

# EIGHT THESES ON HIGHER EDUCATION IN ILLINOIS

AS ADVANCED BY

THE FACULTY ADVISORY COUNCIL TO THE ILLINOIS BOARD OF HIGHER EDUCATION  
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Since the late 1990s, the State of Illinois has been starving its institutions of higher education. Budget cuts and flat budgets over the past five years have eroded public university appropriations to less than what they were in 1991 in constant dollars. At the same time, health care and pension costs have been passed on to individual institutions. To combat these moves by the state, public institutions have increased student tuition by double digit percentages most years, but state and federal government financial aid programs have not kept pace. The result is a higher educational system that survives, but which has increasingly become a private commodity that has been priced out of the reach of many of our middle and lower income citizens. (See Attachment 1- [An Explanation of the Numbers Behind the Theses](#))

What follows are eight theses on Higher Education in Illinois today. The first four explain how higher education has reached the present crisis. The last four explain why this year, voters need to pressure the Governor and the legislature to re-invest in higher education and realign appropriations to make preK-16 education a long-term priority in the state.

## FOUR REASONS WHY HIGHER EDUCATION HAS BEEN STARVED IN ILLINOIS

1. **Politics:** Higher education is a long term investment and thus politically difficult to support in the short term. While student progress in a given course of study can be reliably measured, the real impact of four or eight years of higher education is not measurable in the time necessary for political accountability. The true benefits of a higher education accrue over the lifetime of the graduate and beyond. Those benefits flow to the state in the form of more taxes paid, greater productivity, higher civic involvement, and less consumption of costly social services. To individuals and their families higher education helps provide fuller lives and better opportunities to achieve their full potential. Little of this, however, is useful for political candidates in the short term.

2. **Politics and Economics:** A quality higher education system is expensive. It costs the state billions of dollars each year. While individual state institutions of higher learning may have strong ties to business and federal programs, and some are strongly defended by one or two local legislators, these billions of dollars in the state budget have practically no political base. As a result, it involves less immediate political risk for an elected official or legislator to cut higher education's budget than another program with a built-in political base.

3. **Public Perception of the Value of Higher Education:** Most voters recognize the value of a higher education to the individual who earns and holds the degree. There is little voter recognition of the value to the community, the state and the nation, however. As a result, there tends to be not much public reaction when politicians imply that those who will benefit the most from a higher education should bear a larger portion of the cost of the education that will allow that individual to generate a higher income than the voters who do not possess a higher education. This conversion of the public good of higher education into a private good attainable only by those with the means to pay for it occurs in degrees, or a little at a time. The deed is done before anyone notices. (See Attachment 1- [An Explanation of the Numbers Behind the Theses and the FAC's paper "Higher Education and the Public Good," published the year after this document](#)).

4. **The Vicious Cycle:** Since the real value of higher education is not always easy to identify, easy to understand, or easily convertible to immediate profit, the more short-term our political and public perspective, the less we are willing to support the long term investment in higher education that is needed to assure access to a quality higher education for all citizens who wish to improve their lot. Readers over sixty already know this.

## FOUR REASONS WHY WE MUST CONTINUALLY RE-INVEST IN HIGHER EDUCATION

5. **Another Vicious Cycle:** Higher Education in Illinois does not exist in a vacuum. Illinois, like most states, has traditionally viewed and funded the K-12 schools and higher education as two distinct systems. That has been and is a mistake. One seamless system makes more sense and reflects reality. The quality of one system affects the other. The poorer our K-12 systems, the less likely it is that our higher education institutions are able to bring the average college entrant to the proper standard in four years. Few voters realize, moreover, that *more than 50% of K-12 public school teachers in Illinois are prepared at public higher education institutions in Illinois*. We cannot drain the resources of public higher education without severely impacting the preparation of future K-12 teachers, who might in turn produce less prepared college students, and so forth.

6. **Economics:** The increase in the average American education and the consequent economic prosperity that followed the GI Bill and the Cold War is now reversing itself in Illinois. Between 1990 and 2005 Illinois lost 222,500 manufacturing jobs. Those jobs were more than replaced, but with jobs in business, professional, health, education, leisure and hospitality jobs paying 4.6% to 29.2% less. The median household income peaked in 1999 at \$52,515, but by 2004 it had slumped 12.2% to \$46,132 in constant 2004 dollars. A recent study found that while Illinois personal income increased by 40% in the last two decades, it is projected to decline by 2% over the next two decades. In the context of a withdrawal of state support for higher education, many unfortunate Illinois citizens and their families are being prepared for the economy of the past: subsistence living in a rigidified class structure. Elected officials concerned with the Illinois budget should remember this: more educated citizens are larger wage earners, and they pay more taxes year after year, even when tax rates remain the same. (See Attachment 1-[An Explanation of the Numbers Behind the Theses](#))

7. **Politics and National Security:** Thomas Jefferson repeatedly supported public education as a means of national security and prosperity. During the Cold War, our enormous investment in public education demonstrated how mid-twentieth century Americans still understood what Jefferson did. Those interested in defending America's interests may well start by supporting institutions that allow students to understand the history of those interests, and the political philosophy at their base. Future generations need to understand the history and character of our nation's institutions, commitments and values that would be defended or lost in the struggle.

8. **Public Higher Education is not a Profit Seeking Business:** It has been implied that public higher education should decrease its dependence on the State by competing directly with for-profit education institutions. While "accountability" can be improved in any state agency, the Governor and the Legislature must understand that the corporate model, however successful in deriving profit, does not support the goals of education. Corporations take risks that the future of our state and our nation cannot afford. If a corporation fails, another soon arises to take its place. No comparable higher educational institutions wait to replace our public universities. The corporate model aims at efficiency and profit, not quality, because quality is not efficient. For the future of our K-12 teachers, for the future of education in Illinois, for the future of our economy, for the future of our citizens and their quality of life, quality in higher education must be our goal. Excellence in education takes time, and it requires a faith now lacking in our elected state leaders. They need your help in remembering that faith this year.

## **Attachment 1-An Explanation of the Numbers Behind the Theses**

This attachment illustrates what has happened to affordability for students attempting to access higher education in Illinois over the past several years.

The Illinois Student Assistance Commission (ISAC), the body that administers the need-based Monetary Assistance Program (MAP) in Illinois each year, determines an award formula, based on the appropriation from the state, tuition and fees costs, a standard living allowance Pell grant eligibility and expected family contribution (EFC). Any excess of costs over MAP plus Pell plus EFC is called “remaining need,” which the student or the student’s family must fund. For any year, the sum of EFC plus remaining need is the out of pocket cost for one academic year of college. If state appropriations allow, it is the practice of ISAC to increase the maximum award by at least \$100 to keep pace with tuition and fee increases, but the maximum award amount of \$4,968 has not been increased since FY 02. Even the FY 02 level maximum award has not been available since that time.

To make up for funding deficiencies, ISAC has been forced to use a reduction factor (9%) for FY 06 that reduces each award by the specified percentage. For example a student eligible for a maximum award of \$4,968 would end up being awarded only \$4,521, losing  $\$4,968 \times .09 = \$447$ .<sup>1</sup> The maximum award for FY 2000 was \$4,530 or roughly the FY 2006 maximum award after the reduction factor. Since FY 2000, average tuition and fees have risen 48%. That 48% increase must be born by students and their families.<sup>2</sup>

ISAC reports eligibility and remaining need by income quintile. The last reported year was FY 2002. Map and Pell grants were available only for students attending public universities from the first and second quintile families (families of four with one child in college and family income of \$14,145 and \$34,824 respectively). The total out of pocket costs required for a first quintile student was 23.4% of the total expected costs of 11,147, or \$2,611. That is roughly 18.5% of the total family income. A student of a second quintile family was expected to contribute \$2,057 plus the remaining need after Pell and MAP awards of \$3,790 for a total out of pocket costs of \$5,847, roughly 17% of total family income. Students from third quintile families and above (family income of \$57,192 and up) were expected to fund the entire \$11,147 cost per year (up to 19% of family income).<sup>3</sup> The idea that a family of four with income of just a little less than \$1,200 per month in FY 2002 (this is under the national poverty level of \$19,311<sup>4</sup>) had the wherewithal to pay \$2,057, close to two months of gross income, is ludicrous. Likewise, the proposition that a family with roughly \$2,900 of gross pay per month could have afforded to pay \$5,847, or two months of gross earnings, for college costs is dubious at best.

Since FY 2002, college costs have sharply increased in reaction to reductions or effective reductions (increases which fall below CPI) in state appropriations. The cost of attending a public university in the state increased \$3,059 or 27% from FY 2002 to FY 2006. Meanwhile, MAP amounts have stagnated. This increase needs to be added to the out of pocket cost required to attend a four year public university.<sup>5</sup>

Out of pocket costs for students from the lowest income families have more than doubled since FY 2000. For a student from a family in the low middle income range, out of pocket costs have gone up by 1/3 for community college enrollment and by 50% for public university enrollment.<sup>6</sup> With the promise of affordable higher education, the promise of class mobility is being denied to many of these students.

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<sup>1</sup> Illinois Student Assistance Commission, *Discussion of College Affordability in Illinois: FY 2007 MAP Budget Implications*, Nov. 18, 2005, available at <http://www.collegezone.com/8006.htm>.

<sup>2</sup> *ISAC Board Agenda Item 4 Summary*, January 27 Board Agenda, available at [http://www.collegezone.com/media/agenda0127\\_item4.pdf](http://www.collegezone.com/media/agenda0127_item4.pdf).

<sup>3</sup> Illinois Student Assistance Commission, *Changes in the Affordability of a College Education for Dependent Students in Illinois*, June 2002, available at <http://www.collegezone.com/2811.htm>.

<sup>4</sup> Center for Tax and Budget Accountability & Northern Illinois University, *The State of Working in Illinois*, 2005 and Sylvia Altogretto, *Basic Family Budgets*, Economic Policy Institute, Briefing Paper 165, September 1, 2005, available at [http://www.stateofworkingillinois.niu.edu/swil/pubs/swil\\_report.pdf](http://www.stateofworkingillinois.niu.edu/swil/pubs/swil_report.pdf).

<sup>5</sup> *ISAC Board Agenda Item 4, FY 2007 Monetary Award Program (MAP) Startup*, January 27, 2006, available at [http://www.collegezone.com/media/agenda0127\\_item4.pdf](http://www.collegezone.com/media/agenda0127_item4.pdf).

<sup>6</sup> *Ibid*

Without access to a higher education these students are likely to linger in the same economic classes as their parents, contribute less to the state tax base, consume more state services and participate less in the civic affairs of the state. This is not a long term strategy that is beneficial to the state.

Someone might ask, “How did this happen?” “The state still makes appropriations to higher education, doesn’t it?” “Are the universities wasting that money?” Hardly. The state appropriation to higher education for FY 2006 was 7.4% less than what it was in FY 1991 after adjusting for inflation. Inflation-adjusted appropriations to state public universities were down 16.2 % from FY 1991 to FY 2006, while community college inflation adjusted appropriations were down 9.7% after excluding the transfer of funds and duties associated with adult education.<sup>7</sup> In general terms, this means public universities have lost nearly one fifth of their state appropriations while community colleges have lost nearly a tenth of their state appropriations.

Looked at another way, how much of the total cost of instruction is the state paying for and how much of that cost must be born by the student? In FY 1999 the state provided 61% of the cost of a full time equivalent student (FTE) or \$4,427 per FTE student. This left \$2,848 of the total cost per FTE student of \$7,252 to be paid from student tuition. By FY 2004, the state was only paying for 52.2% of the totals costs per FTE student. The total cost per FTE student was up to \$8,868, but student tuition needed to cover 47.8% of the cost per FTE student or \$4,235, an increase of \$1,387 per FTE student in five years. The state’s increase in dollars over that same five year period was only \$206.<sup>8</sup>

Another common question might be, “Why don’t the universities just cut costs like companies do when they start losing money?” Universities did cut costs--25% of total administrative costs between FY 02 and FY 04--but many of the cost increases that are occurring for colleges and universities are somewhat fixed in nature--utilities, library materials, technology needs. As far as other costs--those relating to faculty and instruction--only so much can be cut before quality goes down. The universities are right to increase tuition instead of sacrificing quality. It is in the best interest of the citizens of the state of Illinois for our public higher education system to deliver high quality educational programs.

In a recent opinion piece published in the State Journal-Register, Patrick Callan, President of the National Center for Public Policy and Higher Education, notes:

And Illinois, whose college costs are steep, has lately reduced the amount of money it puts into need-based financial aid. As a result, among the state’s poorest 40 percent of families, the cost each year of sending a child to community college now amounts to a third of the average family income. A year at a public four-year college, even after figuring in financial aid, costs 44 percent of such a family’s income. For a great many families, Illinois’s current tuition and financial aid policies are making higher education simply unaffordable.<sup>9</sup>

Mr. Callan was warning state policymakers to adopt policies to insure that lower income groups gain access to a quality higher education to replace the aging baby boomers, who are the most educated generation, when they retire. Without a substantial shift in policy, Illinois personal income, which increased 40% over the past 20 years, is projected *to decline* by 2% over the next twenty.<sup>10</sup>

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<sup>7</sup> IBHE Staff, Setting a context for Fiscal Year 2007 Budget Development, Aug. 2005, available at <http://www.ibhe.state.il.us/Board/agendas/2005/August/Item%2014.pdf>.

<sup>8</sup> IBHE Staff, State General Funds Tuition Subsidy-FY1999-FY2004, available at <http://www.ibhe.state.il.us/Fiscal%20Affairs/PDF/TuitionSubsidySummary99to04.pdf>.

<sup>9</sup> PATRICK CALLAN, *Education gaps a major problem in Illinois’ future*, State Journal-Register Online, Springfield IL, Feb. 13, 2006, available at <http://www.sj-r.com/sections/opinion/stories/78652.asp>.

<sup>10</sup> Mr. Callan’s views were based on a November 2005 study by the National Center for Public Policy and Higher Education, *INCOME OF U.S. WORKFORCE PROJECTED TO DECLINE IF EDUCATION DOESN’T IMPROVE*, available at [http://www.highereducation.org/reports/pa\\_decline/index.shtml](http://www.highereducation.org/reports/pa_decline/index.shtml).