

Dear Colleagues:

The purpose of this memo is to provide some background and additional information on the “payback” amount the campus is responsible for following the budget impasse of FY16-FY17 and the Distance Education (DE) Carryforward funds.

PAYBACK OF UNRESTRICTED FUNDS

Prior to the budget impasse the university received \$101.6 million in state appropriations for FY15. During the impasse, the university received state appropriations of \$83.3 million for FY 2016 and just \$47.5 million to support operations in FY17 – less than half of the funds received in FY15. At this time, it was determined that the university would continue to operate without significant reductions to staffing levels by curtailing expenditures wherever possible and utilizing cash reserves while trying to maintain the ability to serve our students and fulfill the university’s mission.

At the end of FY17, the university was allowed to carry a deficit of \$38 million in the income fund because there was enough total cash from other allowable funds to cover university cash flow requirements. However, the cash deficit in the income fund had to be addressed within a seven-year period and a “payback” schedule, referred to as a fiscal sustainability plan, was established and approved by the board of trustees. The following table is a summary of the payback to date.

SIU Carbondale Fiscal Sustainability Plan (dollars in millions)	
Total Income Fund Deficit	\$38.2
Payback:	
FY18	(10.1)
FY19	(4.1)
FY20	(0.8)
FY21	(6.9)
FY22	(1.7)
FY23 - estimated	(5.9)
FY24 Payback - estimated	\$ 8.7

We are analyzing expenditures and developing a payback plan for the remaining amount in FY24. If we realize an increase in revenue from enrollment and state appropriations and combine that with reductions in expenditures in the state funds, we will require less cash from other funds. However, we ask that you please continue to plan to contribute to the payback in FY24.

DISTANCE EDUCATION CARRYFORWARD

Distance Education (DE) Carryforward consists of two categories. The first category is FY22 DE Carryforward consisting of funds generated in FY22 totaling \$5.3 million and carried forward into FY23. The second category is DE Program Resources Carryforward from FY21 and prior years totaling \$9.3 million. The following is a chart of the carryforward by area:

SIU Carbondale Distance Education Carryforward				
	Carryforward from FY22 to FY23	Carryforward from FY22 Expended in FY23 at 12/31/2022	Remaining Carryforward from FY22 as of 12/31/2022	Carryforward from FY21 and Prior
Liberal Arts	781,621	158,146	623,475	1,996,958
Extended Campus	9,844	-	9,844	12,420
Library Affairs	17,506	5,525	11,981	8,936
Agricultural, Life and Physical Sciences*	235,781	277,270	(41,489)	792,173
Business and Analytics*	149,921	258,274	(108,353)	268,353
School of Education	197,483	95,237	102,246	1,164,531
Health and Human Sciences	2,129,289	1,542,910	586,379	2,977,097
Engineering, Computing, Technology and Mathematics	351,303	91,564	259,739	377,430
Arts and Media	237,506	74,480	163,026	128,225
International Education	45,053	39,401	5,652	174,590
Subtotal Colleges	4,155,307	2,542,807	1,612,500	7,900,713
Provost - Academic Affairs	1,184,024	1,021,801	162,223	1,447,077
Total	5,339,331	3,564,608	1,774,723	9,347,790

* Agricultural, Life and Physical Sciences, and Business and Analytics will use current year revenue to cover expenditures in excess of FY22 carryforward.

Although the \$9.3 million of DE Program Resources funds have been presented on some statements (i.e. carried forward on paper), the numbers are not backed by cash. The carry forward was used by previous administrations to maintain employment across the university, to provide services to students and others who rely on the university and to award scholarships to help with enrollment.

In FY23, through December 31, 2022, the university generated \$10.1 million in distance education tuition revenue of which \$7.1 million was allocated to the colleges and the provost. The following chart is a summary of the revenues, carryforward and expenditures for FY23 through December 31, 2022:

SIU Carbondale Distance Education Summary (Cash Basis) Fiscal Year 2023 (as of 12/31/2022)						
	Revenue	FY22 CF Carryforward	Total Revenue and CF	Expenses in Current Year BP's	Expenses in Carryforward BP's	Total Expenses
Liberal Arts	897,912	781,621	1,679,533	578,253	158,146	736,399
Extended Campus	2,823	9,845	12,668	-	-	-
Library Affairs	14,686	17,506	32,192	7,143	5,525	12,668
School of Law	86,461	-	86,461	15,726	-	15,726
Center for International Education	18,730	45,053	63,783	15,581	39,401	54,982
Agricultural, Life and Physical Sciences	339,637	235,781	575,418	321,909	277,270	599,179
Business and Analytics	871,929	149,921	1,021,850	914,498	258,274	1,172,772
School of Education	595,233	197,483	792,716	647,774	95,237	743,011
Health and Human Sciences	2,445,784	2,129,289	4,575,073	1,645,071	1,542,910	3,187,981
Engineering, Computing, Technology and Mathematics	813,106	351,303	1,164,409	712,632	91,564	804,196
Arts and Media	429,031	237,506	666,537	282,694	74,480	357,174
Subtotal Colleges	6,515,332	4,155,308	10,670,640	5,141,281	2,542,807	7,684,088
Provost - Academic Affairs	575,338	1,184,023	1,759,361	2,915	1,021,801	1,024,716
Total	7,090,670	5,339,331	12,430,001	5,144,196	3,564,608	8,708,804

Moving forward, we are:

- Reviewing June 30, 2022 – December 31, 2022, DE expenditures to see what has been spent for the first half of the fiscal year and January 1, 2023 – June 30, 2023, DE commitments/planned expenditures get an idea on what expected spending is for the second half the fiscal year. This will aid in the development of unit level spending plans for fiscal years 23 and 24.

- Even though all revenue generated by the units is university revenue, we realize that prior university administrations committed to allowing DE carryforward funds to remain with the unit that generated them for future use. We will continue to assess the financial position of the university and the possibility of allocating all or part the \$9.3M from FY21 and prior based on sufficiency of funds within a given fiscal year.
- The FY24 budget will be provided to each unit prior to the beginning of the fiscal year. This will not only improve planning but provide transparency and certainty for the units. As the fiscal year progresses upward revenue adjustments will be made based on budgeted v. actual numbers with an eye towards investing in areas of growth.
- The current revenue allocation of 65% college / 29.5% chancellor / 5.5% provost will continue. All allocations made to the college will remain with the college.

We know there have been many questions about not only the history of the payback program but the ways in which we can make the required payments.

Thank you for your leadership to SIU and for your commitment to our students. Together, we will continue to advance SIU Carbondale.

Sincerely,

Robert Morgan and Marc Morris
Co-Acting Provosts