

Major Highlights for Fiscal Year 2020 Budget Recommendations

SUMMARY: The Illinois Board of Higher Education (IBHE) recommends an increase of \$314.2 million in higher education operations funding and supports an additional \$270.8 million needed to cover the amounts certified by the State University Retirement System. We also recommend \$657.1 million for capital renewal plus \$1,433.2 million for regular capital. Significant increases are needed to help address the damage done by the long decline in state support, which covered 72 percent of university costs in Fiscal Year 2002 but just 35 percent in Fiscal Year 2018. Funds are needed to improve affordability, reverse the flow of students out of the state, and build a more competitive Illinois economy. Capital needs also are significant. With almost no funding for maintenance since Fiscal Year 2004, deferred maintenance has grown to \$6.2 billion. Since Fiscal Year 2004 there also has only been one capital building program, in Fiscal Year 2010. As a result, it has not been possible for universities and community colleges to adequately maintain facilities and build new facilities to keep them competitive with institutions in other states and prepare a ready workforce.

- **Public Universities, \$103.0 million** – Concern about college affordability and the out-migration of the best Illinois students, has led to a strong desire to hold down tuition and fees at public universities. However, due to the steep decline in state support for public universities since Fiscal Year 2002, universities have become highly dependent on tuition revenue. If inflation continues to run at 2.6 percent it will take a 7.4 percent increase in state appropriations for universities to maintain their buying power without increasing tuition. Universities need additional funding to keep pace with inflation and to attract and educate the students the state needs to fuel the economy of the future.
- **Community Colleges and Adult Education, \$25.3 million** – Like public universities, community colleges have experienced a long decline in state support which have resulted in significant increases in tuition and fees. Additional funding is needed to keep pace with inflation and to help rebuild after the deep cuts experienced during the budget impasse. IBHE does not recommend an increase in funding for adult education because we are not recommending increases for grant programs which did not experience cuts during the budget impasse.
- **Monetary Award Program (MAP), \$100 million** – There has been a steep decline in what MAP covers. In Fiscal Year 2002 MAP covered 100 percent of the weighted tuition and fees at public universities and it covered all eligible students. In Fiscal Year 2019 the program is only able to cover 31.2 percent of public university weighted tuition and fees and just 43.0 percent of eligible students. Declining coverage has increased the ability of out-of-state institutions to attract Illinois students. It also contributes to qualified students deciding to not attend college at all. A significant funding increase is needed to start rebuilding the program and to help improve educational attainment by reducing achievement gaps by race, ethnicity, and socioeconomic status.
- **AIM HIGH, \$20 million** – AIM HIGH was created in Fiscal Year 2019 as a merit-based scholarship program, crafted by each university to match its students and mission. The intent is to help reverse the flow of students to colleges and universities outside of Illinois and to help attract qualified Illinois students who are choosing to not go to college at all. Additional funding is needed to cover a new set of students and build momentum to achieve the mission of the program.

- **Illinois Veterans Grant (IVG) and Illinois National Guard Grants (ING), \$26.4 million** – Until Fiscal Year 2010 funding was provided to the Illinois Student Assistance Commission (ISAC) to reimburse public universities and community colleges for waivers of tuition and fees for Illinois Veterans and National Guard members as required by law. Partial funding was provided in Fiscal Years 2011 and 2012 but none since then. This is an unfunded mandate on universities and community colleges at a time when other state funding has been declining. Fewer veterans have been availing themselves of this benefit because of a similar federal program passed in the wake of 9/11. Restoring funding to these programs would help universities and community colleges recover from the steep cuts in state funding and also make it financially advantageous to them to more aggressively recruit veterans, which also will draw in more federal funding.
- **Illinois Student Assistance Commission Operations and Outreach, \$6 million** – ISAC operations and support programs have long been supported by federal loan management revenues. However, the federal program changed in 2010 and ISAC no longer services new loans. They have continued to service old loans but federal revenues have fallen sharply. ISAC earned \$25 million in Fiscal Year 2018 and that is expected to be just \$12 million in Fiscal Year 2020. There also is a possibility that the federal government could pull back the remaining loans at any time. ISAC has warned this growing problem for many years. For Fiscal Year 2019 a \$2.0 million appropriation was granted to start covering some of these costs. The additional funds do not represent any new services. It will assure ISAC can continue to provide their current level of services of assistance to students and families.
- **Illinois Financial Assistance Act for Nonpublic Institutions, \$25 million** – This request is to resurrect a previously funded program that rewards Illinois private colleges and universities for serving Illinois students. The intent is to act as another means of stemming the flow of students to other states. This would be a complement to AIM HIGH.
- **State Universities Retirement System (SURS) Pension Contributions, \$270.9 million** – This increase in appropriation is to match the \$1,855,938,000 certified state contribution as required by state law as well as a \$40,302 increase in funding as required under the State Employee Group Insurance Act of 1971 to cover community college retiree health insurance costs.
- **Illinois Mathematics and Science Academy (IMSA), \$552,000** – Funding needed to cover cost increases. Unlike other secondary schools in the state, IMSA has very limited access to other resources.
- **Illinois Board of Higher Education, \$557,600** – Funding to cover cost increases and to fund a coordinated campaign to promote the value and virtues of the Illinois' higher education system in conjunction with the Illinois Coalition for Higher Education. The campaign would bring together community colleges, public universities, ISAC, private universities and colleges, business interests and other stakeholders. The request also will restore funds to grants cut in Fiscal Year 2018 and cover the cost of developing an new ten year plan for higher education.
- **State Universities Civil Service System (SUCSS), \$100,200** – Funding needing to overcome the significant cuts made to the agency over the years which make it very difficult for them to fulfill their legal responsibilities.

- **Capital Renewal Funding, \$663.9 million** – There has been almost no state appropriation support for maintenance since Fiscal Year 2004. As a result, deferred maintenance needs have grown to \$6.2 billion. The request amounts to three percent of state funded facilities replacement costs plus \$141 million for community colleges, which are local government entities. To keep up with the standard 50-year replacement cycle of buildings there should be an investment of two percent of the replacement cost of those buildings. If the state can also invest an additional one percent it will take 30.9 years to erase the deferred maintenance backlog.
- **Regular Capital Funding, \$1,479.7 million** – (Including \$48 M for cost escalations & Emergencies) With very little capital support from the state since Fiscal Year 2004 other than the Illinois JobsNow! program in Fiscal Year 2010, the need for capital funding has grown urgent. There has been little change in the list of projects requested since Fiscal Year 2010. This request does not include projects funded in the Fiscal Year 2019 budget but not yet released. IBHE supports the release of those projects as well.