

December Faculty Senate Report

The FAC met last Friday December 5 in Springfield with the IBHE staff leadership. First we met with Mike Baumgartner, the Ex. Deputy Director for Planning and Budgeting.

**He briefed us on the dire financial conditions in the state.**

First—we went through the Commission on Government Forecasting and Accountability's Economic and Revenues update through November. They have revised their estimates of total General fund revenues to be down a little over a half a billion from the year before or a 1.9% decrease. The budget was built on an estimate of an increase of a little over  $\frac{3}{4}$  of a billion increase. If we add up that spread it is an overall estimated shortfall of about 1.35 billion. The Commission warns that their estimates may be too optimistic since we are entering the worst part of the recession-when the job losses really start to take their bite.

We also talked about the 2.5% holdback of budget dollars for universities and community colleges. The governor had asked for authorization for up to 8% for all agencies. He has the authority to take the 8% for the constitutional agencies. For us, however, he can only ask. Traditionally, when a governor asks, higher ed complies out of fear of what will happen next year. So-it is possible we will be asked to give back more funds-Just can't tell.

**Prospects for next year—Bleak.** Next year should be the worst year for state revenues. The recovery should be taking hold, but jobs and income taxes usually lag. The pension payment to SURS is expected to go up significantly next year and with lower revenues, we could see significant budget reductions. The Board is putting together a budget request that will show what happens at different funding levels—tuition, program shutdowns, layoffs and the like, so the legislature should be aware of what will happen if budgets are reduced.

**There are some bright spots--.** The dynamics in Springfield have changed. John Cullerton is now Senate president and there is a new senate minority leader. Both have said in the past few days that an increase in the gas tax (12.5 cents per gallon) might be doable and also increases in licensing fees. Cullerton is also in favor of extending the sales tax to services or raising the income tax. He says we have to have a capital bill but we have to stand up and do what it takes to pay for it. There is also a rumor that Madigan will move an income tax hike in the House this spring.

An Obama stimulus package is likely to include money to help states pay for Medicaid, unemployment, and other aid to the poor. That could serve as a patch.

And finally, the new GI Bill will provide funding to Illinois Universities that we have not been getting from the state.

**A Danger Signal**—the new public Agenda for higher ed in Illinois has as one of its goals to make higher ed accessible to everyone. Illinois just got an F on Access on the National Report card for higher ed. The public agenda calls for a connection between funding, financial aid and tuition. And there has been talk in the legislature about controlling tuition in some manner. That could be a crippling move for us and other public universities. We are still not at the 2002 levels in state funding. If we were not able to generate revenue with tuition increases to offset reduced state funding we would be in a very bad place.

In the afternoon we met with Judy Erwin, the Executive Director. She spent a great deal of time on Illinois new affiliation with the American Diploma Project. We are the 35<sup>th</sup> state to join. It is supposed to enrich the high school diploma. She wants to have a better blending of what high schools teach and what we expect. She says and I don't think any of us would disagree that most high school graduates are equipped to succeed in college English and math. The program has specific benchmarks that high school students need to achieve. The proof is in the pudding however. To increase standards takes more money—and there just isn't any.

She also wants to use the ACT test demos that are available to allow parents to see how well their schools prepare students for college.

All of this somehow is tied in to a better student information system that will allow the state to track students across institutions. She says she is getting resistance from the privates, but that most publics are cooperating.

Finally, I attended a meeting of the higher education legislative coalition in Springfield in November. Many of the members are lobbyist for either public universities, private universities the community college system and the faculty unions. The consensus at that time was this is a year to get things that cost nothing—Like let's not do this report anymore. Also, the Illinois Veterans Grant Act needs to be amended to insure we get the federal money. The way the statute reads is that Illinois institutions of higher education **shall** waive tuition for eligible veterans. There is a worry that that could be interpreted that a veteran in an Illinois university or community college has no tuition so the federal government would owe the school nothing. Should not be a big deal to get that done.