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University of Illinois orders furloughs, other cost-cutting measures

Interim U. of I. President Stanley Ikenberry says state government owes it \$436 million

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Tribune reporters

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The state is so far behind in payments to the University of Illinois that faculty and administrators will be required to take up to 10 unpaid days by mid-June, an unprecedented move for the state's flagship university system.

While most students likely won't be affected by the furlough days, their pain might not be far off: In announcing the plan Tuesday, Interim President Stanley Ikenberry also warned of a possible high tuition hike next fall and mentioned a chance of program cuts and layoffs.

The U. of I. is the latest high-profile entity to raise alarm bells about Illinois' grim financial picture.

Ikenberry said the university is currently owed about \$436 million from the state, or about six months worth of state tax dollars designated for the university. He said the furlough plan could be rescinded if the state quickly advances the promised funds.

"Frankly, one hope in taking these actions and making them public is that we can tell the people in Illinois and policymakers that (the state) is going toward a significant crisis here. We need to turn this situation around," he said during a news conference.

Gov. Pat Quinn acknowledged the cash-flow crisis but said Tuesday that the state should be able to pay some of its bills to the U. of I. and other state organizations later this month after a round of borrowing.

Since the fiscal year began July 1, it has received only \$51 million, or about 7 percent of this year's state appropriation of \$743 million. The state is behind in payments to all public universities, including by about \$125 million to Southern Illinois University and \$62 million to Northern Illinois University.

In an e-mail to university employees Tuesday morning, Ikenberry said that if the backlog in state payments continues to mount, the university will be unable to meet payroll and risk not completing the academic year.



"Solving the problems at the University of Illinois is inseparably related to solving the state's larger financial problem," Ikenberry said.

About 11,000 university employees at the campuses at Urbana-Champaign, Chicago and Springfield will be affected by furloughs. About 80 administrators, including the president, chancellors and deans, will take 10 days off from February to June. Faculty members and academic professionals will take four days off by May.

Some of the university's highest-paid employees, including physicians and football coach Ron Zook, who is paid more than \$1 million a year, will have four furlough days, during which they are not allowed to work.

The plan will save the university about \$17 million, a minuscule amount in a \$4.7 billion budget. The university spends \$11 million a day on average.

Ikenberry said faculty members can decide which days to take off, and he hopes they will "exercise good judgment" and make those decisions "in a responsible way," but he did not prohibit them from taking furloughs on class days.

"We don't expect that it will affect classes. Faculty are dedicated and committed to making sure that doesn't happen," Ikenberry said.

Civil service employees such as maintenance workers and clerical workers are exempt from the furlough policy, as are graduate students and those with salaries less than \$30,000 a year.

UIC biochemistry professor Philip Patston, chairman of the campus's faculty senate, said he plans to take his days off on Tuesdays when he doesn't teach.

"If people are teaching every day, which some people will be, arrangements will have to be made to alter classes to a different time if possible or to cancel the class for that day," he said. "The goal will be to minimize the impact on the students and the patients in the hospital."

The university's cost-cutting is the latest illustration of the state's dire financial situation, which is causing pain because of short-term cash-flow problems and a growing deficit.

The state isn't paying its bills on time because tax revenues are down during a recession and tax receipts typically lag during winter months.

In addition, the state spent more than it had for years under former Gov. Rod Blagojevich, with lawmakers unable or unwilling to make the tough choices of major cuts or significant tax increases. That means lawmakers will be tasked with closing a gargantuan deficit of \$12 billion or more in the next budget.

And so it was last summer that lawmakers and Quinn agreed on a shaky budget they knew had little chance of getting the state through a full year without a shortfall.

"Some called it a six-month budget. Others called it a nine-month budget," said state Sen. Donne Trotter, a Chicago Democrat who specializes in budget issues. "We knew unless there is a new revenue stream, things will get progressively worse."

On Tuesday, Quinn sought to calm fears, saying universities and social service agencies can expect

some relief by mid-month after the state moves ahead this week with plans to borrow \$3.5 billion. The loan is expected to free up \$800 million to \$1 billion to pay bills.

"Every unit of government, including our universities, are under a lot of fiscal stress, and what we have to do is get through it," Quinn said. "And if it means taking furloughs for state employees or university employees in order to keep things moving forward for the students, then, you know, so be it."

The additional money is just a small portion of what Comptroller Dan Hynes says is a \$5 billion backlog in unpaid bills.

"We've had nearly \$6 billion in short-term borrowing under Pat Quinn, and he wants to borrow more," said Hynes, Quinn's foe in the Feb. 2 Democratic governor primary. "We are over-leveraged. We can't borrow our way out of this problem."

At the U. of I., officials also have frozen most hiring and salary increases and trimmed expenses by 6 percent to grapple with its shortfall.

While no other Illinois public colleges or university has furloughed employees, the action has been taken elsewhere, including in California, Wisconsin and Maryland. Furloughs in other states, however, have typically come after budget cuts rather than delayed payments.

The financial outlook could be even bleaker next year, experts said, when states have exhausted their federal stimulus funds.

"Grim is the only way to describe the situation facing public colleges and universities across the U.S.," said Terry Hartle of the American Council on Education.

Glenn Poshard, president of SIU, said that while the downstate school has instituted a hiring freeze, cut expenses and canceled projects, it has no plans to furlough employees. The state provided funds to cover the university's payroll in November and December, and Poshard said the university has until March until it will be in dire straits to meet payroll again.

He said a plan similar to the U. of I.'s would save SIU only about \$2.5 million while causing strife to an area of the state grappling with a 12 to 14 percent unemployment rate. He instead has asked the Legislature for permission to borrow against the anticipated state funding.

"Furloughing our people is not going to gain enough money for us to even scratch the depth of this problem. We have chosen other alternatives," Poshard said.

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