



Illinois Board of Higher Education

Bruce Rauner, Governor – Tom Cross, Chair

MEMORANDUM

TO: IBHE Board Members and Higher Education Stakeholders

FROM: Tom Cross, Chair

DATE: February 16, 2017

RE: Governor Rauner's Fiscal Year 2018 Budget Proposal

On Wednesday, February 15, 2017, Governor Rauner presented his fiscal year 2018 operating budget proposal for the State of Illinois. The Governor stressed the importance of working together to achieve a Grand Bargain that includes making structural changes to accompany any spending cuts or tax increases, and leads to a balanced budget. The Governor continues to emphasize making Illinois a more competitive, job-friendly state by diminishing waste and bureaucratic hurdles.

Higher Education Budget Highlights

The Governor's proposed FY18 budget provides approximately \$1.8 billion in general funds for higher education institutional grants and initiatives, a decrease of \$192.2 million (or 9.9%) from fiscal year 2015 final levels. When funding for pensions is included, proposed general funding for higher education totals \$3.1 billion, a decrease of \$222.2 million (or 6.7%) from fiscal year 2015 final levels. (Note: The FY18 Governor's budget does not appropriate funds for Community College Retirees Health Insurance).

The Governor's FY18 recommended budget also includes an FY17 maintenance budget. The FY17 maintenance budget reflects what would be recommended by the Governor's Office of Management and Budget (GOMB) to fund higher education under current conditions for FY17. However, emphasis was primarily placed on the FY18 recommendations.

FY 2018 General Funds for Higher Education:

- Public Universities are funded at a total of approximately 90% in FY18, which includes 85% of the FY15 final general funds level, or \$1.02 billion, and a **5% performance funding set aside of \$60.1 million**, distributed via IBHE's performance funding model, which brings the grand total for universities to \$1.08 billion. The \$60.1 million for performance is included as a line item in IBHE's institutional grants budget.

- Community colleges receive a total of approximately 90% funding in FY18, including 85% of the FY15 final general funds adult education and grants level, and a **5% performance funding set aside of \$14.1 million**, distributed via ICCB's performance funding model. Base Operating Grants receive \$88.9 million, Equalization Grants receive \$62.8 million, and City Colleges of Chicago receive \$11.7 million under this proposal. The East St. Louis Educational Facility is funded at the FY15 final level of \$1.5 million. Adult Education and Career and Technical Education is funded at the FY15 original and ICCB recommended level of \$51.3 million, which represents full funding for these programs to meet federal matching requirements.
- **ISAC: *The Monetary Award Program (MAP) receives approximately \$401.3 million, or a 10% (\$36.5 million) increase*** in funding from the FY15 final level. The Governor's budget additionally includes \$3.2 million for Outreach and Training Activities, and \$1.0 million for Agency operations. Dependents Grants are funded at \$1.2 million and the Minority Teacher Scholarships are funded at \$1.9 million. ISAC's total general funds appropriation is approximately \$412.8 million representing an overall 9.6% increase from FY15 final levels.
- **IBHE Operations:** IBHE receives \$3.1 million for its office operational funding under the FY18 Governor's budget, which is consistent with the IBHE Board's recommended level. This includes \$315,000 for the Illinois Longitudinal Data System (ILDS) which will continue to support IBHE staff, higher education information system development, data collection, and the production of student and workforce reports in FY18.
- **IBHE Grants:** IBHE grant programs receive \$2.5 million in general funds under the Governor's FY18 budget, which is consistent with the IBHE Board's recommended level. This includes funding for MyCreditsTransfer (\$203,700), IMSA Fusion (\$106,500), Quad Cities Graduate Study Center (\$82,000), Cooperative Work Study Grants (\$1,089,400), and UCLC (\$1,065,000). Funding for Diversifying Higher Education Faculty in Illinois (DFI), Washington Center Internship Program, Chicago Area Health and Medical Careers Program (CAHMCP), Nurse Educator Fellowships, Competitive Nursing School Grants, and Grow Your Own (GYO) Teacher is not included in this proposal.
- IMSA receives approximately \$18.0 million in Education Assistance Funds (EAF) in FY18, which reflects the FY15 final level. IMSA's Income Fund appropriation authority is \$3.5 million, which reflects a \$500,000 increase to launch and grow the new IN2 Innovation Center on its campus which opened in September 2016. The increase provides IMSA the capacity to develop and expand IN2 programming in Aurora, the Fox Valley/Western Suburbs, Chicago, and beyond.
- The State Universities Civil Service System (SUCSS) is funded at its FY18 requested level of \$1.2 million in order to meet operational expense needs.
- **SURS:** The FY18 Governor's recommended general funds amount for SURS is approximately \$1.3 billion, a reduction of 15.7% from the SURS certified FY18 recommendation of \$1.6 billion. No funding is provided for community college health insurance in the Governor's budget. The Governor is again proposing four changes to pension funding. These four changes

would save an estimated \$750 million in FY18 in general funds, with an additional savings in subsequent years, along with a reduction in unfunded liability.

FY 2018 Capital:

The Governor's FY 2018 capital budget incorporates continued support for the Illinois Jobs Now! (IJN!) program which has provided funding for 99 grants totaling over \$1.3 billion and through a successful partnership using local and state matching funds, over \$2.6 billion has been invested in infrastructure. Nearly all of the grants set to be paid out from IJN! have been paid. There are \$33 million in remaining payments to institutions that have received grants but have not yet been paid in full.

CDB is notably overseeing renovation and construction projects at Chicago State University (Douglas Hall, \$9.4 million), Northern Illinois University (Stevens Hall, \$15.6 million), and IMSA (Innovation Center and Labs, \$3.4 million) during this fiscal year. *However, no new capital funding for higher education is proposed.* The Governor's recommended amount for ICCB to complete projects in FY17 is approximately \$314,600 which is a reappropriation of unspent statewide grants to colleges for Americans with Disabilities Act (ADA) remodeling and improvements.

IBHE staff will continue to examine this budget proposal and provide more information at the upcoming Board Meeting on March 14, 2017. If you have any questions, please contact Karen Helland at 217-557-7358, helland@ibhe.org; Brook Stewart at 217-557-6360; Stewart@ibhe.org, or Eric Hiatt at 217-557-7349; Hiatt@ibhe.org.

Attachments:

Table 1: FY 2018 Higher Education Operations and Grants

Table 2: FY 2018 Universities Operations and Grants

Table 3: FY 2018 IBHE Institutional Grants/Special Initiatives

Table 1
 FY2018 Governor's Budget
 HIGHER EDUCATION OPERATIONS AND GRANTS
 GENERAL FUNDS

| (in thousands of dollars) | FY2015 Final <u>Appropriations</u> | FY2018 IBHE <u>Recommendations</u> | FY2018 Governor's <u>Recommendations</u> |
|--|--|--|--|
| <u>Resource Requirements</u> | | | |
| Universities | \$ 1,201,776.6 | \$ 1,201,776.6 | \$ 1,081,598.8 |
| Community Colleges | 287,880.0 | 287,858.0 | 184,855.2 * |
| Adult Education/Postsecondary Career and Technical Education | 51,301.4 | 51,323.4 | 51,323.4 |
| Illinois Student Assistance Commission | 376,672.7 | 530,257.1 | 412,772.5 |
| Illinois Mathematics and Science Academy | 18,030.7 | 22,365.7 | 18,030.8 |
| State Universities Civil Service System | 1,176.2 | 1,223.2 | 1,223.2 |
| Board of Higher Education | 3,058.8 | 23,058.8 ** | 3,058.8 |
| IBHE Institutional Grants/Special Initiatives | 7,743.5 | 5,463.2 | 2,546.6 |
| Total Institutional Operations and Grants | \$ <u>1,947,639.9</u> | \$ <u>2,123,326.0</u> | \$ <u>1,755,409.3</u> |
| State Universities Retirement System | <u>1,351,659.5</u> | <u>1,568,006.3</u> | <u>1,321,685.0</u> |
| CC Health Insurance Fund | 4,459.5 | 4,133.3 | - |
| State Contribution to SURS (General Funds Only) | 1,347,200.0 | 1,563,873.0 | 1,321,685.0 |
| Total | \$ <u><u>3,299,299.4</u></u> | \$ <u><u>3,691,332.3</u></u> | \$ <u><u>3,077,094.3</u></u> |
| <u>Source of Appropriated Funds</u> | | | |
| General Funds* | \$ <u>3,299,299.4</u> | \$ <u>3,691,332.3</u> | \$ <u>3,077,094.3</u> |
| General Revenue Fund | 1,863,878.9 | 2,229,656.4 | 1,879,877.6 |
| Education Assistance Fund | 1,435,420.5 | 1,461,675.9 | 1,197,216.7 |

* Excludes \$70 million used for base operating grants from personal property tax relief funds.

** IBHE Recommendation for FY 2018 for Board of Higher Education includes \$20 million for critical capital funding to institutions and colleges

Table 2
 FY2018 Governor's Budget
 UNIVERSITIES OPERATIONS AND GRANTS
 GENERAL FUNDS

(in thousands of dollars)

| <u>Resource Requirements</u> | FY2015 Final <u>Appropriations</u> | FY2018 IBHE <u>Recommendations</u> | FY2018 Governor's <u>Recommendations</u> |
|---------------------------------------|--|--|--|
| Chicago State University | \$ 36,330.5 | \$ 36,148.8 | \$ 30,880.9 |
| Eastern Illinois University | 42,975.7 | 42,760.8 | 36,529.3 |
| Governors State University | 24,062.1 | 23,941.8 | 20,452.8 |
| Illinois State University | 72,226.7 | 71,865.6 | 61,392.7 |
| Northeastern Illinois University | 36,898.8 | 36,714.3 | 31,364.0 |
| Northern Illinois University | 91,092.7 | 90,637.2 | 77,428.8 |
| Southern Illinois University | 199,558.5 | 198,560.7 | 169,624.7 |
| Western Illinois University | 51,445.2 | 51,188.0 | 43,728.4 |
| University of Illinois | 647,186.4 | 643,950.4 | 550,108.4 |
| Total | \$ 1,201,776.6 | \$ 1,195,767.6 | \$ 1,021,510.0 |
| Performance Funding Initiative | | 6,009.0 | 60,088.8 |
| Total with Performance Funding | 1,201,776.6 | 1,201,776.6 | 1,081,598.8 |
| <u>Source of Appropriated Funds</u> | | | |
| <u>General Funds</u> | | | |
| General Revenue Fund | 60,503.8 | 60,503.8 | 61,356.5 |
| Education Assistance Fund | 1,141,272.8 | 1,141,272.8 | 1,020,242.3 |

Table 3
 FY2018 Governor's Budget
 IBHE INSTITUTIONAL GRANTS/SPECIAL INITIATIVES
 General Funds

(in thousands of dollars)

| | FY2015 Final Appropriations | FY2018 IBHE Recommendations | FY2018 Governor's Recommendations |
|--|-----------------------------------|-----------------------------------|---|
| Higher Education Cooperation Act (HECA) | \$ - | \$ 500.0 | \$ - |
| University Center of Lake County (UCLC) | 1,173.0 | 1,065.0 | 1,065.0 |
| Quad Cities Graduate Study Center | 82.0 | 82.0 | 82.0 |
| MyCreditsTransfer | 203.7 | 203.7 | 203.7 |
| Cooperative Work Study Grants | 1,089.4 | 1,089.4 | 1,089.4 |
| STEM- 22nd Century Professionals of Illinois (formerly CAHMCP) | 1,433.6 | - | - |
| STEM- Illinois Mathematics and Science Academy's Fusion Program | 106.5 | 106.5 | 106.5 |
| Diversifying Higher Education Faculty in Illinois (DFI) | 1,456.5 | 1,376.6 | - |
| Educators for Student Success (redesign the Grow Your Own Teacher Program) | 1,466.3 | 540.0 | - |
| Nursing School Grants | 415.4 | 300.0 | - |
| Nurse Educator Fellowships | 219.3 | 200.0 | - |
| Washington Center Internship Program | 97.8 | - | - |
| Total | \$ 7,743.5 | \$ 5,463.2 | \$ 2,546.6 |
| <u>Sources of Appropriated Funds</u> | | | |
| <u>General Funds</u> | <u>\$ 7,743.5</u> | <u>\$ 5,463.2</u> | <u>\$ 2,546.6</u> |
| General Revenue Fund | 7,743.5 | 5,463.2 | 2,546.6 |
| Education Assistance Fund | - | - | - |