

February 18, 2016

Karen Solinski
Executive Vice President for Legal and Governmental Affairs
Higher Learning Commission
230 South LaSalle Street, Suite 7-500
Chicago, IL 60604-1411

Dear Dr. Solinski:

Attached is Southern Illinois University Carbondale (SIUC)'s response to the Higher Learning Commission (HLC)'s request for information related to the budget crisis in the state of Illinois. Like our sister institution, SIU Edwardsville, we affirm our ability to meet HLC's Criteria for Accreditation, specifically Core Component 5A.

No public university can operate entirely without state support, but SIUC can do so for the rest of this fiscal year. The university has responded responsibly to the lack of state appropriation. It has moved forward with careful financial planning, as detailed in the report, to meet the challenges posed by a loss of 20 percent of its operating budget. The state's budget impasse and looming potential cuts have affected operations, but we remain steadfast in our commitments to our students and mission. It is not necessary for SIUC to submit Teach-Out plans because we do not anticipate closure or suspension of operations any time during the Spring 2016 semester.

We are confident in our positive and continuing good standing with the Higher Learning Commission. While we are hopeful that the state will resolve its budget impasse soon, our planning and cost-saving measures ensure that we will meet our responsibilities to our many stakeholders for the immediate future. We do not plan to close.

If you have any questions about the attached response, please do not hesitate to contact me (bcolwell@siu.edu or 618-453-2341) or our Accreditation Liaison Officer, Associate Provost Jim Allen (jsallen@siu.edu or 618-453-7653).

Sincerely,

A handwritten signature in black ink that reads "Brad Colwell". The signature is written in a cursive, flowing style.

Brad Colwell
Interim Chancellor

c: Karen Solomon, Vice President for Accreditation Relations, Higher Learning Commission
Randy Dunn, President, Southern Illinois University System
James Allen, Acting Vice President for Academic Affairs, Southern Illinois University System

Encl.: Brief Report to the Higher Learning Commission in Response to the February 4th Request

Special Report to the Higher Learning Commission
from
Southern Illinois University Carbondale
February 18, 2016

Southern Illinois University Carbondale (SIUC) appreciates the Higher Learning Commission (HLC)'s concerns related to the impact of the Illinois budget impasse on the quality and viability of the state's public universities. SIUC has taken a number of steps to ensure it is positioned to fulfill its academic mission in spite of the impasse. Because the university is not planning to close or suspend operations, only the HLC's first set of questions from its letter of February 4, 2016, are addressed below.

Financial challenges:

In the absence of a state appropriated budget, which is about 20 percent of the total operating budget for the Carbondale campus, the university is using tuition revenue and other sources of income to fund current operations. The university has reduced the fiscal year 2016 state-appropriated funded budget by almost 9 percent compared to the prior year, and has taken other steps in the event the final budget cut is larger. These steps include limiting hiring of faculty and staff and imposing restrictions on purchasing and other expenses.

University budget officials are performing detailed, monthly projections of cash revenues and expenses. Through a combination of using cash reserves and careful management of liquidity, there will be sufficient cash to meet payrolls and pay vendors for goods and services for the remainder of the fiscal year. However, the university's cash balance on January 31, 2016, is about 43 percent less than the cash balance at this time a year ago. The university has incurred more than \$92 million in salary expenses that will be paid using appropriated funds in the event of a state budget resolution.

The university's overall revenue projections indicate that total revenue will be similar to fiscal year 2015. Any reduction will be due to the cut in appropriation. The state's budget impasse has also impacted the timely reimbursement of costs associated with state supported grants. Even after the approval of state appropriated funding, the careful management of cash will continue to be critical as reimbursement from the state may take many months.

Impact on staffing:

To date, the university has largely avoided layoffs and managed staffing levels by not filling approximately 100 vacant positions. Affected positions have been mostly limited to those that had been funded through grants that were suspended by state agencies; some grant positions have continued on unit reserves but will eventually be eliminated if funding is not forthcoming.

The university is moving forward strategically to fund critical vacancies related to fall course offerings, student recruitment, campus safety and other priorities but is freezing the majority of positions for the immediate future. However, a continued and lengthy delay in state funds, as well as a smaller-than-anticipated appropriation should a budget be approved, is likely to lead to position eliminations and layoffs. The university is currently developing multiple budget scenarios that reflect potential funding levels.

Other impacts:

The university has reduced discretionary spending across campus to match current revenue projections. At this point cuts to academic units have been minimized (limited to 2.57% reduction as noted in Appendix 1), but other departments, including Athletics and Plant and Service Operations, have reduced their expense budgets by at least 10 percent. In total the university has implemented a budget cut of \$13.5 million, or 6.4 percent, of the FY15 appropriated and income-fund operating budget (Appendix 1). Subsequent adjustments may be required dependent upon the final state appropriation, which will determine the final SIUC budget. Budget staff have met individually with the dean of each college to review budget lines and identify additional cuts in the event they become necessary. Further, certain courses carry additional fees that are used for the purchase of supplies and related educational materials specific to the curriculum. These fees have not been impacted by the state budget impasse and are available to SIUC to provide the needed materials. Lastly, campus leaders are not making any spending cuts that jeopardize the maintenance or safety of the campus and its students and staff.

Fall Enrollment:

Fall 2015 enrollment was 17,292, a 3.9 percent decline from the previous year. As the university stated last fall, it is believed some of the decrease is due in part to changes in admissions standards and a decline in international students due to change in a key program, and staff transitions in the admissions office that have impacted outreach and strategy. A new admissions director is reorganizing her unit and moving to fill a number of vacancies while addressing these critical recruitment and enrollment related issues. The university is aggressively working to improve recruitment, enrollment and retention strategies and outcomes.

However, the ongoing Illinois budget impasse has created significant negative public relations issues for state universities as a whole, and it has become common to hear that families once considering an Illinois public institution are looking outside the state. Further, the lack of a FY16 appropriation--and the continuing uncertainty of what a FY16 and FY17 appropriation might be--have a direct negative impact on the university's ability to recruit students at all levels. For budget planning purposes, the university is currently projecting an additional 3 percent decline for fall 2016, assuming state funding of the Monetary Award Program, although admissions and enrollment management staff are working aggressively to improve on this projection through recruitment and retention strategies.

Other Information:

SIUC applied need-based Monetary Award Program (MAP) grants to approximately 4,700 undergraduate student accounts for both the fall 2015 and spring 2016 semesters in anticipation of receiving future reimbursement. As of January 31, MAP funding totaled \$11.5 million. SIUC typically receives reimbursement for fall semester in December and spring semester in April.

Appendix 1

FY16 State Appropriated and Income Fund Budget Reduction Sources

	Reduction Amount	% of FY16 Base Budget
Campus wide allocations:		
Adjust the contingency requirement	\$1,842,400	
Use a portion of Income Fund cash carryforward	2,500,000	
University Service Expense adjustment	639,640	
	4,982,040	
Chancellor:		
Office of University Events and Protocol	11,438	
Office of the Chancellor	98,188	
Institutional Diversity	32,000	
University Communications	300,000	
Total Chancellor	441,626	7.00%
Provost and VC for Academic Affairs:		
Clinical Center	41,341	
University Farms	17,220	
Summer Theater Stock Company	6,500	
Broadcasting Services	97,738	
University Press	18,921	
Career Services	31,460	
Student Orientation Programs	8,889	
Center for Archaeological Investigations	14,433	
Public Policy Institute	54,368	
Center for Dewey Studies	14,830	
Soybean Center	19,442	
Library Affairs	182,745	
Library Affairs Acquisitions	277,170	
University Museum	14,391	
Visiting Writers Program	250	
Crab Orchard Review Magazine	500	
Opera Productions	180	
University Bands	615	
Athletic Bands	5,653	
Environmental Studies Initiatives	828	
Center for Teaching Excellence	14,331	
Center for Service Learning & Volunteerism	3,617	
University Honors Program	19,614	
SIU System Service Centers	6,097	
Associate Provost for Academic Programs	45,428	
Engineering	200,000	
Applied Sciences & Arts	265,556	
Business	350,000	
Education	191,000	
Liberal Arts	673,000	
Science	320,872	
Mass Communications & Media Arts	88,003	
Agriculture	166,843	
Law	110,964	
University College	72,408	
Center for International Education	40,000	
Center for Teaching Excellence	87,737	
Information Technology	418,668	
Total Provost and VCAA	3,881,612	2.57%

Vice Chancellor for Administration and Finance

Postage Service	23,014
Key Control	16,358
Shift costs from Physical Plant to Facilities Maintenance Fee	2,000,000
10% of VCAF base budget, less Utilities and Physical Plant	931,719

Total VCAF	2,971,091	8.82%
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Vice Chancellor for Student Affairs

Counseling Center	71,971
Camps and Conferences	19,669
Touch of Nature	31,365
Student Leadership Programs	3,180
Fraternity and Sorority Life	3,433
Center for Inclusive Excellence	10,602
RRUI-LGBTQ Resource Center	1,250
RRUI-Black Resource Center	1,250
RRUI-Hispanic/Latino Resource Center	3,300
Dean of Students	57,535

Total VCSA	203,555	8.05%
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Vice Chancellor for Research

Research General-Electron Microscope	3,223
Research General-Vivarium	22,834
Research General-Research Shop	6,471
Materials Technology Center	8,873
Advanced Coal and Energy Research Center	37,271
Fisheries and Aquaculture Center	62,086
Cooperative Wildlife Research	51,068
Center for Undergraduate Research	8,962
Uncommitted UGA funding	300,000

Total VCR	500,788	9.61%
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Vice Chancellor for Development & Alumni Relations	296,257	10.00%
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Economic Development	55,612	10.00%
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Intercollegiate Athletics	172,338	10.00%
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TOTAL	\$13,504,919	6.40%
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