

December 1, 2017

Vince Coraci
Higher Learning Commission
230 South LaSalle Street, Suite 7-500
Chicago, IL 60604-1411

Dear Mr. Coraci,


I am writing in response to the Higher Learning Commission request dated November 14, 2017, regarding the financial data submitted by Southern Illinois University Carbondale (SIUC) as part of the 2017 Institutional Update. I confirm that the data is correct as submitted.

The low Composite Financial Index (CFI) score for the fiscal year ended June 30, 2016, resulted from a reduction in state appropriated funding of 71%, or \$98.9 million. This caused SIUC to nearly deplete its unrestricted cash reserves in order to maintain normal operations and was the basis for the low CFI score.

We have calculated the fiscal year 2017 ratios using draft financial statements. Although the university ultimately received 90% of expected FY17 appropriated funding, the timing of the legislation did not allow \$65.1 million of the total \$139 million in state funding to be included as revenue in SIUC's FY17 financial statements. This will cause the university's CFI score for the fiscal year ended June 30, 2017, to again fall "In the Zone." However, taking into account all FY17 revenue results in a CFI score of 1.90, which is "Above the Zone" and a more accurate reflection of SIUC's financial position. The preliminary calculations are attached for your review.

In spite of recent financial challenges, SIUC has responded responsibly to the lack of state appropriations during the last two years and continues to move forward as a comprehensive public research university. Please do not hesitate to contact me if you have questions or require more information.

Sincerely,



Judith Marshall
Executive Director of Administration and Finance

C: Carlo Montemagno, Chancellor
Lizette Chevalier, Associate Provost for Academic Programs

Encl.: Preliminary FY17 Financial Ratios

Southern Illinois University Carbondale
Higher Learning Commission Ratios

	FY16 As Reported	FY17 Per Draft Financials	FY17 Per Restated Draft Financials With Stopgap II
PRIMARY RESERVE RATIO			
Institution Unrestricted Net Assets	\$ 39,500,267	\$ (6,461,407)	\$ 58,652,793
Institution Expendable Restricted Net Assets	33,214,603	19,616,705	19,616,705
Component Unit (CU) Unrestricted Net Assets	60,444,190	65,468,103	65,468,103
CU Temporarily Restricted Net Assets	61,787,217	71,338,632	71,338,632
CU Net Investment in Plant	2,279,293	2,101,975	2,101,975
Numerator Total	192,666,984	147,860,058	212,974,258
Institution Operating Expenses	803,611,542	842,278,461	842,278,461
Institution Non-Operating Expenses	8,769,840	6,306,833	6,306,833
CU Total Expenses	126,897,708	121,133,319	121,133,319
Denominator Total	939,279,090	969,718,613	969,718,613
Primary Reserve Ratio	0.21	0.15	0.22
Primary Reserve Strength	1.54	1.15	1.65
Primary Reserve Weight	0.35	0.35	0.35
Primary Reserve CFI	0.54	0.40	0.58
NET OPERATING REVENUE RATIO			
Institution Operating Loss	\$ (389,296,880)	\$ (450,004,531)	\$ (450,004,531)
Institution Net Non-Operating Revenues	311,494,609	381,735,623	446,849,823
CU Change in Unrestricted Net Assets	3,491,909	5,023,913	5,023,913
Numerator Total	(74,310,362)	(63,244,995)	1,869,205
Institution Operating Revenues	414,314,662	392,273,930	392,273,930
Institution Non-Operating Revenues	320,264,449	388,042,456	453,156,656
CU Total Unrestricted Revenues	117,931,181	111,774,502	111,774,502
Denominator Total	852,510,292	892,090,888	957,205,088
Net Operating Revenue Ratio	(0.09)	(0.07)	0.00
Net Operating Revenue Strength	(4.00)	(3.15)	0.09
Net Operating Revenue Weight	0.10	0.10	0.10
Net Operating Revenue CFI	(0.40)	(0.32)	0.01
RETURN ON NET ASSETS RATIO			
Institution & CU Change in Net Assets	\$ (82,056,717)	\$ (48,313,646)	\$ 16,800,554
Beginning Institution & CU Net Assets	734,480,646	651,977,877	651,977,877
Return on Net Assets Ratio	(0.11)	(0.07)	0.03
Return on Net Assets Strength	(4.00)	(2.69)	0.94
Return on Net Assets Weight	0.20	0.20	0.20
Return on Net Assets CFI	(0.80)	(0.54)	0.19
VIABILITY RATIO			
Expendable Net Assets	\$ 192,666,984	\$ 147,860,058	\$ 212,974,258
Institution Long-Term Debt	171,437,958	159,289,340	159,289,340
CU Long-Term Debt	-	-	-
Total Long-Term Debt	171,437,958	159,289,340	159,289,340
Viability Ratio	1.12	0.93	1.34
Viability Strength	2.70	2.23	3.21
Viability Weight	0.35	0.35	0.35
Viability CFI	0.94	0.78	1.12
Total Composite Financial Indicator Score (CFI)	0.28	0.33	1.90

Note: Stopgap II state appropriation passed July 6, 2017, in the amount of \$65,114,200. Per GASB 33, the revenue cannot be reported in fiscal year 2017 since approval occurred after June 30, 2017. The revenue will be included in the fiscal year 2018 statements.