

## Appendix 1 to the Faculty Senate Minutes of February 10, 2009

### Feb. 2008 FAC Report to Faculty Senate

The FAC met in late January at Olney Central Community College. The bulk of our time was spent on budget and political issues.

First, the budget-

The Board again adopted a tiered budget proposal, ranging from 2.5% down to and increase of 5.2%. For us that ranges from a decrease of about 2.5 million to an increase of 6.5 million. How likely any of these levels will make it into the governor's budget proposals and the ultimate budget is just up in the air.

As most of you may have seen, Controller Dan Hynes last week announced the state budget shortfall would be around 9 billion by next fiscal year. For perspective, the entire state budget is around 60 billion and higher ed's budget is right around 2 billion. They could close every public university and community college in the state and still be 7 billion short. The individual income tax brings in something like 10.5 billion and the corporate tax brings in another 2.9 billion. Sales tax generates about 8 billion and the rest comes from special sales, fees, liquor and tobacco and the like. To fill the hole, they would need to double the state income tax, and I doubt there is the political will to do that.

A good bet would be the extension of the sales tax to services-That could generate about 5 billion, plus a temporary increase in the income tax plus raising sin taxes and fees. But the politicians will need to show they are willing to cut before raising taxes-And that is the dangerous part. Something like 20% of the total budget is discretionary. And unfortunately, we are in that discretionary part.

Some temporary good news. Bailout money-the state is to get between 2 and 3 billion from the bailout. And a good chunk of that is for education. One provision of the plan is designed to keep teachers from being laid off. As long as the legislature keeps the budget level above FY 2006 levels, the money can be used to bring the budget up to FY 2008 levels. The only thing that makes me nervous about that is that it applies to k-12 as well. So if the legislature cuts more in total (although not below 06 levels) than the total amount coming to the state, there would not be enough total dollars to bring budget levels back to 08 levels. Two year payout only. There is also a question about whether the SURS contribution has to be counted. If yes, that can cause some problems because it is ramping up and in fact went up for FY 09. IBHE is still not clear whether the final bill is for 09 & 10 or 10 & 11. It would be better for us if 10 & 11. If that is the cases, then SURS payment can be modified if necessary to get us within the 2006-2008 levels to qualify. The state would be foolish not to craft the education budgets to maximize the dollars flowing in.

And don't forget the veteran money we should be able to get next fall-Couple of million we used to have to absorb.

Two other items. The higher education legislative coalition is holding a reception for legislators on March 18 (a Wednesday) from 5-8 pm in the Illinois state Museum and the lobby day is April 22 in the Hall of Flags (Another Wednesday).