

# HIGHER EDUCATION

-Funding and Tuition Rates-



COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

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## EXECUTIVE SUMMARY

Higher education has long been valued in this country. According to a study conducted by the College Board in 2006, lifetime earnings for an individual with an associate degree were 28% higher than a high school graduate. This percentage increases to 61% higher for an individual with a bachelor's degree. In recent years it seems the goal of obtaining a postsecondary education has gotten further out of reach due to tuition rates rising while public financial support decreases.

This report examines the relationship between State funding of higher education at public universities and community colleges and changes in tuition rates. It begins with an analysis of State appropriations for higher education and how the State of Illinois compares to other states in the region. The rise in tuition rates in recent years is then examined. These changes are then analyzed to assess overall changes in revenues at public universities and community colleges. To conclude the report, a brief summary of other State support for higher education is presented.

Some highlights of the report are:

- Total State support for higher education (excluding capital outlays, debt service, student fees, and other non-tax sources) was \$2.8 billion in FY2007, which ranked Illinois 6<sup>th</sup> in the nation.
- Higher education appropriations from the State have declined over the last five years. Average growth from FY2003-FY2007 was -0.7% per year, which is similar to other states in the region.
- Illinois averaged \$217 per capita in higher education appropriations which ranked it 32<sup>nd</sup>. Higher education spending per capita has steadily increased since the 1960's but has basically stayed at the same level as in the 1970's when adjusted for inflation.
- Illinois appropriates over \$7,000 per full time student in higher education. This is just below the average for the nation (26<sup>th</sup>) but is considerably worse than in 2002 when the State ranked 9<sup>th</sup>. Similar to appropriations per capita, appropriations per student have also basically just kept up with inflation and have not grown in real terms.
- Higher education appropriations compared to personal income showed Illinois to be on the lower end of the nation's rankings. Illinois spent \$5.39 per \$1,000 of personal income which ranked the State 37<sup>th</sup>.
- In FY2007, Illinois had the 6<sup>th</sup> highest tuition at four year public universities, averaging over \$8,000 per year which was higher than the \$5,685 national average. Tuition grew an average of 12% per year over the last five years which was much higher than the 5.4% per year over the prior five year period.



- One factor that could explain this increase in public school tuition would be the “Truth in Tuition” legislation that mandated that starting in the 2003-2004 school year incoming students would pay the same tuition rate for four years. Due to this law, public universities have to account for four years worth of inflation and other potential increases in cost when setting tuition rates. Other factors such as increased rates of inflation and stagnant to falling levels of state support most likely also affected the increases in tuition in recent years
- Current funding source ratios for both public universities and community colleges have changed over the last decade. State support has become a smaller percentage of total current revenues, while tuition and fees and other revenues sources have increased.
- The State supported higher education with over \$493 million in additional grants and scholarships that were administered by the Illinois Student Assistance Commission (ISAC) and the Illinois Board of Higher Education. The Monetary Award Program (MAP) was the largest of these at over \$385 million.
- The State also offers two types of 529 Higher Education Savings Programs. A prepaid tuition plan, *College Illinois!*, and a savings plan called Bright Start.

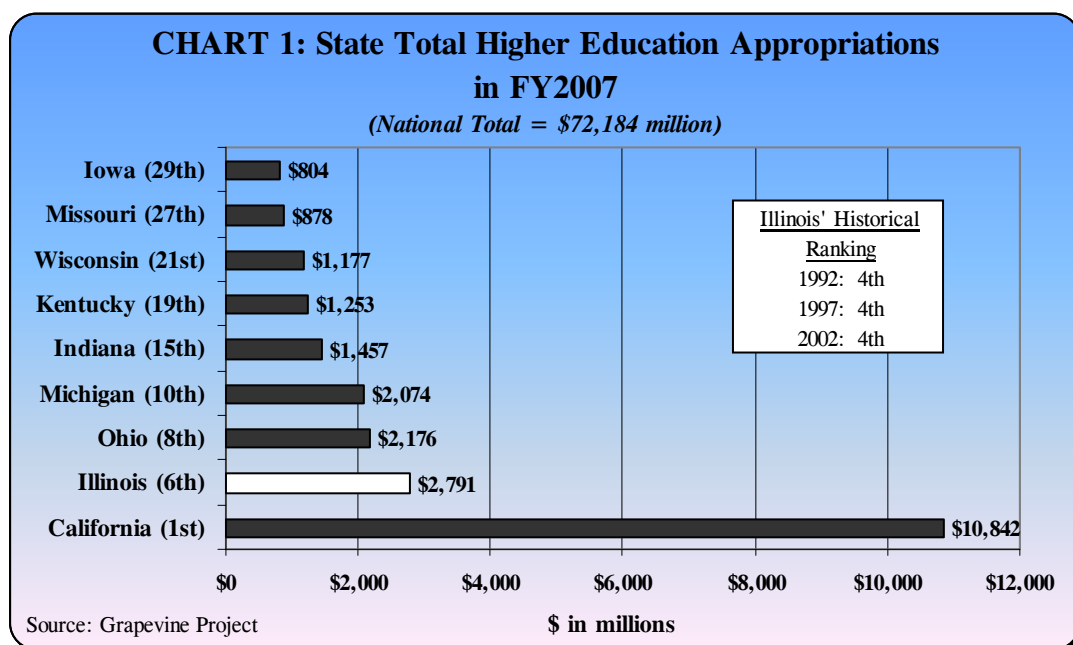
## I. State Higher Education Funding

To examine the level of funding provided to higher education by the State of Illinois, state appropriation data from the Grapevine Project were analyzed. The Grapevine Project is an annual compilation of data on state tax support for higher education conducted at the Center for the Study of Education Policy at Illinois State University. The data studied included appropriation data for all fifty states for operating expenses for higher education institutions including public universities and colleges, community colleges, and other higher education related entities including vocational programs and higher education related boards. This data does not reflect actual expenditures and does not include appropriations for capital outlays, debt service, or sums derived from non-tax sources. See Appendix A for more information on the Grapevine Project, the data limitations of the Grapevine Project, and the instructions sent to the States for providing the data analyzed.

State appropriations for higher education were compared and ranked in totality, on a per capita basis, on a per student basis, and on a per \$1,000 of personal income basis. Focus was given in comparing Illinois to the surrounding states along with Ohio and Michigan which are similar states to Illinois. Historical trends and growth rates were also examined.

### Total State Support for Higher Education

In FY2007, the State of Illinois appropriated \$2.791 billion towards higher education spending. This was the 6<sup>th</sup> highest amount in the country. California had the highest total appropriations at \$10.842 billion. The similar sized states of Ohio and Michigan followed Illinois at 8<sup>th</sup> (\$2.176 billion) and 10<sup>th</sup> (\$2.074 billion). Iowa had the smallest amount of appropriations allocated towards higher education at \$804 million, as would be expected with its relatively small population. Data for all the states in the region can be found in Chart 1.



<b>Table 1. Higher Education Appropriation Growth Rates</b>					
	<u>1988 - 1992</u>	<u>1993 - 1997</u>	<u>1998 - 2002</u>	<u>2003 - 2007</u>	<u>20-Year Average</u>
<b>Illinois</b>	4.5%	4.4%	6.5%	-0.7%	<b>3.7%</b>
<b>Indiana</b>	6.4%	2.8%	5.1%	2.0%	<b>4.0%</b>
<b>Iowa</b>	6.8%	5.0%	2.2%	0.5%	<b>3.6%</b>
<b>Kentucky</b>	6.9%	2.1%	8.1%	3.8%	<b>5.2%</b>
<b>Michigan</b>	4.7%	2.8%	5.2%	-1.6%	<b>2.8%</b>
<b>Missouri</b>	3.9%	4.8%	6.2%	-1.9%	<b>3.3%</b>
<b>Ohio</b>	3.4%	4.7%	3.4%	0.9%	<b>3.1%</b>
<b>Wisconsin</b>	5.3%	2.3%	4.3%	-0.2%	<b>2.9%</b>
<b>U.S.</b>	<b>4.4%</b>	<b>3.1%</b>	<b>6.1%</b>	<b>2.9%</b>	<b>4.1%</b>

Source: Grapevine Project, Center for the Study of Education Policy, Illinois State University

Annual growth rates for total higher education appropriations over the last twenty years can be found in Table 1. The table highlights a general decrease in higher education appropriations over the last 5 years. Illinois averaged around 4.5% growth in higher education appropriations from FY1988 to FY1997. From FY1998 to FY2002, appropriations grew 6.5% per year but dropped off dramatically to a negative growth rate of -0.7% per year over the last five years. Over the last twenty years, Illinois' higher education appropriations grew at an average rate of 3.7% per year. A similar pattern of five years of above average growth followed by five years of below average growth is apparent throughout the region and the U.S. as a whole over the last decade.

### **Higher Education Funding per Capita**

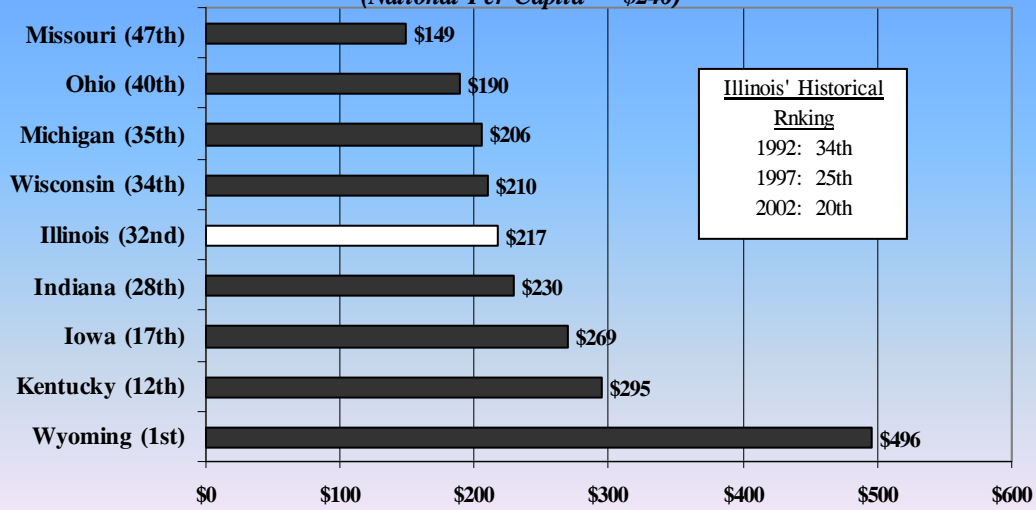
Comparing the states within the region on a per capita basis shows a high amount of variance. Though far behind Wyoming's nation leading \$496 per capita, Kentucky was ahead of the rest of the states in the region at \$295. At \$269 per capita, Iowa was the only other state in the region above the U.S. average of \$240. In FY2007, Illinois ranked 32<sup>nd</sup> at \$217 per capita. The state of Missouri stood out by ranking near the bottom (47<sup>th</sup>) at \$149 per capita. Chart 2 on the next page illustrates this data.

Chart 3 shows Illinois' per capita higher education appropriations since FY1960. This chart shows a steady increase in funding per capita from \$9 in FY1960 to \$230 in FY2002 with a small disruption in the late 1980's. Funding per capita then fell for four fiscal years to \$206 per capita in FY2006. Per capita then rose to its current level of \$217.

Also highlighted by Chart 3, Illinois' ranking on this measurement has varied greatly. Illinois was ranked 25<sup>th</sup> in FY1960 and improved to 9<sup>th</sup> by FY1972. Illinois' ranking declined over the next few years, so that Illinois ranked around 27<sup>th</sup> from FY1976 to FY1981. Over the next eight years, Illinois continually fell to 42<sup>nd</sup> in FY 1989. Illinois appropriated \$124 per person on higher education during that year. Illinois improved to 20<sup>th</sup> position by the 1999-2000 school year by appropriating \$207 per capita. Since then Illinois has regressed to 32<sup>nd</sup> position for FY2007.

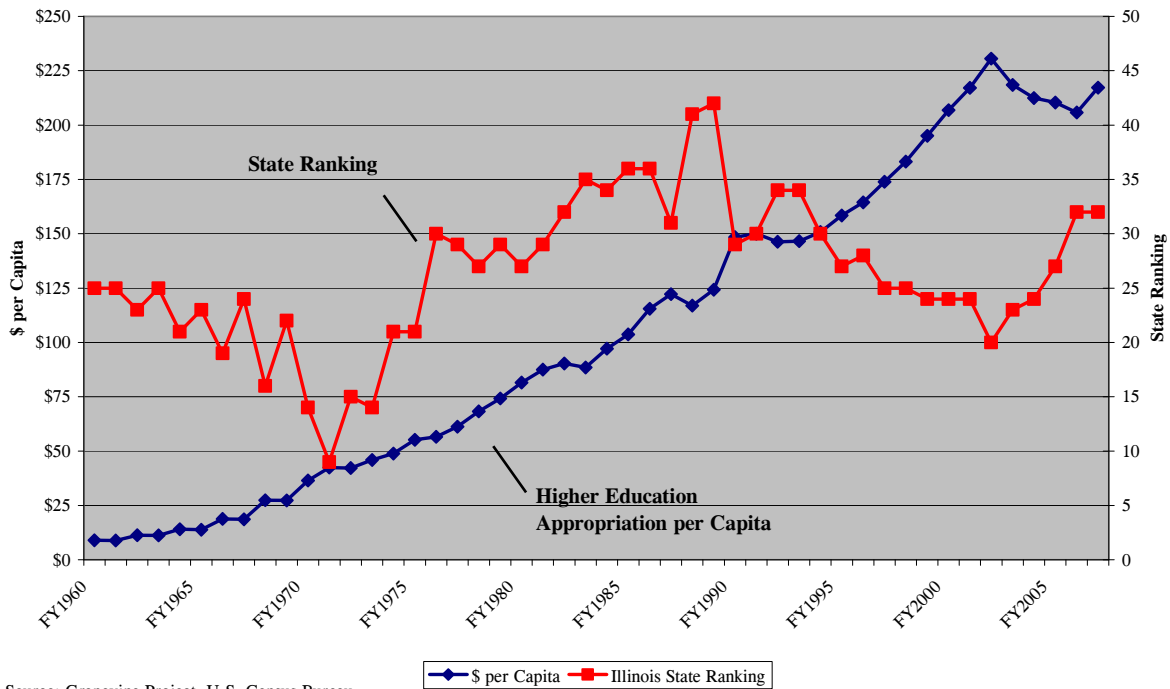
**CHART 2: State Higher Education Appropriations Per Capita in FY2007**

(National Per Capita = \$240)



Source: Grapevine Project, Census Bureau

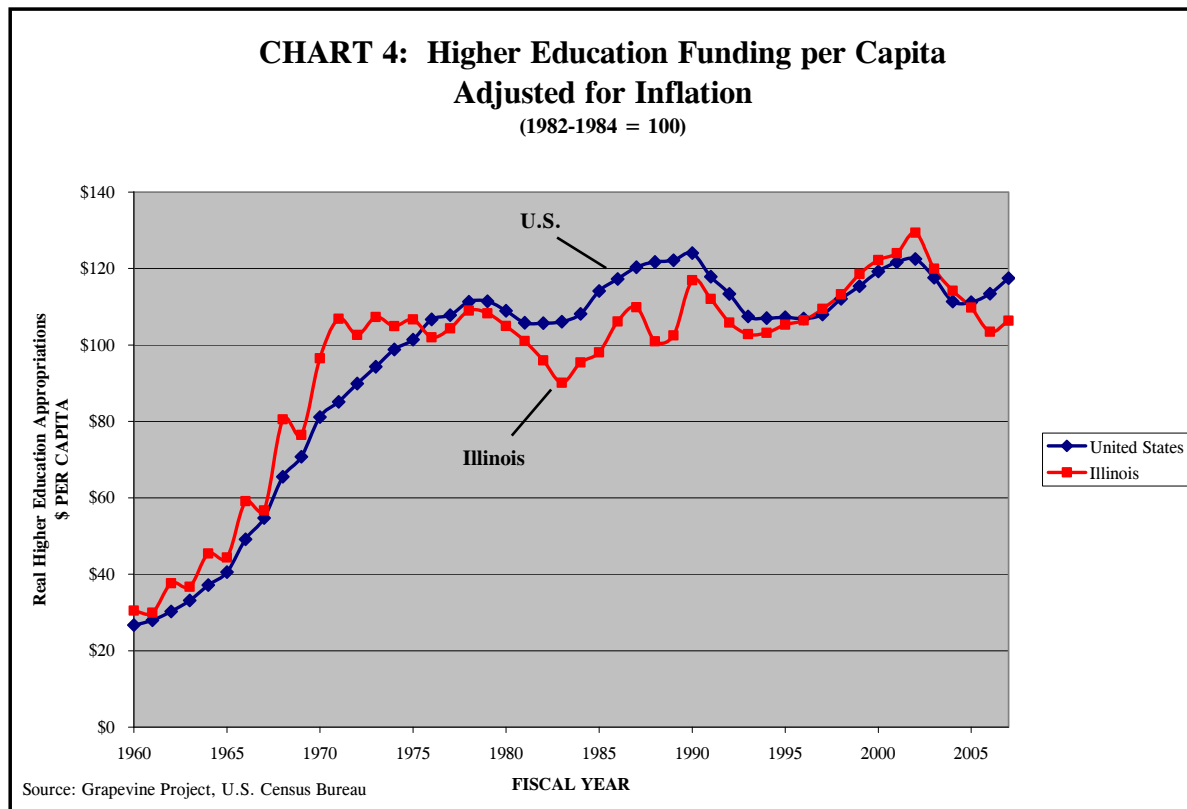
**CHART 3: Illinois State Higher Education Appropriations per Capita**



Source: Grapevine Project, U.S. Census Bureau



To compare funding levels in real money terms, consumer price index (CPI) data was used to adjust for the effects of inflation. Two distinct periods of funding for higher education became apparent in Illinois. From FY1960 until FY1971, State appropriations for higher education grew an average of 13.3% per year. From FY1972 to FY2007 real higher education per capita grew on average of only 0.1% per year. Higher education funding per capita has remained around rates similar to the early 1970's in real terms. The U.S. as a whole has followed a similar pattern as can be seen in Chart 4.

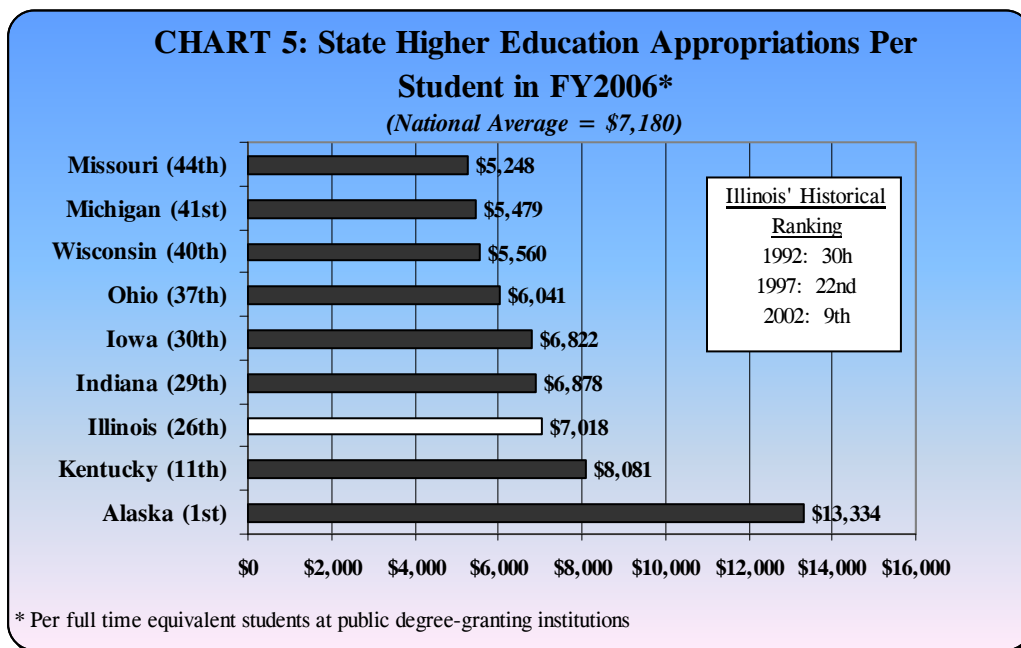


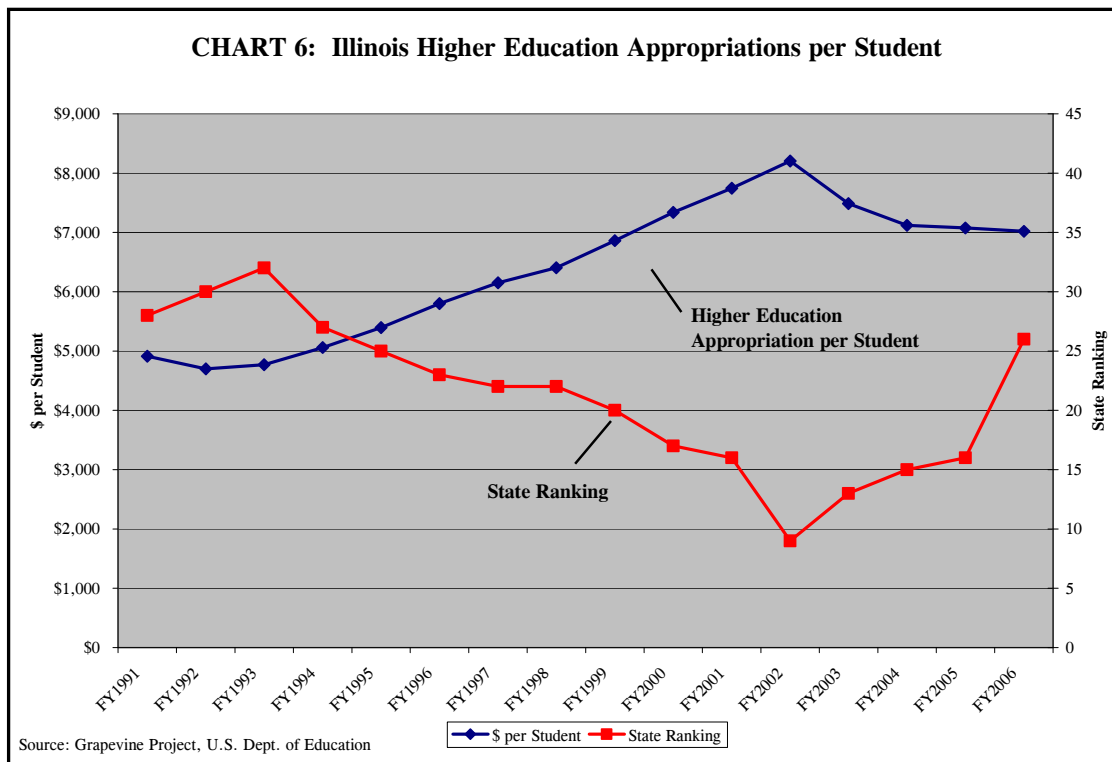
## Higher Education Funding per Student

Higher education appropriations were also examined on a per student basis. In this case students were counted on a full time equivalent basis at all public degree-granting institutions in each state in the fall of each school year as reported to the U.S. Department of Education. Data for this metric was available from 1990 to 2005.

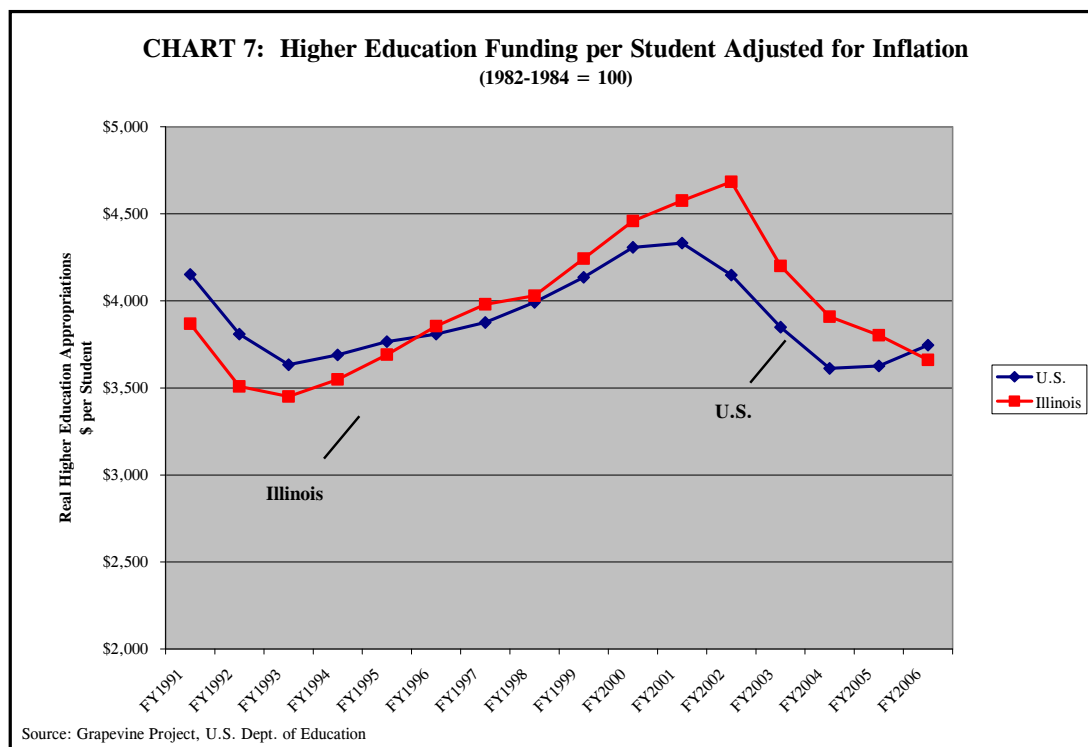
Illinois ranked in the middle on this basis. Illinois was ranked 26<sup>th</sup> in the country at \$7,137 per full time equivalent student in FY2006. This was behind Kentucky for the lead in the region at \$8,081, which ranked 11<sup>th</sup> in the nation and was the only state in the region to be above the national average of \$7,180. Both of these were well below the number one ranked state in the country, Alaska, which appropriated over \$13,300 per student. Once again Missouri was the lowest ranked state in the region at 44<sup>th</sup> due to appropriating only \$5,248 per student. Michigan and Wisconsin were just above Missouri at 41<sup>st</sup> and 40<sup>th</sup> (or \$5,303 and \$5479 per student). Data for all the states in the region can be found in Chart 5 below.

On this metric, Illinois was somewhat flat from FY1991 through FY1993 at just under \$5,000 per full time equivalent student. From FY1993 to FY2002, Illinois' higher education appropriation per student steadily grew from \$4,796 to \$8,201. Over this time period, this amount grew an average of 6.2% per year and its ranking among the states improved from 32<sup>nd</sup> to 9<sup>th</sup>. From FY2003 through FY2006, Illinois' per student funding has declined to just above \$7,000 per student and has dropped to a ranking of 26<sup>th</sup>. These results can be found in Chart 6 on the next page.





In inflation adjusted terms, higher education appropriations per student have followed a similar pattern as higher education appropriations per capita. The level decreased in the early 1990's, steadily grew from the mid 1990's through FY2002, and decreased substantially in recent years. Similar to the per capita analysis, per student funding in FY2006 is basically at the same level as it was in the early 1990's. Results of this analysis can be found in Chart 7.



### **Higher Education Funding per \$1,000 of Personal Income**

Higher education appropriations were also analyzed on a personal income basis. State higher education appropriations were divided per \$1,000 of total personal income to examine how much funding they put towards higher education compared to how much personal income was earned by the state's population. Personal income data from the U.S. Dept. of Commerce's Bureau of Labor Statistics, along with the Grapevine Project data were used in this analysis.

New Mexico had the highest level of higher education appropriations per \$1,000 of personal income in FY2007 at \$12.66. Illinois did not rank very highly in this category. Illinois had a rank of 37<sup>th</sup> in the country at \$5.39. This was \$0.61 below the national average of \$6.20. The only state in the region that ranked lower than Illinois was Missouri who ranked 46<sup>th</sup> at \$4.34. The highest ranked state in the region was Kentucky at 10<sup>th</sup>, which put forth \$9.50 per \$1,000 of personal income. The results of this analysis can be seen in Chart 8.

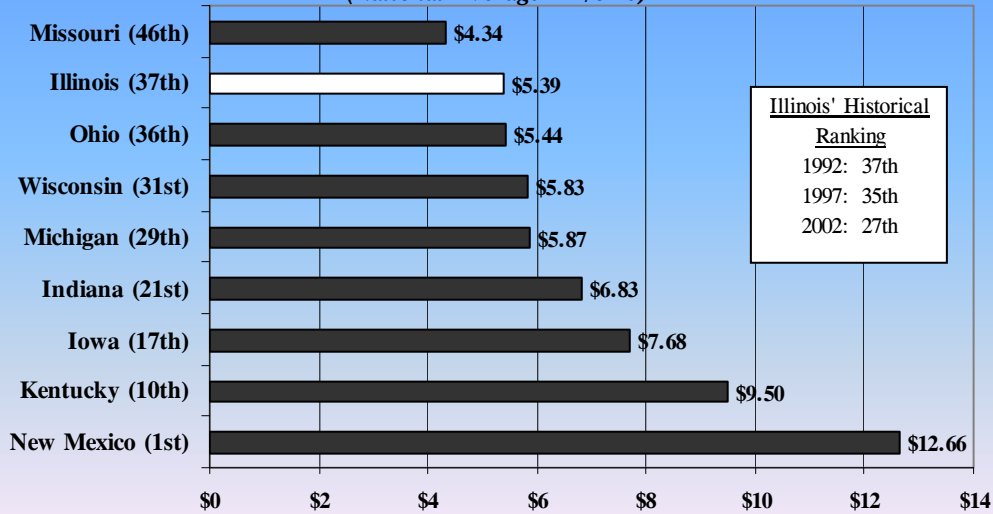
Illinois higher education appropriations per \$1,000 of personal income increased significantly throughout the 1960's but has basically been steadily declining since a peak in 1971. From FY1960 to FY1971 higher education appropriation per \$1,000 of personal income increased from \$3.35 to \$8.72. During this time period, this metric grew an average of 10.3% per year. Since then Illinois' per \$1,000 of personal income funding level has steadily declined though there were short periods of growth in the late 1980's and the early 2000's. Since FY1971, Illinois appropriations compared to personal income have had average growth of -1.2%. The U.S. average has followed a similar pattern though Illinois has been consistently lower than the national average by approximately \$0.86 since FY1974.

Illinois' ranking for this metric has been consistently been between 30<sup>th</sup> and 40<sup>th</sup>. Three periods during this time period, Illinois was ranked outside this range. Illinois was ranked in the high 20's for 5 years between FY1967 and FY1973 and for a single year in FY2002. Illinois was above 40<sup>th</sup> for FY1988 and FY1989. This analysis is portrayed in Chart 9.

Inflation adjusted analysis was deemed as not appropriate for this metric as the personal income comparison was ratio analysis in which inflation would affect both of the variables equally.

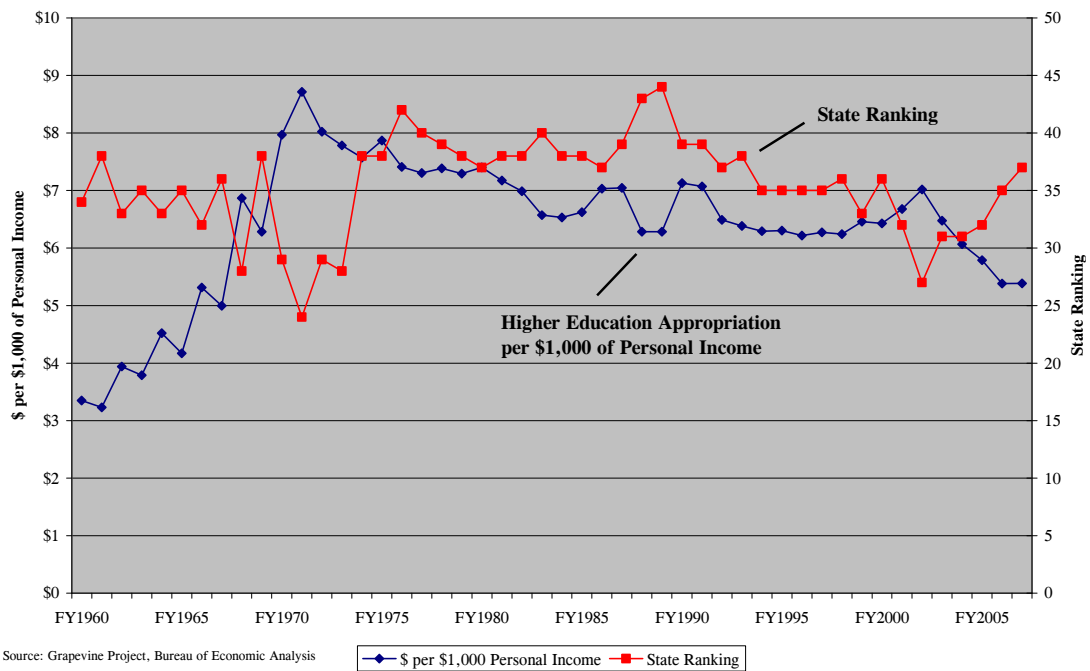


**CHART 8: State Higher Education Appropriations Per \$1,000  
of Personal Income in FY2007**  
(National Average = \$6.20)



Source: Grapevine Project, Bureau of Economic Analysis

**CHART 9: Illinois Higher Education Appropriations per \$1,000 of Personal Income**



Source: Grapevine Project, Bureau of Economic Analysis

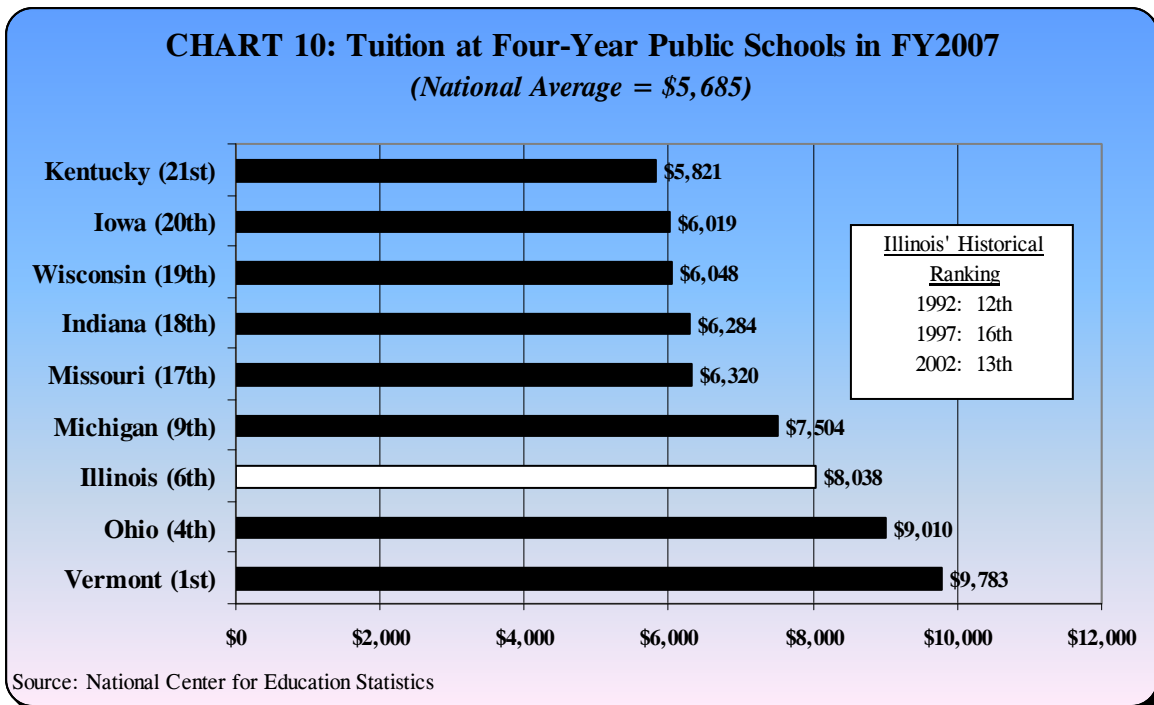
—◆— \$ per \$1,000 Personal Income —■— State Ranking

## II. Tuition

This section of the report will examine changes in tuition rates at both public and private schools over the last few decades. Tuition data from the National Center for Education Statistics for both public and private 4-year degree granting institutions and 2-year public degree granting institutions was examined since FY1987. This examination included ranking of the States by tuition rates, analyzing changes in growth rates in five year increments and over the whole twenty year period. Inflation adjusted analysis was also conducted though it will not be presented as the results were similar to the unadjusted analysis. This section also includes an examination of tuition and required fee growth rates at each individual public university in Illinois over the last decade.

### 4-Year Pubic Schools

In FY2007, Illinois had the 6<sup>th</sup> highest level of tuition at 4-year public schools of higher education. During that year, Illinois' schools had a weighted tuition average of \$8,038 per student per year. This was \$1,745 less than Vermont which had the highest tuition rate at \$9,783. Ohio had the highest tuition in the analyzed region at \$9,010, which ranked 4<sup>th</sup> in the country. It is apparent that in FY2007, the analyzed area has some of the highest tuition rates at 4-year public schools. Three of the eight states in the region were in the top ten and Kentucky at 21<sup>st</sup> position was the lowest ranked state. The State with the lowest tuition rates at 4-year public schools was Nevada at \$2,844. The results for this analysis are found in Chart 10.



<b>Table 2. Tuition Growth Rates at Four-Year Public Schools</b>					
	<u>1988 - 1992</u>	<u>1993 - 1997</u>	<u>1998 - 2002</u>	<u>2003 - 2007</u>	<u>20-Year Average</u>
<b>Illinois</b>	8.6%	6.6%	5.4%	12.0%	<b>8.1%</b>
<b>Indiana</b>	6.8%	7.4%	4.6%	9.6%	<b>7.1%</b>
<b>Iowa</b>	8.1%	5.4%	5.5%	11.8%	<b>7.7%</b>
<b>Kentucky</b>	6.5%	7.4%	7.3%	12.9%	<b>8.5%</b>
<b>Michigan</b>	8.9%	6.8%	4.8%	8.3%	<b>7.2%</b>
<b>Missouri</b>	8.9%	10.7%	4.9%	10.6%	<b>8.4%</b>
<b>Ohio</b>	7.5%	6.2%	6.0%	12.0%	<b>7.9%</b>
<b>Wisconsin</b>	10.0%	6.4%	6.1%	10.5%	<b>8.2%</b>
<b>U.S.</b>	<b>8.4%</b>	<b>7.1%</b>	<b>4.6%</b>	<b>8.8%</b>	<b>7.2%</b>

Source: National Center for Education Statistics, U.S. Dept. of Education

Looking at the growth rates in tuition for 4-year public schools in the U.S. shows a sharp increase in tuition rates over the last five years. From 1988 to 1992, tuition rates grew an average of 8.4% per year in the U.S. Over the next five years, tuition rates eased somewhat to a growth rate of 7.1% per year. The 1998 to 2002 time period had the lowest rate of growth at 4.6%. This rate almost doubled to 8.8% from 2003-2007.

Illinois followed a similar pattern though it had a rate of 5.4% from 1998-2002 and jumped to an average growth rate of 12.0% per year from 2003-2007. Illinois tied for the second highest rate of increase in the region over the last five years. Ohio had a similar rate of 12.0% growth, which was behind Kentucky which averaged tuition growth of 12.9%. Over the last twenty years, Illinois 4-year public schools have averaged tuition growth of 8.1% per year which is almost a full percentage point higher than the U.S. average which was 7.2%. Results for the entire region can be seen in Table 2 above.

Illinois has nine public universities located on twelve campuses. Chart 11 on the next page shows the tuition and required fee rates for incoming full-time, in-state, undergraduate students during the 2007-2008 school year. The University of Illinois at Urbana/Champaign had the highest tuition and required fees at \$11,130 per year. The University of Illinois at Chicago was the only other public university in Illinois to be over \$10,000 per year at \$10,546. Illinois State University (\$9,019), Southern Illinois University at Carbondale (\$8,899), and Northern Illinois University (\$8,589) were the next highest. The universities with the lowest tuition and required fees were Governors State University and Southern Illinois University at Edwardsville at \$5,066 and \$7,033, respectively.

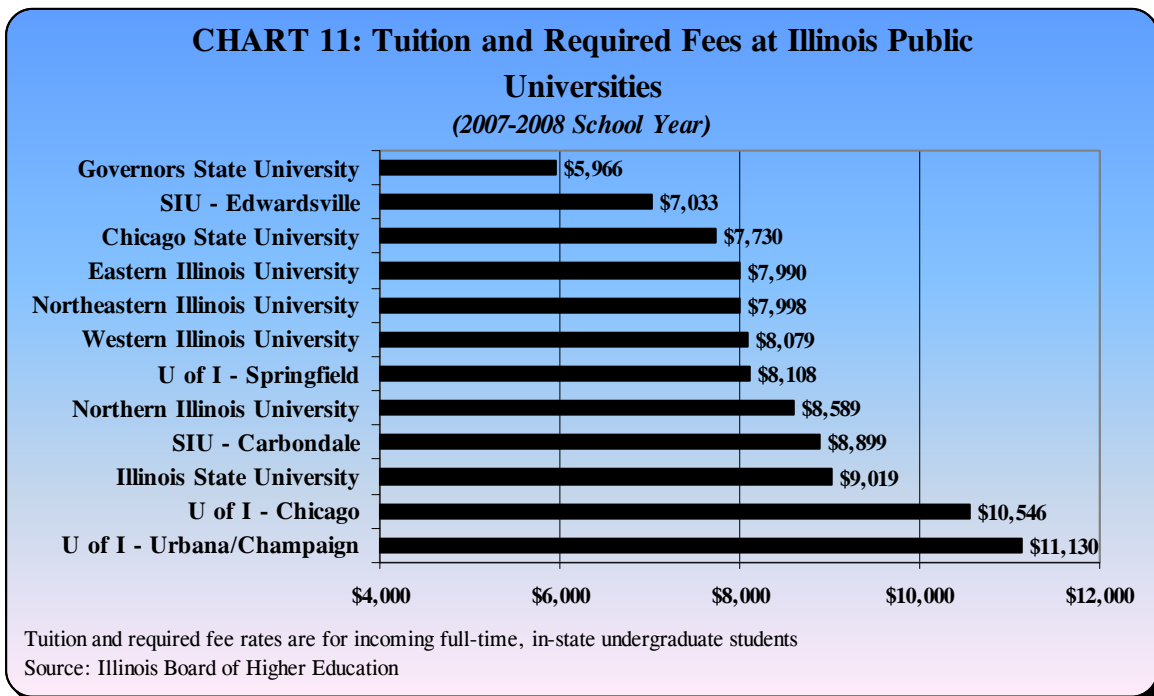


Table 3 on the next page shows the average growth of tuition and required fees at all twelve Illinois public university campuses over the last decade. As seen in this table, tuition and fees increased much faster in the last five years when compared to the school years ending from 1999 to 2003. Average rates of tuition and fee increased from 4.0% to almost 9.0% during the 1999 to 2003 but averaged 10.0% to 19.4% from 2004 to 2008. Averages over the whole ten year period were 8.7% to 10.9%.

During the 1999 to 2003 time period, the University of Illinois campuses in Urbana/Champaign and in Chicago had the highest rates of increase at almost 9% per year. Eastern Illinois University had a similar rate of increase at 8.7%. Northeastern Illinois University had the lowest growth rate at 4.0%. Northern Illinois University (4.7%) and Illinois State University (4.9%) also had low growth rates, each being under 5%.

Northeastern Illinois University had the highest growth rate during the 2004 to 2008 time period at 19.4% per year. Chicago State





University averaged growth of 16.0%. Both of these schools had growth rates that were at least 10% higher than during the previous five years. The slowest growing tuition rates were at the University of Illinois – Urbana/Champaign (10.0%), the University of Illinois – Chicago (10.7%), and Northern Illinois University (10.7%). Based on these results, it appears that the schools that had the lowest rates during the first five year period needed to make up for this slow growth during the second five year period and vice versa.

Over the whole ten year period, Northeastern Illinois University had the highest average growth in tuition and fees at 11.7% per year. They were followed by Chicago State University which average growth of 10.9%. The lowest average growth rates were at Northern Illinois University (7.7%), Illinois State University (8.7%), and the University of Illinois at Chicago (9.4%).

One factor that likely played a role in this increase in tuition and required fees during the last five years is the creation of the “Truth in Tuition” legislation. As part of Public Act 093-0228, Illinois’ Truth in Tuition legislation was passed which limited the increase of tuition rates at Illinois public universities. This legislation mandated that starting in school year 2003-2004; incoming students would pay the same tuition rate for four continuous academic years. The language of the legislation was as follows:

“For four continuous academic years following initial enrollment (or for undergraduate programs that require more than four years to complete, for the normal time to complete the program, as determined by the University), the tuition charged an undergraduate student who is an Illinois resident shall not exceed the amount that the student was charged at the time he or she first enrolled in the University. However, if the student changes majors during this time period, the tuition charged the student shall equal the amount the student would have been charged had he or she been admitted to the changed major when he or she first enrolled.”

This legislation most likely caused an acceleration of tuition increases compared to previous years due to university administrators having to account for four years of inflation and other potential cost increases instead of adjusting for this on a year to year basis. Other factors such as increased rates of inflation in recent years and stagnant to falling levels of state support most likely also affected the increases in tuition in recent years.

**Table 3. Illinois Public University Tuition and Fee Annual Growth**

	<u>1999 - 2003</u>	<u>2004 - 2008</u>	<u>10-Year Average</u>
Chicago State University	5.9%	16.0%	10.9%
Eastern Illinois University	8.7%	11.4%	10.1%
Governors State University	6.5%	14.6%	10.5%
Illinois State University	4.9%	12.4%	8.7%
Northeastern Illinois University	4.0%	19.4%	11.7%
Northern Illinois University	4.7%	10.7%	7.7%
Western Illinois University	7.6%	13.5%	10.5%
 Southern Illinois University			
SIU at Carbondale	6.6%	12.9%	9.8%
SIU at Edwardsville	7.5%	13.7%	10.6%
 University of Illinois			
U of I at Chicago	8.8%	10.0%	9.4%
U of I at Springfield	5.7%	15.3%	10.5%
U of I at Urbana/Champaign	8.9%	10.7%	9.8%

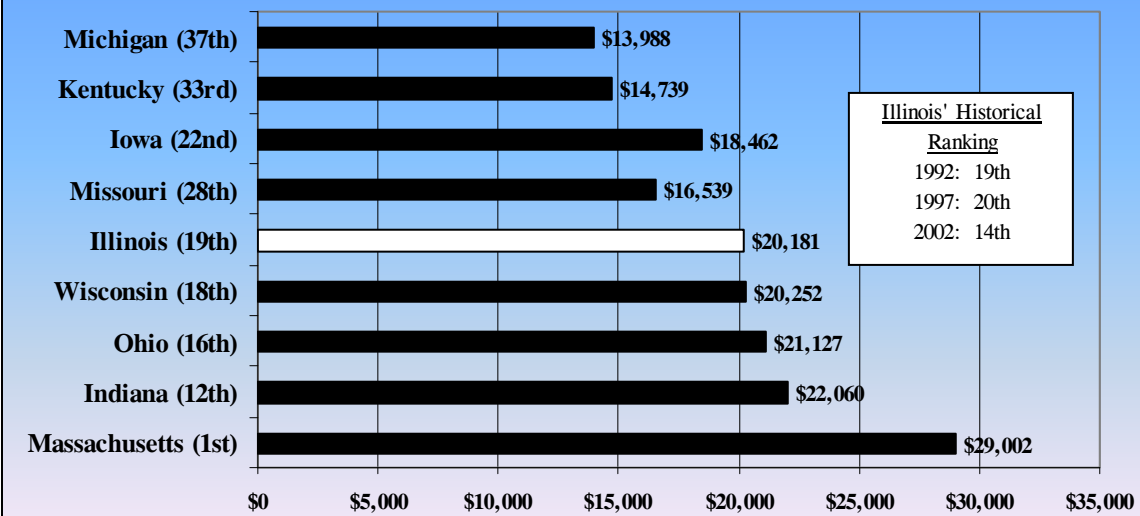
Source: Illinois Board of Higher Education

#### **4-Year Private Schools**

At \$20,181, Illinois ranked 19<sup>th</sup> for tuition rates at 4-year private schools in FY2007. The State of Massachusetts had the highest tuition rate in the nation at \$29,002 per year. Indiana was the highest rank state in the region with tuition rates of \$22,060, which was 12<sup>th</sup> highest in the nation. Ohio (16<sup>th</sup>) and Wisconsin (18<sup>th</sup>) were also ranked higher than Illinois. The lowest ranked state in the region was Michigan at 37<sup>th</sup> with tuition rates of \$13,988 per year. The lowest tuition rates for the nation were \$5,550 in Utah.

While tuition at private schools tend to be higher than at public schools, growth rates in tuition have tended to be lower at private schools than at public schools over the last twenty years. For three of the four time periods examined, private school tuition grew slower than public schools in the U.S. The only 5-year period that private schools had higher growth rates than public schools was 1998-2002 (see Tables 2 and 4). From 2003-2007, private schools averaged raising their tuition 3.9% which is considerably less than the 8.8% average at public schools. Overall, tuition rates grew an average of 5.8% per year since FY1987 which was 1.4% per year less than public schools.



**CHART 12: Tuition at Four-Year Private Schools in FY2007***(National Average = \$20,492)*

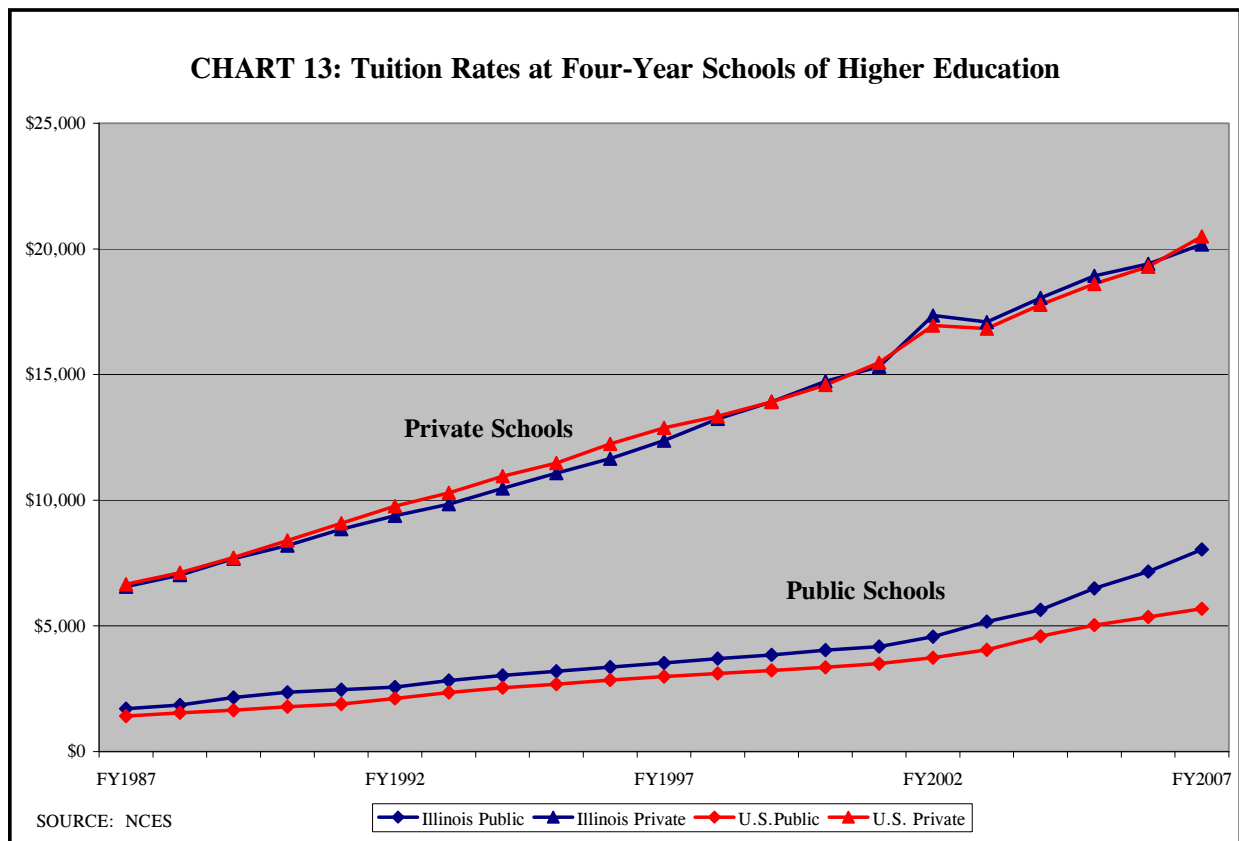
Source: National Center for Education Statistics

**Table 4. Tuition Growth Rates at Four-Year Private Schools**

	1988 - 1992	1993 - 1997	1998 - 2002	2003 - 2007	20-Year Average
Illinois	7.4%	5.7%	7.0%	3.1%	5.8%
Indiana	5.1%	9.3%	6.1%	4.5%	6.2%
Iowa	10.1%	5.7%	5.5%	2.7%	6.0%
Kentucky	8.0%	4.5%	6.0%	-4.9%	3.6%
Michigan	8.2%	4.9%	4.8%	3.0%	5.2%
Missouri	8.4%	4.1%	6.6%	3.8%	5.7%
Ohio	9.6%	5.9%	5.7%	4.3%	6.4%
Wisconsin	7.9%	7.1%	6.1%	3.9%	6.3%
U.S.	7.9%	5.7%	5.7%	3.9%	5.8%

Source: National Center for Education Statistics, U.S. Dept. of Education

Comparing the State of Illinois' tuition rates to those of the national average shows a very similar pattern of growth at both public and private schools. Illinois' tuition growth rates at public schools have mirrored the growth rate of those throughout the country, but have been consistently higher in actual tuition costs. Since FY1987, Illinois has had tuition rates that were an average of 24% higher than the U.S. average. In recent years, this difference grew to over 41%. Tuition at private school in Illinois, on the other hand, has always tracked the U.S. average closely. Illinois' tuition rate at private schools has been an average of just 1.3% less than the U.S. average and has grown at the same rate (5.8% per year) over the last twenty years. Chart 13 on the next page highlights the growth in tuition rates at both public and private 4-year schools.



## 2-Year Public Schools

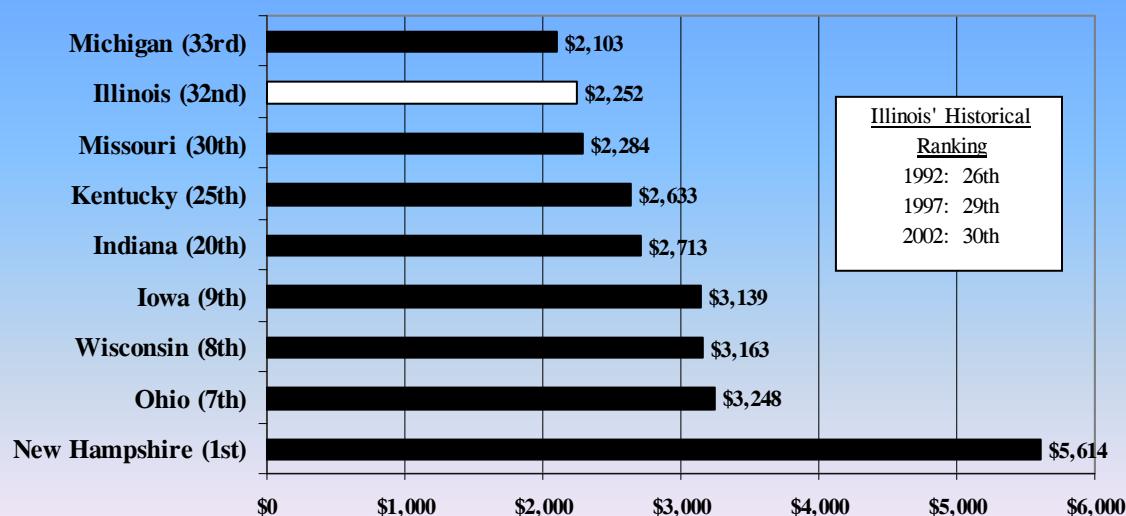
As one would expect, tuition at 2-year public schools were significantly less than tuition at 4-year schools, both public and private. Two-year public schools in Illinois had an average tuition of \$2,252 in FY2007. This was the 32<sup>nd</sup> highest rate in the nation, well behind New Hampshire which had that highest tuition rate at \$5,614. Three states in the analyzed region had some of the highest tuition rates in the nation. Ohio (7<sup>th</sup>), Wisconsin (8<sup>th</sup>), and Iowa (9<sup>th</sup>), each had 2-year public school tuition rates that were over \$3,100. Michigan had the lowest tuition rate at \$2,103, which ranked 33<sup>rd</sup>. The lowest tuition rate in the country was in California at only \$674.

Tuition rates at 2-year public schools have grown at a slower rate than those at 4-year schools in Illinois. Over the last twenty years, tuition rates have risen at an average rate of 5.0% per year. This is 0.8% less than 4-year private schools and 3.1% less than 4-year public schools. During the analyzed time period, two of the 5-year periods had average growth rates of 4.0% per year or less. In fiscal years 1988 to 1992, tuition rates grew an average of only 2.8% per year and from FY1998 to FY2002, they grew at 4.0% per year. In recent years these rates have grown considerably. From FY 2003 to FY2007, the tuition rates at 2-year public schools in Illinois grew at 7.5% per year. The U.S. average over the entire time period averaged growth of 5.8% per year which was 0.8% per year higher than in Illinois. Results of this analysis can be seen in Table 5 on the following page.



**CHART 14: Tuition at Two-Year Public Schools in FY2007**

(National Average = \$2,017)



Source: National Center for Education Statistics

**Table 5. Tuition Growth Rates at Two-Year Public Schools**

	<u>1988 - 1992</u>	<u>1993 - 1997</u>	<u>1998 - 2002</u>	<u>2003 - 2007</u>	<u>20-Year Average</u>
Illinois	2.8%	5.6%	4.0%	7.5%	5.0%
Indiana	5.8%	8.0%	-1.4%	4.8%	4.3%
Iowa	6.0%	5.5%	5.1%	5.9%	5.6%
Kentucky	8.9%	8.4%	4.3%	12.5%	8.5%
Michigan	5.6%	5.6%	2.5%	3.4%	4.3%
Missouri	13.7%	5.6%	3.4%	8.7%	7.8%
Ohio	9.2%	5.1%	0.4%	6.5%	5.3%
Wisconsin	8.3%	8.1%	3.5%	6.5%	6.6%
U.S.	7.3%	6.4%	1.6%	8.0%	5.8%

Source: National Center for Education Statistics, U.S. Dept. of Education

### **III. Higher Education Revenues**

To analyze how these changes in State funding and tuition rates has affected public schools funding, the Commission examined current fund revenues at public universities and community colleges in the State of Illinois. Current fund revenue is money received during a fiscal year that can be used to pay current obligations. Data from the Integrated Postsecondary Education Data Systems (IPEDS) and community college audits from FY1998 through FY2007 was examined.

#### **Illinois Public Universities**

While total current fund revenues have increased in all but one year over the last decade, the revenue source make up of this total has changed considerably. Table 6 and 7 shows the current revenue and current revenue funding ratios for Illinois' public universities from FY1998 to FY2007. In FY1998, State support was by far the largest current fund revenue at over 36% of total funding. Tuition and Fees was the second highest contributing source at just over 17%. This was followed by Sales & Services (16.6%) and Federal support (12.4%).

By FY2007, the latest year available, the ratios had changed significantly though the rankings of the major contributors stayed the same at the top. State support remained the biggest contributor but went from over 36% down to 23.2% of all current revenue. This was just ahead of tuition and fees which came at 22.0%, an increase of 4.8% from FY1998. One category that grew in importance was the Other Revenue Source category. This category is made up of revenues from independent operations, additions, and other revenue sources that do not fall into one of the other revenue categories. It grew from just over 12% of the total in FY1998 to 19.7% in FY2007. The local appropriation category also grew significantly during this time. This category made up approximately 0.2% of total current funding from FY1998 to FY2001 but jumped significantly in FY2002, going to 2.8%. In FY2007, this category made up 2.4% of the total.

It appears that the decrease in state support has been more than offset by increases in tuition and fees, local appropriations, and revenue brought in from the Other Revenue Sources category. These category ratios were stable from FY1998 through FY2001. In FY2002 State support began to make up less of total current funding, while Other Revenue Sources rose. Other Revenue Sources peaked in FY2004 making up more than 30% of current fund revenue. After FY2004, Other Revenue Sources went back to about 20% of total current funding, while tuition and fees rose to the second highest current fund source. The change in the tuition and fees is most likely a combination of both higher tuition rates and an increase in the amount of students. The number of full-time equivalent students in Illinois jumped from just over 350,000 in the late 1990's to a little less than 380,000 students in 2003.

These changes in the current fund revenue sources over the last decade can be found in Chart 15.

**Table 6. Current Fund Revenues at Illinois Public Universities**

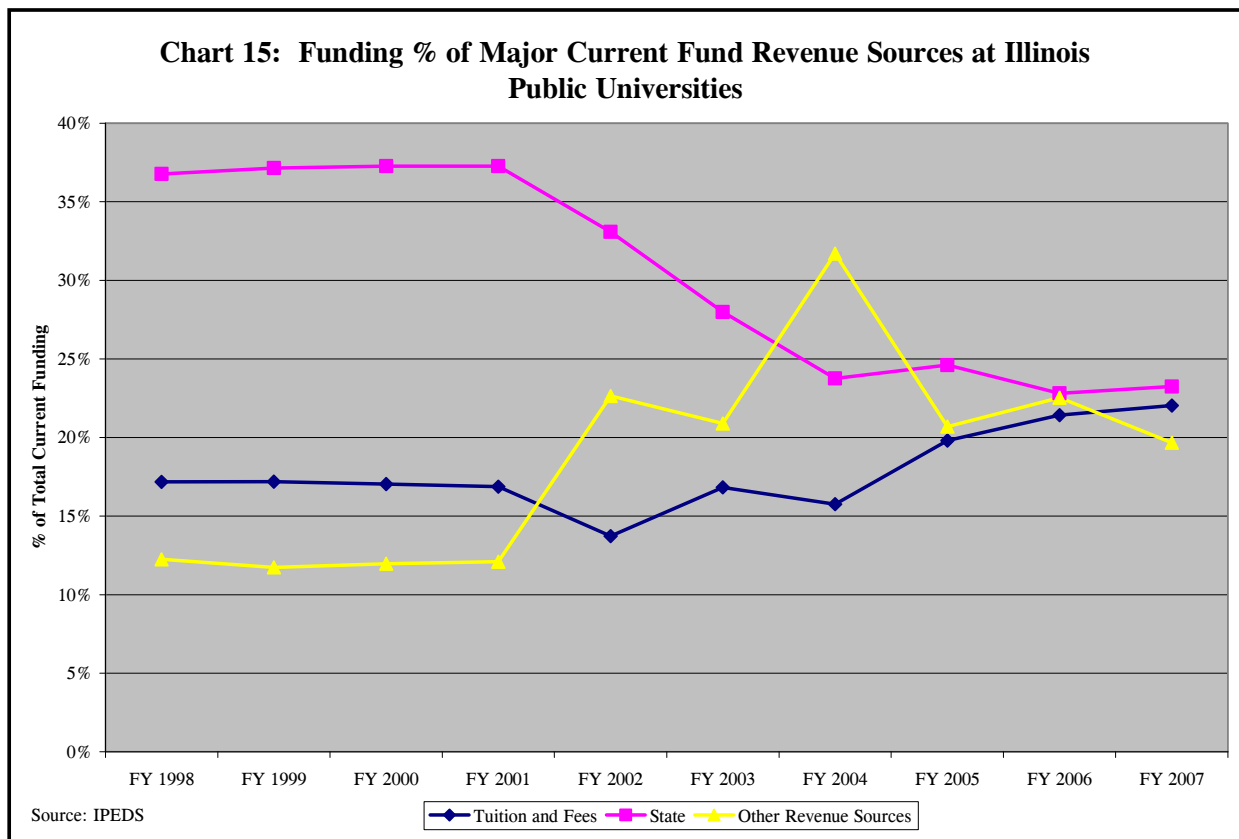
	(\$ Millions)							
	Tuition & Fees	Federal	State	Local	Private Grants, Gifts, Contracts, & Endowments	Sales & Services	Other Revenue	Total
<b>FY 1998</b>	\$633	\$455	\$1,355	\$7	\$170	\$613	\$451	<b>\$3,684</b>
<b>FY 1999</b>	\$665	\$502	\$1,437	\$8	\$179	\$624	\$454	<b>\$3,869</b>
<b>FY 2000</b>	\$698	\$520	\$1,528	\$8	\$191	\$663	\$490	<b>\$4,099</b>
<b>FY 2001</b>	\$741	\$575	\$1,637	\$8	\$211	\$688	\$531	<b>\$4,392</b>
<b>FY 2002</b>	\$694	\$621	\$1,675	\$139	\$290	\$496	\$1,147	<b>\$5,062</b>
<b>FY 2003</b>	\$945	\$725	\$1,571	\$127	\$206	\$868	\$1,173	<b>\$5,615</b>
<b>FY 2004</b>	\$1,058	\$750	\$1,595	\$112	\$161	\$910	\$2,128	<b>\$6,714</b>
<b>FY 2005</b>	\$1,190	\$811	\$1,479	\$143	\$177	\$965	\$1,244	<b>\$6,008</b>
<b>FY 2006</b>	\$1,396	\$811	\$1,486	\$162	\$162	\$1,029	\$1,468	<b>\$6,514</b>
<b>FY 2007</b>	\$1,458	\$797	\$1,538	\$162	\$271	\$1,089	\$1,301	<b>\$6,617</b>

Source: Integrated Postsecondary Education Data Systems (IPEDS) via the Illinois Board of Higher Education

**Table 7. Current Fund Revenues at Illinois Public Universities**

	(% of Total)							
	Tuition & Fees	Federal	State	Local	Private Grants, Gifts, Contracts, & Endowments	Sales & Services	Other Revenue	Total
<b>FY 1998</b>	17.2%	12.4%	36.8%	0.2%	4.6%	16.6%	12.3%	<b>100%</b>
<b>FY 1999</b>	17.2%	13.0%	37.1%	0.2%	4.6%	16.1%	11.7%	<b>100%</b>
<b>FY 2000</b>	17.0%	12.7%	37.3%	0.2%	4.7%	16.2%	12.0%	<b>100%</b>
<b>FY 2001</b>	16.9%	13.1%	37.3%	0.2%	4.8%	15.7%	12.1%	<b>100%</b>
<b>FY 2002</b>	13.7%	12.3%	33.1%	2.8%	5.7%	9.8%	22.7%	<b>100%</b>
<b>FY 2003</b>	16.8%	12.9%	28.0%	2.3%	3.7%	15.5%	20.9%	<b>100%</b>
<b>FY 2004</b>	15.8%	11.2%	23.8%	1.7%	2.4%	13.6%	31.7%	<b>100%</b>
<b>FY 2005</b>	19.8%	13.5%	24.6%	2.4%	2.9%	16.1%	20.7%	<b>100%</b>
<b>FY 2006</b>	21.4%	12.4%	22.8%	2.5%	2.5%	15.8%	22.5%	<b>100%</b>
<b>FY 2007</b>	22.0%	12.0%	23.2%	2.4%	4.1%	16.5%	19.7%	<b>100%</b>

Source: Integrated Postsecondary Education Data Systems (IPEDS) via the Illinois Board of Higher Education



### Illinois Community Colleges

Similar to the public universities, Illinois Community Colleges current revenues have grown in all but one year over the last decade and have seen a decline in the degree to which State support makes up their current funding. Tables 8 and 9 show that in FY1998, State support was the second most important current funding source at 26.7% of total current funding. This was only behind Local support which made up 31.2%, which is made up primarily of property taxes. Tuition and fees contributed 19.2% of the total. Other Miscellaneous Revenue and Federal support rounded out the totals at 13.5% and 9.3% respectively.

During the next ten years State support declined as a percentage of the total, while Tuition and Fees and Federal support rose. State support declined from 26.7% to 20.1% in FY 2007. This was a proportional decrease of 6.6%. Tuition and Fees and Federal support appear to have made up the difference. Tuition and Fees' portion grew 4.2% to 23.4% of the total, while Federal support increased from 9.3% to 12.5%.

One thing that must be mentioned is that the allowable uses for these different categories of revenue vary. Some categories may be used for almost any operational expense, while others may be constrained for specific expenses. With the changing of these funding levels, the spending flexibility of both universities and community colleges may have been hindered.

**Table 8. Current Fund Revenues at Illinois Community Colleges**

(\$ Millions)

	<u>Tuition &amp; Fees</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Other Misc. Revenue</u>	<u>Total</u>
<b>FY 1998</b>	\$240	\$117	\$335	\$392	\$170	<b>\$1,254</b>
<b>FY 1999</b>	\$295	\$156	\$438	\$493	\$212	<b>\$1,594</b>
<b>FY 2000</b>	\$313	\$155	\$469	\$500	\$208	<b>\$1,644</b>
<b>FY 2001</b>	\$330	\$172	\$480	\$524	\$248	<b>\$1,755</b>
<b>FY 2002</b>	\$328	\$212	\$533	\$629	\$236	<b>\$1,938</b>
<b>FY 2003</b>	\$400	\$251	\$498	\$555	\$192	<b>\$1,895</b>
<b>FY 2004</b>	\$437	\$279	\$451	\$577	\$191	<b>\$1,934</b>
<b>FY 2005</b>	\$479	\$295	\$432	\$623	\$201	<b>\$2,031</b>
<b>FY 2006</b>	\$508	\$290	\$448	\$651	\$220	<b>\$2,117</b>
<b>FY 2007</b>	\$526	\$281	\$451	\$690	\$297	<b>\$2,245</b>

Source: College Audits via the Illinois Board of Higher Education

**Table 9. Current Fund Revenues at Illinois Community Colleges**

(% of Total)

	<u>Tuition &amp; Fees</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Other Misc. Revenue</u>	<u>Total</u>
<b>FY 1998</b>	19.2%	9.3%	26.7%	31.2%	13.5%	<b>100%</b>
<b>FY 1999</b>	18.5%	9.8%	27.5%	30.9%	13.3%	<b>100%</b>
<b>FY 2000</b>	19.0%	9.4%	28.5%	30.4%	12.6%	<b>100%</b>
<b>FY 2001</b>	18.8%	9.8%	27.4%	29.9%	14.1%	<b>100%</b>
<b>FY 2002</b>	16.9%	11.0%	27.5%	32.4%	12.2%	<b>100%</b>
<b>FY 2003</b>	21.1%	13.2%	26.3%	29.3%	10.1%	<b>100%</b>
<b>FY 2004</b>	22.6%	14.4%	23.3%	29.8%	9.9%	<b>100%</b>
<b>FY 2005</b>	23.6%	14.5%	21.3%	30.7%	9.9%	<b>100%</b>
<b>FY 2006</b>	24.0%	13.7%	21.2%	30.7%	10.4%	<b>100%</b>
<b>FY 2007</b>	23.4%	12.5%	20.1%	30.7%	13.2%	<b>100%</b>

Source: College Audits via the Illinois Board of Higher Education

## **IV. Other State Support and Programs**

Besides direct appropriations to universities and community colleges, the State supports higher education through other means. A large portion of this support is in the form of operating appropriations for other higher education related entities. This section will discuss support levels for these other programs, along with various programs designed to help students pay for higher education.

### **Illinois Student Assistance Commission (ISAC)**

In 1957, state lawmakers created the Illinois Student Assistance Commission (ISAC) to ensure that financial considerations did not prevent Illinois students from realizing their postsecondary educational goals. Since then, the number of students they assist and the number of programs they administer have increased steadily, as has the scope of the services provided to support those programs.

To better serve its clients, ISAC is a one-stop financial aid center, offering a comprehensive array of programs and services. At every stage of the financial aid process, ISAC acts as a centralized source of information and guidance. In Illinois, they administer most of the key state and federal grant, scholarship, loan and prepaid tuition programs available to postsecondary students, annually awarding in excess of \$1 billion to over 250,000 qualified applicants.

### **Monetary Award Program (MAP)**

In FY2009, the State appropriated over \$443 million to ISAC. The majority of this money goes towards the Monetary Award Program. The Monetary Award Program (MAP) provides grants, which do not need to be repaid, to Illinois residents who attend approved Illinois colleges and demonstrate financial need, based on the information provided on the Free Application for Federal Student Aid (FAFSA). The MAP program has been budgeted at \$385 million in FY2009.

### **Other ISAC Administered Programs**

ISAC is also responsible for the administration of many other grants and scholarships. The biggest of these programs is a \$19 million grant program for Illinois veterans. Another major program is the \$8 million Illinois Incentive for Access Grants. These grants go to students with family expected contribution of zero on their FAFSA. Other significant grant programs under ISAC include National Guard Grants, Future Teacher Corps Scholarships, Illinois Scholar grants, and Student-to-Student Matching Grants. A complete list of these programs can be found on the next page.

**Table 10. State Appropriations for ISAC Grants and Scholarships**

	(\$ Millions)			
	FY 2006	FY 2007	FY 2008	FY 2009
<b>Monetary Award Program (MAP)</b>	\$ 350.40	\$ 384.80	\$ 384.80	\$ 385.30
<b>Monetary Award Program Plus (MAP Plus)</b>	\$ -	\$ 34.40	\$ -	\$ -
<b>Other Statutory Programs</b>	\$ 43.80	\$ 46.91	\$ 48.31	\$ 48.31
Illinois Vetaran Grants	\$ 19.25	\$ 19.25	\$ 19.25	\$ 19.25
Illinois Incentive for Access Grants	\$ 7.20	\$ 8.20	\$ 8.20	\$ 8.20
Higher Education License Plate Grants (HELP)	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07
Merit Recognition Scholarships	\$ -	\$ -	\$ -	\$ -
National Guard Grants	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Minority Teachers of Illinois Scholarships	\$ 3.10	\$ 3.10	\$ 3.10	\$ 3.10
Student-to-Student Grants	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95
College Savings Bond Bonus Incentive Grants	\$ 0.65	\$ 0.65	\$ 0.33	\$ 0.33
Dependents Grants	\$ 0.35	\$ 0.47	\$ 0.47	\$ 0.47
Teacher/Child Care Provider Loan Repayment	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Optometric Education Scholarship Program	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Illinois Future Teacher Corps Scholarships	\$ 4.16	\$ 4.16	\$ 4.16	\$ 4.16
Illinois Scholars	\$ 3.02	\$ 3.16	\$ 3.16	\$ 3.16
Nursing Scholarships	\$ -	\$ 1.35	\$ 1.35	\$ 1.35
Forensic Scientist Scholarships (ISP)	\$ -	\$ 0.50	\$ -	\$ -
Nurse Educator Loan Repayment	\$ -	\$ -	\$ 1.00	\$ 1.00
Veterans' Home Nurse Educator Loan Repayment	\$ -	\$ -	\$ 1.22	\$ 1.22
<b>TOTAL</b>	<b>\$ 437.95</b>	<b>\$ 512.97</b>	<b>\$ 481.36</b>	<b>\$ 481.86</b>

Source: Illinois Board of Higher Education

### **Institutional Grants and Initiatives**

The State also provides financial assistance through institutional grants and initiatives to public and non-public higher education institutions that advance the policy agenda for Illinois higher education. State appropriations for these programs averaged \$45.5 million from FY2006 thru FY2008 but dropped significantly to \$12.9 million in FY2009. The largest program over this time period was the Health Services Education Grant program which was funded at \$17 million per year but was not funded in FY2009. A State Matching Grant program that was used to leverage Federal support was appropriated \$9.5 million in FY2006 and FY2007. The largest program in FY2009 is the \$5.5 million Preparing, Training, and Recruiting High Quality Teachers and Principals Program. These programs and initiatives are administered through the Illinois Board of Higher Education. Table 11 lists all of these programs and their funding levels from FY2006 to FY2009.

### **Other State Supported Higher Education Entities and Programs**

Listed below are some other entities and programs that the state directly supports and their funding for FY2009:

- Adult Education/Post-Secondary Career and Technical Education - \$97 Million
- Illinois Mathematics and Science Academy - \$21 million
- Board of Higher Education - \$3 million



**Table 11. Institutional Grants and Initiatives**

(\$ Millions)

	FY 2006	FY 2007	FY 2008	FY 2009
University Center of Lake County	\$ 2.60	\$ 2.85	\$ 2.91	\$ 2.93
Quad Cities Graduate Study Center	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
Diversifying Higher Education Faculty in Illinois (DFI)	\$ 2.80	\$ 2.80	\$ 2.80	\$ -
Higher Education Cooperation Act Grants (HECA)	\$ 4.69	\$ 4.79	\$ 3.79	\$ -
Health Services Education Grants	\$ 17.00	\$ 17.00	\$ 17.00	\$ -
State Matching Grant Program	\$ 9.50	\$ 9.50	\$ -	\$ -
Medical Scholarship Program/IDPH	\$ 2.75	\$ 2.75	\$ 2.75	\$ -
Cooperative Work-Study Grants	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
Competitive Nursing School Grants	\$ -	\$ 1.50	\$ 1.00	\$ 1.00
Nurse Educator Fellowships	\$ -	\$ 0.15	\$ 0.15	\$ 0.15
STEM Diversity	\$ -	\$ -	\$ 1.00	\$ 1.00
General Grants	\$ -	\$ 0.30	\$ 0.55	\$ -
Preparing, Training, and Recruiting High Quality Teachers and Principles Program	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
<b>TOTAL</b>	<b>\$ 47.16</b>	<b>\$ 49.46</b>	<b>\$ 39.77</b>	<b>\$ 12.90</b>

Source: Illinois Board of Higher Education

**529 Higher Education Savings Programs**

A 529 plan is a tax-advantaged investment plan designed to encourage saving for the future higher education expenses of a designated beneficiary (typically one's child or grandchild). The plans are named after Section 529 of the Internal Revenue Code and are administered by state agencies and organizations.

All withdrawals from 529 plans for qualified education expenses will remain free from federal income tax! Many states mirror the federal tax advantages for 529 plans by offering state tax-deferred growth and tax-free withdrawals for qualified higher education expenses.

Each state that offers a 529 plan determines how its plan is structured and which investment options are offered. While most plans allow investors from out of state, there can be significant state tax advantages and other benefits, such as a state tax deduction, a matching grant, and scholarship opportunities, protection from creditors and exemption from state financial aid calculations, for investors who invest in 529 plans offered by their state of residence.



There are two types of 529 plans: prepaid tuition and savings. Prepaid tuition plans (sometimes called guaranteed savings plans) are offered in 15 states and allow for the pre-purchase of tuition based on today's rates and then paid out at the future cost when the beneficiary is in college. Performance is often based upon tuition inflation. Prepaid plans may be administered by states or higher education institutions.

Savings plans are different in that your account earnings are based upon the market performance of the underlying investments, which typically consist of mutual funds. Savings plans may only be administered by states. 48 states and Washington, D.C. offer a savings plan. Most 529 savings plans offer a variety of age-based investment options where the underlying investments become more conservative as the beneficiary gets closer to college-age. They also offer risk-based investment options where the underlying investments remain in the same fund or combination of funds regardless of the age of the beneficiary. In addition, many savings plans offer a stable value or guaranteed option designed to protect an investor's principal while providing for some investment growth, while others offer investments in certificates of deposit.

### College Illinois!

Illinois offers both a 529 prepaid tuition plan and a 529 savings plan. Illinois' 529 prepaid tuition plan is called *College Illinois!*. *College Illinois!* offers plans to purchase university level semesters and community college level semesters. You may purchase one semester or several semesters with a maximum of four at a community college and nine semesters at a university.

### Bright Start

Illinois' 529 education savings plan is called Bright Start. It allows you to save money toward your future student's education in a Bright Start account and you pay no taxes on any earnings. Then, when it's time for college, you can make tax-free withdrawals from the account to pay for qualified expenses (withdrawals for nonqualified expenses are subject to an additional 10% federal tax) at most schools in-state, out-of-state or abroad. Anyone can open a Bright Start account-even if you live outside of Illinois. The only rule is that you (the account owner) and your future college student (also called the beneficiary) be U.S. citizens or legal residents. If you do live in Illinois, however, you get extra state tax benefits.

## IV. Conclusion

This examination of Illinois higher education has shown that the amount of state support for higher education has declined, while tuition and fees has increased in recent years. Illinois has the sixth highest level of state appropriations but after adjusting for the size of the state, state support for higher education ranks in the middle to lower end of the nation. In fact, Illinois' State support for higher education has just kept up with inflation over the last thirty years. Tuition rates, on the other hand, have increased significantly. In recent years, tuition and fees have grown at 12% per year in Illinois, which is much higher than previous time periods. Though total funding for public universities and community colleges in Illinois has continued to rise in recent years, the portion that State appropriations make up of this funding has decreased. Tuition and other revenue sources have made up for this decrease.

In addition, this study showed that the State of Illinois supported higher education through grants and scholarships. These grants and scholarships were available to individual students, as well as institutions. The State also administers prepaid tuition plans and education savings plans that provide tax incentives.



## **Appendix A. Grapevine Project Information**

The Grapevine project entails an annual compilation of data on state tax support for higher education, including general fund appropriations for universities, colleges, community colleges, and state higher education agencies. Each year we ask states for tax appropriations data for the new fiscal year, and we also ask for revisions (if any) to data reported one year ago, two years ago, five years ago, and ten years ago. Updated state reports are entered on the Grapevine web site as they are received from May through December of the calendar year. After entering all 50 state reports on our web site, we construct the following tables:

- state rankings on one, two, five and ten-year percentage changes;
- annual average five-year percent changes in state tax appropriations;
- one- and two-year percent changes in state tax appropriations by region;
- state tax appropriations per capita and per \$1,000 of personal income;
- state tax appropriations for community colleges; and
- State and local (aggregated) tax appropriations per capita and per \$1,000 in personal income.

### **Data Limitations**

Listed below are the instructions sent to the state agencies that send appropriations data to Grapevine. Please keep in mind that different practices among the 50 states make it impossible to eliminate all inconsistencies and to ensure absolute comparability among states and institutions. In addition, state "tax effort" supporting higher education should not be confused with "state spending" for higher education. We ask states to exclude monies derived from non-tax sources; thus, the Grapevine data do not reflect total state fiscal support for higher education.

It is important to remember that each year we ask states for data in the new fiscal year as well as for revisions to data reported in previous years. Thus, the current data delineated in the tables on this web site may differ from data reported by Grapevine in previous years. (Grapevine reports for previous years are available in the "Historical Data" section of the web site.) In addition, the data reported here are subject to amendments by the states in subsequent surveys.

### **Instructions sent to the states**

1. Report only appropriations, not actual expenditures.
2. Report only sums appropriated for annual operating expenses.
3. For state tax appropriations in complex universities, set out separately the sums appropriated for (or allocated to) the main campuses, branch campuses and medical

centers (even if on the main campus). Medical center data should include appropriations for the operation of colleges of medicine, dentistry, pharmacy and nursing, and teaching hospitals, either lumped as one sum or set out separately as preferred.

4. Include:

- a. sums appropriated for state aid to local public community colleges and for operation of state-supported community colleges, and for vocational-technical two-year colleges or institutes that are predominantly for high school graduates and adult students;
- b. sums appropriated to statewide coordinating boards or governing boards, either for board expenses or for allocation by the board to other institutions or both;
- c. sums appropriated for state scholarships or other student financial aid;
- d. sums destined for higher education but appropriated to some other state agency (as in the case of funds intended for faculty fringe benefits that are appropriated to the state treasurer and disbursed by that office); and
- e. appropriations directed to private institutions of higher education at all levels.

Exclude:

- Appropriations for capital outlays and debt service.
- Appropriations of sums derived from federal sources, student fees, auxiliary enterprises and other non-tax sources<sup>1</sup>.

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<sup>1</sup> Grapevine Project, Center for the Study of Education Policy, Illinois State University.  
<http://www.grapevine.ilstu.edu/>

## **BACKGROUND**

**The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:**

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans;
- 5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
- 6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
- 7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

**The Commission publishes several reports each year. In addition to a Monthly Briefing, the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Bonded Indebtedness Report" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The "Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year Budget Summary; Report on the Liabilities of the State Employees' Group Insurance Program; and Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program. The Commission also publishes each year special topic reports that have or could have an impact on the economic well being of Illinois. All reports are available on the Commission's website.**

These reports are available from:

Commission on Government Forecasting and Accountability  
703 Stratton Office Building  
Springfield, Illinois 62706  
(217) 782-5320  
(217) 782-3513 (FAX)

<http://www.ilga.gov/commission/cgfa2006/home.aspx>