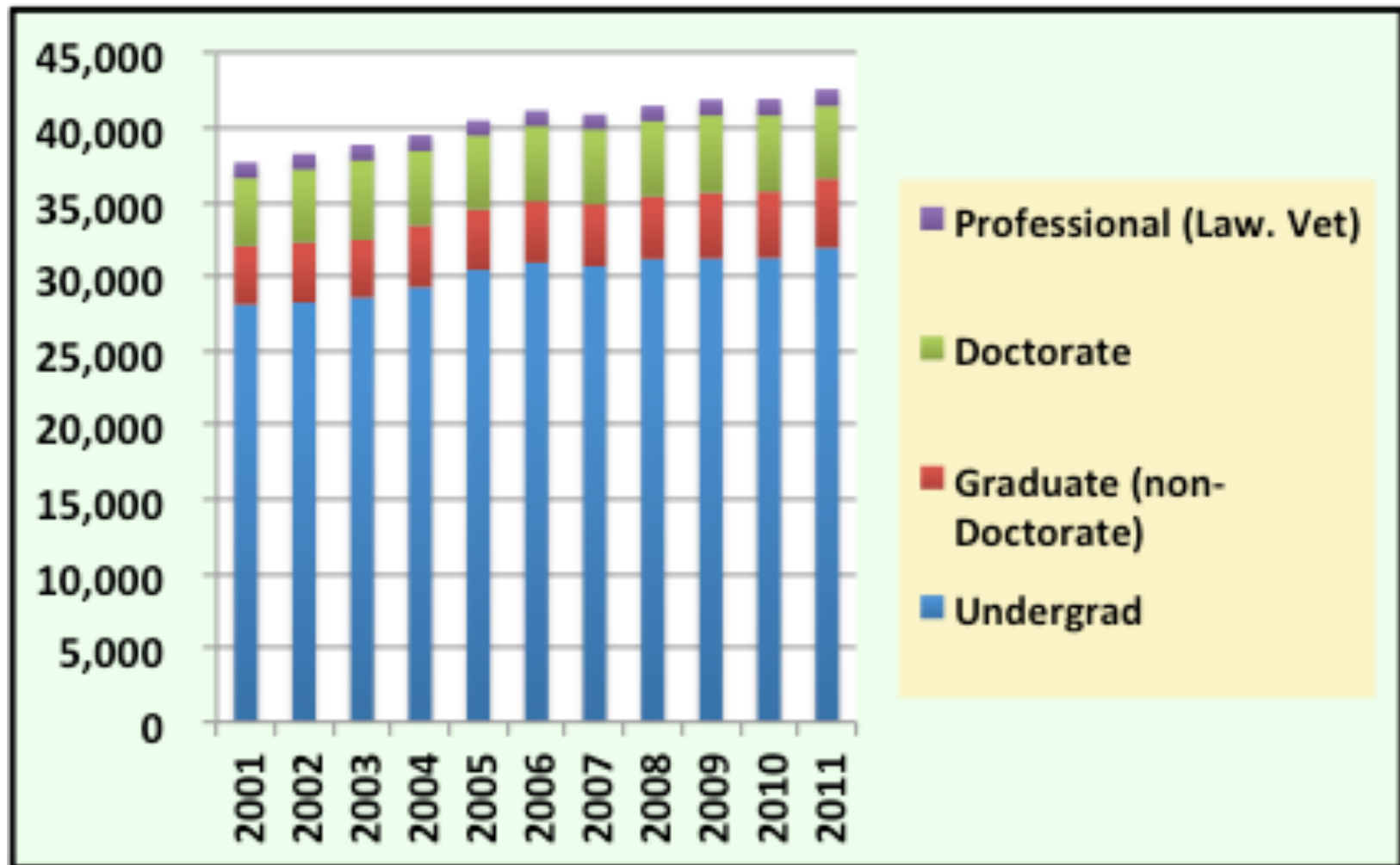
- From 2005 to 2010, total revenues of the UI System increased every year but 2008, per the audited financial statements
- From 2005 to 2010, total revenues of UIUC increased each year, per IPEDS
- From 2007 to 2012, total revenues of UIUC increased each year per the budget in the Orange Book
- The audited financial statements and the budget use different accounting constructs, but the conclusion is the same.
- The state appropriation has declined in the last two years, and has declined on a per-student basis. However, other revenue sources have made up for the decline.
- The State of Illinois is in trouble; UIUC and the UI System are doing very well.

# Total Enrollment

Source: UIUC Division of Management Information

Term	Total Enrollment	Annual % Change
Fall 2001	37,684	
Fall 2002	38,263	1.5%
Fall 2003	38,872	1.6%
Fall 2004	39,516	1.7%
Fall 2005	40,510	2.5%
Fall 2006	41,180	1.7%
Fall 2007	40,923	-0.6%
Fall 2008	41,495	1.4%
Fall 2009	41,918	1.0%
Fall 2010	41,949	0.1%
Fall 2011	42,606	1.6%

# Enrollment By Level



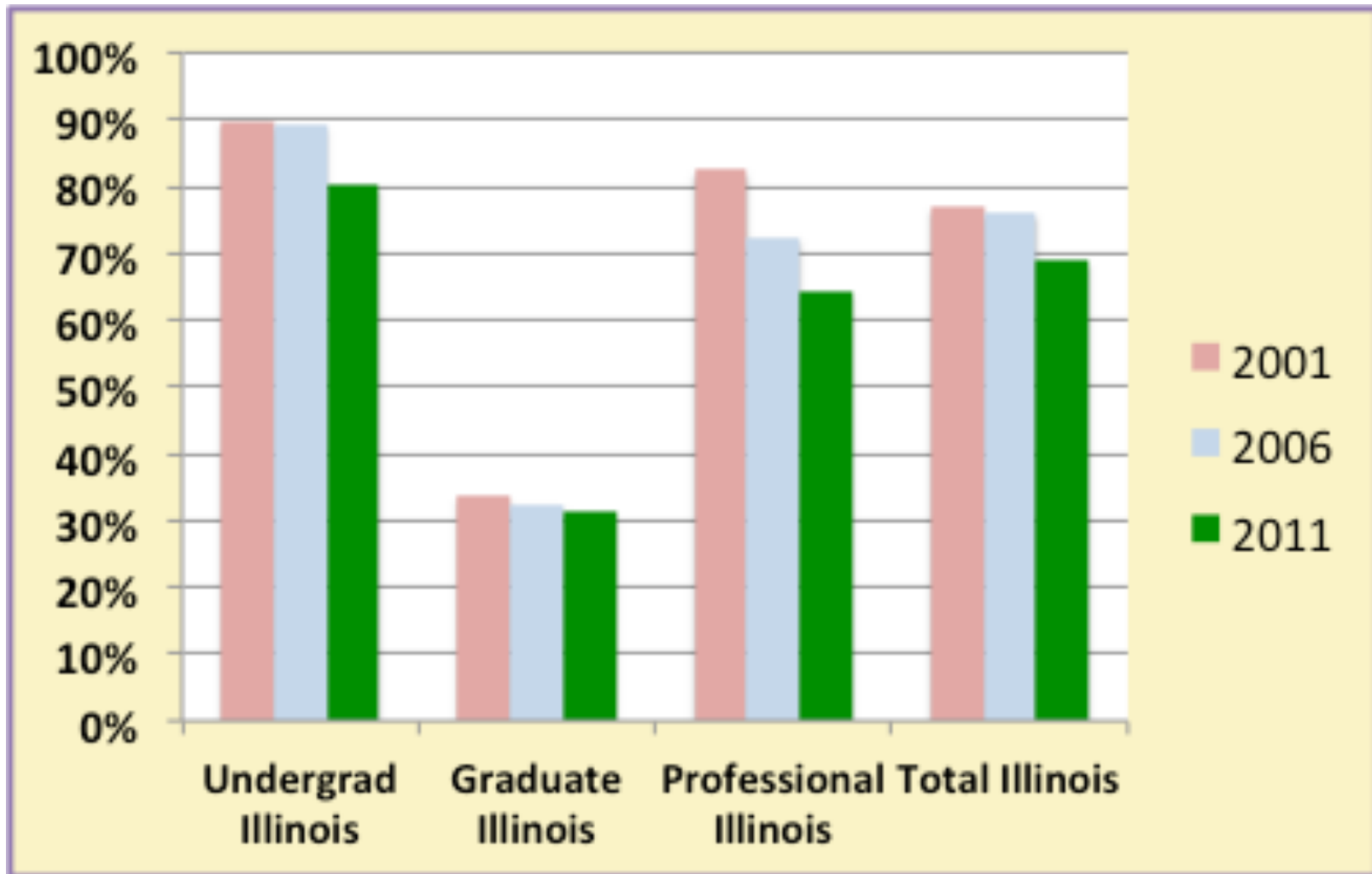
# Percentage Changes in Enrollment Levels

Fall Levels	2001	2006	2011
Undergrad	28,114	30,930	31,932
Graduate (non-Doctorate)	3,939	4,145	4,661
Doctorate	4,570	5,060	4,890
Professional (Law. Vet)	1,061	1,045	1,123
<b>Total</b>	<b>37,684</b>	<b>41,180</b>	<b>42,606</b>
Percentage Changes	2001 to 2006	2006 to 2011	2001 to 2011
Undergrad	10.0%	3.2%	13.6%
Graduate (non-Doctorate)	5.2%	12.4%	18.3%
Doctorate	10.7%	-3.4%	7.0%
Professional (Law. Vet)	-1.5%	7.5%	5.8%
<b>Total</b>	<b>9.3%</b>	<b>3.5%</b>	<b>13.1%</b>

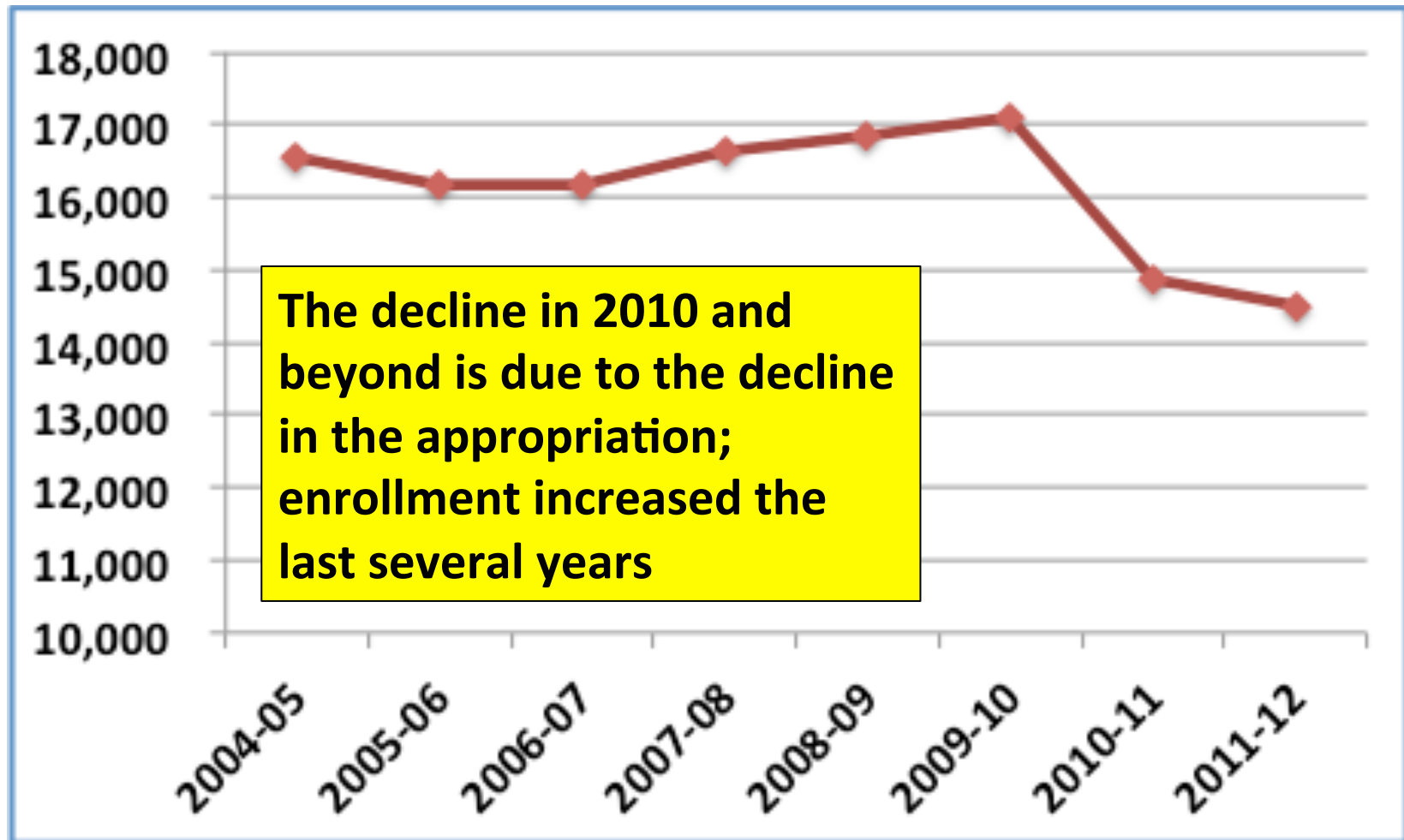
# Enrollment by College/Curriculum

Curriculum	Fall Enrollment			Changes		
	2001	2006	2011	2001 to 2006	2006 to 2011	2001 to 2011
Agr, Consumer, Env Sci	2,777	2,810	2,988	33	178	211
Business	4,380	3,880	4,043	(500)	163	(337)
Education	1,416	1,514	1,341	98	(173)	(75)
Engineering	7,168	7,317	9,012	149	1,695	1,844
Fine & Applied Arts	2,559	2,818	2,598	259	(220)	39
Graduate College	0	2	27	2	25	27
Media (Communications)	623	965	1,192	342	227	569
Law	689	668	729	(21)	61	40
Liberal Arts & Science	15,164	17,761	13,889	2,597	(3,872)	(1,275)
General Studies	0	0	2,927	0	2,927	2,927
Applied Health Sci (Life Studies)	1,443	1,942	2,215	499	273	772
Veterinary Medicine	501	476	558	(25)	82	57
Aviation	242	266	98	24	(168)	(144)
Labor & Ind/Empl Relations	145	170	191	25	21	46
Social Work	253	254	372	1	118	119
Provost Academic Programs	0	1	2	1	1	2
Online and Cont Ed	0	70	104	70	34	104
Library & Info Science	324	266	320	(58)	54	(4)
<b>TOTAL</b>	<b>37,684</b>	<b>41,180</b>	<b>42,606</b>	<b>3,496</b>	<b>1,426</b>	<b>4,922</b>

# Enrollment by Residency



# State Operating Appropriation Per Student (Operating Appropriation before fringes over total enrollment)



# Tuition Rates

Year	UG Resident Tuition and Mandatory Fees	Annual Percentage Change
2001-02	\$5,754	
2002-03	\$6,704	16.5%
2003-04	\$7,010	4.6%
2004-05	\$7,944	13.3%
2005-06	\$8,634	8.7%
2006-07	\$9,882	14.5%
2007-08	\$11,130	12.6%
2008-09	\$12,106	8.8%
2009-10	\$12,528	3.5%
2010-11	\$13,508	7.8%
2011-12	\$14,414	6.7%
% Change 2001-02 to 2006-07	72%	
% Change 2006-07 to 2011-12	46%	
% Change 2001-02 to 2011-12	151%	
Starting in 2004-05, there is a 4-year guaranteed tuition rate (exclude fees)		

# Tuition and Fees of Public Big Ten Institutions

Source: UIUC Office for Planning & Budgeting

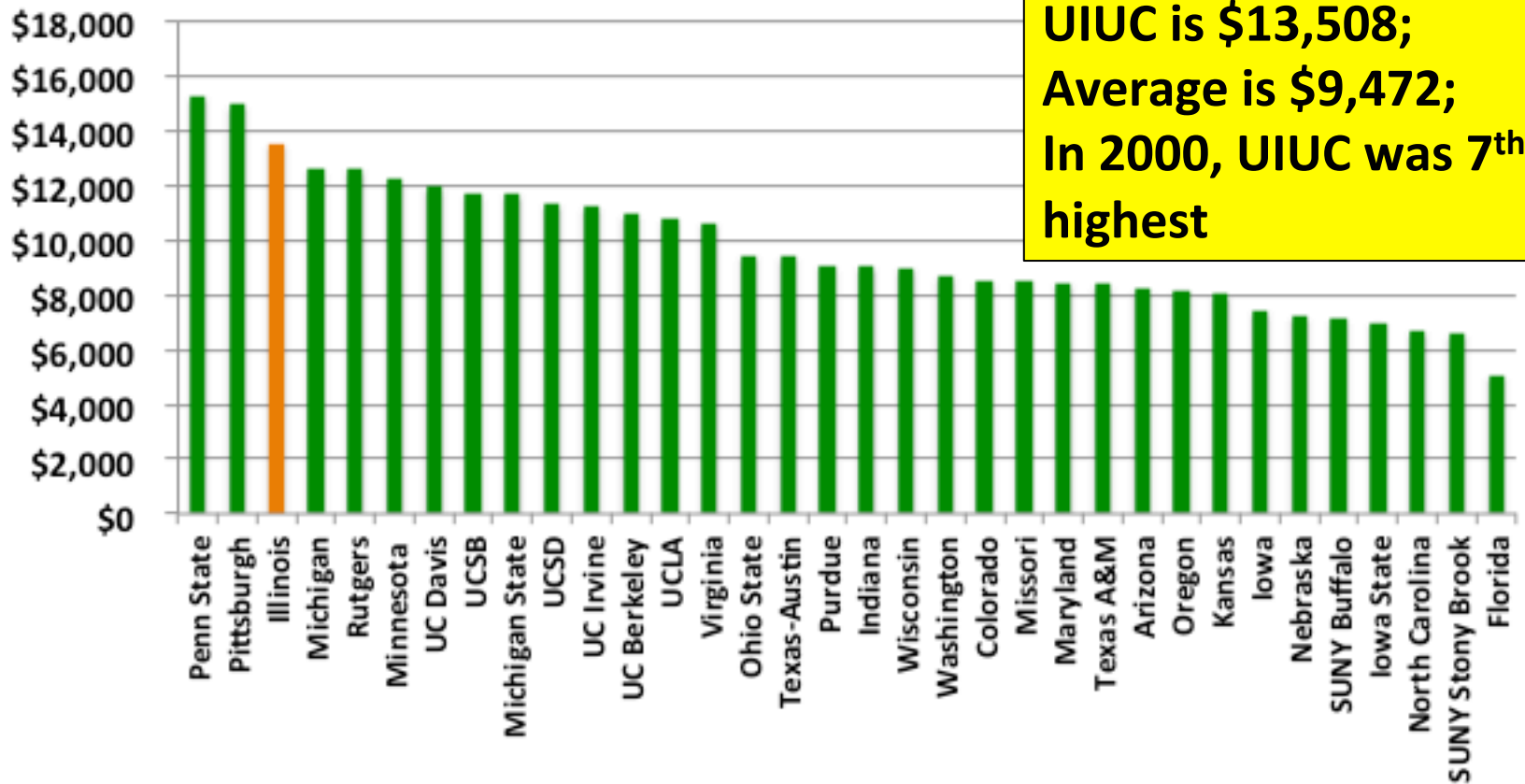
Institution	2010-11 UG Resident Tuition and Fees	% Change 2000 to 2011	% Change Rank
Penn State	\$15,250	131%	6
Illinois	\$13,508	183%	1
Michigan	\$12,590	87%	11
Minnesota	\$12,203	165%	2
Michigan State	\$11,670	122%	8
Ohio State	\$9,420	128%	7
Purdue	\$9,070	144%	4
Indiana	\$9,028	114%	10
Wisconsin	\$8,987	140%	5
Iowa	\$7,417	147%	3
Nebraska	\$7,224	118%	9

- Tuition is about levels and changes
- UIUC has the 2<sup>nd</sup> highest level, and the highest percentage change

# 2010-11 Tuition and Fees of Public AAU Institutions

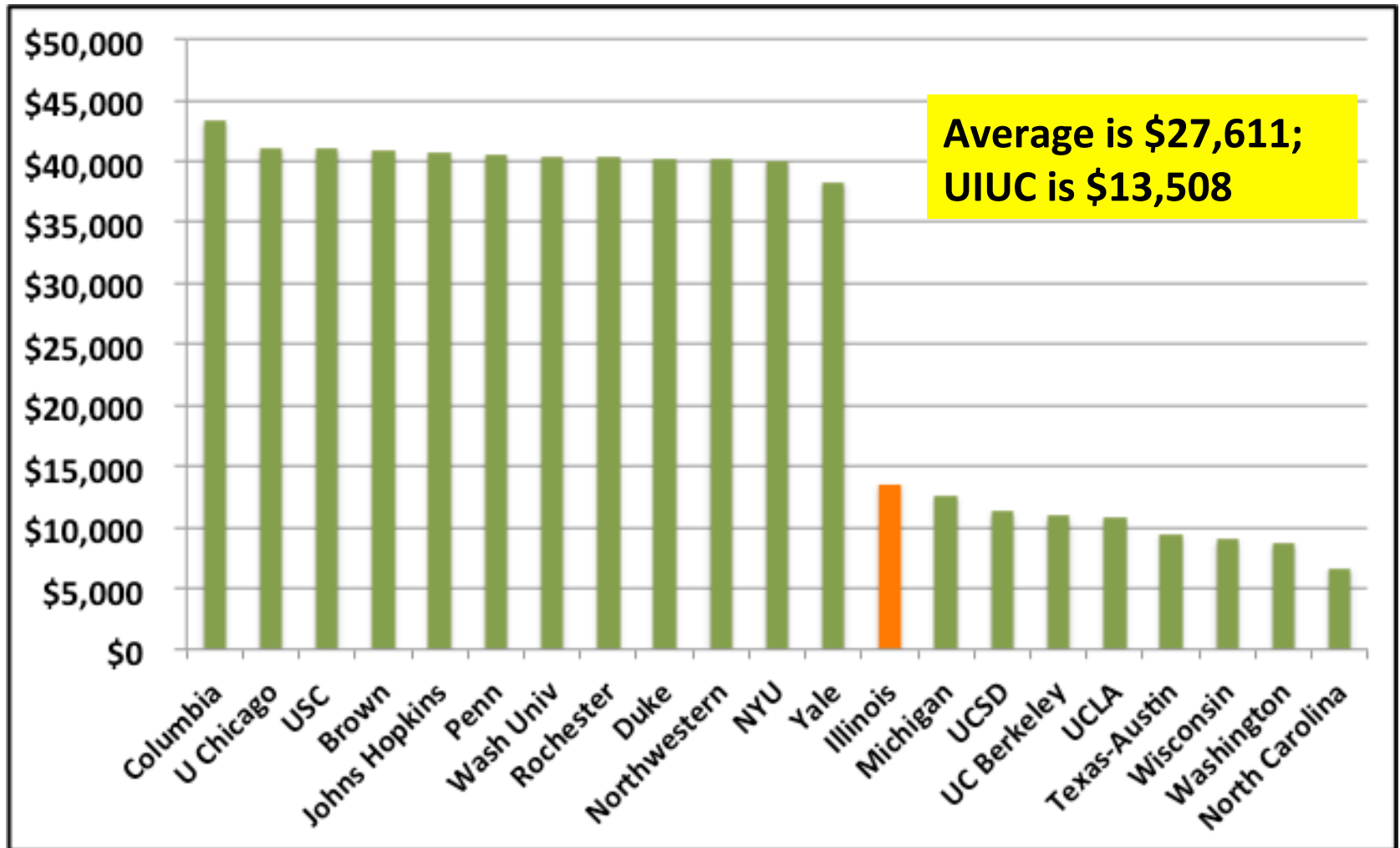
Source: UIUC Office for Planning & Budgeting

## 2010-11 UG Resident Tuition and Fees



# 2010-11 Tuition and Fees of IBHE Peers

Source: UIUC Office for Planning & Budgeting

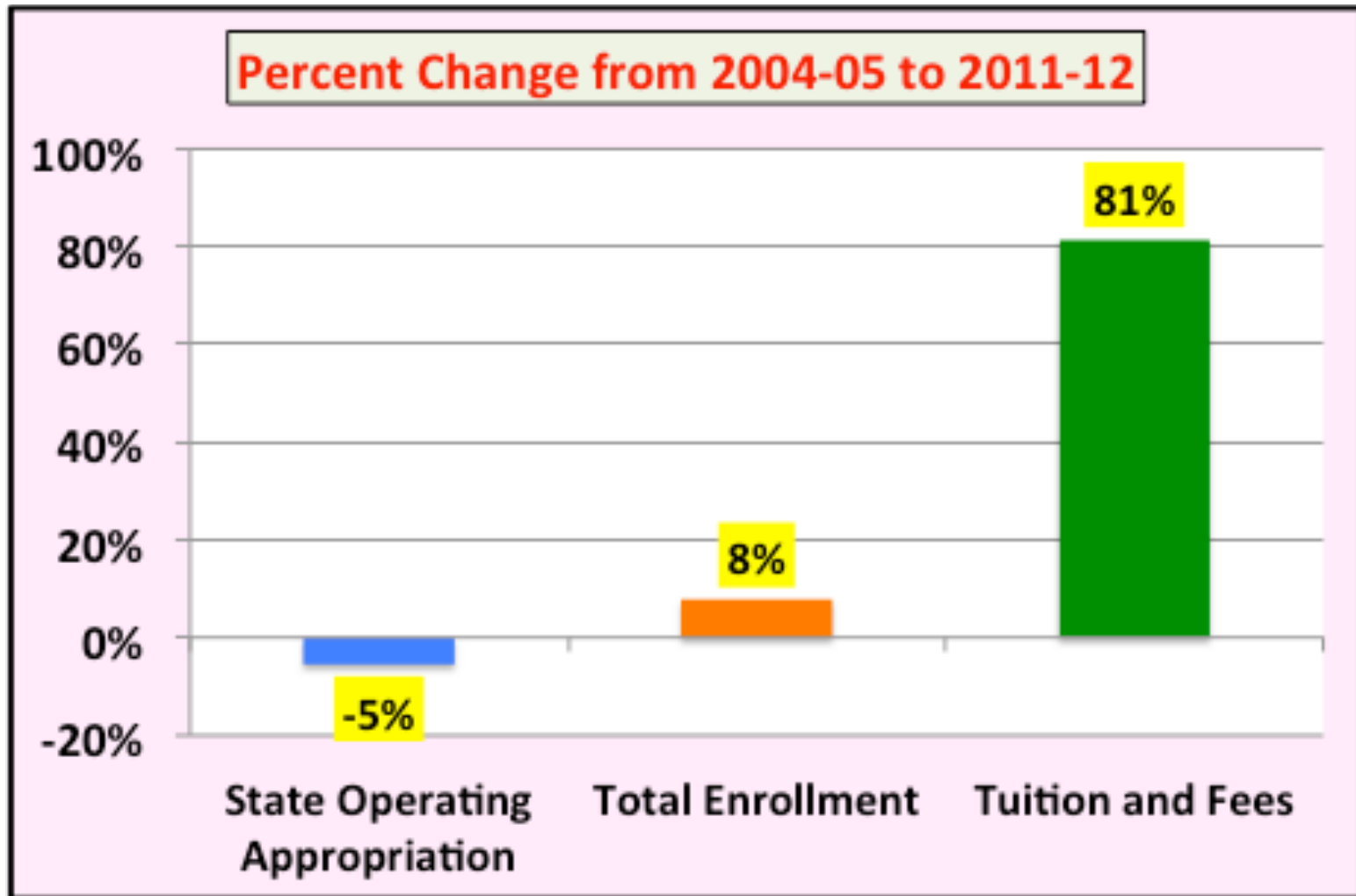


# 2010-11 Tuition and Fees of Illinois Publics

Source: UIUC Office for Planning & Budgeting

	2003	2011	\$\$ Change	% Change
<b>UIUC</b>	<b>\$6,704</b>	<b>\$13,508</b>	<b>\$6,804</b>	<b>101%</b>
UIC	\$6,592	\$12,858	\$6,266	95%
Illinois State	\$5,037	\$11,417	\$6,380	127%
Northern Illinois	\$5,175	\$11,284	\$6,109	118%
Southern Ill Carbondale	\$4,865	\$10,467	\$5,602	115%
Northeastern Illinois	\$3,326	\$10,420	\$7,094	213%
Chicago State	\$3,851	\$10,366	\$6,515	169%
UIS	\$4,009	\$10,366	\$6,357	159%
Western Illinois	\$4,846	\$10,149	\$5,303	109%
Eastern Illinois	\$4,648	\$9,990	\$5,342	115%
Governors State	\$3,054	\$8,746	\$5,692	186%
Southern Ill Edwardsville	\$3,709	\$8,401	\$4,692	127%
<b>Average</b>	<b>\$4,651</b>	<b>\$10,664</b>	<b>\$6,013</b>	<b>136%</b>

# Changes in State Appropriation, Enrollment, and Tuition



## Performance Metrics To Be Imposed by the State Legislature

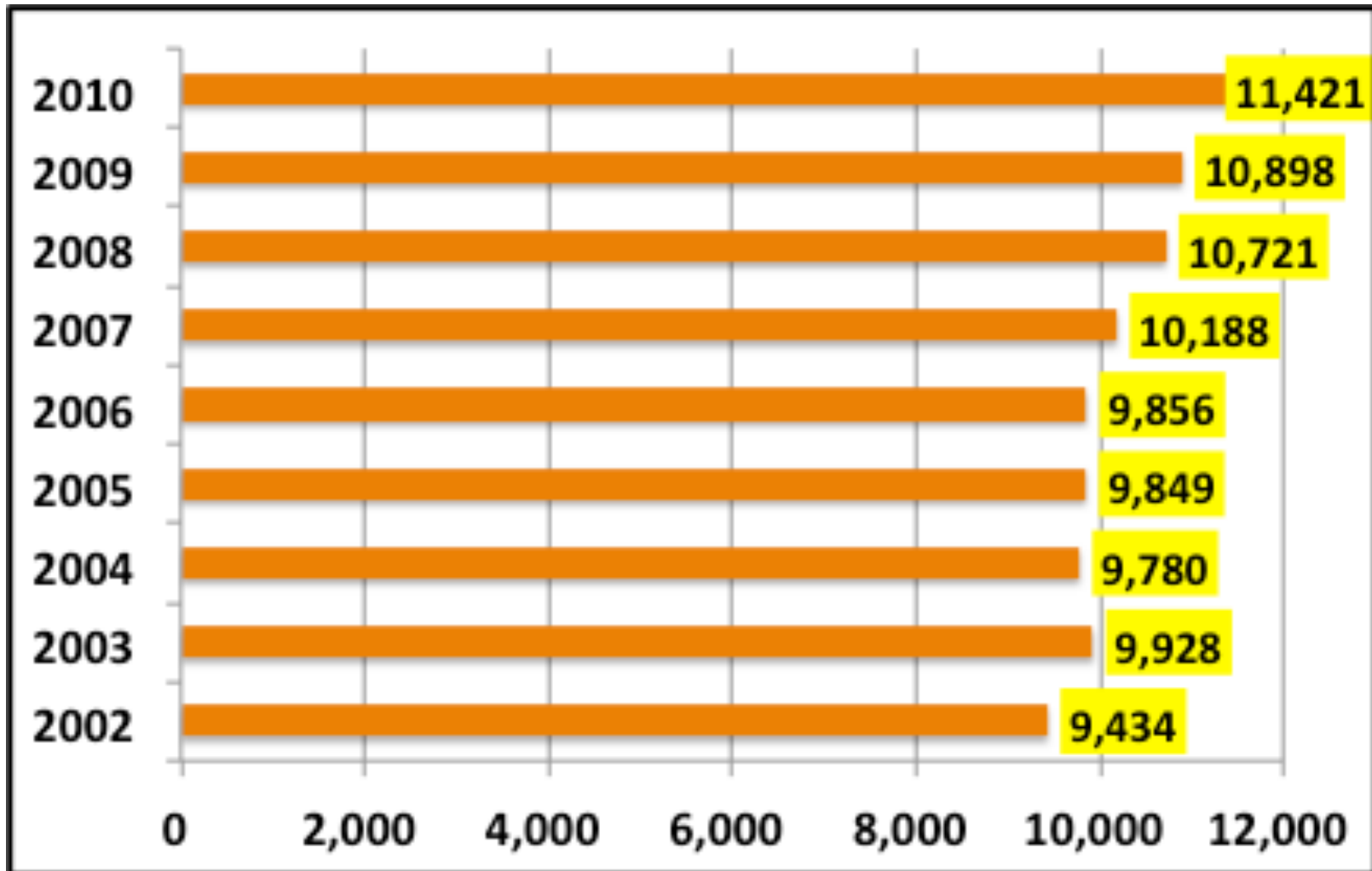
- House Bill 1503, signed by Governor Quinn in March, 2011.
- Beginning in Fiscal Year 2013, the Board of Higher Education (IBHE) budget recommendations to the Governor and the General Assembly shall include allocations to public institutions of higher education based upon performance metrics designed to promote and measure student success in degree and certificate completion.
- These metrics must be adopted by the Board by rule and must be developed and promulgated in accordance with the following principles: (see next slide)
- Almost every state is now considering tying the State appropriation to some type of metric. In Minnesota, graduation rates, persistence rates, and the percent of minority students will be used starting in 2012-13.

## Guidance for Metrics to be Used by the Legislature (from Bill 1503)

1. Must consult with universities and others
2. Metrics must consider success of 1<sup>st</sup> generation and low-income students
3. The metrics shall recognize and account for the differentiated missions of institutions and sectors of higher education.
4. Metrics must relate to the fundamental goal of completion, including degree completion
5. Metrics must be designed to maintain the quality of degrees, courses, and programs

# Total Degrees Conferred

Source: Illinois Board of Higher Education



# Graduation Rates

Source: UIUC University Office of Planning & Budgeting  
and Student Data Book

	6-Year Rate	5-Year Rate	4-Year Rate
1996 Cohort	79.5%	76.8%	56.2%
1997 Cohort	80.8%	78.5%	58.0%
1998 Cohort	80.7%	78.5%	58.6%
1999 Cohort	81.7%	79.4%	60.0%
2000 Cohort	81.5%	79.0%	60.9%
2001 Cohort	81.9%	79.9%	62.4%
2002 Cohort	81.9%	80.4%	63.7%
2003 Cohort	82.6%	80.3%	64.5%
2004 Cohort	84.3%	79.9%	67.0%
2005 Cohort	82.4%	80.4%	65.8%
2006 Cohort			68.6%

# Freshman Retention Rates

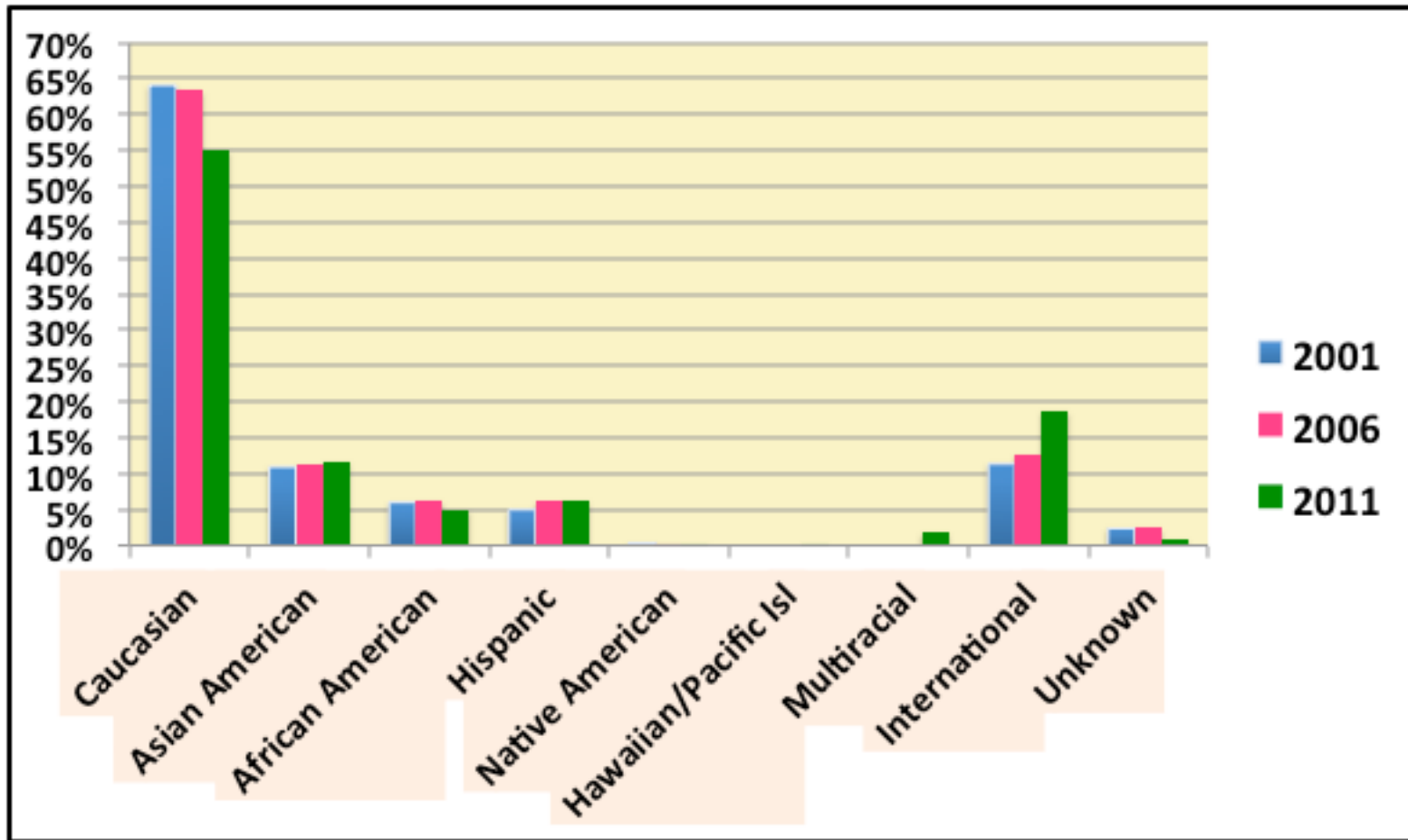
Source: University Office of Planning & Budgeting

Metric: Percent of new beginning freshmen who continued to be enrolled one year after their initial matriculation

<b>Enrollment Date</b>	<b>Retention Rate</b>
<b>Fall 2007</b>	<b>94.1%</b>
<b>Fall 2008</b>	<b>93.0%</b>
<b>Fall 2009</b>	<b>93.7%</b>
<b>Fall 2010</b>	<b>92.7%</b>

# Enrollment By Race

Source: UIUC Division of Management Information



## Financial Metrics Cited by the UIUC Administration

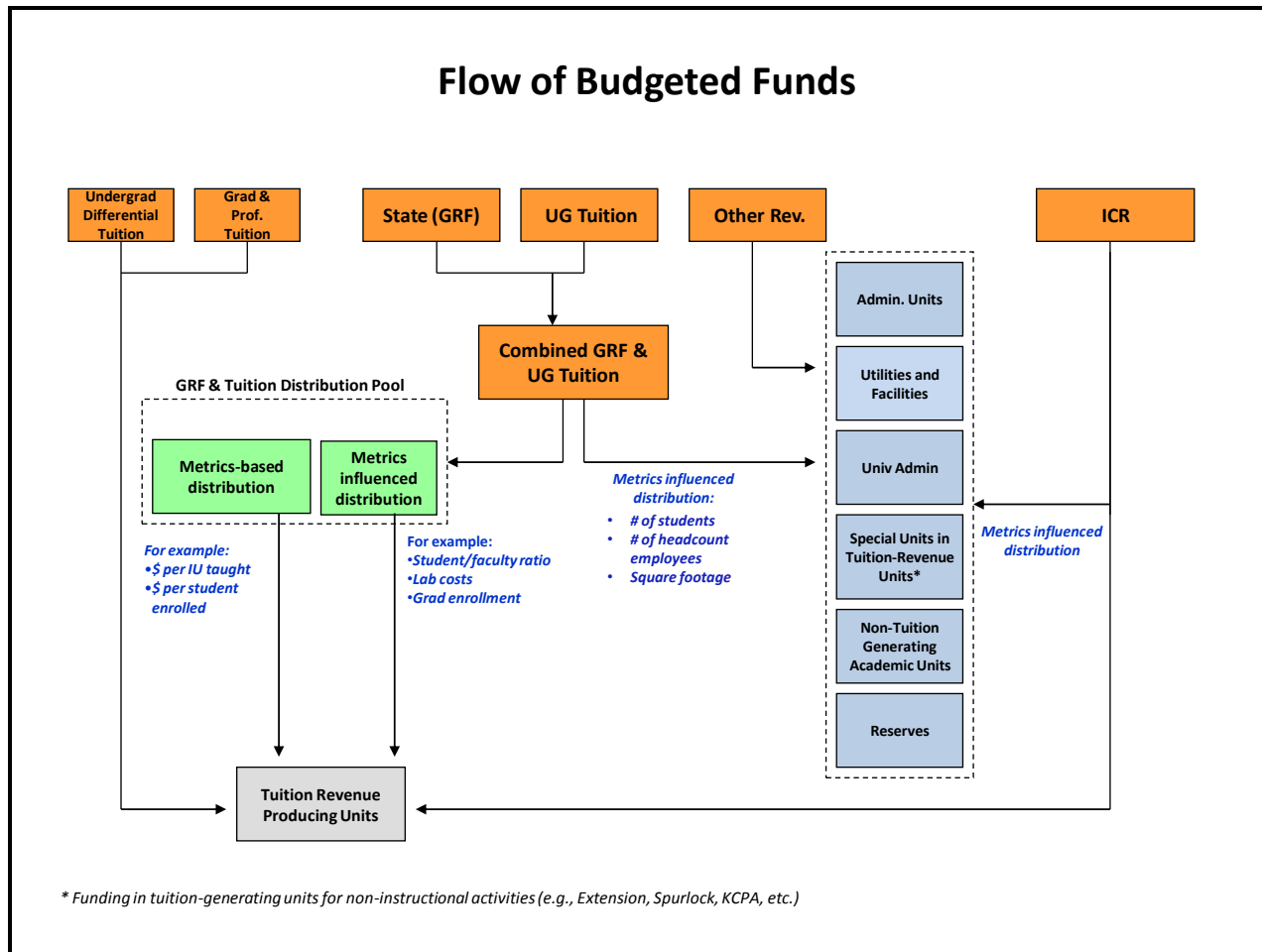
<http://www.dmi.illinois.edu/bdgreg/>

- Financial Metrics. (Provided in early January) This table will provide five years of data for the following items:
  - o Budget (state and tuition)
  - o Non-state funds (grants, gifts, self-supporting)
  - o Carryover balances
  - o Deficit balances
  - o Staffing trends
- Common Strategic Progress Indicators. While each college will have metrics that are unique to that unit, there is also a set of campus-wide indicators. These common progress indicators include measures of student quality, retention and graduation rates; and diversity of student and faculty populations. This material is available in the “Strategic Profile” section of the DMI website.
- Departmental Salary Analysis. We will use the salary analysis provided by the Division of Management Information. These data provide a salary comparison with a unit’s self-selected peers. Discussion of salary needs should be made in reference to this data.

# UIUC Administration View of the Budget

## From Provost's Budgeting Principles, September, 2011

LEVEL OF FUNDING. ICR will also be used to fund these costs.



# What Should Be Done?

- Financial metrics used should focus on:
  - Reserves
  - Debt
  - Revenues vs. expenses
  - Cash flows
- Operational metrics should focus on:
  - Percent of total budget devoted to instructional salaries
  - Percent of total budget devoted to administrative costs
  - Peer analysis on tuition and salaries

# State of Illinois

- **Moody's gives the state an A1 rating, which is a high rating overall, but the lowest among all states**
- **Though the economy in Illinois is "better" than in Michigan, the public pension situation is worse in Illinois. In Michigan, many state employees have been shifted:**
  - **100% defined contribution (401k type of plan) for all employees**
  - **100% defined contribution plan for new employees**
  - **Increased cost-sharing for all employees**
- **The State does have issues, but UIUC and the UI System are not the State. UIUC gets less than ¼ of total revenues from the State.**
- **The argument that we can only use this money for this, and that money for that, is significantly overstated.**

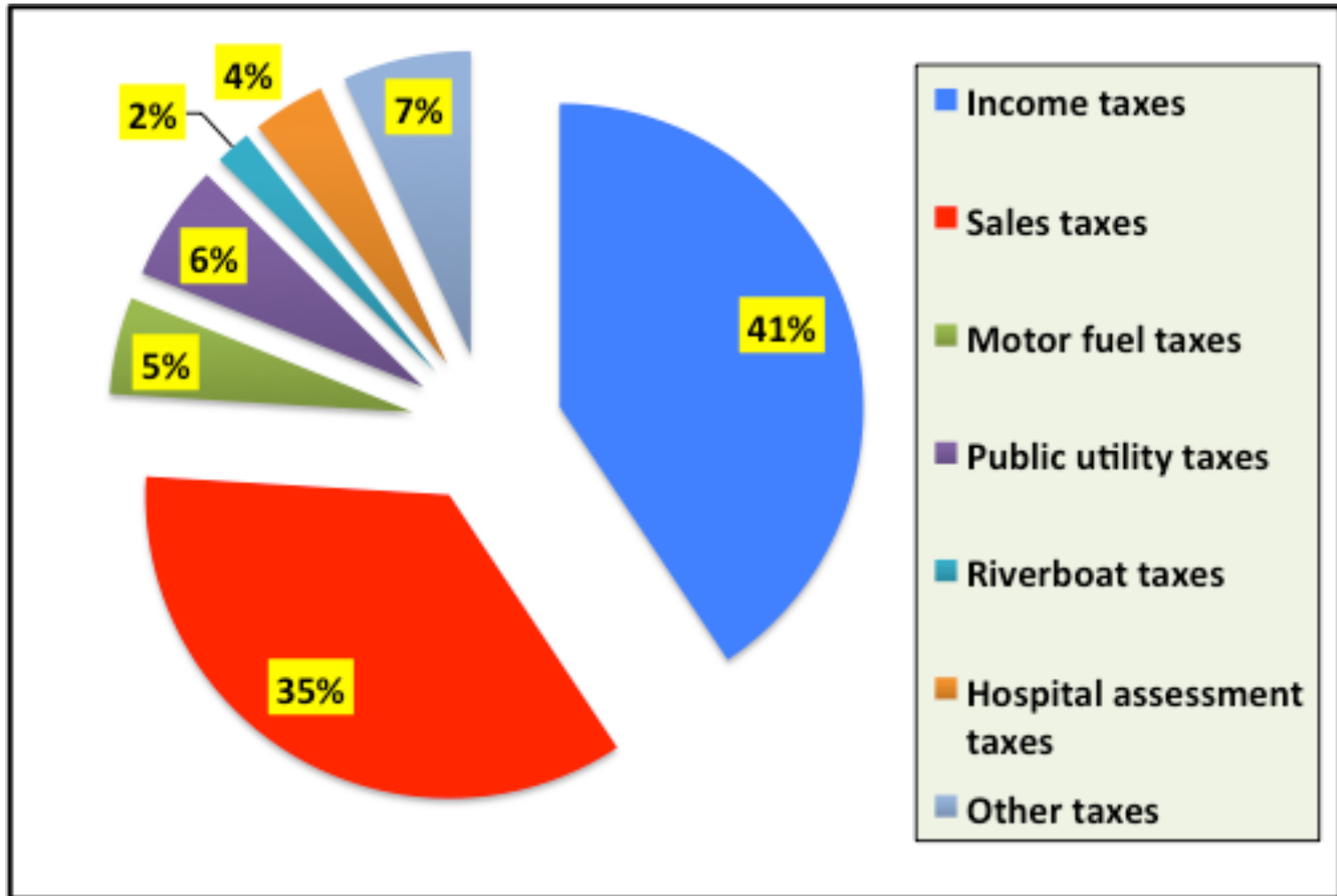
# Selected State Budget Gaps Compared to Other States

Source: Center on Budget and Policy Priorities, June 17, 2011

State	FY2012 Projected Shortfall	Shortfall as Percent of FY2012 General Fund Budget
Nevada	\$1.2 billion	37%
New Jersey	\$10.5 billion	36%
California	\$23.0 billion	27%
Oregon	\$1.7 billion	26%
Texas	\$9.0 billion	21%
Minnesota	\$3.8 billion	20%
New York	\$10.0 billion	18%
Illinois (11th highest percent)	\$5.3 billion	16%
Washington	\$2.5 billion	15%
Pennsylvania	\$3.7 billion	13%
Florida	\$3.7 billion	12%
Wisconsin	\$1.6 billion	12%
Ohio	\$3.0 billion	11%
South Dakota	\$127 million	11%
Michigan	\$767 million	4%
Iowa	\$149 million	2%
States Total	\$102.9 billion	16%

# State of Illinois Tax Distribution

Source: 2010 State of Illinois Comprehensive Annual Financial Report



# Is Illinois a High Tax State?

Source: Tax Foundation, 2011

Low Numbers = Low Taxes

State	Overall Index Rank	Corporation Tax	Individual Income Tax	Sales Tax	Unemp. Ins Tax	Prop Tax
South Dakota (low)	1	1	1	25	36	13
Florida	5	15	1	30	3	28
Texas	13	46	7	37	15	29
Michigan	17	48	12	9	45	32
North Dakota	20	30	28	18	20	7
<b>Illinois</b>	<b>23</b>	<b>27</b>	<b>9</b>	<b>39</b>	<b>41</b>	<b>39</b>
Wisconsin	40	29	43	19	26	30
Minnesota	43	44	38	38	39	18
Ohio	46	39	44	35	11	45
California	49	33	48	49	14	16
New York (high)	50	20	50	34	46	42
<b>Illinois Rates:</b>						
<b>Income tax rate is now a flat 5% of federal AGI</b>						
<b>State corporate tax rate is now 9.5% (was 7.3%)</b>						
<b>State sales tax rate is 6.25%; total including local is 8.22%</b>						

## Higher Individual Tax Rates for Illinois

- The state legislature approved a bill on Jan. 12, 2011, to generate \$6.5 billion by increasing taxes over a full year period, retroactive to Jan. 1, 2011. It increases the personal income tax rate from 3% to 5% until 2015, when it would drop to 3.75%, and it would drop again in 2025 to 3.25%. [The corporate tax rate would rise from 4.8% to 7% until 2015, when it would drop to 5.25%, and then drop again in 2025 back to 4.8%.
- The bill ties the higher tax rates to state spending in the next four budget years, and if the state auditor general finds that lawmakers and the governor exceeded specific spending levels, the higher income tax rates would revert to original levels.
- Source: [http://sunshinereview.org/index.php/Illinois\\_state\\_budget](http://sunshinereview.org/index.php/Illinois_state_budget)

# Pension Issues at the State Level

- An amended version of Senate Bill 512 would reduce retirement benefits for workers hired before a new benefits system took effect in January. If the measure becomes law and survives court challenges vowed by unions, employees hired under the old system would be allowed to keep all the benefits they earned until the law goes into effect.
- After the law kicked in, they would have to pay more to keep their current or so-called tier one benefits, switch to the so-called second tier that contains any workers hired after January and offers reduced benefits and a later retirement age, or move their money to a savings plan similar to a 401(k).
- Source: [http://sunshinereview.org/index.php/Illinois\\_state\\_budget](http://sunshinereview.org/index.php/Illinois_state_budget)

# State of Illinois Revenue Forecast

Source: Illinois Department of Revenue Monthly Revenue Report - October 2011

Amounts in Millions	2008	2009	2010	2011	2012 Forecast
Individual Income Tax	11,187	10,219	9,429	12,302	16,506
Corporate Income Tax	2,201	2,073	1,649	2,286	2,853
Sales Tax	7,215	6,773	6,308	6,833	6,910
Amounts in Millions	2011 YTD (thru Oct)	2012 YTD (thru Oct)	2012 vs 2011 YTD	2012 YTD Forecast	2012 YTD vs. Forecast
Individual Income Tax	2,843	4,797	1,954	4,809	(12)
Corporate Income Tax	395	652	258	647	6
Sales Tax	2,149	2,418	269	2,401	17

- The large increase in tax revenues for 2012 versus 2011 is due to the increase in the income tax rate.
- The low tax revenue in 2010 is due to the economic downturn
- Tax revenues so far in 2012 are much higher than in 2011; however, 2012 is almost exactly in line with forecasts (last column is close to zero at (12))

# State Higher Ed Appropriations Per FTE (constant 2010 \$)

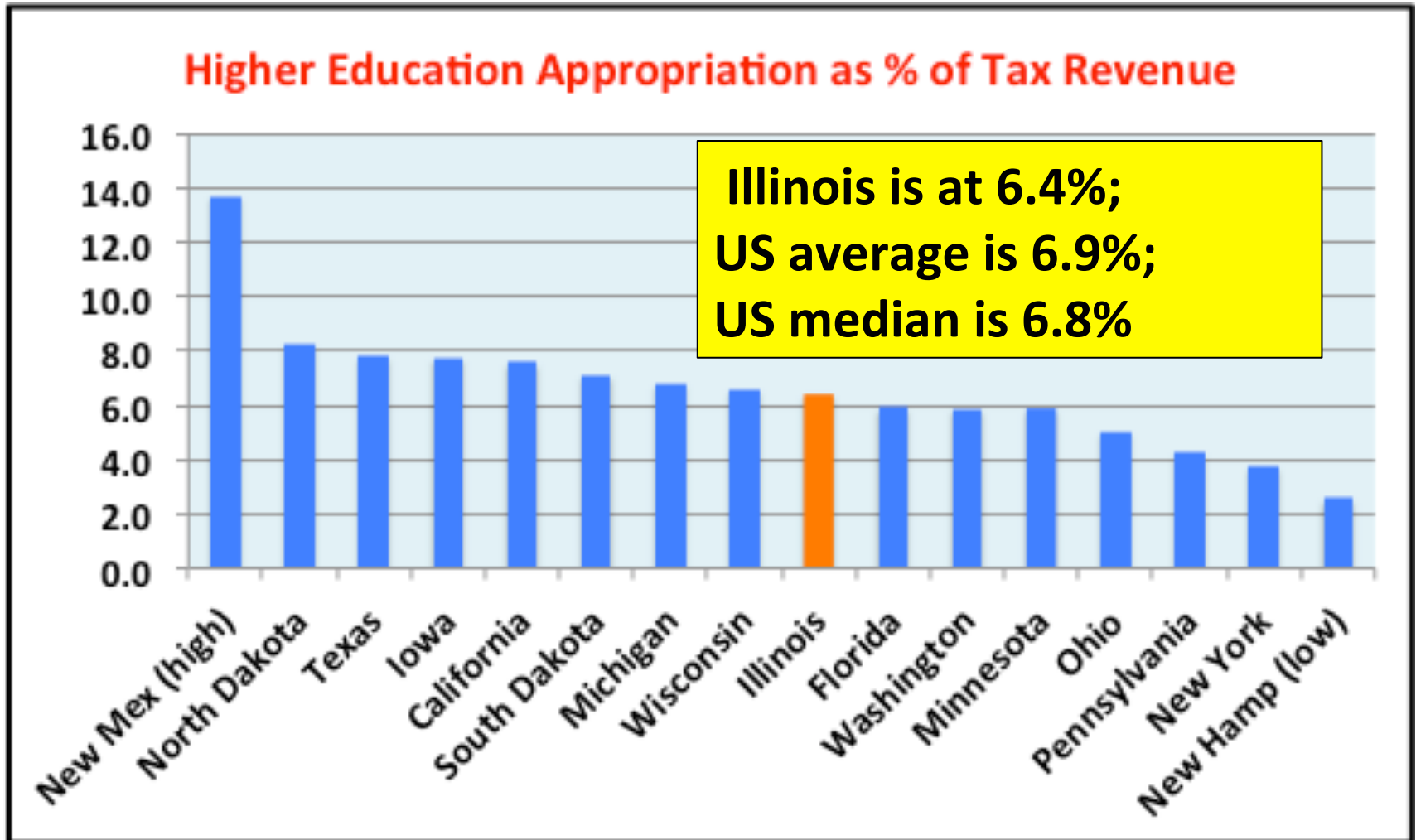
Source: State Higher Education Executive Officers (SHEEO): April 2011

State	FY 2005	FY 2009	FY 2010	1 Year % Change	FY2010 Index to US Average	5 Year % Change
California	\$ 6,450	\$ 6,787	\$ 5,941	-12.5%	0.92	-7.9%
Florida	\$ 7,315	\$ 6,640	\$ 5,922	-10.8%	0.92	-19.0%
<b>Illinois</b>	<b>\$ 7,517</b>	<b>\$ 7,489</b>	<b>\$ 8,120</b>	<b>8.4%</b>	<b>1.26</b>	<b>8.0%</b>
Indiana	\$ 5,202	\$ 4,864	\$ 4,325	-11.1%	0.67	-16.8%
Iowa	\$ 5,380	\$ 5,985	\$ 5,276	-11.8%	0.82	-1.9%
Michigan	\$ 5,978	\$ 5,365	\$ 4,822	-10.1%	0.75	-19.3%
Minnesota	\$ 5,866	\$ 6,174	\$ 5,645	-8.6%	0.87	-3.8%
New York	\$ 7,385	\$ 8,369	\$ 7,783	-7.0%	1.21	5.4%
North Dakota	\$ 5,149	\$ 5,551	\$ 6,520	17.5%	1.01	26.6%
Ohio	\$ 4,986	\$ 4,874	\$ 4,293	-11.9%	0.67	-13.9%
Pennsylvania	\$ 6,017	\$ 5,613	\$ 5,159	-8.1%	0.80	-14.3%
South Dakota	\$ 5,116	\$ 5,195	\$ 4,809	-7.4%	0.75	-6.0%
Texas	\$ 7,081	\$ 8,286	\$ 8,897	7.4%	1.38	25.6%
Washington	\$ 6,321	\$ 6,571	\$ 5,831	-11.3%	0.90	-7.7%
Wisconsin	\$ 6,615	\$ 6,553	\$ 6,499	-0.8%	1.01	-1.8%
US	\$ 6,662	\$ 6,951	\$ 6,451	-7.2%		-3.2%

- Illinois has larger per FTE higher education appropriations than other states
- The change in appropriations has been better in Illinois than other states

# Higher Education Appropriation as % of Tax Revenues

Source: SHEEO

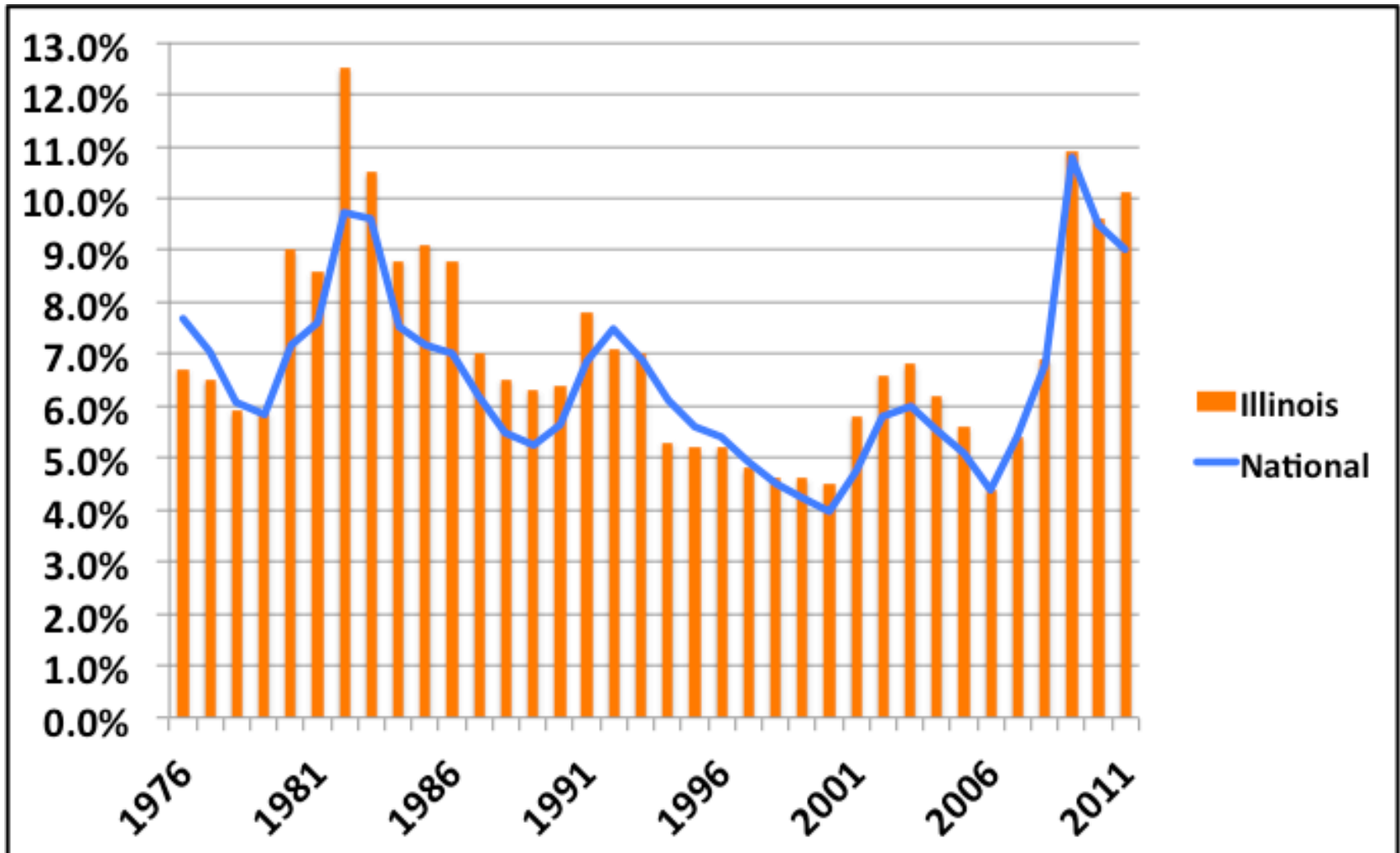


# State Unemployment Rates

Source: Bureau of Labor Statistics

State	October 2011 Rate	Date	Rate	Date	Rate
Nevada (high)	13.4%	Dec-10	14.9%	Apr-00	3.8%
California (2nd highest)	11.7%	Dec-10	12.5%	Jan-01	4.7%
Michigan (3)	10.6%	Dec-82	16.8%	Mar-00	3.3%
Florida (8)	10.3%	Dec-10	12.0%	Aug-06	3.3%
Illinois (10)	10.1%	Feb-83	12.9%	Feb-99	4.2%
Ohio (18)	9.0%	Jan-83	13.9%	Jan-01	3.8%
Texas (23)	8.4%	Nov-86	9.3%	Jan-01	3.2%
US Average	9.0%	Jan-00	10.8%	Apr-00	3.8%
Pennsylvania (27)	8.1%	Mar-83	12.9%	Mar-00	4.0%
New York (29)	7.9%	Nov-76	10.3%	Apr-88	4.0%
Wisconsin (30)	7.7%	Jan-83	11.5%	Feb-00	3.0%
Minnesota (41)	6.4%	Dec-82	9.1%	Mar-99	2.5%
Iowa (44)	6.0%	Mar-83	8.6%	Oct-99	2.5%
North Dakota (low)	3.5%	Feb-83	6.8%	Jul-01	2.6%

# Illinois and National Unemployment Rates



# Underemployment Rate

- **BLS (Bureau of Labor Statistics) calls this U-6**  
<http://www.bls.gov/lau/stalt11q2.htm>
  - Total unemployed, plus
  - Discouraged workers, plus
  - Employed part time for economic reasons
- **US for 3<sup>rd</sup> quarter 2011 (not the same as the October, 2011 rate)**
  - Official unemployment rate: **9.3%**
  - Underemployment rate: **16.0%**
- **State of Illinois**
  - Official unemployment rate **9.4%**
  - Underemployment rate **16.8%**

# Educational Attainment

Source: US Census Bureau, 2008

State	Bachelor's Degree or More	Rank	
Massachusetts	38.1%	1	
New York	31.9%	9	
Minnesota	31.5%	10	
<b>Illinois</b>	<b>29.9%</b>	<b>13</b>	
California	29.6%	14	
US Average	27.7%		
North Dakota	26.9%	24	
Pennsylvania	26.3%	25	
Florida	25.8%	27	
Wisconsin	25.7%	28	
Texas	25.3%	30	
Michigan	24.7%	35	
Iowa	24.3%	36	
Ohio	24.1%	37	
West Virginia	17.1%	50	
	<b>Illinois</b>	<b>US Average</b>	<b>Rank</b>
High School Graduation	85.9%	85.0%	31
Advanced Degree	11.2%	10.2%	11

# UI System Expense Distribution

Source: 2010 UI System Audited Financial Statements

	2005	2006	2007	2008	2009	2010
Instruction	677,813	666,200	703,540	758,676	961,305	970,339
Research	557,058	556,874	561,876	568,946	630,127	652,229
Public service	277,626	300,990	326,348	342,840	383,429	395,343
Academic support	206,894	218,043	236,561	249,000	303,742	354,238
Student services	79,616	82,656	88,374	99,314	123,328	126,635
Institutional support	163,770	150,572	167,172	178,572	229,737	238,610
Plant	199,183	229,038	218,028	259,068	274,373	269,739
Scholarships and fellowships	175,166	185,155	198,016	199,197	200,038	215,270
Auxiliary	207,825	229,935	234,751	261,408	306,967	310,794
Hospital and medical	394,122	406,466	431,762	470,345	578,858	597,426
Independent operations	9,215	9,639	10,023	9,963	13,806	12,067
Depreciation	175,978	185,105	191,679	199,609	203,477	208,885
Fringe payments	347,232	327,927	376,657	441,480	0	0
Interest expense	59,068	61,657	71,768	68,091	73,460	77,368
<b>Total expenses</b>	<b>3,530,566</b>	<b>3,610,257</b>	<b>3,816,555</b>	<b>4,106,509</b>	<b>4,282,647</b>	<b>4,428,943</b>

- Total expenses increase each year; the system is a \$4.4 billion operation
- In 2009, the administration decided to put all fringe costs into the individual categories; therefore, we can only compare 2005 to 2008, and 2009 to 2010

# UI System Percent Changes in Expenses

	<b>% Change: 2005 to 2008</b>	<b>% Change: 2009 to 2010</b>
Instruction	12%	1%
Research	2%	4%
Public service	23%	3%
Academic support	20%	17%
Student services	25%	3%
Institutional support	9%	4%
Plant	30%	-2%
Scholarships and fellowships	14%	8%
Auxiliary	26%	1%
Hospital and medical	19%	3%
Independent operations	8%	-13%
Depreciation	13%	3%
Fringe payments	27%	
Interest expense	15%	5%
Total expenses	16%	3%

- The yellow categories relate to the main mission
- The red categories are mostly administrative
- In general, the administrative categories increase more than the core mission

# Definition of Instruction Expense Per IPEDS

<http://nces.ed.gov/ipeds/glossary/>

- **A functional expense category that includes expenses of the colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted. Includes general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. Also includes expenses for both credit and non-credit activities.**
- **Excludes expenses for academic administration where the primary function is administration (e.g., academic deans).**
- **Information technology expenses related to instructional activities if the institution separately budgets and expenses information technology resources are included (otherwise these expenses are included in academic support).**
- **Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.**

## Definition of Research Expense Per IPEDS

- A functional expense category that includes expenses for activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution.
- The category includes institutes and research centers, and individual and project research. This function does not include non-research sponsored programs (e.g., training programs).

## Definition of Public Service Expense Per IPEDS

- A functional expense category that includes expenses for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution.
- Examples are conferences, institutes, general advisory service, reference bureaus, and similar services provided to particular sectors of the community.
- This function includes expenses for community services, cooperative extension services, and public broadcasting services.
- Also includes information technology expenses related to the public service activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in academic support).

# Definition of Academic Support Expense Per IPEDS

- A functional expense category that includes expenses of activities and services that support the institution's primary missions of instruction, research, and public service.
- It includes the retention, preservation, and display of educational materials (for example, libraries, museums, and galleries); organized activities that provide support services to the academic functions of the institution (such as a demonstration school associated with a college of education or veterinary and dental clinics if their primary purpose is to support the instructional program); media such as audiovisual services; academic administration (**including academic deans** but not department chairpersons); and formally organized and separately budgeted academic personnel development and course and curriculum development expenses.
- Also included are information technology expenses related to academic support activities; if an institution does not separately budget and expense information technology resources, the costs associated with the three primary programs will be applied to this function and the remainder to institutional support.
- Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.

## Definition of Student Services Expense Per IPEDS

- A functional expense category that includes expenses for admissions, registrar activities, and activities whose primary purpose is to contribute to students emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program.
- Examples include student activities, cultural events, student newspapers, intramural athletics, student organizations, supplemental instruction outside the normal administration, and student records.
- Intercollegiate athletics and student health services may also be included except when operated as self-supporting auxiliary enterprises.
- Also may include information technology expenses related to student service activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in institutional support.)
- Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.

## Definition of Institutional Support Expense Per IPEDS

- A functional expense category that includes expenses for the day-to-day operational support of the institution.
- Includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development.
- Also includes information technology expenses related to institutional support activities. If an institution does not separately budget and expense information technology resources, the IT costs associated with student services and operation and maintenance of plant will also be applied to this function.

# Technical Note on IPEDS Data for UIUC

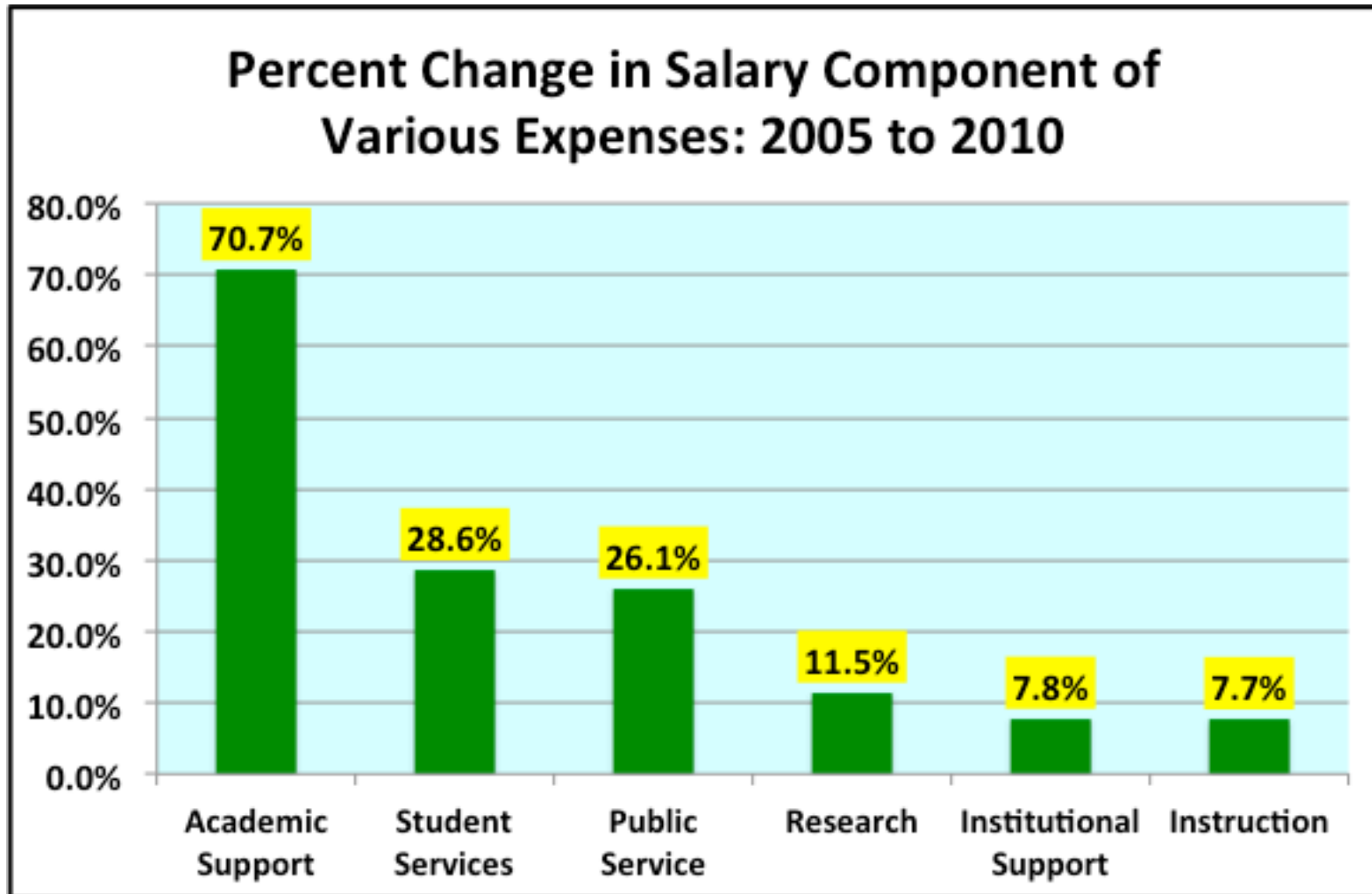
- As with the audited statements, starting in 2009, IPEDS data for all the categories includes the fringe payments from the State. Therefore, we cannot compare any year prior to 2009 with the current amounts. The most recent IPEDS data is for 2010.
- In addition, starting in 2006/07, the IPEDS data for instruction and other categories started to include depreciation and more plant costs.
- However, IPEDS does report the salaries for each category; we will therefore compare the salary costs in 2005 with those in 2010

# UIUC Expense Distribution

Source: IPEDS

	In Dollars		% of Total Expenses	
	2005	2010	2005	2010
<b>Salaries and Wages:</b>				
Instruction	269,920,377	290,790,338	16.7%	14.2%
Research	176,954,685	197,240,301	10.9%	9.6%
Public Service	76,521,925	96,471,563	4.7%	4.7%
Academic Support	64,351,488	109,857,099	4.0%	5.4%
Student Services	28,362,024	36,483,169	1.8%	1.8%
Institutional Support	20,707,854	22,322,867	1.3%	1.1%
Plant	31,542,853	19,272,855	1.9%	0.9%
Auxiliaries	49,791,056	61,344,814	3.1%	3.0%
Independent Operations	1,329,285	1,071,585	0.1%	0.1%
Total Salaries	719,481,547	834,854,591	44.5%	40.8%
Fringes Included in Above Items	57,144,136	333,880,310	3.5%	16.3%
Fringes Included separately	162,555,252	0	10.0%	0.0%
All Other Expenses (plant, depreciation, interest, other)	679,279,103	878,488,102	42.0%	42.9%
<b>Total Expenses</b>	<b>1,618,460,038</b>	<b>2,047,223,003</b>	<b>100.0%</b>	<b>100.0%</b>

# UIUC Salary Expense Distribution: Percentage Changes from 2005 to 2010



## Discussion of UIUC Expenses Per IPEDS

- Consider the level and changes in instructional salaries:
  - In 2010, instructional salaries were only 14.2% of total expenses. This percentage was 16.7% in 2005.
  - From 2005 to 2010, instructional salaries went up the least of any major category, increasing 7.7% over 5 years. Total expenses increased 26% over this time period
- No matter what else is going on, the percent of total expenses devoted to instruction should not be declining, while the percent devoted to administrative functions is increasing. This needs to be explained – and demonstrates why any budget cuts should first come from administration.
- The overall commitment to research is impressive.
- Salaries and fringes combined are about 57% of total expenses in 2010 (58% in 2005)

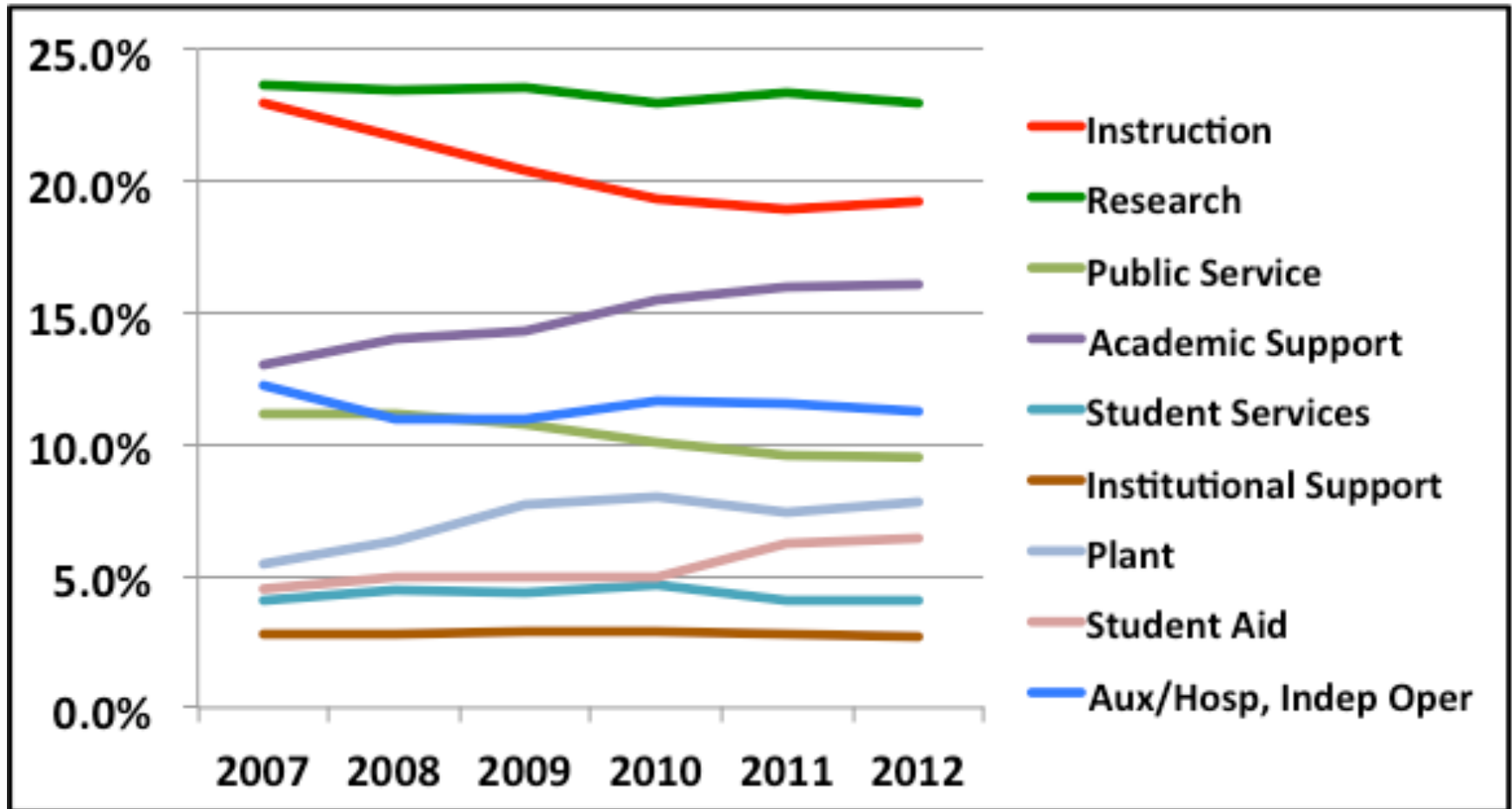
# Analysis of UIUC Expenditures per the Budget

Source: Annual Budget Summary for Operations,  
Presented to the Board of Trustees.

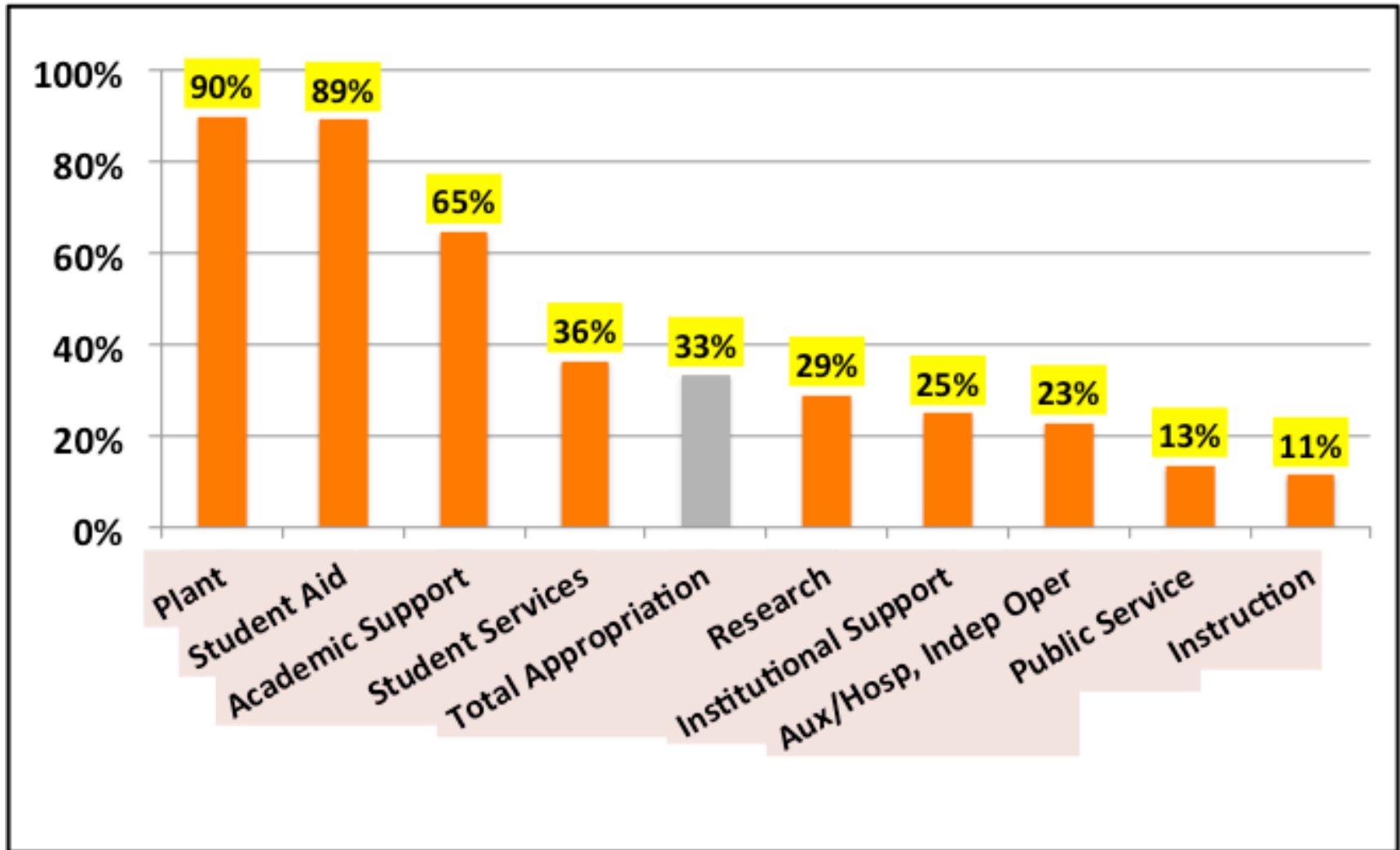
Also Known as the Orange Book

Amounts in Thousands	2007	2008	2009	2010	2011	2012
Instruction	320,693	321,019	323,692	328,050	334,917	357,151
Research	330,821	347,797	373,099	391,053	414,938	426,746
Public Service	156,028	165,897	170,442	171,313	169,685	177,069
Academic Support	181,598	207,690	226,462	263,172	283,608	298,820
Student Services	56,295	65,733	69,359	78,825	72,158	76,765
Institutional Support	39,747	41,713	45,309	48,908	49,610	49,624
Plant	76,307	93,585	122,141	136,194	131,988	144,805
Student Aid	63,047	73,663	79,235	83,845	110,501	119,171
Aux/Hosp, Indep Oper	171,317	162,843	173,376	197,711	205,206	210,359
Total Appropriation	1,395,853	1,479,940	1,583,115	1,699,071	1,772,611	1,860,510

## UIUC Budgeted Expenditures: Percentage Distribution



# UIUC Budgeted Expenditures: Percentage Changes from 2007 to 2012



# Discussion of UIUC Budgeted Expenditures

- Given the decline in the percent of total expenses dedicated to instruction and research from 2007 to 2012, it is clear that the UIUC administration should be more committed to the core academic mission.
- Instruction has increased the least of every expenditure category from 2007 to 2012.
- The administrative categories generally increase more than core academic categories (line graph on slide 102)
  - Some administrative categories decline as a percent of total expenses, but the decline is less than the decline for instruction.
  - Academic support is almost purely administrative, containing deans salaries – this category increased the most from 2007 to 2012

## National Report on Administrative Costs in Higher Education: Delta Project 2010

- Source: Trends in College Spending, 1998-2008. Released July 8, 2010.  
<http://www.deltacostproject.org/>
- “The share of spending going to pay for instruction has consistently declined when revenues decline, relative to growth in spending in academic and student support and administration. This erosion persists even when revenues rebound, meaning that over time there has been a gradual shift of resources away from instruction and towards general administrative and academic infrastructure.”

# Delta Project: 2011 Report

- Released September 14, 2011, analyzing 1999-2009
- Unlike the across-the-board cuts seen in past recessions, public four-year institutions maintained spending on instruction and student services by shifting spending away from administration and deferring maintenance. This approach indicates a more strategic approach to budget cuts than in previous recessions.
- The report includes new data on employee compensation, showing large increases in part-time and graduate teaching assistants and virtually flat spending for employee salaries, but large increases in spending for benefits. Unlike other spending areas, where private institutions outspent public institutions, employee benefits have increased significantly more in public institutions than in private institutions

# Technical Note on Delta and IPEDS

- **Delta Cost Project data-base to find permanent home within NCES and at AIR : November 28, 2011**

The Delta Cost Project—which spearheaded a five-year, grant-supported effort to bring greater attention to college spending through better data, cost metrics, and communication—will transition its work, in 2012, to two established organizations within the education community. Effective January 1, 2012, the database portion of the work will become an ongoing facet of the IPEDS data collection and communication work of the National Center for Education Statistics (NCES). At the same time, the Delta Project will shift on-going responsibility for the public analysis and communication about the revenue and spending trends to a new project with the American Institutes for Research (AIR) to be known as the Delta Cost Project at AIR.

## The Fall of the Faculty: The Rise of the All-Administrative University and Why it Matters

- Benjamin Ginsberg of Johns Hopkins, July 2011
- From Inside Higher Education, 7/14/2011:  
“Ginsberg bemoans the expansion over the past 30 years of what he calls "administrative blight" as personified by what he characterizes as an army of "deanlets" and "deanlings."
- By virtue of their sheer number and their managerial rather than academic orientation, Ginsberg argues, these administrators have served to marginalize the faculty in carrying out tasks related to personnel and curriculum that once sat squarely in their domain.
- In prose that is by turns piquant, sarcastic and largely dismissive of many administrators

# UIUC Budgeted Expenditures of Colleges and Administrative Functions: 2007 vs. 2012

Source: Orange Book

	2007	2012	2007 % of Total Expenditures	2012 % of Total Expenditures
All Academic Colleges and Programs	869,534	1,139,538	62.3%	61.2%
All Administrative Functions	526,319	720,972	37.7%	38.8%
Total Expenditures	1,395,853	1,860,510	100.0%	100.0%
	\$\$ Change 2007 to 2012	% Change 2007 to 2012		
All Academic Colleges and Programs	270,004	31%		
All Administrative Functions	194,653	37%		
Total Expenditures	464,657	33%		

Further evidence that the UIUC administration is not committed to the core academic mission – administration increasing faster than academic

# UIUC Budget Expenditures: Comparing 2011 to 2012

	2011	2012	\$\$ Change 2011 to 2012	% Change 2011 to 2012
All Academic Colleges and Programs	1,088,255	1,139,538	51,283	4.7%
All Administrative Functions	684,356	720,972	36,616	5.4%
Total Expenditures	1,772,611	1,860,510	87,899	5.0%

- This proves that by picking 2007 in the prior slide, we did not cherry pick the year. Even looking at 2011 versus 2012, the administration chose to increase administrative costs greater than academic costs
- Note the increase in total expenditures of 5%; even given what is going on with the State, UIUC is still experiencing significant growth.

# Specific Items in Academic Budget: 2007 vs. 2012

Amounts in Thousands	2007	2012	Dollar Change	Percentage Change	% Change in Enrollment
ACES	162,636	160,514	(2,122)	-1%	6%
Business	45,673	62,841	17,168	38%	4%
Education	23,012	31,989	8,977	39%	-11%
Engineering	192,971	239,705	46,734	24%	23%
Fine & Applied Arts	44,715	52,550	7,835	18%	-8%
College of Media	11,647	13,328	1,681	14%	24%
Law	18,472	33,917	15,445	84%	9%
Liberal Arts & Sciences	191,324	218,571	27,247	14%	-5%
Applied Health Sciences	17,411	21,749	4,338	25%	14%
Veterinary Medicine	38,344	41,205	2,861	7%	17%
Labor & Ind/Empl Relations	4,413	6,613	2,200	50%	12%
Social Work	6,012	7,070	1,058	18%	47%
Library & Info Science	7,457	11,858	4,401	59%	20%
All Other Items	105,447	237,628	132,181	125%	
<b>Totals</b>	<b>869,534</b>	<b>1,139,538</b>	<b>270,004</b>	<b>31%</b>	<b>4%</b>

- Total enrollment increased 4% from 2007 to 2012
- Individual college budgets are affected by more than enrollment

# Specific Items in Administrative Budget: 2007 vs. 2012

Amounts in Thousands	2007	2012	Dollar Change	Percentage Change
Chancellor	11,613	16,550	4,937	43%
Public Affairs	1,868	1,935	67	4%
Athletics	44,584	79,219	34,635	78%
Provost and VC Acad Affairs	52,475	64,369	11,894	23%
Facilities	48,659	61,805	13,146	27%
Vice Chancellor for Research	66,274	21,232	(45,042)	-68%
VC Student Affairs	153,489	166,444	12,955	8%
Ofc VC Inst Advancement	1,624	2,706	1,082	67%
State Surveys	25,622	0	(25,622)	
UA - Facilities Planning	33,039	0	(33,039)	
Other Administrative Units	87,072	0	(87,072)	
Campus General Use	0	214,372	214,372	
Chief Information Officer	0	18,513	18,513	
Energy Services	0	73,827	73,827	
<b>Total</b>	<b>526,319</b>	<b>720,972</b>	<b>194,653</b>	<b>37%</b>

- The increase in athletics is startling
- The increases in these administrative functions need to be addressed, and should be curtailed before any other actions are taken

# Top 20 Administrative Salaries

<http://data.illinimedia.com/salaries/index/page:1/>

[sort:Salary.salary/direction:desc](http://data.illinimedia.com/salaries/index/page:1/) also known as the Grey Book

Position	2009-10 Salary	2010-11 Salary	2011-12 Salary	10 to 11 change	11 to 12 change
Head Football Coach	\$1,052,500	\$1,060,000	\$1,550,000	\$7,500	\$490,000
Head Men's Basketball Coach	\$405,000	\$1,000,000	\$1,300,000	\$595,000	\$300,000
President	\$450,000	\$620,000	\$651,000	\$170,000	\$31,000
Athletic Director	\$600,000	\$600,000	\$575,000	\$0	(\$25,000)
Provost	\$284,095	\$355,000	\$355,000	\$70,905	\$0
Assistant Football Coach	\$260,000	\$325,000	\$342,000	\$65,000	\$17,000
Dean, College of Business	\$340,000	\$340,000	\$351,559	\$0	\$11,559
Vice Chancellor Research	\$335,833	\$335,833	\$337,168	\$0	\$1,335
Dean, Engineering	\$309,466	\$309,466	\$326,966	\$0	\$17,500
Head Women's Basketball Coach	\$310,000	\$310,000	\$310,000	\$0	\$0
Director, NCSA (Supercomputing)	\$306,215	\$306,215	\$315,029	\$0	\$8,814
Dean, Law	\$300,000	\$300,000	\$310,500	\$0	\$10,500
Vice Provost	\$252,950	\$267,950	\$293,450	\$15,000	\$25,500
Dean, LAS	\$250,000	\$250,000	\$280,000	\$0	\$30,000
Dean, Graduate College	\$277,500	\$277,500	\$279,738	\$0	\$2,238
Senior VP UI Foundation	\$270,000	\$270,000	\$278,100	\$0	\$8,100
Associate Director of Athletics	\$148,000	\$148,000	\$268,000	\$0	\$120,000
Assoc VP AITS (Technology Svc)	\$228,375	\$246,015	\$267,615	\$17,640	\$21,600
Vice Chancellor Public Engagement	\$254,000	\$254,000	\$254,000	\$0	\$0
Secretary, Board of Trustees	\$253,750	\$253,750	\$262,631	\$0	\$8,881
<b>TOTALS</b>	<b>\$6,887,684</b>	<b>\$7,828,729</b>	<b>\$8,907,757</b>	<b>\$941,045</b>	<b>\$1,079,027</b>
<b>Mean</b>	<b>\$344,384</b>	<b>\$391,436</b>	<b>\$445,388</b>		

# Technical Notes on Top 20 Salaries

- These are the salaries for which data existed for the same position (not necessarily the same person) for three consecutive years.
- There were 8 positions for which three years of data was not available:

	2009-10 Salary	2010-11 Salary	2011-12 Salary
Dean, Surgery			\$644,263
Assistant Football Coach		\$475,000	\$525,000
Special Assistant to President	\$395,500		\$345,000
VP Technology & Ec. Dev.	\$345,000	\$345,000	
Director, Beckman Institute		\$312,000	\$312,000
Director, RSDIS	\$297,131	\$297,131	
Vice President, Research			\$295,988
Dean, ACES			\$255,000

# Number of Deans and Associate Deans (Part of Academic Support)

Source: Growth in Number of Dean and in Decanal Salaries at UIUC,  
November 2011

Unit	2005-06	2010-11	2011-12	# Change 06 to 12	% Change 06 to 12
ACES	13	14	14	1	8%
Applied Health Sciences	3	5	4	1	33%
Business	12	13	13	1	8%
College of Media	4	2	3	(1)	-25%
Education	5	6	4	(1)	-20%
Engineering	12	25	14	2	17%
Fine & Applied Arts	5	7	7	2	40%
Graduate College	4	6	7	3	75%
Labor & Ind/Emp Relations	0	2	3	3	
Law	6	8	8	2	33%
Liberal Arts & Sciences	16	11	11	(5)	-31%
Library & Info Science	6	7	6	0	0%
Social Work	4	5	5	1	25%
Veterinary Medicine	7	8	7	0	0%
<b>Total</b>	<b>97</b>	<b>119</b>	<b>106</b>	<b>9</b>	<b>9%</b>

# Salaries of Deans

Unit	2005-06	2010-11	2011-12	\$\$ Change 06 to 12	% Change 06 to 12
ACES	\$1,514,207	\$1,451,172	\$1,406,427	(\$107,780)	-7%
Applied Health Sciences	\$351,511	\$598,430	\$573,950	\$222,439	63%
Business	\$1,175,993	\$1,527,500	\$1,736,084	\$560,091	48%
College of Media	\$390,675	\$86,750	\$98,302	(\$292,373)	-75%
Education	\$501,721	\$789,836	\$535,706	\$33,985	7%
Engineering	\$1,546,815	\$1,949,862	\$1,934,871	\$388,056	25%
Fine & Applied Arts	\$491,609	\$660,874	\$683,662	\$192,053	39%
Graduate College	\$405,121	\$689,953	\$532,312	\$127,191	31%
Labor & Ind/Empl Relations	\$0	\$283,662	\$367,424	\$367,424	
Law	\$710,355	\$1,120,568	\$1,224,254	\$513,899	72%
Liberal Arts & Sciences	\$1,297,562	\$1,098,770	\$1,154,460	(\$143,102)	-11%
Library & Info Science	\$647,945	\$843,876	\$715,839	\$67,894	10%
Social Work	\$364,236	\$559,596	\$567,026	\$202,790	56%
Veterinary Medicine	\$621,306	\$709,286	\$567,694	(\$53,612)	-9%
<b>Total</b>	<b>\$10,019,056</b>	<b>\$12,370,135</b>	<b>\$12,098,011</b>	<b>\$2,078,955</b>	<b>21%</b>

# UIUC Staffing Trends

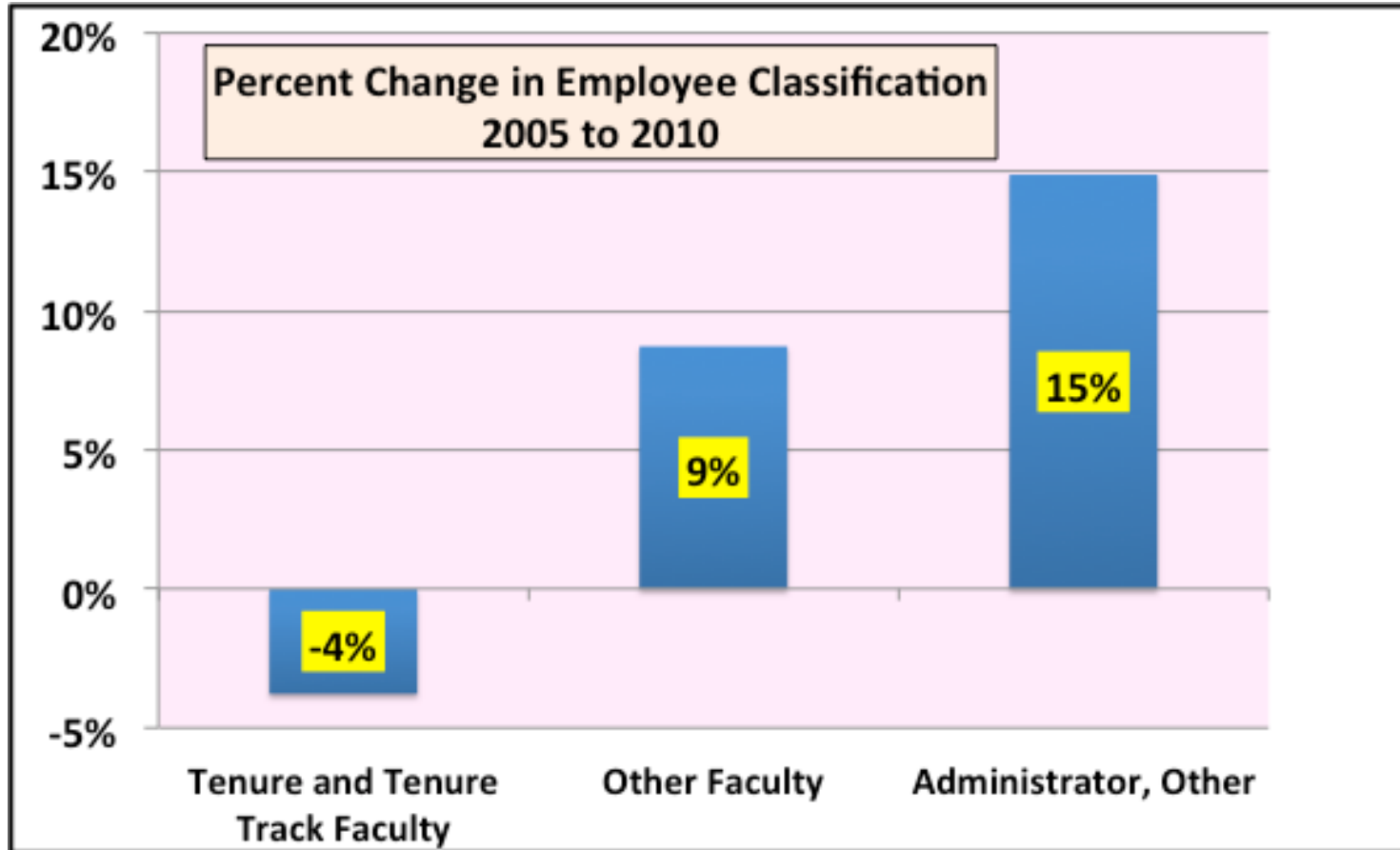
## University of Illinois FTE Staffing Trends

Source: University Office for Planning and Budgeting

	2005	2006	2007	2008	2009	2010
Faculty	2,938	2,975	2,960	3,011	3,085	2,955
Administrator/Professional	2,864	3,033	3,116	3,621	3,575	3,434
Civil Service	4,022	4,088	4,078	4,185	4,054	3,711
Graduate Assistant	2,617	2,661	2,617	2,665	2,677	2,574
Campus Total	12,441	12,756	12,771	13,482	13,391	12,674
	#	%				
	Change	Change				
	2005 to	2005 to				
	2010	2010				
Faculty	18	0.6%				
Administrator/Professional	570	19.9%				
Civil Service	(311)	-7.7%				
Graduate Assistant	(43)	-1.6%				
Campus Total	233	1.9%				

The growth in administrators is startling, especially when compared to the flat change in faculty and the decline in other employees

# Deeper Look at Staffing Trends



	2005	2006	2007	2008	2009	2010
Tenure/TT Fac	1,909	1,942	1,952	1,945	1,920	1,837
Other Faculty	1,028	1,032	1,008	1,066	1,165	1,118
Administrator	734	760	790	866	881	843

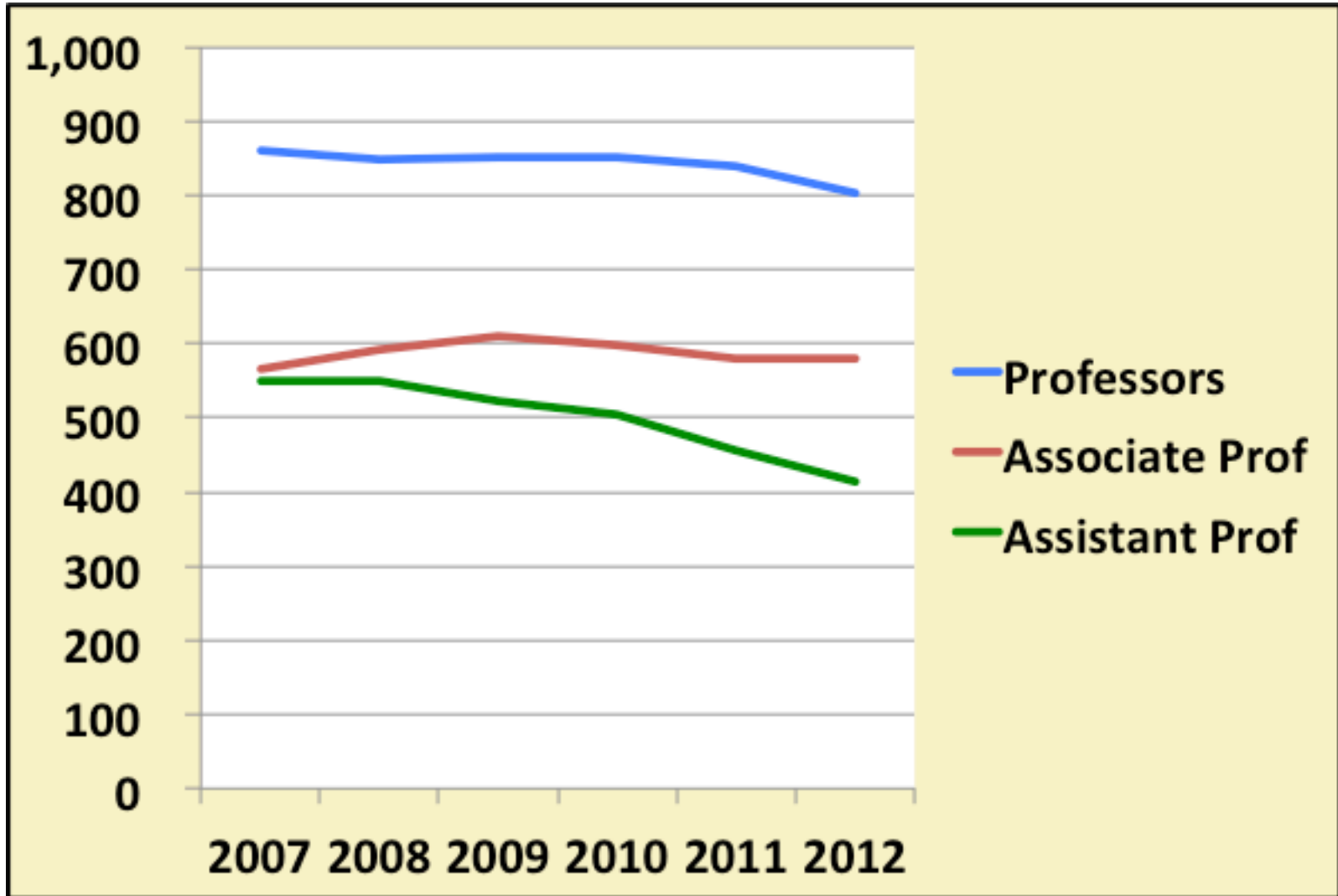
## More Detailed Change in Number of Faculty 2007 to 2012

Source: UIUC Division of Management Information

FTE All FUNDS	2007	2008	2009	2010	2011	2012
Professors	860	849	851	852	839	803
Associate Prof	566	591	610	597	578	579
Assistant Prof	551	549	521	505	455	413
Vis Faculty	129	121	110	114	93	101
Post Docs	377	359	383	464	455	503
Other Instructors	562	563	607	647	637	640
	# Change 07 to 20	% Change 07 to 12				
Professors	(57)	-7%				
Associate Prof	14	2%				
Assistant Prof	(138)	-25%				
Vis Faculty	(28)	-22%				
Post Docs	126	34%				
Other Instructors	78	14%				

# Change in FTE Faculty Graphically: 2007 to 2012

Source: UIUC Division of Management Information



# 2010-11 UIUC Faculty Salaries vs. IBHE Peers By Rank

Sources: AAUP Salary Survey and IPEDS

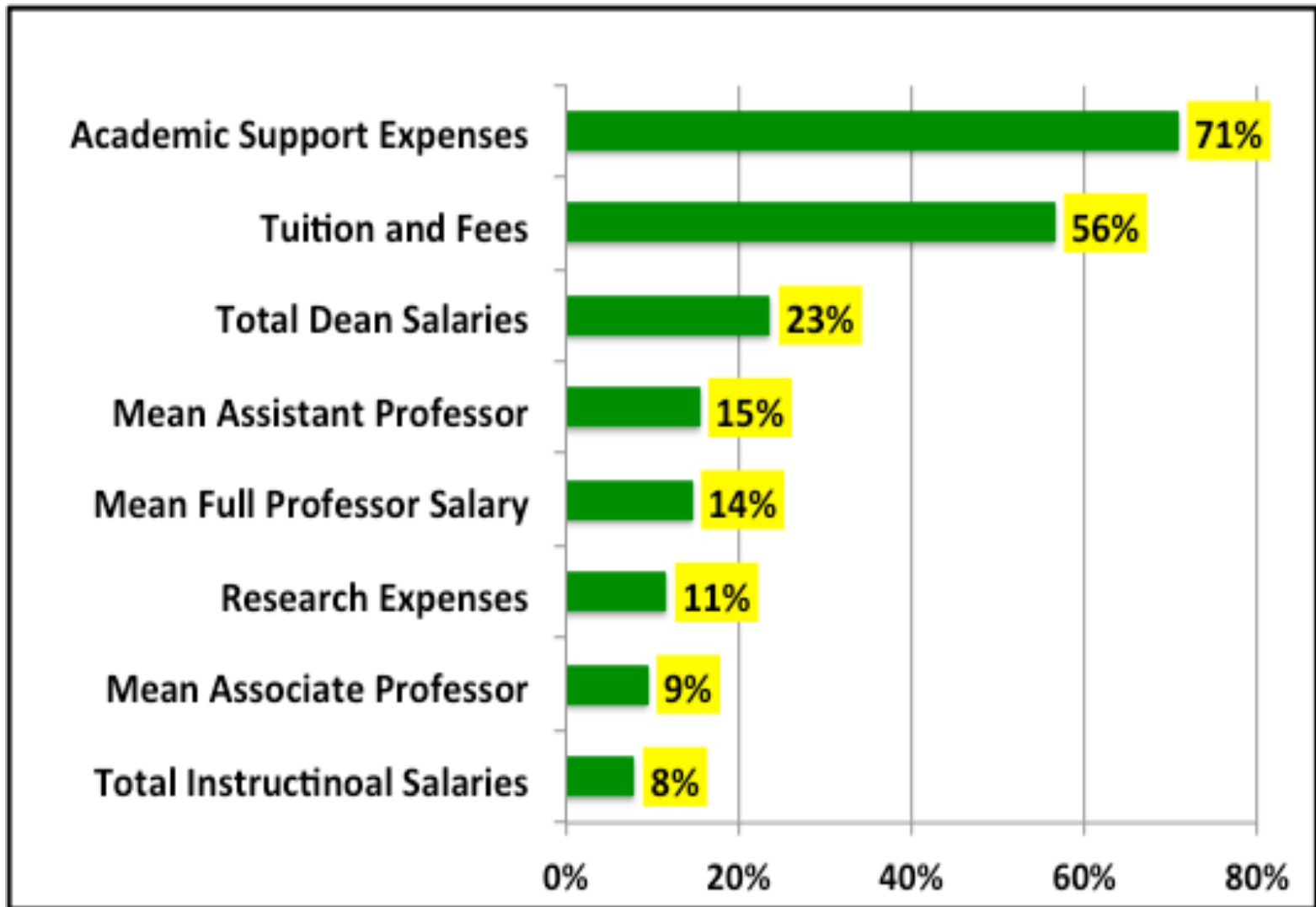
Amounts in Thousands	Salary			Total Compensation		
	Full	Associate	Assistant	Full	Associate	Assistant
Columbia	191.4	122.5	97.2	239.1	156.6	118.7
U Chicago	190.4	108.9	100.5	233.4	143.3	132.8
Yale	177.1	103.8	87.5	214.5	131.5	112.6
NYU	175.9	103.8	95.6	233.1	137.7	126.8
Penn	175.1	112.5	106.8	223.9	153.3	146.6
Northwestern	169.5	108.3	96.8	214.7	142.6	128.0
Wash Univ	164.9	99.8	89.9	203.1	124.2	108.0
Duke	163.4	103.9	87.2	202.6	130.9	108.1
UCLA	153.7	100.6	84.0	203.0	136.5	115.7
USC (Southern Cal)	151.0	103.3	91.5	197.4	141.5	124.9
Johns Hopkins	150.7	102.5	85.7	195.9	133.3	111.4
Brown	150.7	96.8	80.9	186.4	121.0	101.8
UC Berkeley	149.1	101.5	88.4	197.3	137.6	121.1
Michigan	146.9	96.1	84.5	179.4	121.9	108.3
North Carolina	143.3	93.1	81.1	175.4	117.3	102.7
Texas-Austin	136.5	88.6	82.4	163.5	109.8	101.9
UCSD	136.3	88.4	80.9	181.2	121.1	111.7
<b>UIUC</b>	<b>133.5</b>	<b>84.8</b>	<b>80.3</b>	<b>163.8</b>	<b>109.1</b>	<b>104.1</b>
Rochester	129.7	91.6	89.4	162.0	115.5	110.8
Washington	118.3	86.8	77.4	149.2	112.0	99.6
Wisconsin	113.8	87.3	74.9	149.9	118.7	104.1
<b>UIUC Rank</b>	<b>18 of 21</b>	<b>21 of 21</b>	<b>19 of 21</b>	<b>17 of 21</b>	<b>21 of 21</b>	<b>17 of 21</b>

# UIUC Faculty Salaries vs. Peers: 2005-06 to 2010-11

	2005-06		
	Full	Associate	Assistant
Peer Mean Without UIUC	127.1	83.5	71.9
UIUC	116.6	77.6	69.6
UIUC versus mean	(10.5)	(6.0)	(2.3)
	2010-11		
	Full	Associate	Assistant
Peer Mean Without UIUC	154.4	100.0	88.1
UIUC	133.5	84.8	80.3
UIUC versus mean	(20.9)	(15.2)	(7.8)
	Comparison of 2005-06 to 2010-11		
Amount Lost from 2005-06 to 2010-11	(10.4)	(9.2)	(5.5)
2005-06 Rank	16 of 21	17 of 21	14 of 21
2010-11 Rank	18 of 21	21 of 21	19 of 21

**Conclusion: UIUC faculty are losing considerable ground versus their peers**

# Faculty Salary Increases vs. Tuition Increases



# Class Size for UIUC

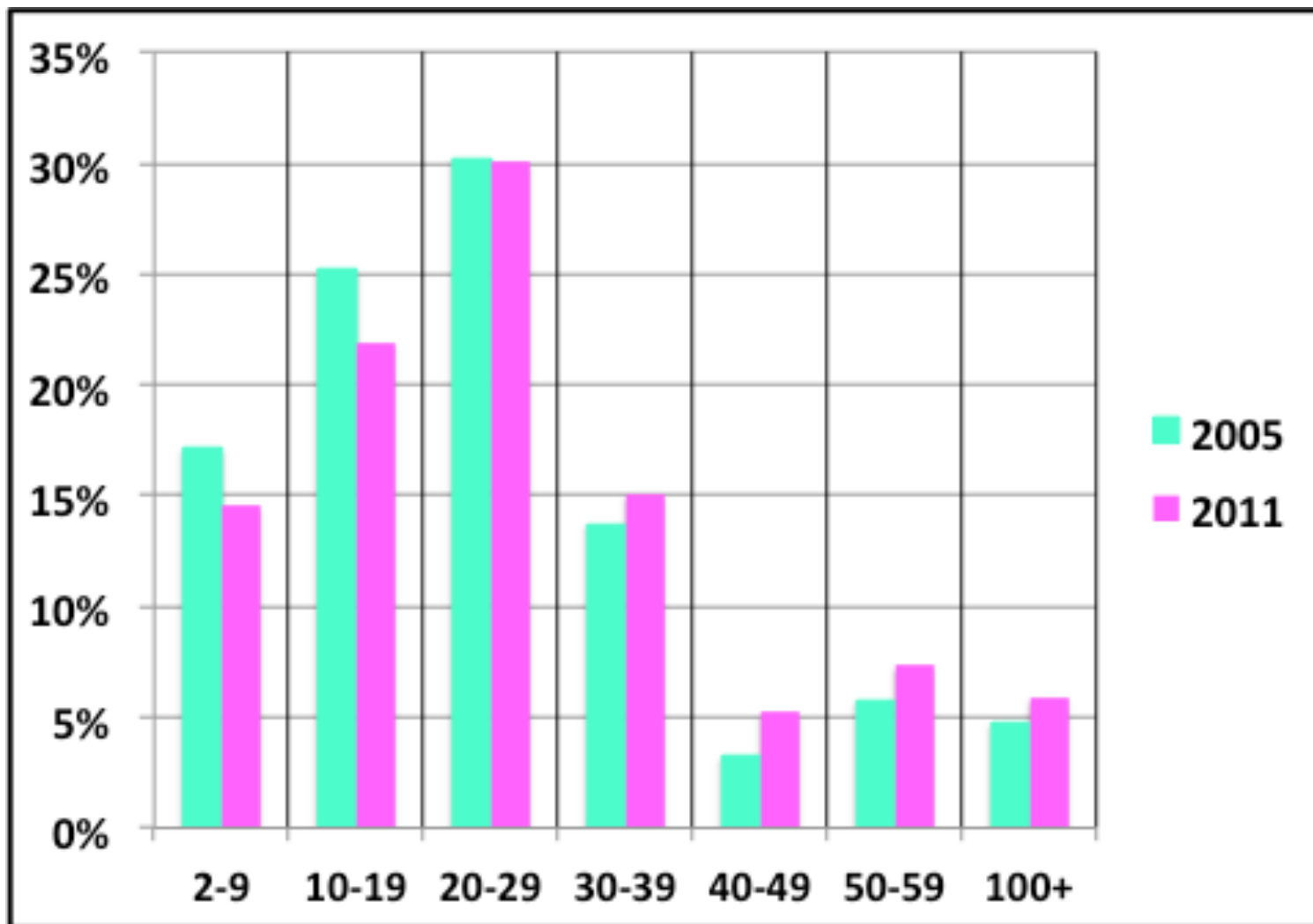
## Source: Common Data Set

Students Per Section	2-9	10-19	20-29	30-39	40-49	50-59	100+	Total
<b># of Sections 2005</b>	1153	1697	2039	925	218	390	319	<b>6741</b>
<b>% of All Sections 2005</b>	<b>17%</b>	<b>25%</b>	<b>30%</b>	<b>14%</b>	<b>3%</b>	<b>6%</b>	<b>5%</b>	<b>100%</b>
<b># of Sections 2011</b>	980	1477	2023	1015	351	494	396	6736
<b>% of All Sections 2011</b>	<b>15%</b>	<b>22%</b>	<b>30%</b>	<b>15%</b>	<b>5%</b>	<b>7%</b>	<b>6%</b>	<b>100%</b>
<b>Change in # of Sections</b>	<b>(173)</b>	<b>(220)</b>	<b>(16)</b>	<b>90</b>	<b>133</b>	<b>104</b>	<b>77</b>	<b>(5)</b>

- There is a definitive shift in class size, with more larger classes and fewer smaller classes
- The next slide will analyze the percentage of sections in each group

# Class Size: Percent of Class Size Groups

Source: Common Data Set



# Athletic Overview: Fall 2010

	Men	Women	Total
<b>Number of Sports</b>	<b>9</b>	<b>10</b>	<b>19</b>
<b>Number of Participants</b>	<b>305</b>	<b>203</b>	<b>508</b>
<b># of Undergraduate Students</b>	<b>17,035</b>	<b>14,189</b>	<b>31,224</b>
<b>Percent in Athletics</b>	<b>1.8%</b>	<b>1.4%</b>	<b>1.6%</b>

- **Source for all athletic data:**
- **EADA or Equity in Athletics Data Analysis from the US Department of Education**
- **USA Today Database on Intercollegiate athletics**

# Athletic Spending in Context

<b>2010 Data</b>	<b>Dollars</b>	<b>Percent of Total</b>
<b>Total Athletic Expenses</b>	<b>71,957,222</b>	<b>4.4%</b>
<b>Total Instructional Salaries and Benefits</b>	<b>356,294,898</b>	<b>22.0%</b>
<b>Total UIUC Expenses</b>	<b>1,618,460,038</b>	<b>100.0%</b>

# Breakdown of Athletic Spending

Source: USA Today

	2005	2010	\$\$ Increase 2005 to 2010	% Increase 2005 to 2010
Direct facilities and maintenance	\$8,728,621	\$21,526,245	\$12,797,624	147%
Administrative Salaries and Benefits	\$8,743,003	\$11,911,599	\$3,168,596	36%
Athletic student aid	\$6,297,587	\$9,687,670	\$3,390,083	54%
Coaching Salaries and Benefits	\$6,444,680	\$8,994,599	\$2,549,919	40%
Team travel	\$2,821,395	\$3,829,885	\$1,008,490	36%
Game expenses	\$1,966,915	\$2,590,174	\$623,259	32%
Fund raising, marketing and promotion	\$1,635,990	\$2,269,774	\$633,784	39%
Equipment, uniforms and supplies	\$2,918,352	\$1,382,108	(\$1,536,244)	-53%
Recruiting	\$1,014,215	\$1,277,956	\$263,741	26%
Sports camps expenses	\$1,021,993	\$1,081,701	\$59,708	6%
Guarantees	\$1,176,350	\$1,033,043	(\$143,307)	-12%
Medical expenses and medical insurance	\$369,965	\$545,705	\$175,740	48%
Severance payments	\$476,838	\$471,797	(\$5,041)	-1%
Spirit groups	\$191,285	\$232,683	\$41,398	22%
Memberships and dues	\$107,801	\$72,435	(\$35,366)	-33%
Other operating expenses	\$4,000,550	\$5,049,848	\$1,049,298	26%
<b>Total operating expenses</b>	<b>\$47,915,540</b>	<b>\$71,957,222</b>	<b>\$24,041,682</b>	<b>50%</b>

## Discussion of Athletic Expenses

- The evidence reveals very large increases in spending over the last 5 years
- Administrative and coaches' salaries have increased much faster than faculty and other salaries
- This needs to be explained and justified
- \$5 million is a lot of "other"
- New football coach to be hired

# Athletic Salaries in Context

2010-11 Salaries

Athletic Salaries per EADA

<b>Average Men's Head Coach</b>	<b>\$520,421</b>
<b>Average Men's Assistant Coach</b>	<b>\$168,642</b>
<b>Average Full Professor</b>	<b>\$133,500</b>
<b>Average Women's Head Coach</b>	<b>\$128,463</b>
<b>Average Associate Professor</b>	<b>\$84,800</b>
<b>Average Assistant Professor</b>	<b>\$80,300</b>
<b>Average Women's Assistant Coach</b>	<b>\$61,269</b>
<b>Average Lecturer, Special Education</b>	<b>\$39,000</b>
<b>Average Lecturer, English Department</b>	<b>\$32,000</b>

# Athletic Revenues

## Source: USA Today

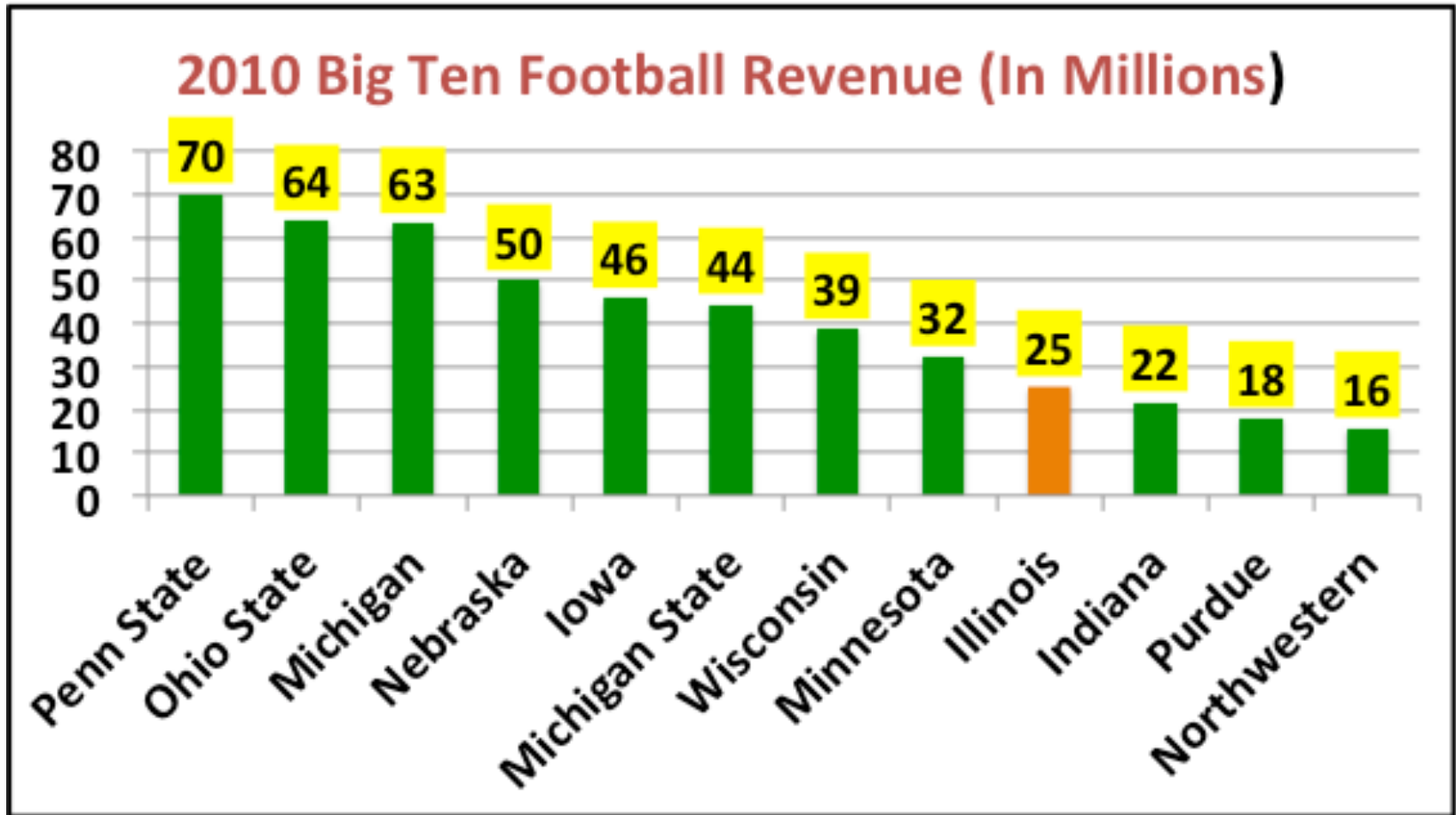
	2005	2010	\$ \$ Increase 2005 to 2010	% Increase 2005 to 2010
Ticket sales	\$12,917,578	\$17,861,359	\$4,943,781	38%
Student fees	\$2,749,207	\$2,961,577	\$212,370	8%
Guarantees	\$54,700	\$1,357,500	\$1,302,800	2382%
Contributions	\$9,639,510	\$18,835,017	\$9,195,507	95%
Direct institutional support	\$1,959,500	\$1,032,306	(\$927,194)	-47%
NCAA & Conference Distribution	\$4,489,002	\$20,933,530	\$16,444,528	366%
TV, Radio, Internet Rights	\$6,218,109	\$1,175,065	(\$5,043,044)	-81%
Program sales; concessions	\$1,361,936	\$1,815,527	\$453,591	33%
Royalties, licensing	\$4,380,549	\$4,097,705	(\$282,844)	-6%
Sports camp revenues	\$1,899,180	\$1,638,630	(\$260,550)	-14%
Investment income	\$646,984	\$1,544,308	\$897,324	139%
Other	\$2,080,508	\$1,936,965	(\$143,543)	-7%
<b>Total Revenues</b>	<b>\$48,396,763</b>	<b>\$75,189,489</b>	<b>\$26,792,726</b>	<b>55%</b>

# Discussion of Athletic Revenues

- Revenues are increasing as fast as expenses
- The NCAA and conference money has increased tremendously. Note how TV rights have declined; this is due to the advent of the Big Ten Network – these funds are in the conference distribution line
- Is the athletic department self-supporting? Not fully.
  - Direct institutional support are generally payments from the core University
  - Student fee money comes from the students
  - Therefore, there is some institutional support for athletics. Ticket revenues are not as high as at other Big Ten institutions (next slide)

# Big Ten Football Revenues (2010)

Source: EADA



# Conclusions

- **The University of Illinois System is in strong financial condition. This conclusion is supported by independent third parties, as well as various financial ratios.**
- **The UIUC administration has not been true to the core academic mission**
  - **There are too many administrators making too much money**
  - **There are too few faculty making too little money**
  - **This is all a matter of priorities**
- **The State appropriation is not the majority revenue source, though the State situation is an issue**
- **Tuition and class sizes are increasing; students are paying more and getting less**
- **Athletic spending is not high when compared to total expenses, but it has been increasing significantly over the last several years**

# Aspirations

- Change the conversation – instead of fighting over which academic programs to cut, talk about reserves. Then, ensure that administration cuts are discussed up front. The increase in the number and cost of administration is troubling, and it must be addressed first.
- We should be persistent in demanding that the most resources necessary are being committed to the key academic and research missions of UIUC
- The response that we should be lucky to have our jobs needs to be rejected; public higher education is a public good, and we need to stand up for the role of higher education in our society