

News

from the Illinois Board of Higher Education

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IBHE TO CONSIDER FY2010 BUDGET TIED TO PUBLIC AGENDA GOALS

Six-step investment plan focuses on affordability, educational attainment, high-demand jobs; Board to review Phase I implementation of new Public Agenda for College and Career Success

SPRINGFIELD – A higher education spending blueprint crafted to help shield students from rising college costs while promoting key educational priorities amid an increasingly feeble fiscal environment will be presented to the Illinois Board of Higher Education (IBHE) next week.

The Board will consider fiscal 2010 budget recommendations built on the goals of the Public Agenda for College and Career Success, emphasizing affordability, access to college, educational attainment, and economic growth. The Board meets January 27 at the President Abraham Lincoln Hotel and Conference Center in Springfield.

As in FY2009, the spending plan for next year presents the budget in a series of steps, or investment levels, ranging from 2.5 percent, or \$55 million, below FY09 appropriations, to an increase of 5.5 percent, or \$120 million, above FY09 appropriations.

“The fiscal 2010 investment budget represents a delicate balancing act,” Carrie J. Hightman, IBHE Chairwoman, said. “While we must recognize the state’s fragile financial health, we also have the responsibility to present to the Governor, the General Assembly, and the public an honest appraisal of the needs of colleges and universities, students and families, and the state’s present and future economic well-being.

“These recommendations navigate that difficult course in a realistic and responsible way,” Hightman added. “The various budget steps show our elected officials what they can expect for increased investments in higher education, and what the consequences will be for students, for quality academic programs, and for the state if the urgent needs identified in the Public Agenda are not addressed.”

The budget notes that the state’s balance sheet is precarious, with the latest revenue forecast projecting a \$550 million shortfall in general revenue fund (GRF) income for FY09

compared to a year earlier. That grim news prompted the Governor's Office of Management and Budget (GOMB) to request that higher education institutions hold 2.5 percent of their appropriations for this fiscal year in reserve.

As a consequence, again at the urging of GOMB, the first three steps of the 2010 investment budget start in the basement and end on the ground floor. Step 1 proposes a total general funds budget of \$2.15 billion for FY10, a 2.5 percent reduction from fiscal 2009 appropriations. When accounting for the reserve imposed on institutions this year, Step 1 would leave higher education at essentially this year's authorized spending level. Step 2 proposes GRF funding of \$2.19 billion, a 1 percent reduction from FY09 appropriations. Step 3 funding of \$2.21 billion would authorize FY10 spending at the FY09 appropriations level.

"We have included negative-to-neutral steps to acknowledge the bleak fiscal climate facing the state and to demonstrate the effects of continuing to underfund higher education – from denying financial aid to low-income students to undermining the ability of adult students to gain postsecondary credentials," Chairwoman Hightman noted. "However, we have every intent and expectation of advocating for resources needed to pursue the critical priorities of the Public Agenda recently approved by the Board of Higher Education."

That would begin in Step 4 of the proposed budget, which calls for spending \$2.24 billion, a \$24 million, or 1.1 percent, increase over FY09 appropriations. Spending would rise by \$59 million, or 2.7 percent above FY09 appropriations, to \$2.27 billion in Step 5 of the budget. Step 6, the highest investment level, proposes funding of \$2.33 billion, an increase of \$120 million, 5.5 percent above FY09 appropriations.

The positive investment levels would address many of the prime issues identified in the Public Agenda as immediate concerns – protecting against further erosion of college affordability, raising educational attainment levels for underserved students, including adults, and better connecting the potent research capabilities of universities with the state's workforce and economic needs.

For example, at Step 5, state funding of the need-based Monetary Award Program (MAP) would rise nearly \$21 million, sufficient to cover the cost of projected federal changes in needs analysis, partially address significant increases in the volume of MAP applications, and extend processing of grant applications, a measure that particularly affects nontraditional students. Step 6 would increase MAP funding by \$29.7 million. Even at that level – a 7.8 percent boost – processing of applications would likely be curtailed by mid-July, adversely affecting students who postpone decisions to enroll in college until mid-to-late summer.

Steps 4 through 6 also would restore or inaugurate grant programs aimed at Public Agenda initiatives, including innovation grants under the Higher Education Cooperation Act, a new baccalaureate completion program to enable community college students to finish a bachelor's degree closer to home, a new High-Need Health Careers Program to address shortages of nursing and other healthcare professionals, and state grants to colleges and universities to provide matching funds to lure federal research grants.

The higher investment levels also earmark increased support for salary increases at public universities, which is an issue both of academic quality and student affordability. Community colleges would receive up to \$12.9 million more in base operating grants, helping to curb reliance on student tuition.

One perennial budget issue – shortfalls in state support for the Illinois Veterans Grants (IVG) – apparently will be largely resolved by the new Post-9/11 GI Bill. The Illinois Student Assistance Commission estimates that 75 percent of total \$38 million in IVG costs will be covered by the expanded benefits available through the GI Bill. This will enable a state appropriation of \$10 million to fully reimburse colleges and universities for waiving full tuition and fees for veterans.

“We are confident that the budget we propose today will address the pressing needs of the citizens of Illinois,” Chairwoman Hightman said. “We look forward to working with the Office of the Governor and members of the General Assembly to build on these recommendations to design a budget that is both sensitive to the state’s economic challenges and advances the priorities of the Public Agenda for College and Career Success.”

The Public Agenda, which the Board endorsed unanimously in December, is the master plan for Illinois higher education for the next decade. At its meeting January 27, the Board will discuss detailed strategies for the first phase implementation of the Public Agenda. The implementation plan will provide specific action steps, with timelines, for initiatives aimed at improving college readiness, strengthening connections between the preschool-12 education system and higher education, developing a statewide comprehensive P-20 student information system, and enhancing college affordability.

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