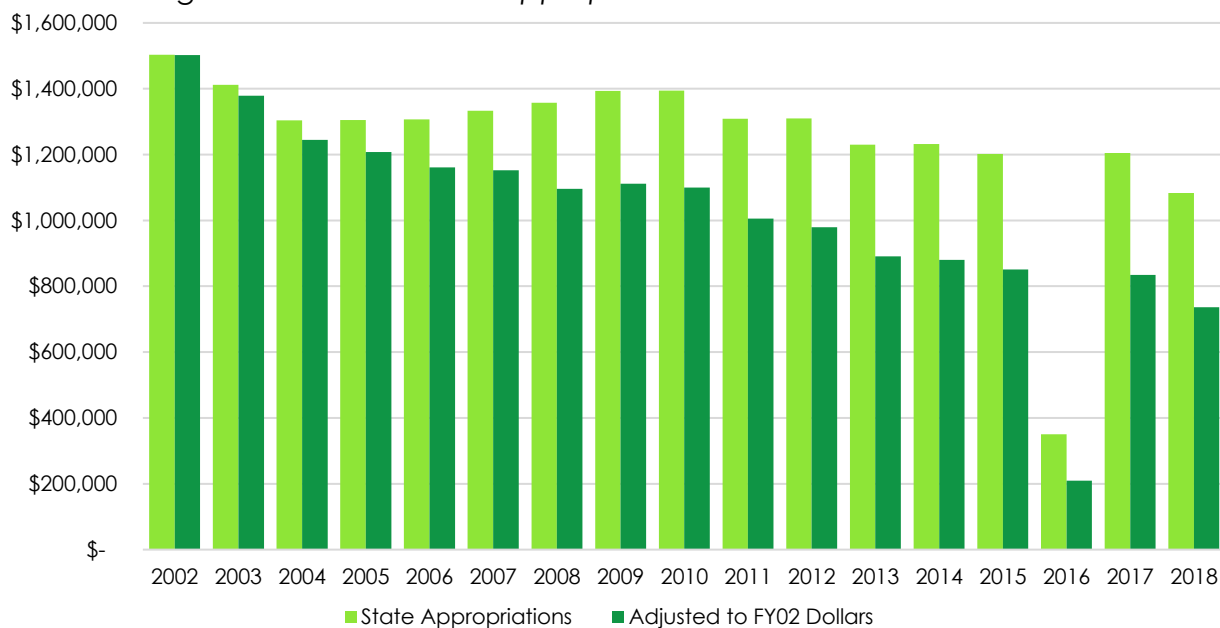


Examining the Relationship between State Appropriation Support and Tuition and Fees at Illinois Public Universities

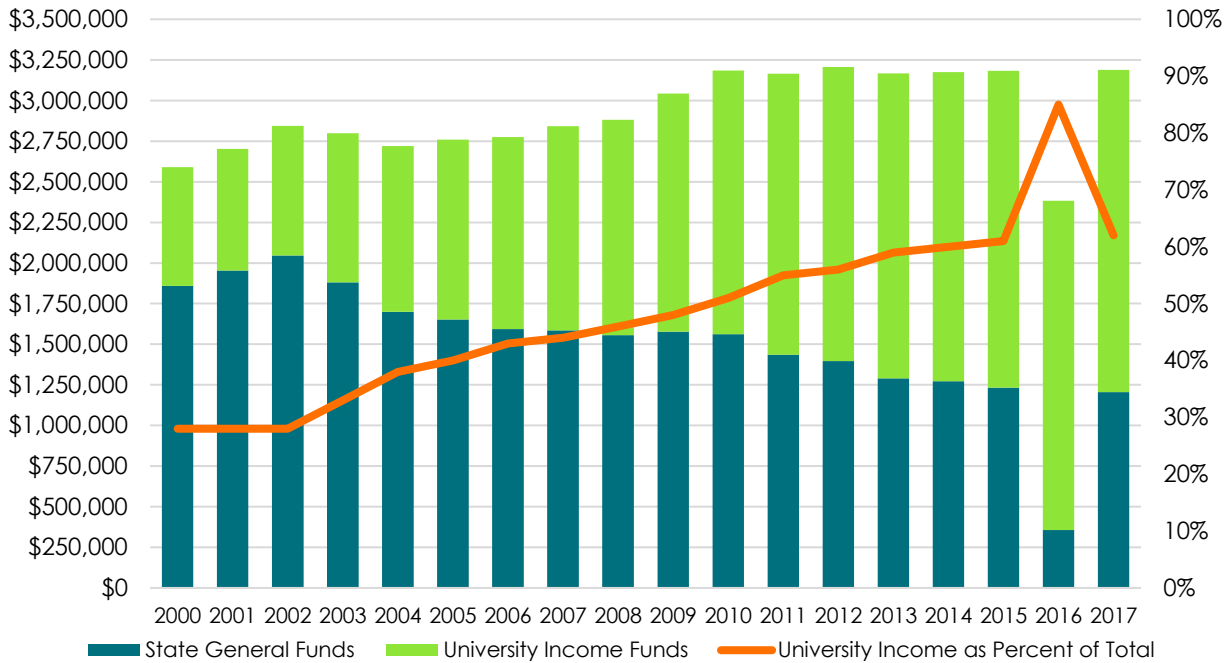
The dependence of Illinois public universities on tuition and fees has grown significantly in recent years as state appropriations have declined in unadjusted dollars. The declines in state appropriation support are even greater when inflation is taken into account. As shown in *Figure 1*, 2002 was the peak year for state appropriation support for Illinois public universities (\$1.5 billion). When accounting for inflation and new, unfunded mandates public university operations funding for Fiscal Year 2018 is less than half of what it was in Fiscal Year 2002 (\$736 million in 2018 relative to \$1.5 billion in 2002).

Figure 1: Historical State Appropriations for Illinois Public Universities



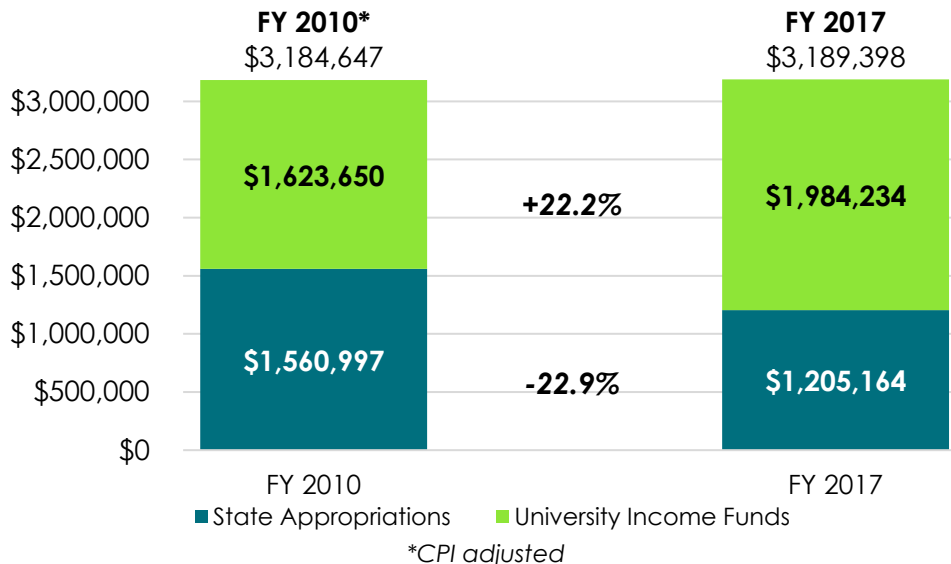
In Fiscal Year 2002 state appropriations accounted for 72% of total university revenue. The remaining 28% was derived from University Income Funds (UIF), which are primarily tuition and fees. By Fiscal Year 2010 the relationship between state appropriations and UIF had reached parity, with 49% general revenue and 51% UIF. Therefore, Fiscal Year 2010 will be used as the point of comparison for much of the analysis that follows. Also of note, the state appropriations in Fiscal Year 2016 budget was only 30% of what it was in Fiscal Year 2015 and only accounted for 15% of total revenue. The second issue of note is that university appropriations for Fiscal Year 2018 were cut 10% relative to Fiscal Year 2017.

Figure 2: Educational and Related Revenues at Illinois Public Universities, FY 2000-2017 (in FY 2017 dollars)



Since Fiscal Year 2010, state support for public universities has continued to steadily decline (as measured by state appropriation support) and dependence on tuition and fees as a revenue source has increased. In Fiscal Year 2017 general funds covered just 37.8% of public university revenue, with UIF covering the remaining 62.2%. In comparing 2010 and 2017, total revenue is nearly identical in both years (difference of +0.1%) after making an inflationary adjustment using the consumer price index (CPI). The decline in state appropriations to public universities from 2010 to 2017 (-22.8%) roughly parallels the increase in university income funds (+22.2%) (See Figure 3)

Figure 3: Change in Revenue Support for Illinois Public Universities 2010 to 2017



Note, the numbers in *Figure 3* have been adjusted for the Consumer Price Index (CPI) to mirror Fiscal Year 2017 dollars; however, during the previously mentioned timeframe, inflation has been greater for higher education than for the economy as a whole. In fact, the higher education specific inflation index, known as the Higher Education Price Index (HEPI), has run higher than the CPI in almost every year since 2000. When the inflationary adjustment is based on the HEPI, there was a -4.5% decline in total revenue at the Illinois public universities from 2010 to 2017, as opposed to the +0.1% increase using the Consumer Price Index.

Table 1: 2010 and 2017 Weighted Tuition & Fees Changes

2010 Weighted Tuition & Fees	\$ 10,194
2017 Weighted Tuition & Fees	\$ 14,366
% Tuition & Fees Change	40.9%
CPI Change	12.0%
HEPI Change	17.4%
General Revenue Change	-13.6%
Spending Change	12.1%

The growth in tuition and fees provide a more direct view of how the decline in state support for public universities has impacted individual students and families. While some Illinois public universities have held down or even frozen tuition and fees in recent years, the net change in tuition and fees since 2010 has been significant. Between Fiscal Year 2010 and Fiscal Year 2017 the weighted tuition for Illinois public universities increased by 40.9%, or slightly more than 5.8% a year on average, which was well above both CPI (average of 1.7% a year) and HEPI (2.5% a year) inflationary adjustments. In that period the CPI changed by 12.0% and the HEPI increased by 17.4%. Unfortunately, general revenues (unadjusted for inflation) declined by 13.6% in that same period.

In summary, tuition and fees at Illinois public universities have increased as state revenues have decreased for operations. Based upon CPI, the increased tuition has kept operating funding levels relatively stable. However, public universities operate in a competitive environment that is reflected by HEPI. Viewed in that light public universities cut expenses by 4.5% over this period.