



Illinois Board of Higher Education

Bruce Rauner, Governor

Lindsay Anderson, Chair • Dr. James L. Applegate, Executive Director

MEMORANDUM

TO: IBHE Board Members & Higher Education Stakeholders

FROM: Dr. James L. Applegate

DATE: February 18, 2016

RE: Governor Rauner's Fiscal Year 2017 Budget Proposal

On Wednesday, February 17th, Governor Rauner presented his fiscal year 2017 operating budget proposal. The Governor continued to promote his Turnaround Agenda based on the principles of structural reforms, spending cuts, and increased revenues. The Governor emphasized the need to compromise and work together in order to promote economic growth and prosperity in Illinois by growing jobs, expanding the tax base, and reducing tax burdens on citizens. The Governor additionally pledged continued support for General State Aid (K-12) and early childhood education with approximately \$393 million in proposed support.

Higher Education Budget Highlights

The Governor's FY17 recommended budget for higher education operations and grants uses an FY16 maintenance budget format, revised to account for the FY15 adjusted appropriation amounts in order to make recommendations for FY17. The FY16 maintenance level reflects budget amounts it would take to fund agency operations under current conditions in the absence of a complete FY16 budget.

The Governor's proposed FY17 budget provides \$1.75 billion in general funds for higher education institutional grants and initiatives, a \$197.8 million (or a 10.2 percent reduction) from fiscal year 2015 adjusted levels. When funding for pensions is included, proposed general funding for higher education totals \$2.95 billion, a decrease of \$345.4 million (or a 10.5 percent reduction) from fiscal year 2015 adjusted levels. (Note: The FY17 Governor's budget does not appropriate funds for Community College Retirees Health Insurance).

FY2017 General Funds for Higher Education:

- Public Universities are reduced 20.0%, or \$240.2 million, across the board in FY17, with a total general funds appropriation of \$961.4 million for FY17. When adjusted to include \$50 million in performance grant funding distributed via IBHE's performance funding model, the total funding for universities for FY17 increases to approximately \$1.0 billion. Overall, this reflects a 16.0% reduction.

- Community colleges receive a total general funds appropriation of \$287.1 million in FY17. Base Operating Grant funding decreases \$4.3 million while Equalization Grants are maintained at the FY15 adjusted level of \$74 million. Alternative Schools Network funds are reduced \$4.1 million from FY15 adjusted levels, and \$391,000 for Rock Valley College is eliminated. ***This is off-set by an increase in ICCB's performance funding allocation from the FY15 adjusted appropriation of \$351,900 to \$9.5 million, or 26.0%***, and a new line item of \$150,000 for P-20 administration. ICCB office operations remain at the FY15 adjusted level of \$1.9 million.
- ISAC: Funding for the Monetary Award Program (MAP) remains flat at the FY15 adjusted level of \$364.9 million. The Governor's budget maintains most financial aid programs at FY15 adjusted, or FY16 maintenance levels, and includes \$3.2 million for Outreach and Training Activities, and \$1.0 million for Agency operations. ISAC's total general funds appropriation is approximately \$376 million representing a miniscule reduction from FY15 adjusted levels.
- IBHE Operations: IBHE receives \$3.1 million for its operational funding under the FY17 Governor's budget, which is consistent with FY15 adjusted levels. Approximately \$115,000 is allocated for the Midwest Higher Education Compact (MHEC), and \$404,000 is appropriated for the P-20 Illinois Longitudinal Data System (ILDS). MHEC and ILDS are considered new line items in IBHE's FY17 operational budget.
- IBHE Grants: IBHE grant programs receive \$2.5 million in general funds under the Governor's FY17 budget, including funding for MyCreditsTransfer, IMSA Fusion, Cooperative Work Study at FY15 adjusted levels, and UCLC at the FY16 maintenance level of \$1.1 million. Funding for Diversifying Higher Education Faculty in Illinois (DFI), Washington Center Internship Program, Chicago Area Health and Medical Careers Program (C.A.H.M.C.P.), Nurse Educator Fellowships, Competitive Nursing School Grants, Grow Your Own Teacher, and Quad Cities Graduate Study Center are all eliminated in FY17. ***An additional \$50 million is provided as a grant to IBHE for performance funding allocation.***
- IMSA receives \$17.1 million in Education Assistance Funds, which is a reduction of approximately \$902,000. IMSA's Income Fund appropriation is maintained at the FY15 adjusted level of \$3.1 million.
- The State Universities Civil Service System (SUCSS) funding is maintained at the FY15 adjusted level of \$1.2 million.
- SURS: The FY17 Governor's recommended amount for SURS is approximately \$1.4 billion, a reduction of 16.6% from the SURS certified FY17 recommendation of \$1.7 billion (these amounts include general funds and State Pension Funds). No funding is provided for community college health insurance in the Governor's budget. The Governor's recommended amount is contingent upon the effectiveness of his pension reform proposals.

Note: Among the Governor's proposed pension reforms found in his FY17 Budget Book: Starting July 1, 2016, the local employer will pay the pension cost for employees attributable to the increment of salary payments above the governor's salary - \$180,000. IBHE will provide further details about this as information becomes available from the Governor's Office of Management and Budget (GOMB).

FY2017 Capital:

The Governor's FY 2017 capital budget plan incorporates continued support for the \$31 billion *Illinois Jobs Now!* Capital program that was approved by the General Assembly in 2009 and deferred maintenance needs. *However, no new capital funding for higher education is proposed.* In FY15, Eastern Illinois University received approximately \$487,000 and Southern Illinois University received approximately \$331,000 for campus maintenance projects. The Governor's recommended amount for ICCB for FY17 is approximately \$315,000 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 1, 2016. If you have any questions, feel free to contact me at 217-557-7300, or Kevin Schoeben at 217-557-7353. Or, you can contact us by email at: Applegate@ibhe.org or Schoeben@ibhe.org.

(Attachments)