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ABSTRACT

Budget recommendations for operations and grants for the State of Illinois Board of Higher Education are presented, with policy considerations and statistical tables supporting the recommendations included. The recommendations include: a total increase in state appropriated funds of \$133 million, state general revenue fund support increase of \$108 million, and universities income fund increase of \$19.2 million. For public universities, a total increase of appropriated funds of \$84.1 million is recommended, along with the following: an average compensation increase of 10.5 percent for faculty and staff; general cost increase of 8 percent for most goods and services and increases ranging from 16 to 19 percent for utility cost increases; productivity savings of approximately \$3.1 million generated through tightened personnel replacement policies and the reallocation of resources; resources for program development totaling \$7.7 million; increased support for physical plant maintenance, equipment replacement, and other specific needs; and tuition increases of 10 percent for undergraduate and graduate students in public universities. Specific recommendations are also made regarding the community colleges, the Illinois State Scholarship Commission, private higher education, and other programs. Data on specific institutions within the state are included. Appendices include program and other support recommendations for state colleges and tuition information. (SW)

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STATE OF ILLINOIS  
BOARD OF HIGHER EDUCATION



FISCAL YEAR 1982 HIGHER EDUCATION  
BUDGET RECOMMENDATIONS

OPERATIONS AND GRANTS

PRESENTED BY THE STAFF TO THE  
ILLINOIS BOARD OF HIGHER EDUCATION

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STATE OF ILLINOIS  
BOARD OF HIGHER EDUCATION

FISCAL YEAR 1982 HIGHER EDUCATION  
BUDGET RECOMMENDATIONS  
OPERATIONS AND GRANTS

PRESENTED BY THE STAFF TO THE  
ILLINOIS BOARD OF HIGHER EDUCATION

January 6, 1981

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I. INTRODUCTION AND BOARD OF HIGHER EDUCATION  
STAFF RECOMMENDATIONS IN SUMMARY

The Board of Higher Education is responsible under statutory provisions for making annual budget recommendations for higher education. In fulfilling this mandate, the Board staff has received and reviewed fiscal year 1982 budget requests for operations and grants from universities, colleges, and other State higher education agencies. This report contains recommendations of the staff, along with supporting analyses and explanations for the consideration of the Board of Higher Education. The staff recommends that the Board of Higher Education adopt the following resolution:

The Board of Higher Education hereby approves the FY1982 recommendations for Higher Education Operations and Grants as displayed on summary Table I-2. The recommended sources of appropriated funds to finance the recommendations are displayed on Table I-3.

Detailed recommendations for institutions, programs, activities, and grant programs are displayed on Tables IV-2 and IV-4 (Universities); V-2 (Community Colleges); VI-2 (Illinois State Scholarship Commission); VII-2 (Financial Assistance to Private Institutions); VIII-2 (Health Education Grants); IX-2 (Higher Education Cooperation Act Grants); X-2 (Board of Higher Education Operations); XI-3 (Retirement); and XII-2 (Illinois Building Authority Rentals).

The narrative summary of the recommendations, a general discussion of policy considerations, and the supporting detail are contained in Chapters II through XII and Appendices A and B.

Table 1-1

FY1982 REQUESTS  
HIGHER EDUCATION OPERATIONS AND GRANTS

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981	FY1982	Dollar Increase	Percent Increase
	FY1980	FY1981	Projected Expenditures	Requests	Over Projected Expenditures	Over Projected Expenditures
Universities	\$ 697,988.2	\$ 762,879.4	\$ 762,879.4	\$ 872,566.9	\$109,687.5	14.4%
Community Colleges	131,506.6	141,915.2	141,860.2	172,766.5	30,506.3	21.5
Illinois State Scholarship Commission	100,190.9	108,482.6	108,482.6	147,594.4	39,111.8	36.1
Financial Assistance to Private Institutions	9,850.0	10,900.0	10,900.0	18,700.0	7,800.0	71.6
Health Education Grants	18,961.9	18,523.4	18,523.4	19,752.4	1,229.0	6.6
Higher Education Cooperation Act	1,790.0	1,208.0	1,208.0	2,297.0	999.0	82.7
Board of Higher Education	2,434.6	2,275.2	2,275.2	2,491.5	216.3	9.5
Retirement	60,042.2	65,994.1	65,994.1	75,449.7	9,455.6	14.3
IHA Rentals	34,587.9	33,660.2	33,660.2	33,660.2	-0-	-
<b>Total</b>	<b>\$1,075,522.1</b>	<b>\$1,145,858.1</b>	<b>\$1,145,783.1</b>	<b>\$1,344,788.6</b>	<b>\$199,005.5</b>	<b>17.4%</b>
<b>Source of Appropriated Funds</b>						
General Revenue Fund	\$ 920,593.2	\$ 997,847.3	\$ 997,847.3	\$1,186,152.0	\$188,304.7	18.9%
Universities Income Fund	105,306.5	114,261.0	114,261.0	119,090.8	4,829.8	4.2
Other	29,652.6	33,749.8	33,674.8	39,545.8	5,871.0	17.4

Table 1-2 8

FY1982 RECOMMENDATIONS  
HIGHER EDUCATION OPERATIONS AND GRANTS

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Universities	\$ 762,879.4	\$ 762,879.4	\$ 872,566.9	\$ 846,973.8	\$ 84,094.4	11.0%
Community Colleges	141,935.2	141,860.2	172,366.5	158,909.4	17,049.2	12.0
Illinois State Scholarship Commission	108,482.6	108,482.6	147,594.4	128,351.6	19,869.0	18.3
Financial Assistance to Private Institutions	10,900.0	10,900.0	18,700.0	12,000.0	1,100.0	10.1
Health Education Grants	18,521.4	18,521.4	19,752.4	19,727.6	1,204.2	6.5
Higher Education Cooperation Act	1,208.0	1,208.0	2,207.0	1,267.8	59.8	5.0
Board of Higher Education	2,275.2	2,275.2	2,491.5	2,432.0	156.8	6.9
Retirement	65,994.1	65,994.1	75,449.7	75,449.7	9,455.6	14.3
IBA Rentals	11,660.2	11,660.2	11,660.2	11,560.2	-0-	-
<b>Total</b>	<u>\$1,145,858.1</u>	<u>\$1,145,781.1</u>	<u>\$1,144,788.6</u>	<u>\$1,278,772.1</u>	<u>\$132,989.0</u>	<u>11.6%</u>
<b>Source of Appropriated Funds</b>						
General Revenue Fund	\$ 997,847.1	\$ 997,847.1	\$1,186,152.0	\$1,105,888.5	\$108,041.2	10.8%
Universities Income Fund	114,261.0	114,261.0	119,090.8	137,494.1	19,233.1	16.8
Other	11,749.8	11,674.8	19,545.8	19,389.5	5,714.7	17.0



Table 1-3

RECOMMENDED FY1982 FUNDING SOURCES  
HIGHER EDUCATION OPERATIONS AND GRANTS

(to thousands of dollars)

	General Revenue Fund	Universities Income Fund	Other Appropriated Funds	Total
Universities	\$ 705,268.5	\$131,342.2	\$ 8,361.1	\$ 846,971.8
Community Colleges	157,079.6	-0-	1,829.8	158,909.4
Illinois State Scholarship Commission	100,233.3	-0-	28,118.3	128,351.6
Financial Assistance to Private Institutions	12,000.0	-0-	-0-	12,000.0
Health Education Grants	19,727.6	-0-	-0-	19,727.6
Higher Education Cooperation Act	1,267.8	-0-	-0-	1,267.8
Board of Higher Education	1,626.2	-0-	805.8	2,432.0
Retirement	75,177.2	-0-	772.5	75,449.7
IBA Rentals	33,508.3	151.9	0-	33,660.2
Total	<u>\$1,105,888.5</u>	<u>\$131,494.1</u>	<u>\$12,189.5</u>	<u>\$1,278,772.1</u>

## II. SUMMARY

The higher education budget recommendations for fiscal year 1982 strive to be cognizant of both the current fiscal condition of the State of Illinois and the areas where resources are most critically needed in order to sustain the quality of higher education. Financing for a wide variety of needs has been deferred. These include the initiation of needed programs identified through Board of Higher Education policy studies, more adequate retirement funding, and funds for accumulated deficiencies in physical plant maintenance and the replacement of instructional equipment. Moreover, a portion of the increased resources recommended are financed through internal reallocation, and the funds recommended for cost increases and base salary increases are below most projections of inflation for fiscal year 1982.

Four factors account for the greatest portion of the increased funds recommended for higher education. First, the most critical need in Illinois higher education, extra resources for compensation in order to restore the competitiveness of faculty and staff salaries, requires substantial budgetary increases. Second, uncontrollable utility cost increases require \$10.6 million for public colleges and universities. Third, sharp increases in enrollments require additional support for student financial aid programs and for community colleges in order to maintain access to higher education in Illinois. Finally, the projected resource requirements for gross benefit retirement funding in fiscal year 1982 have increased by \$9.5 million, or 14.3 percent.

Providing the resources for these critical needs will challenge both the State and the higher education community. These resources include an increase of 10.8 percent from General Revenue Funds and recommended tuition increases of 10.0 percent. These budget recommendations also require that a significant portion of the needs of higher education be deferred or met by stretching existing resources.

The remainder of this chapter summarizes specific fiscal year 1982 budget recommendations for higher education programs in Illinois.

#### Overview

- .. Total increase in State appropriated funds of \$133.0 million, an 11.6 percent increase from fiscal year 1981 projected expenditures of \$1,145.8 million to a \$1,278.8 million appropriation recommendation in fiscal year 1982. Requests totaled \$1,344.8 million, a 17.4 percent increase over fiscal year 1981 projected expenditures.
- .. State General Revenue Fund support increase of \$108.0 million, a 10.8 percent increase from fiscal year 1981 projected expenditures of \$997.8 million to \$1,105.9 million in fiscal year 1982.
- .. Universities Income Fund increase of \$19.2 million, a 16.8 percent increase from \$114.3 million in fiscal year 1981 to \$133.5 million in fiscal year 1982.
- .. Other appropriated funds of \$39.4 million in fiscal year 1982, an increase of \$5.7 million from \$33.7 million in fiscal year 1981.

## Public Universities

- .. Total increase in State appropriated funds of \$84.1 million, an 11.0 percent increase from fiscal year 1981 projected expenditures of \$762.9 million to \$847.0 million in fiscal year 1982. Requested increases totaled \$109.7 million, 14.4 percent over fiscal year 1981 projected expenditures.
- .. Average compensation increase of 10.5 percent for faculty and staff, consisting of a base increase of 9.0 percent plus an increment of 1.5 percent to help restore compensation to a level that is competitive with that provided by similar institutions in other states and by competing employers in Illinois. Salary increases for executive level administrative personnel are limited to the general increase of 9.0 percent. A total increase of \$55.5 million for salaries is recommended in fiscal year 1982.
- .. General cost increases of 8.0 percent for most goods and services, and increases ranging from 16.0 to 19.0 percent for utility cost increases. Different price increases were used for utilities depending on the mix of fuel sources at each university. Funds recommended for the increased cost of goods and services total \$9.5 million. Funds recommended for increased utility costs total \$8.4 million.
- .. Productivity savings of approximately \$3.1 million generated through tightened personnel replacement policies and the re-allocation of resources.
- .. Resources for program development totaling \$7.7 million.

- .. Increased support for physical plant maintenance, equipment replacement, fire protection services and other specific needs totaling approximately \$3.6 million.
- .. Funds for physical plant maintenance of new buildings totaling \$625,400.
- .. Reductions of the appropriations base at universities totaling over \$1.2 million.
- .. Tuition increases of 10.0 percent for undergraduate and graduate students in public universities with additional funding of \$2.7 million for the Illinois State Scholarship Commission grant program to offset the financial impact of tuition and fee increases on needy undergraduate students attending public institutions.
- .. Recognition of additional, differential tuition increases for higher cost programs as implemented by the University of Illinois.

#### Community Colleges

- .. Increase in State appropriated funds for the community college system of \$17.0 million, an increase of 12.0 percent above the fiscal year 1981 projected expenditures of \$141.9 million to \$158.9 million in fiscal year 1982. Requests totaled \$172.4 million, a 21.5 percent increase over projected expenditures in fiscal year 1981.
- .. Increase in State appropriated grants to colleges of \$16.7 million, or 12.2 percent, to a total of \$152.7 million.
- .. Funding based upon increased enrollments experienced by community colleges from 161,800 FTE students to 172,384 FTE students, an increase of 6.5 percent.

- .. A composite salary and cost increase of 9.4 percent for fiscal year 1982, based on increases similar to those recommended for public universities.
- .. Productivity savings of \$1.7 million generated through tightened personnel replacement policies and the reallocation of resources.
- .. Equalization grant funding of \$24.8 million to help districts meet instructional costs where the "tax base" of Equalized Assessed Valuation per student is below the statewide average.

#### Illinois State Scholarship Commission

- .. Illinois State Scholarship Commission (ISSC) regular term awards paid to an estimated 91,110 full-time and part-time students in fiscal year 1982, an increase of 5,398 over awards supported by the current fiscal year 1981 appropriation.
- .. ISSC monetary awards totaling \$97.7 million, an increase of \$11.9 million over fiscal year 1981 appropriations of \$85.8 million. This recommendation will permit processing of applications through February 15, 1982.
- .. An increase of \$2.0 million to continue the implementation of the recently enacted Academic Scholarship Program. This program will provide awards totaling \$4.0 million to 4,000 students based on their ability and academic achievement in high school.
- .. Increases in federally funded administrative cost allowances for the operation of the Illinois Guaranteed Loan Program to reflect the projected increase of 41.2 percent in guaranteed loans from \$340.0 million in fiscal year 1981 to \$480.0 million in fiscal year 1982.

- .. Total increase in State appropriated funds of \$19.9 million for ISSC, an increase of 18.3 percent over \$108.5 million in fiscal year 1981 projected expenditures to \$128.4 million in fiscal year 1982.

#### Private Higher Education

- .. An increase of \$1.1 million in direct institutional assistance to a total of \$12.0 million, a 10.1 percent increase.
- .. Increase of the ISSC maximum award by \$100 from \$1,900 to \$2,000.
- .. A total of \$93.1 million in State support for students attending private institutions, including ISSC awards, health education grants, and direct institutional assistance.

#### Other Programs

- .. Increased funds for health programs in public and private colleges and universities totaling \$1.2 million.
- .. A total of \$1.3 million to support library resource sharing and other programs of interinstitutional cooperation under the Higher Education Cooperation Act.
- .. An increase in State appropriated funds for the State Universities Retirement System (SURS) of \$9.5 million, a 14.3 percent increase from \$66.0 million in fiscal year 1981 to \$75.5 million in fiscal year 1982 to maintain the gross benefit payout funding levels approved by the General Assembly in prior years.

### III. ISSUES AND CONCERNS

The conflict between legitimate needs and the harsh realities of limited resources is a perennial source of tension in the budgetary process for higher education. While such tension is present every year, the current state of the economy has increased the difficulty of balancing these forces as fiscal year 1982 budget recommendations are considered.

Present economic conditions impose a heavy burden on the financial resources of colleges and universities. Virtually everything higher education institutions purchase will cost substantially more in fiscal year 1982 than in the current year. In addition, the purchasing power of faculty and staff salaries has been severely eroded by a rate of inflation that shows little sign of falling below double-digit levels in fiscal year 1982.

In addition to the effects of inflation, the demand for higher education seems to be increased during an economic downturn. In 1975 during the last significant recession, both headcount and full-time-equivalent enrollments increased sharply in Illinois higher education. From 1976 to 1979 enrollments stabilized and even declined slightly, but both headcount and full-time-equivalent enrollments increased sharply again to record levels in the Fall of 1980.

Figure III-1 displays statewide enrollment trends from 1968 to 1980. Table III-1 presents detailed enrollment data from Fall of 1973 to Fall of 1980. Fall, 1980 preliminary enrollment reports indicate that headcount enrollments grew by 7.7 percent and full-time-equivalent



Figure III-1  
 DEGREE-CREDIT ENROLLMENT  
 IN ILLINOIS HIGHER EDUCATION INSTITUTIONS  
 1968-1980

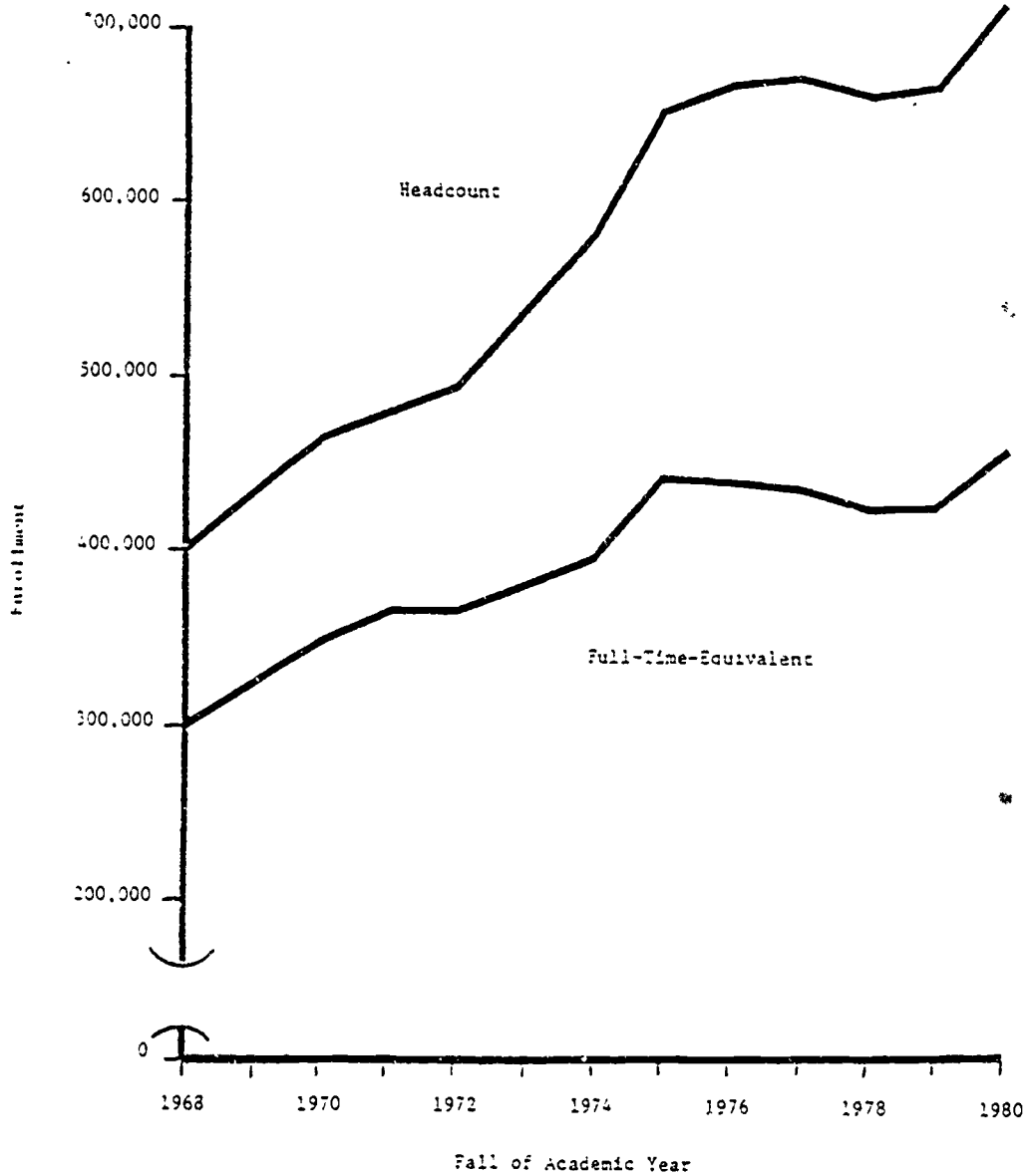


Table III 1

**TOTAL FALL TERM HEADCOUNT  
AND FULL-TIME-EQUIVALENT (FTE) DEGREE AND CERTIFICATE CREDIT ENROLLMENTS  
BY HIGHER EDUCATION SECTOR, 1973-1980**

	"10th Day" Fall Term							
	1973	1974	1975	1976	1977	1978	1979	1980**
<b><u>Public Universities</u></b>								
Headcount	180,516	185,577	195,774	191,149	190,635	188,729	190,440	195,261
FTE*	155,559	157,730	167,103	166,779	165,270	161,046	162,326	166,444
FTE/Headcount	86.2	85.0	85.4	87.3	86.7	85.3	85.2	85.2
<b><u>Community Colleges</u></b>								
Headcount	225,970	257,366	317,413	326,058	329,947	322,367	323,652	361,238
FTE	115,621	124,421	157,670	154,154	149,404	145,053	142,514	162,892
FTE/Headcount	51.2	48.3	49.7	47.3	45.3	45.0	44.0	45.1
<b><u>All Private Institutions</u></b>								
Headcount	118,357	139,712	144,704	149,673	150,649	150,873	151,155	160,190
FTE*	111,487	112,387	115,953	118,990	119,605	119,348	121,100	127,488
FTE/Headcount	80.6	80.4	80.1	79.5	79.4	79.1	80.1	79.6
<b><u>Total Illinois</u></b>								
Headcount	544,843	582,653	657,991	666,880	671,231	661,969	665,247	716,689
FTE*	382,667	394,538	440,726	439,923	434,279	425,447	425,940	456,826
FTE/Headcount	70.2	67.7	67.0	66.0	64.7	64.3	64.0	63.7

\* The definition of FTE enrollment was changed in 1976 so that it would be identical for all sectors of higher education. Consequently, for public universities and private institutions, comparisons of 1976 FTE to previous years' data should not be made.

\*\* Preliminary data.

Source: Illinois Board of Higher Education Fall Enrollment Survey.

enrollments increased by 7.3 percent above Fall, 1979 levels. As a result, the number of students enrolled in Illinois colleges and universities is higher in the current fiscal year than ever before.

Unfortunately, some of the same forces producing severe needs in higher education are eroding the resources of the State of Illinois to meet these needs. For example, public assistance costs, like higher education enrollments, grow sharply in an economic slump. Moreover, inflation's effect is felt throughout government; the needs of all programs supported with State funds are increased by inflation.

While these forces increase the demand for State funds, other forces are working to reduce the revenues available to the State to meet these needs. First, the economic recession results in a decreased rate of growth for revenues from sales taxes and income taxes. In addition, the elimination of federal general revenue sharing with the states has resulted in the loss of resources that are critically important to many State programs. Recently enacted tax relief measures also have sharply curtailed the growth of State revenues.

In a special message to the General Assembly on November 19, 1980, Governor Thompson indicated that the fiscal health of the State of Illinois is placed in serious jeopardy by these economic forces. Current Bureau of the Budget projections indicate that the resources available for increased spending in fiscal year 1982 will be substantially below those available in fiscal year 1981. In effect, the Governor has warned that fiscal year 1982 will be a year when many legitimate needs must be deferred in order to live within the resources of the State of Illinois.

The difficult challenges presented by these conditions must be viewed in the broader context of the importance of quality higher education to the people of Illinois. The citizens of Illinois have created and supported a comprehensive and diversified system of higher education because such a system meets genuine needs. In a sense, the fact that the demand for higher education increases in troubled economic times is a testimony to the confidence of the public in higher education's ability to meet their needs and improve the quality of life.

The need to sustain the quality of higher education in difficult economic times presents a compelling challenge to both the State of Illinois and to the people who are directly involved in the instruction, research, and public service programs of Illinois colleges and universities. The challenge to the State is to find ways of providing the resources required for quality higher education. The challenge to the faculty, administration, and staff of Illinois colleges and universities is to seek every means of enhancing the quality and cost effectiveness of higher education within the constraints of the support the State is able to provide.

In a very real sense the tension between needs and limited resources must be felt by all who participate in the budgetary process. The struggle between these forces is reflected in the discussion of specific issues which follows and in the budget recommendations for fiscal year 1982.

A number of specific questions must be considered in the annual budgetary process. The budget recommendations presented in this volume represent a response to these questions for fiscal year 1982:

- .. Are faculty and staff salaries and fringe benefits keeping pace with the cost of living and with salaries paid by competing employers?
- .. What are the implications of enrollment trends for resource requirements?
- .. Is the distribution of resources among institutions appropriate in view of the programs offered and the number of students served?
- .. What adjustments are necessary to offset fiscal year 1982 price increases for utilities and other goods and services purchased by colleges and universities?
- .. What resources are needed to develop, expand, or improve academic programs? Are library holdings and equipment adequate for the needs of academic programs?
- .. Do students with financial need have access to higher education? Do students have reasonable freedom of choice among institutions?
- .. What is the financial condition of the retirement system?
- .. How should the resource requirements of higher education be financed? What portion should be financed by State tax revenues? Tuition? Student fees? Federal programs? Internal reallocation? Other revenues?

#### Faculty and Staff Compensation

The most pressing concern reflected in budget requests for fiscal year 1982 is the need to improve faculty and staff compensation. The high priority placed on compensation is the result of several factors.

First, the quality of instruction, research, public service, and the activities that support these functions clearly depends on the quality of faculty and staff. The fact that about three-fourths of all higher education expenditures are for employee compensation underscores its budgetary importance. Inadequate compensation can discourage the

entry of talented people into the academic profession, contribute to low morale, and encourage faculty and staff to move to other institutions or to seek employment in a sector of the economy which offers greater financial rewards.

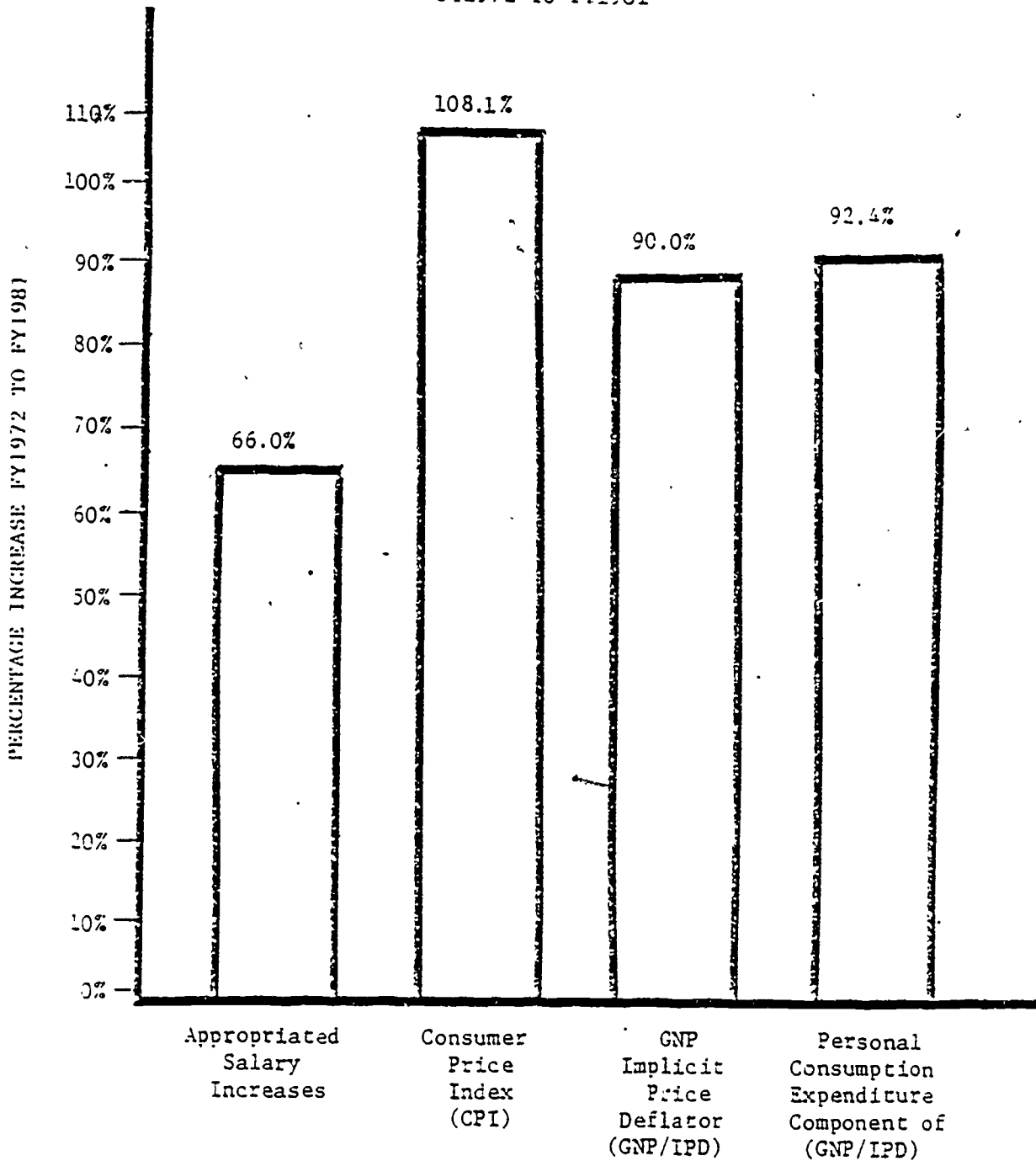
Second, inflation has persistently eroded the purchasing power of the compensation of faculty and staff in Illinois colleges and universities. Figure III-2 displays the gap that has developed between faculty and staff salaries and inflation during the 1970's. From fiscal year 1972 to fiscal year 1981 funds appropriated for salaries have increased faculty and staff compensation by 66.0 percent. During the same period the Consumer Price Index increased by 108.1 percent. A more conservative index of inflation, the Personal Consumption component of the Gross National Product Implicit Price Deflator, has increased by 92.4 percent since fiscal year 1972. From the perspective of either index, there has been a substantial loss of purchasing power for faculty in Illinois.

Projections of consumer price inflation for fiscal year 1982 offer little promise of relief. While such projections are extremely volatile from month to month, in November, 1980 both of the major national forecasting services projected growth of more than 10 percent in the Consumer Price Index for fiscal year 1982. The most optimistic projection of a more conservative index, the Personal Consumption component of the Gross National Product Implicit Price Deflator, suggests that consumer costs will increase by nine percent during fiscal year 1982.

A third, and possibly the most important, reason for the emphasis on staff compensation is that faculty compensation in Illinois colleges

Figure III-2

APPROPRIATED SALARY INCREASES FOR ILLINOIS  
PUBLIC HIGHER EDUCATION COMPARED TO  
INCREASES IN CONSUMER PRICES  
FY1972 TO FY1981



Note: Price increases for FY1981 are based on forecasts made by Chase Econometrics.

and universities has deteriorated in comparison to compensation paid by similar institutions in other states during the 1970's. A recent, comprehensive study found that compensation in Illinois colleges and universities tends to fall below the median compensation among similar institutions throughout the country.<sup>(1)</sup> In addition, compensation has deteriorated in comparison to similar institutions in other states over the past 10 years. Specifically, public university compensation in fiscal year 1980 is from four to six percent below the median compensation in other states when compensation data are adjusted for cost of living differences in the states. The current ranking of public university compensation in comparison to compensation at similar institutions in other states is the result of deterioration of approximately seven percentage points below the ranking of fiscal year 1971.

The competitiveness of employee compensation is also a concern for Civil Service staff in public universities. Periodic studies have shown that Civil Service staff compensation in public universities is less than the compensation provided by other State agencies and competing employers in the private sector.

The difficult economic problems faced by the nation, and particularly the high rate of inflation, are both the major sources of the compensation problem and the most formidable obstacles to its solution. Strong efforts to address the need for improved faculty and staff compensation in previous years have been largely or totally offset by the

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(1) State of Illinois, Board of Higher Education, "Compensation in Illinois Institutions of Higher Education," November 11, 1980.



effects of inflation on employee purchasing power. Moreover, the high level of inflation has led competing employers in other states and other sectors of the economy also to provide substantial increases in compensation.

In view of projected levels of inflation and the fiscal condition of the State of Illinois, funds recommended for salary increases in fiscal year 1982 can only begin to address the needs which have accumulated during the 1970's. Until the rate of inflation is brought under control the difficulty of keeping pace with current cost increases effectively precludes the restoration of purchasing power lost in previous years. A more immediate and realistic goal is to seek to restore the competitiveness of compensation offered by Illinois colleges and universities.

Although it is not possible to restore compensation to a competitive level in a single year, it is important to begin to make progress toward that goal. The faculty compensation study discussed above is based on fiscal year 1980 data. A recent survey indicates that average salary increases of nine percent were provided nationally for faculty in fiscal year 1981. In view of the above, funds for salary increases of 10.5 percent are recommended for fiscal year 1982 in order to begin to restore competitive levels of compensation.

Of the total increase recommended, nine percentage points reflect the increases granted nationally for faculty in fiscal year 1981. One and one-half percentage points would help faculty and staff compensation begin to catch up with the compensation offered by competing employers. The number of years for which further catch-up increases are

required will be determined through the annual review of compensation studies. The funds provided for catch-up salary increases include all employee groups except executive level administrative staff.

The calculation of all salary increases in these budget recommendations is made on 90 percent of the fiscal year 1981 personal services base. Normally, salary increase calculations have been made on 95 percent of the personal services base in order to reflect savings through turnover and position vacancies. The use of the 90 percent personal services base, rather than a 95 percent base, will require campuses to tighten personnel replacement policies and, in some cases, to reallocate resources in order to achieve the objectives of these budget recommendations. The productivity gains achieved by the use of a 90 percent personal services base in this calculation are approximately \$4.8 million.

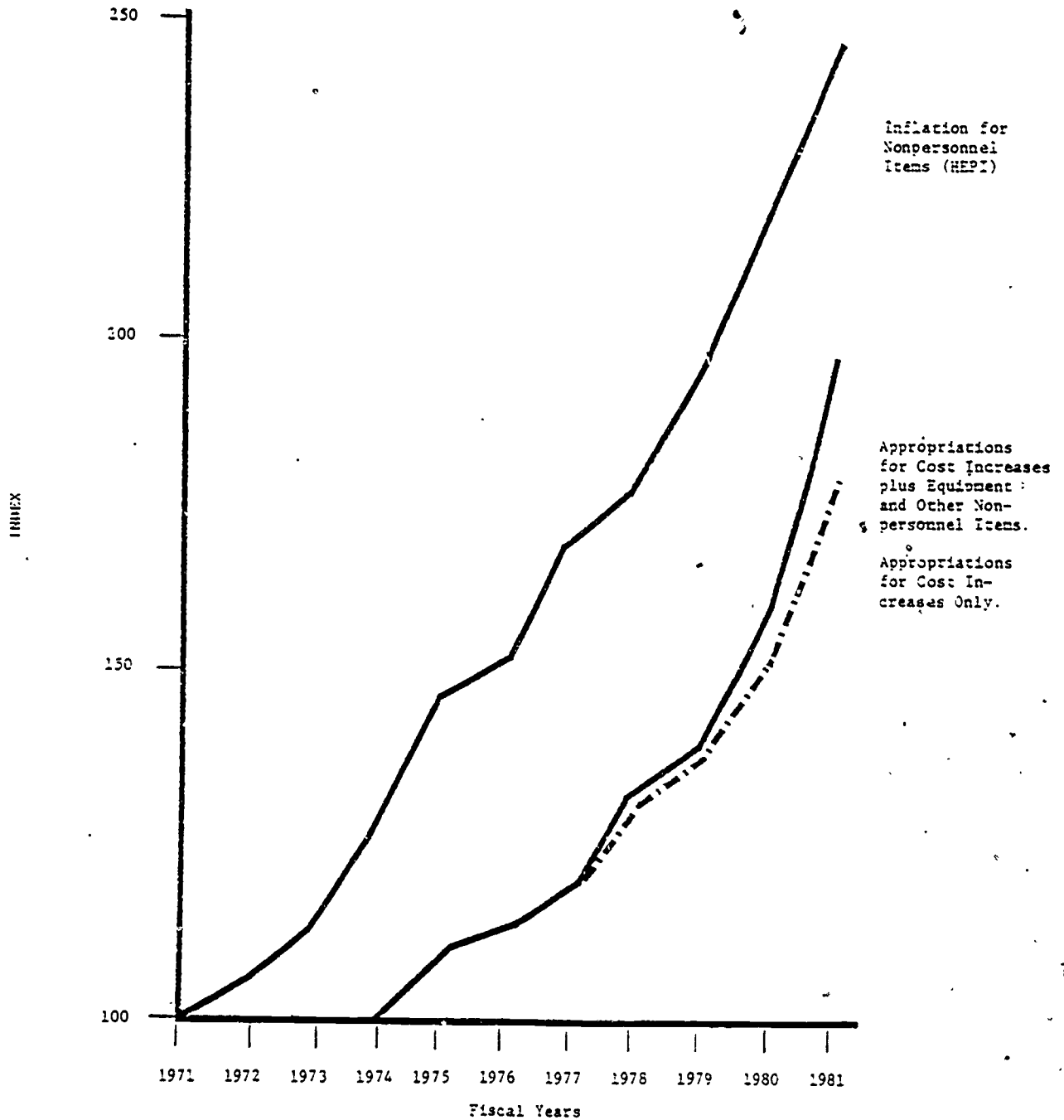
#### Nonpersonnel Expenditures

While compensation is clearly the highest priority in these budget recommendations, it cannot be the only priority for higher education. The value of attracting and retaining highly qualified faculty and staff is diminished if they lack the equipment, supplies, and facilities required for high quality education. Adequate support for equipment, library books, supplies, and the repair and maintenance of physical facilities is also necessary in order to sustain quality in educational programs.

Figure III-3 shows the extent to which the cost of nonpersonnel items grew more rapidly than resources allocated for these purposes during the 1970's. In fiscal year 1981 progress was achieved toward

Figure III-3

COMPARISON OF INFLATION AND APPROPRIATED  
COST INCREASES FOR NONPERSONNEL EXPENDITURES



reducing the gap between available resources and cost increases for these items. While the recommendations for fiscal year 1982 include funds to offset cost increases for nonpersonnel items, these funds are not likely to make further progress toward reducing the gap.

A general cost increase of eight percent is recommended to offset the anticipated rate of inflation in the cost of nonpersonnel items during fiscal year 1982. This recommended increase falls short of projections developed by Chase Econometrics and Data Resources, Inc. for the wholesale price increase in fiscal year 1982. Consequently, Illinois colleges and universities will need to increase productivity in order to achieve adequate support for high priority nonpersonnel expenditures.

Because energy costs far exceed the average rate of inflation for nonpersonnel items, a separate recommendation is made to finance utility cost increases. Based upon information provided by public utility companies and the projections of national economic forecasters, specific cost increases for the various components of utility costs have been recommended. The cost increases estimated for fiscal year 1982 range from 10 percent for water and sewage charges to 20 percent for electricity and fuel oil.

Cost increases such as these make the control of energy consumption a high priority for Illinois higher education. The percentage of expenditures devoted to utilities in Illinois public universities and community colleges has increased from less than two percent to more than five percent during the 1970's. The average cost of energy during this period quadrupled.

The need to increase the conservation of energy in order to offset such increases has been reflected in several ways in these budget recommendations. The funds recommended for utility cost increases in public universities and community colleges have been reduced by one percentage point in order to encourage further efforts to conserve energy. Energy conservation projects are an important part of the capital budget recommendations. To a limited extent, funds have also been recommended for special maintenance projects such as caulking, insulating and weatherstripping which will reduce energy consumption.

#### Program Evaluation and Development

The Master Plan of the Board of Higher Education published in 1976 established a strategy of program review and evaluation as a means of improving quality and enhancing the effectiveness of higher education programs. This strategy has been implemented at the institutional level where systematic procedures are used to review about 20 percent of existing programs each year. The systematic program evaluations which occur at public universities are also reviewed by the Board of Higher Education. This process of institutional evaluation has resulted in the elimination of low priority programs and the identification of opportunities for the reallocation of existing funds. The program evaluation process has also enabled institutions to identify and document areas where additional resources are needed.

The process of program evaluation also occurs at the State level. A variety of special analytical studies from a statewide perspective has been undertaken to chart policy directions in rapidly expanding

academic areas such as business and nursing, to identify needs for program improvement, and to find areas from which funds can be reallocated to meet higher priority needs. One such study has resulted in the systematic phase-out of State support for auxiliary enterprises and the reallocation of these resources to improve academic programs. Another study has carefully considered the distribution of nursing programs in the State in order to determine the areas of greatest need. The results of both of these studies as well as others are reflected in the budget recommendations for fiscal year 1982.

Another concern related to program evaluation and development is the extent to which differences exist in instructional cost per credit hour for similar academic programs among various public universities. As in previous years, the budget recommendations for fiscal year 1982 include base budget reductions for public universities where unit costs are substantially above the statewide average. These reductions help provide resources for higher priority needs within higher education.

Where public universities show evidence of inadequate support through costs per credit hour that are substantially below average, additional support has been recommended to meet specifically documented academic needs. In addition, such campuses have been encouraged to relieve some of the strain on their resource base through planned reductions in enrollment.

A substantial portion of the funds required for academic program improvement in fiscal year 1982 will have to be generated through institutional efforts and reallocations based upon analytical studies.

Incremental funds for a smaller portion of program improvement needs, representing less than one percent of the budget base of public universities, are included in these recommendations. The major purposes of the incremental funds recommended for academic program support are to improve the quality of academic instruction, to respond to sharp increases in student enrollments in professional programs, and to respond to high priority social and economic needs in areas such as the health professions and energy research.

#### Community Colleges

The fiscal year 1982 budget recommendations for Illinois community colleges represent the second year of the implementation of revisions in the financing plan used for Illinois community colleges developed by a special Board of Higher Education committee in 1979. The changes recommended by this committee add greater stability to budget planning for both local community college districts and the State of Illinois through the use of historical enrollment, revenue, and cost data for most aspects of budget development.

Because these recommendations are based upon historical enrollments, fiscal year 1982 funding will be based upon enrollments actually realized in fiscal year 1980. It should be noted that fiscal year 1980 enrollments in Illinois community colleges are approximately 6.5 percent higher than the fiscal year 1979 enrollments upon which current year appropriations are based. Although current enrollment levels will not be reflected in the budget process until next year, community college headcount enrollments increased by 11.6 percent in Fall, 1980.

A more complete discussion of fiscal year 1982 recommendations for Illinois community colleges is contained in Chapter V.

### Student Access and Choice

Financial assistance to students has been a high priority in Illinois in order to assure access to and reasonable freedom of choice among higher education institutions. As a result, Illinois has one of the strongest student financial aid programs in the nation and a well balanced system of public and private institutions that provides a variety of educational opportunities to meet diverse needs.

The resource requirements of student financial aid programs are directly affected by enrollment increases. Current application rates suggest that in fiscal year 1981 Illinois State Scholarship Commission (ISSC) applications will reach an all-time high. Further increases to 178,000 applications are projected for fiscal year 1982. For this reason, a substantial increase in resource requirements for the ISSC Monetary Award Program is recommended.

The recommendations for monetary awards, however, will require certain revisions in the administrative and analytical procedures used to determine eligibility for monetary awards. Such revisions are appropriate for several reasons. In recent years expanding federal programs have resulted in dramatic increases in student assistance. In fiscal year 1980, total student assistance in Illinois increased by \$121.8 million or 26 percent over fiscal year 1979. In addition to the increase in student aid, the contribution expected from students and their families has declined in recent years. In view of these factors



and the current fiscal climate, it seems appropriate to reduce the pressure on State student assistance programs by recognizing the contribution of federal resources and partially restoring the expected level of family contribution to earlier levels.

The recommendation for the Illinois State Scholarship Commission includes an increase of 13.9 percent in funds for monetary awards over fiscal year 1981 appropriations. This increase will provide for the processing of 178,000 applications, funds to offset the cost of tuition increases for students attending public institutions, support for the processing of applications through February 15, and an increase in the maximum award to \$2,000. The level of funding recommended will also require an upward adjustment in the expected family contribution that will affect the amount of awards to students showing relatively little financial need.

In addition to student assistance provided through the Illinois State Scholarship Commission, the Illinois Financial Assistance Act for Nonpublic Institutions of Higher Learning is an important means of maintaining the viability of Illinois private colleges and universities. These budget recommendations include an increase of \$1.1 million for the Financial Assistance Act and a total of \$3.4 million to finance an increase in the maximum award to \$2,000 during fiscal year 1982.

#### Retirement

For a number of years the Board of Higher Education budget recommendations have sought to reduce or stabilize the unfunded liabilities of the State Universities Retirement System. Progress toward this objective was made during fiscal year 1979 when State funding was provided

at the level of gross benefit payout for the first time in a number of years. Gross benefit payout includes the total cost of benefits currently due to retirees rather than merely the State's share of those benefits. Financing retirement by this method provides a sum that can be invested to finance unfunded obligations for retirement benefits in future years. It has resulted in improvement in the ratio of retirement system assets to unfunded liabilities.

The Pension Laws Commission has recommended that annual payments for retirement exceed the gross benefit payout method by a percentage factor that will enable the State to make further progress toward arresting the growth of the unfunded accrued liabilities of the retirement system. This approach has guided Board of Higher Education recommendations in recent years. In view of the current fiscal uncertainties facing the State of Illinois, however, the funds recommended for the retirement system in fiscal year 1982 are at the gross benefit payout level as projected by the State Universities Retirement System. Although this level of funding will not advance progress toward reducing unfunded liabilities, it will sustain the progress that has been achieved in recent years.

#### Sources of Funds

The preceding paragraphs have considered both the financial needs of Illinois higher education and the economic conditions that limit available resources. The needs of higher education have historically been financed through a variety of sources, including State and federal tax funds, student tuition and fees, and local property taxes in the case of community colleges. Each of these sources of funds has

been considered in the development of these budget recommendations in an effort to maintain and enhance the quality of higher education without placing an undue burden on either students or taxpayers.

Another important source of revenue, internal reallocation, has also played an important role in these recommendations. A significant part of the resources needed to respond to changing student and social needs in higher education has been found through the reallocation of resources from lower priority areas. To some extent, such reallocations are specifically reflected in these budget recommendations. To an even greater extent, they occur routinely as resources are allocated on individual campuses.

The recommendations also require colleges and universities to reallocate resources in order to finance some of the cost and salary increases that will occur in fiscal year 1982. The calculation of salary increases on 90 percent of the personal services base will require colleges and universities to generate about \$4.8 million in productivity gains. In addition, the funds recommended for general cost increases are unlikely to offset totally the effects of inflation in fiscal year 1982.

Because such a large portion of higher education resource requirements is supported through State General Revenue Funds, adequate State support is also critically important. Some of the pressing financial needs described in this chapter, including the need for improving faculty and staff compensation, have developed because the workload and responsibilities of Illinois colleges and universities increased during

the 1970's without commensurate increases in constant dollar State support. To an extent, many of the current deficiencies found in higher education may be traced to the mid-1970's when economic conditions similar to those experienced now led to sharply increased enrollments and severely limited financial resources. As fiscal year 1982 budgetary recommendations are considered and as colleges and universities prepare to allocate the resources that are provided, an important goal must be to seek every means of avoiding the deterioration of quality in higher education through this difficult period.

During recent years support provided by the Governor and General Assembly has enabled Illinois colleges and universities to deal with a number of pressing financial issues. Possibly the most pressing concern, however, the need to restore staff compensation to a competitive level, has proved to be the most difficult to address. The cost of improving staff compensation is the primary source of this difficulty. The catch-up recommendation of one and one-half percent included in this budget requires approximately \$11.0 million. Financing this amount within the context of a budget recommendation that does not totally ignore other considerations is particularly difficult when enrollments are increasing and the core rate of inflation in the economy is nearly 10 percent.

The 10.8 percent increase in General Revenue Funds required to finance these recommendations compares to an 11.6 percent increase recommended by the Board of Higher Education for fiscal year 1981. The use of internal reallocation and the deferral of needs within higher education to finance these recommendations have contributed to the

reduction in the percentage increase of General Revenue Funds that is recommended. In addition, recommended tuition increases and the use of tuition revenues generated through enrollment increases have reduced the burden on General Revenue Funds.

In keeping with the Board of Higher Education's policy recommendation concerning tuition in public universities, these fiscal year 1982 budget recommendations include revenues from a 10 percent increase in public university tuitions. In addition, the University of Illinois has approved supplementary tuition increases for higher cost instructional programs. Revenues from these increases have been allocated specifically to improve instructional programs at the University of Illinois. These recommended tuition increases will provide approximately \$12.0 million toward the fiscal year 1982 resource requirements of higher education. Funds are also recommended for the Illinois State Scholarship Commission Monetary Award Program in order to provide an increase in monetary awards to needy undergraduate students to offset the amount of recommended tuition increases.

#### IV. UNIVERSITIES

The discussion presented in this chapter of the fiscal year 1982 budget recommendations for public universities addresses the general issues covered in Chapter III and other concerns that are specifically related to public universities. The public university requests for operations and grants are presented on Tables IV-1 and IV-3. The fiscal year 1982 recommendations are summarized on Table IV-2 and Table IV-4 by budgetary category. The following narrative explains the adjustments made for each budgetary category included on Table IV-4. A detailed summary of the budget recommendations for each public university and university system follows the narrative section of this chapter.

##### Salary Increases

The most critical concern expressed in the budget requests for fiscal year 1982 from public universities is the need to improve faculty and staff compensation. The importance of staff compensation to quality educational programs was discussed in the previous chapter. This chapter will provide more detailed information concerning the effects of inflation on staff compensation in public universities and summarize the evidence that a catch-up increase is required in order to restore the competitiveness of faculty and staff compensation.

Table IV-5 displays increases in the Consumer Price Index, the Gross National Product Implicit Price Deflator (GNP/IPD), and the Personal Consumption component of the GNP/IPD since fiscal year 1972. During the period from fiscal year 1972 to fiscal year 1980, salary

Table IV-1

FY1982 REQUESTS  
UNIVERSITIES OPERATIONS AND GRANTS

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981	FY1982	Dollar Increase	Percent Increase
	FY1980	FY1981	Projected Expenditures	Requests	Over Projected Expenditures	Over Projected Expenditures
<u>Board of Governors</u>	\$115,772.8	\$126,810.1	\$126,810.1	\$143,449.3	\$ 16,639.2	13.1%
Chicago State University	18,440.6	20,191.0	20,191.0	22,848.5	2,655.5	13.2
Eastern Illinois University	26,614.1	27,151.7	27,151.7	31,188.2	4,036.5	14.9
Governors State University	11,357.1	14,800.8	14,800.8	16,775.4	1,974.6	13.3
Northeastern Illinois University	21,557.9	23,847.1	23,847.1	27,267.4	3,420.3	14.3
Western Illinois University	34,980.8 <sup>AA</sup>	37,778.5	37,778.5	42,052.3	4,273.8	11.3
Cooperative Computer Center <sup>AA</sup>	2,121.1	2,283.6	2,283.6	2,493.0	209.4	9.2
Central Office	705.8	755.4	755.4	824.5	69.1	9.1
<u>Board of Regents</u>	124,714.2	135,884.2	135,884.2	159,266.7	23,382.5	17.2
Illinois State University	49,120.8	53,444.1	53,444.1	62,800.3	9,356.2	17.5
Northern Illinois University	62,133.8	67,986.5	67,986.5	79,368.1	11,381.6	16.7
Sangamon State University	12,718.5	13,873.2	13,873.2	16,450.3	2,577.1	18.6
Central Office	541.1	580.4	580.4	648.0	67.6	11.6
<u>Southern Illinois University</u>	136,611.2	146,614.9	146,614.9	168,249.8	21,614.9	14.7
Carbondale	91,778.2	102,680.2	102,680.2	118,050.7	15,370.5	15.0
Edwardsville	40,018.0	43,030.1	43,030.1	49,186.7	6,156.6	14.3
System Office	815.0	924.6	924.6	1,012.4	87.8	9.5
<u>University of Illinois</u>	122,870.0	151,550.2	151,550.2	401,601.1	248,050.9	16.6
Chicago Circle	58,522.0	63,304.4	63,304.4	71,568.7	8,264.3	13.1
Medical Center	89,185.5	98,614.2	98,614.2	112,695.4	14,061.2	14.3
Urbana/Champaign	159,251.3	171,020.5	171,020.5	194,062.1	23,041.6	13.5
General University	15,711.2	20,591.1	20,591.1	23,274.9	2,683.8	13.0
<u>Total</u>	\$697,988.2	\$762,879.4	\$762,879.4	\$872,566.9	\$109,687.5	14.4%
<u>Source of Appropriated Funds</u>						
General Revenue Fund	\$586,728.9	\$641,477.4	\$641,477.4	\$745,150.2	\$103,672.8	16.2%
Universities Income Fund	105,154.6	114,109.1	114,109.1	118,918.9	4,829.8	4.2
Other	6,104.7	7,292.9	7,292.9	8,477.8	1,184.9	16.2

<sup>A</sup> Does not include a reappropriation from Capital Development Bond Funds for an educational television station in West Central Illinois.

<sup>AA</sup> For Board of Governors Cooperative Computer Center, there is a double appropriation for operation purposes. Appropriations to participating universities from the General Revenue Fund are included in this table. Appropriations to the Board of Governors Cooperative Computer Center are reflected in the totals for Other Appropriated Funds.

Table IV-2

FY1982 RECOMMENDATIONS  
UNIVERSITIES OPERATIONS AND GRANTS

(in thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Request	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
<u>Board of Governors</u>	<u>\$126,810.1</u>	<u>\$126,810.1</u>	<u>\$143,449.3</u>	<u>\$140,530.6</u>	<u>\$13,720.5</u>	<u>10.8%</u>
Chicago State University	20,193.0	20,193.0	22,848.5	22,356.1	2,163.1	10.7
Eastern Illinois University	27,151.7	27,151.7	31,188.2	30,212.2	3,060.5	11.3
Governors State University	14,800.8	14,800.8	16,775.4	16,310.4	1,509.6	10.2
Northeastern Illinois University	23,847.1	23,847.1	27,267.4	26,701.0	2,853.9	12.0
Western Illinois University	37,778.5	37,778.5	42,052.3	41,647.8	3,869.3	10.2
Cooperative Computer Center	2,283.6	2,283.6	2,493.0	2,481.3	197.7	8.7
Central Office	755.4	755.4	824.5	821.8	66.4	8.8
<u>Board of Regents</u>	<u>135,884.2</u>	<u>135,884.2</u>	<u>159,266.7</u>	<u>150,268.2</u>	<u>14,384.0</u>	<u>10.6</u>
Illinois State University	53,444.1	53,444.1	62,800.3	59,004.3	5,560.2	10.4
Northern Illinois University	67,986.5	67,986.5	79,368.1	75,342.8	7,356.3	10.8
Sangamon State University	13,873.2	13,873.2	16,450.3	15,290.7	1,417.5	10.2
Central Office	580.4	580.4	648.0	630.4	50.0	8.6
<u>Southern Illinois University</u>	<u>146,634.9</u>	<u>146,634.9</u>	<u>168,249.8</u>	<u>161,317.0</u>	<u>14,682.1</u>	<u>10.0</u>
Carbondale	102,680.2	102,680.2	118,050.7	113,590.9	10,910.7	10.6
Edwardsville	43,030.1	43,030.1	49,186.7	46,722.9	3,692.8	8.6
System Office	924.6	924.6	1,012.4	1,003.2	78.6	8.5
<u>University of Illinois</u>	<u>351,550.2</u>	<u>351,550.2</u>	<u>401,601.1</u>	<u>394,858.0</u>	<u>41,307.8</u>	<u>11.7</u>
Chicago Circle	63,304.4	63,304.4	71,568.7	70,659.6	7,355.2	11.6
Medical Center	98,634.2	98,634.2	112,695.4	110,174.0	11,539.8	11.7
Urbana/Champaign	171,020.5	171,020.5	194,062.1	190,696.5	19,676.0	11.5
General University	20,591.1	20,591.1	23,274.9	23,327.9	2,736.8	13.3
<u>Total</u>	<u>\$762,879.4</u>	<u>\$762,879.4</u>	<u>\$872,566.9</u>	<u>\$846,973.8</u>	<u>\$84,094.4</u>	<u>11.0%</u>
<u>Source of Appropriated Funds</u>						
General Revenue Fund	\$641,477.4	\$641,477.4	\$745,150.2	\$705,268.5	\$61,791.1	9.9%
Universities Income Fund	114,109.1	114,109.1	118,938.9	133,342.2	19,233.1	16.9
Other	7,292.9	7,292.9	8,477.8	8,362.1	1,070.2	14.7



Table IV-1  
 FY1982 REQUESTS  
 UNIVERSITIES OPERATIONS AND GRANTS

(In thousands of dollars)

	FY1981 Projected Expenditures	Total Adjustments to the FY1981 Base	Salary Increases	Cost Increases	O & H for New Buildings	Program Support	All Other	Total Requested Increases	Total Requested FY1982*
<u>Board of Governors</u>	<u>\$126,810.1</u>	<u>\$ -0-</u>	<u>\$ 9,806.6</u>	<u>\$ 2,838.4</u>	<u>\$ -0-</u>	<u>\$ 2,518.8</u>	<u>\$ 1,475.4</u>	<u>\$ 16,639.2</u>	<u>\$143,449.3</u>
Chicago State University	20,193.0	2.1	1,599.0	387.5	-0-	386.0	280.9	2,653.4	22,846.5
Eastern Illinois University	27,151.7	-0-	2,209.0	621.1	-0-	704.0	502.4	4,036.5	31,188.2
Governors State University	14,800	20.7	1,084.1	325.1	-0-	291.6	251.1	1,953.9	16,775.4
Northeastern Illinois University	23,847.1	(22.8)	1,860.8	450.8	-0-	892.2	239.3	3,443.1	27,267.4
Western Illinois University	37,778.5	-0-	2,895.8	931.3	-0-	245.0	199.7	4,273.8	42,052.3
Cooperative Computer Center	2,203.6	-0-	104.5	104.9	-0-	-0-	-0-	209.4	2,493.0
Central Office	755.4	-0-	53.4	15.7	-0-	-0-	-0-	69.1	824.5
<u>Board of Regents</u>	<u>135,884.2</u>	<u>76.2</u>	<u>14,811.1</u>	<u>4,033.6</u>	<u>204.1</u>	<u>1,691.6</u>	<u>3,015.9</u>	<u>23,306.3</u>	<u>159,266.7</u>
Illinois State University	53,444.1	27.2	5,605.1	1,577.5	-0-	1,051.7	1,094.7	9,329.0	62,800.3
Northern Illinois University	67,986.5	125.0	7,307.8	2,001.7	97.9	470.1	1,379.1	11,256.6	79,368.1
Sangamon State University	13,873.2	(76.0)	1,405.5	437.5	106.2	169.8	514.1	2,653.1	16,450.3
Central Office	580.4	-0-	42.7	16.9	-0-	-0-	8.0	67.6	648.0
<u>Southern Illinois University</u>	<u>146,614.9</u>	<u>(618.9)</u>	<u>14,071.6</u>	<u>1,819.0</u>	<u>472.0</u>	<u>2,688.8</u>	<u>1,182.4</u>	<u>22,233.8</u>	<u>168,249.8</u>
Carbondale	102,680.2	(442.1)	9,808.2	2,765.1	440.2	1,939.0	860.1	15,812.6	118,050.7
Edwardsville	43,030.1	(176.8)	4,200.6	1,028.9	31.8	749.8	322.3	6,333.4	49,186.7
System Office	924.6	-0-	62.8	25.0	-0-	-0-	-0-	87.8	1,012.4
<u>University of Illinois</u>	<u>353,250.2</u>	<u>55.1</u>	<u>27,134.9</u>	<u>9,041.4</u>	<u>417.8</u>	<u>7,100.1</u>	<u>4,101.6</u>	<u>42,995.8</u>	<u>401,601.1</u>
Chicago Circle	63,304.4	55.1	5,065.1	1,599.1	-0-	900.0	645.0	8,209.2	71,568.7
Medical Center	98,614.2	-0-	7,017.9	3,049.0	74.8	3,009.5	910.0	14,061.2	112,695.4
Urbana/Champaign	171,020.5	-0-	13,904.7	3,643.7	343.0	2,705.2	2,445.0	23,041.6	194,062.1
General University	20,591.1	-0-	1,347.2	749.6	-0-	485.4	101.6	2,683.8	21,274.9
<b>Total</b>	<b>\$162,879.4</b>	<b>\$(487.6)</b>	<b>\$65,574.2</b>	<b>\$19,732.4</b>	<b>\$1,093.9</b>	<b>\$13,999.3</b>	<b>\$9,775.3</b>	<b>\$110,175.1</b>	<b>\$872,566.9</b>

\* FY1982 Request is the sum of FY1981 Appropriations, Total Adjustments to the FY1981 Base, and Total Requested Increases in FY1982.

Table IV-4

FY1982 RECOMMENDATIONS  
UNIVERSITIES OPERATIONS AND GRANTS

(In thousands of dollars)

	FY1981 Projected Expenditures	Total Adjustments to the FY1981 Base	Salary Increases	Cost Increases	O & M for New Buildings	Program Support	All Other	Total Recommended Increases	Total Recommended FY1982*
<u>Board of Governors</u>	<u>\$126,810.1</u>	<u>\$ 148.5</u>	<u>\$ 9,081.2</u>	<u>\$ 2,952.9</u>	<u>\$-0-</u>	<u>\$1,259.9</u>	<u>\$ 278.0</u>	<u>\$13,572.0</u>	<u>\$140,510.6</u>
Chicago State University	20,191.0	2.1	1,462.7	470.8	-0-	227.5	-0-	2,161.0	22,356.1
Eastern Illinois University	27,151.7	110.7	1,992.4	584.7	-0-	365.1	7.6	2,949.8	30,212.2
Governors State University	14,800.8	(38.5)	994.2	394.1	-0-	58.3	101.5	1,548.1	16,310.4
Northeastern Illinois University	23,847.1	74.2	1,744.4	531.3	-0-	404.0	100.0	2,779.7	26,701.0
Western Illinois University	37,778.5	-0-	2,733.6	861.8	-0-	205.0	68.9	3,869.3	41,647.8
Cooperative Computer Center	2,281.6	-0-	103.0	97.7	-0-	-0-	-0-	197.7	2,481.3
Central Office	755.4	-0-	50.9	15.5	-0-	-0-	-0-	66.4	821.8
<u>Board of Regents</u>	<u>135,884.2</u>	<u>(135.0)</u>	<u>9,725.1</u>	<u>3,159.2</u>	<u>130.8</u>	<u>735.3</u>	<u>768.6</u>	<u>14,519.0</u>	<u>150,268.2</u>
Illinois State University	53,444.1	(89.4)	3,779.0	1,233.8	-0-	350.0	286.8	5,649.6	59,004.3
Northern Illinois University	67,986.5	125.0	4,951.6	1,556.5	24.6	318.5	380.1	7,231.3	75,342.8
Sangamon State University	13,873.2	(170.6)	956.8	356.6	106.2	66.8	101.7	1,588.1	15,290.7
Central Office	580.4	-0-	37.7	12.3	-0-	-0-	-0-	50.0	610.4
<u>Southern Illinois University</u>	<u>146,614.9</u>	<u>(1,359.7)</u>	<u>10,387.9</u>	<u>3,526.3</u>	<u>319.8</u>	<u>1,132.8</u>	<u>675.0</u>	<u>16,041.8</u>	<u>161,317.0</u>
Carbondale	102,680.2	(442.1)	7,160.5	2,542.9	319.8	871.9	457.7	11,352.8	113,590.9
Edwardsville	43,030.1	(917.6)	3,171.8	958.4	-0-	260.9	217.3	4,610.4	46,722.9
System Office	924.6	-0-	51.6	25.0	-0-	-0-	-0-	78.6	1,003.2
<u>University of Illinois</u>	<u>153,550.2</u>	<u>141.9</u>	<u>26,297.6</u>	<u>8,290.5</u>	<u>174.8</u>	<u>4,551.4</u>	<u>1,851.6</u>	<u>41,165.9</u>	<u>394,858.0</u>
Chicago Circle	63,304.4	55.1	4,859.0	1,454.1	-0-	637.0	150.0	7,300.1	70,659.6
Medical Center	98,614.2	-0-	6,773.9	2,932.1	14.3	1,769.5	50.0	11,539.8	110,174.0
Urbana/Champaign	171,020.5	86.8	13,371.3	3,185.5	160.5	1,821.9	1,050.0	19,589.2	190,696.5
General University	20,591.1	-0-	1,293.4	718.8	-0-	321.0	401.6	2,736.8	23,327.9
Total	<u>\$762,879.4</u>	<u>\$(1,204.1)</u>	<u>\$55,491.8</u>	<u>\$17,928.9</u>	<u>\$625.4</u>	<u>\$7,679.4</u>	<u>\$3,573.2</u>	<u>\$85,298.7</u>	<u>\$846,973.8</u>

\* FY1982 Recommendations are the sum of FY1981 Projected Expenditures, Total Adjustments to the FY1981 Base and Total Recommended Increases.

Table IV-5

COMPARISON OF APPROPRIATED SALARY INCREASES FOR  
ILLINOIS HIGHER EDUCATION TO SELECTED PRICE INDICES

Fiscal Year	Consumer Price Index All Urban Consumers		Implicit Price Deflator - GNP		Personal Consumption Expenditures Implicit Price Deflator - GNP		Salary Increases Appropriated for Illinois Public Higher Education	
	Index	Percentage Change	Index	Percentage Change	Index	Percentage Change	Index	Percentage Change
1972	100.0	-	100.0	-	100.0	-	100.0	-
1973	103.9	3.9%	104.5	4.5%	103.8	3.8%	104.0	4.0%
1974	113.3	9.0	112.6	7.8	112.4	8.3	106.8	2.7
1975	125.7	11.0	124.7	10.7	124.3	10.6	112.1	5.0
1976	134.8	7.2	133.3	6.9	131.8	6.0	120.0	7.0
1977	142.5	5.7	140.2	5.2	138.8	5.3	125.4	4.5
1978	150.0	5.3	146.1	4.4	147.1	6.0	131.7	5.0
1979	164.1	9.4	158.5	8.3	158.6	7.8	142.2	8.0
1980	185.9	13.3	172.8	9.0	174.5	10.0	152.9	7.5
1981								
Chase*	208.1	11.9	190.0	10.0	192.4	10.3		
DR1*	207.2	11.5	190.0	10.0	192.2	10.1	166.0	8.0
Cumulative 9-Year Percentage Change FY1972-FY1981**		<u>108.1%</u>		<u>90.0%</u>		<u>92.4%</u>		<u>66.0%</u>
1982								
Chase*	229.7	10.4	206.9	8.9	209.7	9.0		
DR1*	228.3	10.2	209.2	10.1	210.8	9.7		

\* Forecasts from Chase Econometrics and Data Resources Inc. (DR1), as of November, 1980.

\*\* Cumulative percentage change is based upon Chase Econometrics data and the actual salary increase appropriated through FY1981.

increases for public university employees have not kept pace with the rate of inflation as indicated by any of these indices. Although efforts have been made to restore university employees' purchasing power lost in recent years, such efforts have been frustrated by persistent and accelerating rates of inflation.

While the loss of employee purchasing power due to inflation is a serious concern, the relative competitiveness of salaries in Illinois higher education may be a more critical consideration. A number of institutions have reported that faculty are being attracted to more financially rewarding non-academic positions, particularly in the fields of accounting, business and engineering. A recent national study has confirmed the fact that faculty salaries throughout the nation have declined relative to salaries paid to other professional groups.<sup>(1)</sup> For the ten year period from 1969-70 to 1979-80, the average salary for all academic ranks declined 18.4 percent in constant dollars, the largest decline of any professional employee group. In fact, during the same period, most groups experienced an increase in compensation.

Of even greater concern, a recent Board of Higher Education study of faculty compensation indicates a general deterioration of compensation at Illinois public universities in comparison to the compensation paid by similar institutions in other states.<sup>(2)</sup>

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(1) W. Lee Hansen, "Regressing Into the Eighties: Annual Report on the Economic Status of the Profession, 1979-80," Academe, September, 1980.

(2) State of Illinois, Board of Higher Education, "Compensation in Illinois Institutions of Higher Education," November 11, 1980.

As indicated on Table IV-6 and Table IV-7, a review of faculty compensation in Illinois public universities reflects deterioration in relative compensation over the period from fiscal year 1971 to fiscal year 1980.

Table IV-6, which presents compensation comparisons adjusted for differences in the cost of living among states, also indicates that on the average fiscal year 1980 compensation in public universities is from four percent to six percent below the median compensation for similar institutions in other states. Table IV-7, where no adjustments for cost of living differences are included, still shows that fiscal year 1980 compensation in public universities is below the median for their respective comparison groups.

The data on these tables are based upon three different sets of comparison groups used in the study "Compensation in Illinois Institutions of Higher Education." The similarity of the findings from a variety of perspectives underscores the validity of the general conclusion of the study.

An annual review of salaries paid to University Civil Service employees in comparison with similar employees in other State agencies has consistently indicated that University Civil Service salaries lag behind the salaries paid to similar employees in other State agencies. The Fall, 1980 study of Civil Service salaries found that university employees are paid approximately 14 percent less than their counterparts in other State agencies. This represents a deterioration of about one percent from Fall, 1979 findings.

Table IV-6

FACULTY COMPENSATION IN ILLINOIS PUBLIC UNIVERSITIES  
 AVERAGE PERCENTAGE ABOVE OR (BELOW) THE MEDIAN FOR COMPARISON GROUPS  
 ADJUSTED FOR DIFFERENCES IN THE COST OF LIVING

	<u>1980 Comparison Groups</u>	<u>Bazzani Comparison Groups</u>	<u>Big Ten Universities</u>
FY1971	1.5%	1.5%	(5.7%)
FY1975	(3.2)	(2.7)	(4.7)
FY1979	(5.1)	(4.5)	(4.7)
FY1980	(6.1)	(5.2)	(4.0)
Change FY1971 To FY1980	(7.6)	(7.7)	1.7
Change FY1975 To FY1980	(3.5)	(1.7)	(0.1)

Table IV-7

FACULTY COMPENSATION IN ILLINOIS PUBLIC UNIVERSITIES  
 AVERAGE PERCENTAGE ABOVE OR (BELOW) THE MEDIAN FOR COMPARISON GROUPS  
 UNADJUSTED FOR DIFFERENCES IN THE COST OF LIVING

	<u>1980 Comparison Groups</u>	<u>Bazzani Comparison Groups</u>	<u>Big Ten Universities</u>
FY1971	6.3%	6.2%	(2.1)%
FY1975	-	1.1	(0.9)
FY1979	(2.3)	(0.6)	(1.4)
FY1980	(3.5)	(0.6)	(1.0)
Change FY1971 To FY1980	(9.3)	(6.8)	1.1
Change FY1975 To FY1980	(2.9)	(2.5)	0.7

Sources: State of Illinois, Board of Higher Education, "Compensation in Illinois Institutions of Higher Education," November 11, 1980.

While the disparity among institutions varies, the problem is common to almost every campus. The solution to this problem requires both an adequate salary increase for all university employees and continued efforts at the campus level to find resources to improve Civil Service compensation.

As in prior years, restoring the competitiveness and lost purchasing power of faculty and staff compensation is a budgetary issue of critical importance to public universities in fiscal year 1982. Therefore, a total of \$55,491,800 has been recommended for salary increases. This sum represents 65.1 percent of the total increases recommended for public universities in fiscal year 1982.

These funds are provided to support salary increases of 10.5 percent for faculty, Civil Service staff, and other professional employees of public universities. Of this total percentage increase, 1.5 percentage points are recommended to begin to restore the competitiveness of faculty and staff salaries. Progress toward the goal of catching up with levels of compensation provided by competing employers will be reviewed annually.

The salary increase recommendation for executive level administrative personnel in Illinois public universities is limited to the general increase of nine percent. The funds provided for all salary increases were calculated on 90 percent of the personal services base of public universities.

#### Nonpersonnel Expenditures

The price increases for various goods and services purchased annually by colleges and universities from fiscal year 1967 through fiscal

year 1980 are summarized on Table IV-8 and Table IV-9. These indices clearly show the sharp growth in nonpersonnel costs during recent years, particularly in the cost of utilities.

The fiscal year 1982 budget recommendations for public universities include \$9,528,200 to support an eight percent cost increase for most goods and services. Economic forecasts for fiscal year 1982 developed by Chase Econometrics and Data Resources, Inc. suggest that this is a conservative recommendation that will require universities to defer certain purchases and find other means of stretching available resources.

As depicted on Table IV-9, utility costs have increased at a much higher rate than cost increases for other types of goods and services purchased by higher education institutions. A total of \$8,400,700 is recommended for increased utility costs in public universities, depending upon the mix and projected cost of fuel sources used at each campus. The cost increases for specific campuses have been based upon projected increases of 20 percent for electricity, propane gas and fuel oil, 18 percent for natural gas, 12 percent for coal, and 10 percent for all other utility expenditures. The utility increases recommended for each university range from 16 to 19 percent depending on the mix of fuel sources at each campus.

The extent to which energy cost increases are affecting total operating budgets for Illinois public universities is clearly demonstrated by the figures cited above. The recommended funds for utility cost increases represent nearly 10 percent of the total increase recommended for universities and nearly as great a sum as the increase recommended



Table IV-8

## NONPERSONNEL AND LIBRARY MATERIAL COMPONENTS OF THE HIGHER EDUCATION PRICE INDEX

<u>Fiscal Year</u>	<u>Nonpersonnel Component</u>	<u>Annual Percent Increase Over Previous Year</u>	<u>Books and Periodicals</u>	<u>Annual Percent Increase Over Previous Year</u>
1967 Base Year	100.0	-	100.0	-
1968	102.9	2.9%	104.7	4.7%
1969	106.5	3.5	113.5	8.4
1970	111.6	4.8	131.0	15.4
1971	118.6	6.3	144.8	10.5
1972	125.6	5.9	163.8	13.1
1973	131.5	4.7	177.0	8.1
1974	144.5	9.9	195.3	10.3
1975	168.8	16.8	219.5	12.4
1976	180.2	6.8	251.8	14.7
1977	194.8	8.1	267.7	6.3
1978	209.3	7.4	286.4	7.0
1979	225.9	7.9	316.2	10.4
1980	260.9	15.5	363.9	15.1

Source: Higher Education Prices and Price Indexes, 1975 Supplement and 1979 Supplement, provided by The National Institute of Education. Higher Education Prices and Price Index: 1980 Update published in the NACUBO Business Officer, October 1980.

Table IV-9

UTILITY COMPONENTS OF THE HALSTEAD  
HIGHER EDUCATION PRICE INDEX

<u>Fiscal Years</u>	<u>Utility Components</u>	<u>Annual Percent Increase Over Previous Year</u>
1967 Base Year	100.0	-
1968	100.5	0.5%
1969	101.6	1.1
1970	103.7	2.1
1971	114.6	10.5
1972	122.4	6.8
1973	129.0	5.4
1974	158.3	22.7
1975	202.9	28.2
1976	219.1	8.0
1977	258.1	17.8
1978	292.5	13.3
1979	320.8	9.7
1980	409.0	27.5

Source: Higher Education Prices and Price Indexes. 1979 Supplement provided by The National Institute of Education and Higher Education Prices and Price Indexes: 1980 Update published in the NACUBO Business Officer, October 1980.

for all other nonpersonnel costs. Reductions in energy usage are clearly necessary to offset the effects of fuel price increases.

The need to continue energy conservation efforts in all public institutions of higher education is reflected in recommendations for utility cost increases. In the development of these recommendations, an analysis of energy utilization at each campus was completed. The average level of energy usage (BTU's per gross square foot of space) from fiscal year 1978 through fiscal year 1980 was compared to the projected usage for fiscal year 1981. If the fiscal year 1981 energy usage exceeded the average for the prior three years, an adjustment was made to the utility cost increase recommended for the institution. First, no cost increase was provided for that portion of the utility budget which exceeded the average amount of energy usage for the prior three years. Second, the weighted cost increase was also reduced by one percentage point. If the energy usage in fiscal year 1981 was equal to or less than 99 percent of the three year average, the full weighted utility cost increase was provided to the institution.

#### Physical Plant Maintenance for New Buildings

When new buildings are constructed and opened, additional funding for the operation and maintenance of such facilities is required. A total of \$625,400 is recommended for the operation and maintenance of new buildings which will be opened during fiscal year 1982. Funds are provided at the general rate of \$1.72 per gross square foot, based upon an examination of current expenditures for variable operations and maintenance costs that normally increase when new space is added to a campus.

Additional funds are provided for utility expenditures associated with the operation of the new buildings. Projected utility costs were based on an analysis of projected fuel usage for each building. The amount included in the recommendations for utilities ranges from \$1.03 to \$1.63 per gross square foot depending on the energy sources at each campus.

In three cases physical plant maintenance funds recommended for fiscal year 1982 support operations and maintenance costs for only part of the academic year for these buildings. At Sangamon State University funds are recommended to annualize support costs for the Public Affairs Center which opened during fiscal year 1981. Partial support is also recommended for two buildings at the University of Illinois which are scheduled for completion after the beginning of fiscal year 1982. The recommendations for physical plant maintenance for new buildings are displayed on Table IV-10.

#### Program Support and Other

A total of \$11,252,600 is recommended for public universities for the improvement or expansion of existing academic programs and the initiation of a limited number of new programs. The incremental funds recommended for program support and other special needs include a total of \$2.9 million supported through the phase-out of auxiliary enterprise subsidies at Southern Illinois University and revenues generated from tuition increases exceeding ten percent for higher cost programs at the University of Illinois. The total recommendation for program support and other, net of these university supported recommendations, is less than one percent of the total fiscal year 1982 recommendations for public universities.

Table IV-10

FY1982 RECOMMENDATIONS  
PHYSICAL PLANT MAINTENANCE FOR NEW BUILDINGS

(In thousands of dollars)

	<u>Total Gross Square Feet (GSF)</u>	<u>Months for Which Support is Recommended</u>	<u>Recommended Funding</u>
<u>Board of Regents</u>			
Northern Illinois University Wirtz Hall Addition	7,320	12 months	\$ 27.6
Sangamon State University Public Affairs Center	198,672	3 months	106.2
Subtotal			\$130.8
<u>Southern Illinois University</u>			
Carbondale School of Law	99,948	12 months	119.8
Subtotal			\$119.8
<u>University of Illinois</u>			
Medical Center Convent	21,000	12 months	14.3
Urbana/Champaign			
Police Training Institute	1,100	12 months	2.6
Aviation Classroom	8,067	12 months	24.2
Plant Clinic	2,592	12 months	7.8
1006 West Oregon	4,123	12 months	12.4
Crash Rescue	4,500	12 months	13.0
Veterinary Medicine 4, 5, 6	10,650	9 months	24.0
Swine Research Center	34,000	9 months	76.5
Subtotal			\$174.8
Total			\$625.4

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The specific programs at each public university campus that are supported by these recommendations are described in Appendix A. These recommendations will allow public universities to respond more effectively to important academic priorities during fiscal year 1982. Priorities addressed through program support and other recommendations for public universities are summarized below.

Responding to Changing Enrollment Demands. Over the past five years, increased opportunities in the professions of business, law, and engineering have attracted many more program majors to these fields. Institutions have sought to meet these demands by reallocating resources and placing limits on the number of majors or service courses available. In some instances pressures on institutional resources have jeopardized accreditation standards. In addition, universities have continued to seek to serve students who, because of time, distance and other constraints, may not be able to take advantage of existing program offerings. The responses of public universities to such needs have included offering programs on weekends, evenings and at new geographical locations. A total of \$2,265,000 of program support is recommended to assist the universities in responding to these changing enrollment demands.

Improving the Quality of Instruction. In some university programs the quality of instruction has been eroded due to combinations of the following factors: the deterioration or obsolescence of academic equipment; the need to utilize faculty more effectively and to assist faculty in improving their skills and in developing new areas of expertise;

deficiencies in academic support resources; and the heavy workloads placed on faculty in areas of rapidly expanding student demand. Program support of \$1,595,400 has been recommended in those instances where improvements in the quality of instruction are necessary because of one or more of these conditions.

Health. Health science programs are recommended to receive the largest portion of program support in fiscal year 1982. More than one-third of the support for health professions education programs is recommended to replace federal funds that were used to finance enrollment expansion in the 1970's. Roughly one-third of the program support in this area is directed toward fulfilling enrollment level commitments in medicine, dentistry, and medical residencies.

Nearly 30 percent of the health program recommendations will support continuing quality improvements in veterinary medicine at the University of Illinois-Urbana/Champaign and enhancing student access to nursing and allied health programs. Student access will be improved largely by expanding existing programs and developing off-campus programs in underserved regions of the State. A total of \$2,683,100 is recommended to support programs in health professions education programs.

Responses to High Priority Social and Economic Needs. Public universities are called upon to contribute to the solution of important social, economic and technological problems facing the State and nation. The fiscal year 1982 budget recommendations support: 1) energy research focusing on the improved utilization of coal; 2) a program to make faculty expertise more readily available to work on research and problem-solving efforts in industry and State government; and 3) the provision

of special educational services such as the cooperative extension program and the Fire Services Institute at the University of Illinois-Urbana/Champaign and the Chicago Teachers Center at Northeastern Illinois University. A total of \$933,600 is recommended to help respond to such social and economic needs.

New Programs. Institutions of higher education must continue to re-orient existing programs and develop new programs if they are to serve the changing interests and objectives of students. Funds to support such efforts are usually a combination of incremental and reallocated dollars.

In December, 1980 the Board of Higher Education approved new academic programs for public ~~un~~iversities. Six new instructional programs are to be supported totally through reallocated dollars. Incremental funding totaling \$202,300 is recommended for four new instructional programs: a master's degree in music, a bachelor's degree in occupational therapy, and two associate degree programs in allied health.

Other. A total of \$3,573,200 is recommended to support other institutional improvement activities. More than one-half of this support is recommended for the needed replacement of equipment. Virtually every public university has an inventory of equipment that has become obsolete due to technological advances or is simply too old to be functional. Support is also recommended to correct deficiencies in the operation, repair, and maintenance of physical plant under this budget category. Additional activities that are recommended for support include improving library resources, implementing a computerized financial aid system, and providing cost increases for fire protection at public universities that contract with municipalities for this service.



An increase of nine percent is provided for fire protection cost increases in fiscal year 1982, based upon the most recent increase in the Illinois Municipal Price Index. This represents the third year that this approach for adjusting fire protection reimbursements according to inflation has been used rather than a formula based upon FTE student enrollment.

#### Adjustments to the Fiscal Year 1981 Appropriation Base

The Master Plan of the Board of Higher Education emphasizes the role of internal reallocation in meeting part of the resource requirements of higher education. Of necessity, faculty and staff positions and other resources are shifted continuously from areas of declining need to those activities which require additional resources. In particular, the continuing process of program review assists in the identification of resources that can be reallocated to higher priority needs.

The allocation of scarce resources also requires that judgments be made about the relative needs and priorities among institutions. Past budgetary decisions and changes in enrollment patterns have resulted in significant variations in instructional costs among university campuses. Although the analysis of institutional costs is a complex and inexact procedure, it is a useful tool in evaluating the relative resource needs of university campuses. The fiscal year 1982 budget recommendations include adjustments to current university budgets based upon a comparative analysis of instructional costs among similar academic programs at different campuses. This analysis is based on the fiscal year

1980 Unit Cost Study completed by the public universities and the Board of Higher Education.

The comparative cost analysis relates the instructional costs per credit hour offered by each public university to the statewide average unit cost for similar academic disciplines and levels of instruction. This analytical method avoids distortions caused when total unit costs among campuses are compared without regard to the composition of students enrolled in each academic discipline or the differences in the mix of relatively expensive or inexpensive academic programs.

The analysis of instructional costs used in these budget recommendations includes all levels of instruction at all public university campuses, except for the public university medical schools and dental schools which are not included in the Unit Cost Study. Physical plant maintenance costs were excluded from the analysis because these expenditures do not vary with changes in enrollment. Fixed operating costs totaling \$1,900,000 for academic support, student services and institutional support were also excluded from the comparative analysis because every university, irrespective of size, must maintain certain overhead functions. Larger universities are able to spread the costs of such functions over many students, thereby reducing their overall unit costs. Small institutions, however, are unable to achieve these economies of scale.

The results of the comparative cost analysis are presented on Table IV-11.

The instructional costs per credit hour at each public university were compared to the average instructional costs per credit hour for

Table IV-11

COMPARATIVE COST ANALYSIS  
ILLINOIS PUBLIC UNIVERSITIES

(In thousands of dollars)

	Total FY1980 Adjusted Instructional Costs <sup>A</sup>	Percentage Above or Below Adjusted Average Instructional Costs	Funding Above 105% of Adjusted Average Instructional Costs	Funding Below 95% of Adjusted Average Instructional Costs
<u>Board of Governors</u>				
Chicago State University	\$ 12,279.9	2.9%	-	
Eastern Illinois University	21,457.1	(14.6)		\$(3,127.6)
Governors State University	7,892.0	8.8	\$ 690.6	
Northeastern Illinois University	17,265.6	(8.4)		(1,446.9)
Western Illinois University	25,161.8	1.6		
<u>Board of Regents</u>				
Illinois State University	39,384.5	(3.9)		
Northern Illinois University	48,814.5	(1.4)		
Sangamon State University	6,219.1	12.6	781.9	
<u>Southern Illinois University</u>				
Carbondale	46,074.1	2.2		
Edwardsville	18,321.3	25.4	4,620.0	
<u>University of Illinois</u>				
Chicago Circle	43,135.6	2.2		
Urbana/Champaign	108,441.8	(2.4)		

<sup>A</sup> Adjustments include removal of physical plant maintenance costs and fixed costs totaling \$1,900.0 from Academic Support, Student Services and Institutional Support

all public universities for each academic discipline by level of instruction. A negative adjustment was made to the budget for those institutions in which the instructional costs per credit hour exceeded 105 percent of the statewide average. The amount of the adjustment was equal to one-fifth of the difference between the institution instructional costs per credit hour and 105 percent of the statewide average. A negative adjustment is recommended to the budget for three universities -- Governors State University, Sangamon State University, and Southern Illinois University-Edwardsville.

Positive adjustments have been recommended to provide greater support per student at Eastern Illinois University and Northeastern Illinois University. Instructional costs per credit hour at these institutions are more than five percent below the statewide average; hence, these institutions have less flexibility for achieving productivity gains required at other campuses. In addition to these positive adjustments, funds are also recommended to improve program quality based on special analytical studies and specific requests for program support.

Another means of improving the level of support per student is to control the level of enrollments so that institutional resources are not unduly burdened. The effective use of planned enrollment reduction by some institutions in fiscal year 1980 helped reduce the funding disparities found in the fiscal year 1979 unit cost study. Efforts to improve instructional quality through this means should be continued.

Senate Resolution 508, passed in June, 1980, called for the Board of Higher Education and university systems to continue efforts to

reduce disparities in instructional costs. The Resolution also called for the Board of Higher Education and the university systems to place greater emphasis "on the evaluation of funds allocated to university activities which are not directly related to academic instruction, such as administration, operation and maintenance of the physical plant, intercollegiate athletics and other non-instructional activities," and requires the Board of Higher Education to submit its findings and recommendations to the General Assembly by January 14, 1981.

Part of the response to this resolution is provided by the use of comparative cost base adjustments in these budget recommendations. As discussed earlier, the recommendations also require savings in non-instructional costs through energy conservation and productivity gains of about \$3.1 million through the use of a 90 percent base for calculating salary increases. These savings will be achieved through the identification of lower priority activities on public university campuses. More detailed university responses to Senate Resolution 508 will be presented in the complete response to the Resolution.

Another category of adjustments to the fiscal year 1981 appropriations is related to the implementation of financial guidelines established by the universities in cooperation with the Legislative Audit Commission. These adjustments cover a number of self-supporting activities which were not previously included in the appropriations process.

A positive financial guidelines adjustment is recommended if additional revenues from these self-supporting activities in excess of recommended cost and salary increases are being deposited into the Income Fund for appropriation. A negative financial guidelines adjustment is recommended if there is a reduction in revenues for these activities.

Negative adjustments to fiscal year 1981 appropriations were also made to reflect the reduction of leased space, nonrecurring activities, and resources made available through the provision of partially duplicative funding for the Laboratory School at Illinois State University.

#### Universities Income Fund

The Universities Income Fund is a State appropriation account into which tuition charges, sales and service fees, transcript fees, fines, and certain investment income are deposited. In developing budget recommendations, the total resource requirements for each university are determined by reviewing each university's budget request in the context of the overall needs and priorities of higher education. After resource requirements have been established for each university, estimated Universities Income Fund revenues are subtracted from the total resource requirements to determine the amount of support required from the General Revenue Fund.

The amount of revenue deposited into the Universities Income Fund for each campus is directly related to the tuition rate charged, the number of students enrolled, and fees collected. Each university provides a detailed estimate of funds available for appropriation from the Universities Income Fund based on its enrollment projections for fiscal year 1982. In addition, each university projects the number of institutional and statutory tuition waivers and the beginning and ending fund balances projected for that year. Fund balances at the end of the fiscal year are necessary to meet liquidity and cash flow needs.

Adjustments to these Income Fund projections are made by both the universities and the staff of the Board of Higher Education during the

budget review process. The Universities Income Fund recommendations for fiscal year 1982 are presented on Tables IV-12 and IV-13, respectively. The following narrative explains each column of these tables.

FY1981 Appropriations. These are the current fiscal year appropriations from the Income Fund for each university.

Original University Estimates for FY1982. The amounts shown are the estimates for the Income Fund for fiscal year 1982 provided by the universities in the budget request document.

University Revisions to Estimates. University revisions to the original Income Fund request may be submitted after institutional review of actual Fall enrollments for the current year. Fall enrollment data are generally unavailable when the budget request is prepared. Frequently, knowledge of actual Fall enrollment data requires adjustments to be made to the amounts projected in the budget request document.

Carryover Adjustments. These are adjustments made to the Universities Income Fund balances projected for the beginning and ending of the year.

Institutional Waivers. In the Spring of 1971, the Board of Higher Education adopted a policy to reduce the number of undergraduate institutional tuition waivers to two percent of undergraduate students. Civil Service and statutory waivers are excluded from this policy recommendation. Adjustments to the University Income Fund have been made to implement the Board of Higher Education's undergraduate tuition waiver policy. These adjustments will increase the tuition revenue available to meet other important higher education priorities.

Implementation of Financial Guidelines. In order to implement financial guidelines developed by the public universities in response to concerns and issues raised by the Auditor General and the Legislative Audit Commission, certain funds collected by the universities are now deposited into the Universities Income Fund. Most of these funds must be appropriated to support ongoing activities which were previously supported by non-appropriated funds. Implementation of these financial guidelines requires an adjustment to both the Universities Income Fund appropriation and the total university resource requirements. These adjustments are referred to as "Implementation of Financial Guidelines."

Total Revised Estimates for FY1982. This column reflects the impact of the adjustments just discussed upon the original university estimates for fiscal year 1982.

Gross Tuition Revenue. This column provides an estimate of the additional revenue to be deposited in the Universities Income Fund as a result of the recommended academic year tuition rate increases for fiscal year 1982. (See Appendix B.)

A general increase of 10 percent in the tuition rate for both undergraduate and graduate students is recommended. In addition, the recommendations recognize the action of the University of Illinois which provides for additional tuition increases ranging from \$50 to \$158 for upper division and graduate students, and students in law, medicine, dentistry, and veterinary medicine. Certain program support recommendations at the University of Illinois are financed from the additional revenue attributable to the differential tuition rates approved by the Board of Trustees.



Table IV - 2

## FY1982 UNIVERSITIES INCOME FUND ESTIMATES

(in thousands of dollars)

	FY1981 Appropriations	Original University Estimates for FY1982	University Revisions to Estimates	Adjustments Carryover Adjustments	Institutional Waivers	Total Revised Estimates for FY1982
<b>Board of Governors</b>	\$ <u>23,719.3</u>	\$ <u>23,624.9</u>	\$ <u>678.8</u>	\$ <u>221.1</u>	\$122.3	\$ <u>24,647.1</u>
Chicago State University	4,127.7	3,697.2	(284.3)	-0-	-0-	3,412.9
Eastern Illinois University	5,760.2	6,110.1	109.6	121.1	49.5	6,390.3
Governors State University	2,130.4	2,100.0	(49.6)	-0-	7.2	2,057.6
Northeastern Illinois University	4,762.0	4,717.6	-0-	100.0	-0-	4,817.6
Western Illinois University	6,919.0	7,000.0	901.1	-0-	65.6	7,968.7
<b>Board of Regents</b>	\$ <u>25,771.5</u>	\$ <u>26,565.5</u>	\$ <u>481.1</u>	\$ <u>115.2</u>	\$157.9	\$ <u>27,219.7</u>
Illinois State University	10,807.4	11,423.1	-0-	-0-	157.9	11,581.0
Northern Illinois University	13,414.1	13,620.7	351.8	115.2	-0-	14,087.7
Sangamon State University	1,540.0	1,521.7	29.1	-0-	-0-	1,551.0
<b>Southern Illinois University</b>	\$ <u>27,606.4</u>	\$ <u>30,748.5</u>	\$ <u>(2,832.4)</u>	\$ <u>489.6</u>	\$298.6	\$ <u>28,698.3</u>
Carbondale	21,085.3	24,251.0	(3,290.9)	167.0	244.6	21,371.7
Edwardsville	6,521.1	6,497.5	452.5	322.6	54.0	7,326.6
<b>University of Illinois</b>	\$ <u>32,011.9</u>	\$ <u>38,000.0</u>	\$ <u>106.5</u>	\$ <u>2,452.5</u>	\$52.7	\$ <u>40,811.7</u>
Chicago Circle	11,303.1	11,565.0	105.7	915.5	47.7	12,633.9
Medical Center	4,332.4	4,389.0	(327.0)	214.1	15.8	4,511.9
Urbana/Champaign	21,301.4	21,896.0	127.8	1,102.9	189.2	23,515.9
General University	75.0	150.0	-0-	-0-	-0-	150.0
<b>Total</b>	\$ <u>114,109.1</u>	\$ <u>118,948.9</u>	\$ <u>(1,672.0)</u>	\$ <u>3,278.4</u>	\$811.5	\$ <u>121,176.8</u>

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Table IV-11

## F 982 UNIVERSITIES: INCOME FUND RECOMMENDATIONS

(In thousands of dollars)

	Total Revised Estimate for FY1982	Recommended Tuition Increase			Total Recommendations for FY1982
		Gross Tuition Revenue	Less Refund Adjustment	Net Revenue from Recommended Tuition Increase	
<u>Board of Governors</u>	\$ <u>24,647.1</u>	\$ <u>2,312.9</u>	\$ <u>47.1</u>	\$ <u>2,265.6</u>	\$ <u>26,912.7</u>
Chicago State University	3,412.9	365.4	-0-	365.4	3,758.3
Eastern Illinois University	6,390.3	588.0	-0-	588.0	6,978.3
Governors State University	2,057.6	184.2	12.0	172.2	2,229.8
Northeastern Illinois University	4,817.6	511.2	12.5	478.7	5,296.3
Western Illinois University	7,968.7	684.1	2.8	681.3	8,650.0
<u>Board of Regents</u>	\$ <u>27,219.7</u>	\$ <u>2,515.1</u>	\$ <u>85.6</u>	\$ <u>2,449.7</u>	\$ <u>29,669.4</u>
Illinois State University	11,581.0	1,086.4	12.5	1,051.9	12,632.9
Northern Illinois University	14,087.7	1,306.4	50.7	1,255.7	15,343.4
Saugamon State University	1,551.0	144.5	2.4	142.1	1,693.1
<u>Southern Illinois University</u>	\$ <u>28,698.1</u>	\$ <u>2,150.9</u>	\$ <u>73.8</u>	\$ <u>2,077.1</u>	\$ <u>30,775.4</u>
Carbondale	21,371.7	1,580.5	49.1	1,531.4	22,903.1
Edwardsville	7,326.6	570.4	24.7	545.7	7,872.3
<u>University of Illinois</u>	\$ <u>40,811.7</u>	\$ <u>5,116.1</u>	\$ <u>143.1</u>	\$ <u>5,173.0</u>	\$ <u>45,984.7</u>
Chicago Circle	12,633.9	1,627.4	94.4	1,533.0	14,166.9
Medical Center	4,511.9	733.2	13.2	720.0	5,231.9
Urbana/Champaign	23,515.9	2,955.5	35.5	2,920.0	26,435.9
General University	150.0	-0-	-0-	-0-	150.0
<b>Total</b>	\$ <u>121,176.8</u>	\$ <u>12,315.2</u>	\$ <u>149.0</u>	\$ <u>11,965.4</u>	\$ <u>133,142.2</u>

Net Refund Adjustment. To the extent that refunds of tuition payments are required, the recommended tuition increase will result in larger refund payments. The Refund Adjustment column is an estimate of these increased requirements. In some cases no adjustment is required because the university refund calculation was sufficient to cover the tuition increase.

Net Revenue from Recommended Tuition Increase. This is the net amount of additional revenue to be deposited in the Universities Income Fund from the recommended tuition rate increase.

Total Recommendations for FY1982. This is the total amount to be available for fiscal year 1982 appropriations from the Universities Income Fund. The amount shown reflects all of the adjustments and the additional revenue generated from the recommended tuition rate increase.

Other Appropriated Fund Sources

Table IV-14 presents the fiscal year 1982 recommendations for public universities by source of appropriated State funds. The category "Other" includes recommended appropriations from the Board of Governors Cooperative Computer Center Revolving Fund, the Agricultural Premium Fund, and the Fire Prevention Fund.

The Board of Governors Cooperative Computer Center Revolving Fund supports centralized data processing activities serving Chicago State University, Northeastern Illinois University, and Governors State University. For operating purposes, there is a double appropriation for the Board of Governors Cooperative Computer Center. Recommended appropriations to participating universities are reflected in the General Revenue Fund totals.

Recommended appropriations from the Agricultural Premium Fund support the Cooperative Extension Program at the University of Illinois. Appropriations from the Fire Prevention Fund support the Illinois Fire Service Institute. In prior years, these funds were appropriated to the State Fire Marshall and then allocated to the University of Illinois on a contractual basis.

Table IV-14

FY1982 RECOMMENDATIONS  
SOURCE OF FUNDS  
UNIVERSITIES OPERATIONS AND GRANTS

(In thousands of dollars)

	General Revenue Fund	Universities Income Fund	Other Appropriated Funds	Total
<u>Board of Governors</u>	<u>\$111,136.6</u>	<u>\$ 26,912.7</u>	<u>\$2,481.3</u>	<u>\$140,530.6</u>
Chicago State University	18,597.8	3,758.3	-0-	22,356.1
Eastern Illinois University	21,213.9	6,978.3	-0-	30,212.2
Governors State University	14,080.6	2,229.8	-0-	16,310.4
Northeastern Illinois University	21,404.7	5,296.3	-0-	26,701.0
Western Illinois University	12,997.8	8,650.0	-0-	41,647.8
Cooperative Computer Center	-0-	-0-	2,481.3	2,481.3
Central Office	821.8	-0-	-0-	821.8
<u>Board of Regents</u>	<u>120,598.8</u>	<u>29,669.4</u>	-0-	<u>150,268.2</u>
Illinois State University	46,371.4	12,612.9	-0-	59,004.3
Northern Illinois University	59,999.4	15,143.4	-0-	75,342.8
Sangamon State University	13,597.6	1,693.1	-0-	15,290.7
Central Office	630.4	-0-	-0-	630.4
<u>Southern Illinois University</u>	<u>130,561.6</u>	<u>30,775.4</u>	-0-	<u>161,337.0</u>
Carbondale	90,687.8	22,903.1	-0-	113,590.9
Edwardsville	38,850.6	7,872.3	-0-	46,722.9
System Office	1,003.2	-0-	-0-	1,003.2
<u>University of Illinois</u>	<u>342,991.5</u>	<u>45,984.7</u>	<u>5,881.8</u>	<u>394,858.0</u>
Chicago Circle	56,492.7	14,166.9	-0-	70,659.6
Medical Center	104,942.1	5,231.9	-0-	110,174.0
Urbana/Champaign	159,026.7	26,435.9	5,231.9	190,696.5
General University	22,530.0	150.0	647.9	23,327.9
<b>Total</b>	<b>\$705,268.5</b>	<b>\$111,362.2</b>	<b>\$8,363.1</b>	<b>\$866,973.8</b>

ALL UNIVERSITIES

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$762,879.4
Adjustments to the FY1981 Projected Expenditures		(1,204.3)
Implementation of Financial Guidelines	(264.2)	
Comparative Cost Analysis	(686.9)	
Duplicated Funding of Laboratory School	(177.2)	
Nonrecurring Activities	(76.0)	
Recommended Increases		85,298.7
Salary Increase	55,491.8	
General Cost Increase	9,528.2	
Utility Cost Increase	8,400.7	
O & M for New Buildings	625.4	
Program Support	7,679.4	
Other	3,573.2	
FY1982 Appropriation Recommendation		<u>\$846,973.8</u>

Source of Appropriated Funds

General Revenue Fund	705,268.5	
University Income Fund	133,342.2	
Agricultural Premium Fund	5,233.9	
Fire Prevention Fund	647.9	
Cooperative Computer Center Revolving Fund	2,481.3	
Total Appropriated Funds		<u>\$846,973.8</u>

BOARD OF GOVERNORS

BOARD OF GOVERNORS  
SYSTEM TOTAL

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$126,810.1
Adjustments to the FY1981 Projected Expenditures		148.5
Comparative Cost Analysis	148.5	
Recommended Increases		13,572.0
Salary Increase	9,081.2	
General Cost Increase	1,674.1	
Utility Cost Increase	1,278.8	
Program Support	1,259.9	
Other	278.0	
FY1982 Appropriation Recommendation		<u>\$140,530.6</u>

Source of Appropriated Funds

General Revenue Fund	111,136.6	
University Income Fund	26,912.7	
Cooperative Computer Center Revolving Fund	2,481.3	
Total Appropriated Funds		<u>\$140,530.6</u>



BOARD OF GOVERNORS  
CHICAGO STATE UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 20,193.0
Adjustments to the FY1981 Projected Expenditures		2.1
Cooperative Computer Center Reallocation	2.1	
Recommended Increases		2,161.0
Salary Increase	1,462.7	
General Cost Increase	259.8	
Utility Cost Increase	211.0	
Program Support	227.5	
FY1982 Appropriation Recommendation		\$ <u>22,356.1</u>

Source of Appropriated Funds

General Revenue Fund	18,597.8	
University Income Fund	3,758.3	
Total Appropriated Funds		\$ <u>22,356.1</u>

BOARD OF GOVERNORS  
CHICAGO STATE UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

B.S. in Occupational Therapy	80.3	
Allied Health	98.8	
Medical Records Administration	27.2	
Dietetics	45.3	
Radiation Therapy Technology	26.3	
B.S. in Nursing	48.4	
Total Program Support		\$ <u>227.5</u>

University Income Fund

University Original Estimate for FY1982	3,697.2	
University Revisions to Estimate	(284.3)	
Tuition Increase	345.4	
Total University Income Fund		\$ <u>3,758.3</u>

BOARD OF GOVERNORS  
EASTERN ILLINOIS UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 27,151.7
Adjustments to the FY1981 Projected Expenditures		110.7
Comparative Cos. Analysis	110.7	
Recommended Increases		2,949.8
Salary Increase	1,992.4	
General Cost Increase	313.7	
Utility Cost Increase	271.0	
Program Support	365.1	
Other	7.6	
FY1982 Appropriation Recommendation		\$ <u>30,212.2</u>

Source of Appropriated Funds

General Revenue Fund	23,233.9	
University Income Fund	6,978.3	
Total Appropriated Funds		\$ <u>30,212.2</u>

BOARD OF GOVERNORS  
EASTERN ILLINOIS UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

Improvement of Instruction in Business/Economics	52.0	
Academic Equipment/Support	300.0	
Faculty Development	13.1	
Total Program Support		\$ <u>365.1</u>

Other

Fire Protection	7.6	
Total Other		\$ <u>7.6</u>

University Income Fund

University Original Estimate for FY1982	6,110.1	
University Revisions to Estimate	109.6	
Carryover Adjustment	121.1	
Institutional Waiver Adjustment	49.5	
Tuition Increase	588.0	
Total University Income Fund		\$ <u>6,978.3</u>

BOARD OF GOVERNORS  
GOVERNORS STATE UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 14,800.8
Adjustments to the FY1981 Projected Expenditures		(38.5)
Cooperative Computer Center Reallocation	20.7	
Comparative Cost Analysis	(59.2)	
Recommended Increases		1,548.1
Salary Increase	994.2	
General Cost Increase	259.4	
Utility Cost Increase	134.7	
Program Support	58.3	
Other	101.5	
FY1982 Appropriation Recommendation		\$ <u>16,310.4</u>

Source of Appropriated Funds

General Revenue Fund	14,080.6	
University Income Fund	2,229.8	
Total Appropriated Funds		\$ <u>16,310.4</u>

BOARD OF GOVERNORS  
GOVERNORS STATE UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

Master of Health Sciences in Health Services Administration	58.3	
Total Program Support		\$ <u>58.3</u>

Other

Equipment Replacement	100.0	
Fire Protection	1.5	
Total Other		\$ <u>101.5</u>

University Income Fund

University Original Estimate for FY1982	2,100.0	
University Revisions to Estimate	(49.6)	
Institutional Waiver Adjustment	7.2	
Tuition Increase	172.2	
Total University Income Fund		\$ <u>2,229.8</u>

BOARD OF GOVERNORS  
NORTHEASTERN ILLINOIS UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 23,847.1
Adjustments to the FY1981 Projected Expenditures		74.2
Cooperative Computer Center Reallocation	(22.8)	
Comparative Cost Analysis	97.0	
Recommended Increases		2,779.7
Salary Increase	1,744.4	
General Cost Increase	313.9	
Utility Cost Increase	217.4	
Program Support	404.0	
Other	100.0	
FY1982 Appropriation Recommendation		\$ <u>26,701.0</u>

Source of Appropriated Funds

General Revenue Fund	21,404.7	
University Income Fund	5,296.3	
Total Appropriated Funds		\$ <u>26,701.0</u>

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BOARD OF GOVERNORS  
NORTHEASTERN ILLINOIS UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

M.A. in Music	30.0	
Chicago Teachers Center	74.0	
Improving Undergraduate Instruction	300.0	
Total Program Support		\$ <u>404.0</u>

Other

Replacement of Telephone System	100.0	
Total Other		\$ <u>100.0</u>

University Income Fund

University Original Estimate for FY1982	4,717.6	
Carryover Adjustment	100.0	
Tuition Increase	478.7	
Total University Income Fund		\$ <u>5,296.3</u>



BOARD OF GOVERNORS  
WESTERN ILLINOIS UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures \$ 37,778.5

Recommended Increases 3,869.3

Salary Increase	2,733.6
General Cost Increase	417.1
Utility Cost Increase	444.7
Program Support	205.0
Other	68.9

FY1982 Appropriation Recommendation \$ 41,647.8

Source of Appropriated Funds

General Revenue Fund	32,997.8
University Income Fund	8,650.0

Total Appropriated Funds \$ 41,647.8

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BOARD OF GOVERNORS  
WESTERN ILLINOIS UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

College of Business	90.0	
Micro Electronics in Industry	90.0	
Modernization of Home Economics Laboratories and Equipment	25.0	
Total Program Support		\$ <u>205.0</u>

Other

Repair and Maintenance	57.4	
Fire Protection	11.5	
Total Other		\$ <u>68.9</u>

University Income Fund

University Original Estimate for FY1982	7 000.0	
University Revisions to Estimate	903.1	
Institutional Waiver Adjustment	65.6	
Tuition Increase	681.3	
Total University Income Fund		\$ <u>8,650.0</u>

BOARD OF GOVERNORS  
COOPERATIVE COMPUTER CENTER

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 2,283.6
Recommended Increases		197.7
Salary Increase	103.0	
General Cost Increase	94.7	
FY1982 Appropriation Recommendation		\$ <u>2,481.3</u>

Source of Appropriated Funds

Cooperative Computer Center Revolving Fund	2,481.3	
Total Appropriated Funds		\$ <u>2,481.3</u>

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BOARD OF GOVERNORS  
CENTRAL OFFICE

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$	755.4
Recommended Increases			66.4
Salary Increase	50.9		
General Cost Increase	15.5		
FY1982 Appropriation Recommendation		\$	<u>821.8</u>

Source of Appropriated Funds

General Revenue Fund	821.8		
Total Appropriated Funds		\$	<u>821.8</u>

BOARD OF REGENTS

BOARD OF REGENTS  
SYSTEM TOTAL

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$135,884.2
Adjustments to the FY1981 Projected Expenditures		(135.0)
Implementation of Financial Guidelines	212.8	
Duplicated Funding of Laboratory School	(177.2)	
Comparative Cost Analysis	(94.6)	
Nonrecurring Activities	(76.0)	
Recommended Increases		\$ 14,519.0
Salary Increase	9,725.1	
General Cost Increase	1,831.7	
Utility Cost Increase	1,327.5	
O & M for New Buildings	130.8	
Program Support	735.3	
Other	768.6	
FY1982 Appropriation Recommendation		<u>\$150,268.2</u>

Source of Appropriated Funds

General Revenue Fund	120,598.8	
University Income Fund	29,669.4	
Total Appropriated Funds		<u>\$150,268.2</u>

BOARD OF REGENTS  
ILLINOIS STATE UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 53,444.1
Adjustments to the FY1981 Projected Expenditures		(89.4)
Implementation of Financial Guidelines	87.8	
Duplicated Funding of Laboratory School	(177.2)	
Recommended Increases		5,649.6
Salary Increase	3,779.0	
General Cost Increase	723.4	
Utility Cost Increase	510.4	
Program Support	350.0	
Other	286.8	
FY1982 Appropriation Recommendation		\$ <u>59,004.3</u>

Source of Appropriated Funds

General Revenue Fund	46,371.4	
University Income Fund	12,632.9	
Total Appropriated Funds		\$ <u>59,004.3</u>

BOARD OF REGENTS  
ILLINOIS STATE UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

Improvement of Undergraduate Instruction	350.0	
Total Program Support		\$ <u>350.0</u>

Other

Physical Plant Maintenance	272.0	
Fire Protection	14.8	
Total Other		\$ <u>286.8</u>

University Income Fund

University Original Estimate for FY1982	11,423.1	
Institutional Waiver Adjustment	157.9	
Tuition Increase	1,051.9	
Total University Income Fund		\$ <u>12,632.9</u>



BOARD OF REGENTS  
NORTHERN ILLINOIS UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 67,986.5
Adjustments to the FY1981 Projected Expenditures		125.0
Implementation of Financial Guidelines	125.0	
Recommended Increases		7,231.3
Salary Increase	4,951.6	
General Cost Increase	863.7	
Utility Cost Increase	692.8	
O & M for New Buildings	24.6	
Program Support	318.5	
Other	380.1	
FY1982 Appropriation Recommendation		\$ <u>75,342.8</u>

Source of Appropriated Funds

General Revenue Fund	59,999.4	
University Income Fund	15,343.4	
Total Appropriated Funds		\$ <u>75,342.8</u>

BOARD OF REGENTS  
NORTHERN ILLINOIS UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

Computer Science Division	195.0	
Home Economics	123.5	
Total Program Support		\$ <u>318.5</u>

Other

Equipment Replacement	250.0	
Financial Aid Computer System	100.0	
Fire Protection	15.4	
Funds to Complete Wirtz Hall	14.7*	
Total Other		\$ <u>380.1</u>

University Income Fund

University Original Estimate for FY1982	13,620.7	
University Revisions to Estimate	351.8	
Carryover Adjustment	115.2	
Tuition Increase	1,255.7	
Total University Income Fund		\$ <u>15,343.4</u>

\* Nonrecurring

BOARD OF REGENTS  
SANGAMON STATE UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 13,873.2
Adjustments to the FY1981 Projected Expenditures		(170.6)
Comparative Cost Analysis	(94.6)	
Nonrecurring Activities	(76.0)	
Recommended Increases		1,588.1
Salary Increase	956.8	
General Cost Increase	232.3	
Utility Cost Increase	124.3	
O & M for New Buildings	106.2	
Program Support	66.8	
Other	101.7	
FY1982 Appropriation Recommendation		\$ <u>15,290.7</u>

Source of Appropriated Funds

General Revenue Fund	13,597.6	
University Income Fund	1,693.1	
Total Appropriated Funds		\$ <u>15,290.7</u>

BOARD OF REGENTS  
SANGAMON STATE UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

Faculty and Curriculum Development	66.8	
Total Program Support		\$ <u>66.8</u>

Other

Equipment Replacement	100.0	
Fire Protection	1.7	
Total Other		\$ <u>101.7</u>

University Income Fund

University Original Estimate for FY1982	1,521.7	
University Revisions to Estimate	29.3	
Tuition Increase	142.1	
Total University Income Fund		\$ <u>1,693.1</u>

BOARD OF REGENTS  
CENTRAL OFFICE

FY'82 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures	\$	580.4
Recommended Increases		50.0
Salary Increase		37.7
General Cost Increase		12.3
FY1982 Appropriation Recommendation	\$	<u>630.4</u>

Source of Appropriated Funds

General Revenue Fund		630.4
Total Appropriated Funds	\$	<u>630.4</u>

SOUTHERN ILLINOIS UNIVERSITY



SOUTHERN ILLINOIS UNIVERSITY  
SYSTEM TOTAL

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$146,634.9
Adjustments to the FY1981 Projected Expenditures		(1,359.7)
Implementation of Financial Guidelines	(618.9)	
Comparative Cost Analysis	(740.8)	
Recommended Increases		16,041.8
Salary Increase	10,387.9	
General Cost Increase	2,270.1	
Utility Cost Increase	1,256.2	
O & M for New Buildings	319.8	
Program Support	1,132.8	
Other	675.0	
FY1982 Appropriation Recommendation		<u>\$161,317.0</u>

Source of Appropriated Funds

General Revenue Fund	130,541.6	
University Income Fund	30,775.4	
Total Appropriated Funds		<u>\$161,317.0</u>

SOUTHERN ILLINOIS UNIVERSITY  
CARBONDALE

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$102,680.2
Adjustments to the FY1981 Projected Expenditures		(442.1)
Implementation of Financial Guidelines	(442.1)	
Recommended Increases		11,352.8
Salary Increase	7,160.5	
General Cost Increase	1,679.7	
Utility Cost Increase	863.2	
O & M for New Buildings	319.8	
Program Support	871.9	
Other	457.7	
FY1982 Appropriation Recommendation		<u>\$113,590.9</u>

Source of Appropriated Funds

General Revenue Fund	90,687.8	
University Income Fund	22,903.1	
Total Appropriated Funds		<u>\$113,590.9</u>



SOUTHERN ILLINOIS UNIVERSITY  
CARBONDALE

Supporting Detail  
(dollars in thousands)

Program Support

Associate Degree in Radiation Technology	54.5	
Associate Degree in Respiration Therapy	37.5	
Engineering and Technology	100.0	
Department of Computer Science	100.0	
School of Law	251.0	
Family Practice Residency Programs	253.9	
Ethacoal Research	75.0	
Total Program Support		\$ <u>871.9</u>

Other

Equipment Replacement	175.0	
Support Cost Deficiency	263.5*	
Fire Protection	19.2	
Total Other		\$ <u>457.7</u>

University Income Fund

University Original Estimate for FY1982	24,251.0	
University Revisions to Estimate	(3,290.9)	
Carryover Adjustment	167.0	
Institutional Waiver Adjustment	24.6	
Tuition Increase	1,531.-	
Total University Income Fund		\$ <u>22,903.1</u>

\* A total of \$263.5 is provided through a phased elimination of tuition retained for the support of auxiliary enterprises.

SOUTHERN ILLINOIS UNIVERSITY  
EDWARDSVILLE

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 43,030.1
Adjustments to the FY1981 Projected Expenditures		(917.6)
Implementation of Financial Guidelines	(176.8)	
Comparative Cost Analysis	(740.8)	
Recommended Increases		\$ 4,610.4
Salary Increase	3,173.8	
General Cost Increase	565.4	
Utility Cost Increase	393.0	
Program Support	260.9	
Other	217.3	
FY1982 Appropriation Recommendation		\$ <u>46,722.9</u>

Source of Appropriated Funds

General Revenue Fund	38,850.6	
University Income Fund	7,872.3	
Total Appropriated Funds		\$ <u>46,722.9</u>

SOUTHERN ILLINOIS UNIVERSITY  
EDWARDSVILLE

Supporting Detail  
(dollars in thousands)

Program Support

B.S. in Construction	19.6	
B.S., M.S. in Engineering	80.2	
B.S., M.S. in Nursing	54.2	
Masters in Public Administration	43.3	
Academic Resource Center	63.6	
Total Program Support		\$ <u>260.9</u>

Other

Library Resources for Developing Professional Programs	75.0	
Fire Protection	7.7	
Equipment Replacement	134.6*	
Total Other		\$ <u>217.3</u>

University Income Fund

University Original Estimate for FY1982	6,-97.5	
University Revisions to Estimate	452.5	
Carryover Adjustment	322.6	
Institutional Waiver Adjustment	54.0	
Tuition Increase	545.7	
Total University Income Fund		\$ <u>7,872.3</u>

\* A total of \$134.6 is provided through a phased elimination of tuition retained for the support of auxiliary enterprises.

SOUTHERN ILLINOIS UNIVERSITY  
SYSTEM OFFICE

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures \$ 924.6

Recommended Increases 78.6

Salary Increase 53.6  
General Cost Increase 25.0

FY1982 Appropriation Recommendation \$ 1,003.2

Source of Appropriated Funds

General Revenue Fund 1,003.2

Total Appropriated Funds \$ 1,003.2

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UNIVERSITY OF ILLINOIS

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UNIVERSITY OF ILLINOIS  
SYSTEM TOTAL

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$353,550.2
Adjustments to the FY1981 Projected Expenditures		141.9
Implementation of Financial Guidelines	141.9	
Recommended Increases		\$ 41,165.9
Salary Increase	26,297.6	
General Cost Increase	3,752.3	
Utility Cost Increase	4,538.2	
O & M for New Buildings	174.8	
Program Support	4,551.4	
Other	1,851.6	
FY1982 Appropriation Recommendation		<u>\$394,858.0</u>

Source of Appropriated Funds

General Revenue Fund	342,991.5	
University Income Fund	45,984.7	
Agricultural Premium Fund	5,233.9	
Fire Prevention Fund	647.9	
Total Appropriated Funds		<u>\$394,858.0</u>

UNIVERSITY OF ILLINOIS  
CHICAGO CIRCLE

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$ 63,304.4
Adjustments to the FY1981 Projected Expenditures		55.1
Implementation of Financial Guidelines	55.1	
Recommended Increases		7,300.1
Salary Increase	4,859.0	
General Cost Increase	547.0	
Utility Cost Increase	907.1	
Program Support	637.0	
Other	350.0	
FY1982 Appropriation Recommendation		\$ <u>70,659.6</u>

Source of Appropriated Funds

General Revenue Fund	56,492.7	
University Income Fund	14,166.9	
Total Appropriated Funds		\$ <u>70,659.6</u>

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UNIVERSITY OF ILLINOIS  
CHICAGO CIRCLE

Supporting Detail  
(dollars in thousands)

Program Support

Extended Day Program	447.0*
Student Enrollment Demand	140.0*
Graduate Fellowships	50.0*
Total Program Support	\$ <u>637.0</u>

Other

Equipment Replacement	250.0**
O & M Deficiency	100.0
Total Other	\$ <u>350.0</u>

University Income Fund

University Original Estimate for FY1982	11,565.0
University Revisions to Estimate	105.7
Carryover Adjustment	915.5
Institutional Waiver Adjustment	47.7
Tuition Increase	1,533.0
Total University Income Fund	\$ <u>14,166.9</u>

\* Supported through tuition increases exceeding ten percent.

\*\* Nonrecurring expenditures of \$100.0 supported through tuition increases exceeding ten percent.



UNIVERSITY OF ILLINOIS  
MEDICAL CENTER

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures \$ 98,634.2

Recommended Increases 11,539.8

Salary Increase	6,773.9
General Cost Increase	1,556.9
Utility Cost Increase	1,375.2
O & M for New Buildings	14.3
Program Support	1,769.5
Other	50.0

FY1982 Appropriation Recommendation \$110,174.0

Source of Appropriated Funds

General Revenue Fund	104,942.1
University Income Fund	5,231.9

Total Appropriated Funds \$110,174.0

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UNIVERSITY OF ILLINOIS  
MEDICAL CENTER

Supporting Detail  
(dollars in thousands)

Program Support

B.S. in Nursing Completion (Quad Cities)	135.5	
Dentistry Enrollment	513.6	
Medicine Enrollment	140.4*	
Federal Capitation Grant Replacement	980.0	
Total Program Support		\$ <u>1,769.5</u>

Other

Equipment Replacement	50.0**	
Total Other		\$ <u>50.0</u>

University Income Fund

University Original Estimate for FY1982	4,389.0	
University Revisions to Estimate	(127.0)	
Carryover Adjustment	234.1	
Institutional Waiver Adjustment	15.8	
Tuition Increase	720.0	
Total University Income Fund		\$ <u>5,231.9</u>

\* Supported through tuition increases exceeding ten percent.

\*\* Nonrecurring expenditures supported through tuition increases exceeding ten percent.

UNIVERSITY OF ILLINOIS  
URBANA/CHAMPAIGN

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures		\$171,020.5
Adjustments to the FY1981 Projected Expenditures		86.8
Implementation of Financial Guidelines	86.8	
Recommended Increases		19,589.2
Salary Increase	13,371.3	
General Cost Increase	1,387.6	
Utility Cost Increase	1,797.9	
O & M for New Buildings	160.5	
Program Support	1,821.9	
Other	1,050.0	
FY1982 Appropriation Recommendation		<u>\$190,696.5</u>

Source of Appropriated Funds

General Revenue Fund	159,026.7	
University Income Fund	26,435.9	
Agricultural Premium Fund	5,233.9	
Total Appropriated Funds		<u>\$190,696.5</u>

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UNIVERSITY OF ILLINOIS  
URBANA, CHAMPAIGN

Supporting Detail  
(dollars in thousands)

Program Support

Veterinary Medicine	200.0	
College of Law	65.0	
Engineering Research for Illinois Industry	150.0	
County Board Matching Funds	328.7	
Telenet Expansion	46.6	
Student Enrollment Demand	621.3*	
College of Law	40.3*	
Graduate Fellowships	170.0*	
Veterinary Medicine	200.0*	
Total Program Support		\$ <u>1,821.9</u>

Other

O & M Deficiency	400.0	
Equipment Replacement	650.0**	
Total Other		\$ <u>1,050.0</u>

University Income Fund

University Original Estimate for FY1982	21,896.0	
University Revisions to Estimate	127.8	
Carryover Adjustment	1,302.9	
Institutional Waiver Adjustment	189.2	
Tuition Increase	2,920.0	
Total University Income Fund		\$ <u>26,435.9</u>

\* Supported through tuition increases exceeding ten percent.

\*\* Nonrecurring expenditures of \$550.0 supported through tuition increases exceeding ten percent.

UNIVERSITY OF ILLINOIS  
GENERAL UNIVERSITY

FY1982 Recommendations  
(dollars in thousands)

Resource Requirements

FY1981 Projected Expenditures \$ 20,591.1

Recommended Increases 2,736.8

Salary Increase	1,293.4
General Cost Increase	260.8
Utility Cost Increase	458.0
Program Support	323.0
Other	401.6

FY1982 Appropriation Recommendation \$ 23,327.9

Source of Appropriated Funds

General Revenue Fund	22,530.0
University Income Fund	150.0
Fire Prevention Fund	647.9

Total Appropriated Funds \$ 23,327.9

UNIVERSITY OF ILLINOIS  
GENERAL UNIVERSITY

Supporting Detail  
(dollars in thousands)

Program Support

State Government Liaison Program	40.0	
Fire Service Institute	219.3	
Library Computer System	65.7	
Total Program Support		\$ <u>325.0</u>

Other

Equipment/Library Computer System	300.0	
Worker's Compensation	101.6	
Total Other		\$ <u>401.6</u>

University Income Fund

University Original Estimate for FY1982	150.0	
Total University Income Fund		\$ <u>150.0</u>

## V. COMMUNITY COLLEGES

The community college system plays a critical role in the economic development of the State by providing a wide range of educational opportunities to the citizens of Illinois. The educational programs of the community college system meet a variety of student and community needs. In addition to the baccalaureate offerings of these institutions, the occupational/technical programs provided by community colleges are directly responsive to local needs for trained personnel and provide a strong economic force in the State.

In order to strengthen this system of comprehensive community colleges, the Board of Higher Education appointed a special committee in February, 1979 to review community college financing in Illinois. Most of the committee's recommendations to improve the financing plan were implemented in fiscal year 1981. The fiscal year 1982 request by the Illinois Community College Board and these recommendations are also based on the revised financing plan. The Illinois Community College Board's requests and the budget recommendations for fiscal year 1982 are summarized on Tables V-1 and V-2, respectively.

Under the community college finance plan, State support represents the difference between the total resources required by community college districts for a fiscal year and the resources available to community college districts from local tax revenues, student tuition and fees, and other State, local and federal sources. The statutory formulas for credit hour grants, disadvantaged student grants, and equalization grants that are established by the General Assembly and the

Table V-1

FY1982 REQUESTS  
OPERATIONS AND GRANTS FOR COMMUNITY COLLEGES

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981	FY1982	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
	FY1980	FY1981	Projected Expenditures	Requests		
<u>Grants to Colleges</u>	<u>\$125,152.4</u>	<u>\$116,087.8</u>	<u>\$116,087.8</u>	<u>\$166,040.4</u>	<u>\$79,952.6</u>	<u>22.0%</u>
Credit Hour Grants	101,252.4	109,199.5	109,199.5	114,896.9	25,697.4	23.5
Equalization Grants	17,200.0	19,839.5	19,839.5	25,043.5	5,204.0	26.2
Disadvantaged Student Grants	4,700.0	5,100.0	5,100.0	5,600.0	500.0	9.8
Adult Basic Education Grants	-0-	1,948.8	1,948.8	-0-	(1,948.8)	-
New Program Grants	0	-0-	-0-	500.0	500.0	-
<u>State Community College at East St. Louis</u>	<u>5,519.4</u>	<u>4,925.6</u>	<u>4,850.6</u>	<u>5,214.2</u>	<u>383.6</u>	<u>7.9</u>
<u>Illinois Community College Board Office Operations</u>	<u>834.8</u>	<u>921.8</u>	<u>921.8</u>	<u>1,091.9</u>	<u>170.1</u>	<u>18.5</u>
<u>Total</u>	<u>\$141,506.6</u>	<u>\$141,915.2</u>	<u>\$141,860.2</u>	<u>\$172,166.5</u>	<u>\$30,506.3</u>	<u>21.5%</u>
<u>Source of Appropriated Funds</u>						
General Revenue Fund	\$129,154.7	\$140,695.4	\$140,095.4	\$170,536.7	\$30,441.3	21.7
East St. Louis Contracts & Grants	2,071.9	1,514.8	1,514.8	1,514.8	0	-
East St. Louis Income Fund	280.0	325.0	250.0	115.0	65.0	26.0



Table V-2

 FY1982 RECOMMENDED BIDS  
 OPERATIONS AND SALARIES FOR COMMUNITY COLLEGES

(In thousands of dollars)

Resource Requirements	FY1981 Appropriated	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Grants to Colleges	\$136,087.8	\$135,087.8	\$166,040.4	\$152,745.6	\$16,657.8	12.2%
Credit Hour Grants	109,199.5	109,199.5	114,896.9	122,221.2	13,021.7	11.9
Equalization Grants	19,839.5	19,839.5	25,363.5	24,824.5	4,984.9	25.1
Disadvantaged Student Grants	5,100.0	5,100.0	5,609.0	5,500.0	400.0	7.8
Adult Basic Education Grants	1,948.8	1,948.8	0	0	(1,948.8)	-
New Program Grants	0	0	500.0	200.0	300.0	-
State Community College at East St. Louis	4,925.6	4,850.6	5,234.2	5,140.1	289.5	6.0
Illinois Community College Board Office Operations	921.8	921.8	1,091.9	1,023.7	101.9	11.1
Total	\$141,915.2	\$141,860.2	\$172,166.5	\$158,909.4	\$17,059.2	12.0%
Source of Appropriated Funds						
General Revenue Fund	\$140,095.4	\$140,095.4	\$170,536.7	\$157,079.6	\$16,986.2	12.1%
East St. Louis Contracts & Grants	1,514.8	1,514.8	1,514.8	1,514.8	0	0
East St. Louis Income Fund	325.0	250.0	115.0	115.0	65.0	26.0

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Governor are designed to distribute the State assistance provided to community college districts in a manner that is responsive to the unique educational and fiscal characteristics of these districts. The following sections describe the major elements included in the calculation of the resource requirements, local revenues, and the State support required to implement the Board of Higher Education's recommendations for fiscal year 1982.

### Resource Requirements

Under the community college finance plan resource requirements are based upon an analysis of projected resource needs and priorities for the community college system for the next fiscal year. The analysis of community college needs and priorities is based on the most recent study of instructional costs per credit hour and the actual full-time-equivalent (FTE) enrollment for the past fiscal year. Accordingly, the fiscal year 1982 budget recommendations are based on fiscal year 1980 enrollments and instructional costs per credit hour. Instructional costs per credit hour in fiscal year 1980 were \$65.34, compared to \$61.36 in fiscal year 1979. Full-time-equivalent enrollments in fiscal year 1980 were 172,384 students compared to 161,300 students in fiscal year 1979.

In the calculation of fiscal year 1982 resource requirements the fiscal year 1980 instructional cost per credit hour is increased by 7.37 percent to reflect weighted price and salary increases approved by the General Assembly and the Governor for fiscal year 1981. The fiscal year 1980 instructional costs are also increased 9.44 percent to reflect the weighted salary and price increases included in the Board of

Higher Education's budget recommendations for fiscal year 1982. This includes salary and general cost increases similar to those recommended for public universities and a 17.0 percent increase for utility costs based upon the mix of fuels used in community colleges. While these factors are used for statewide budgeting, it is important to note that the financial circumstances of local districts vary. Accordingly, the specific budgetary decisions made by each district may vary due to local circumstances.

The cumulative cost and salary increases for fiscal years 1981 and 1982 total 18.05 percent. This factor is applied to both the fiscal year 1980 instructional costs per credit hour and the expenditures for public service activities to determine the total resource requirements for fiscal year 1982. In addition to these cost adjustments, the fiscal year 1982 recommendations include \$500,000 for energy conservation projects and \$200,000 for new program support.

The calculations supporting the resource requirements recommended for Illinois community colleges in fiscal year 1982 are summarized on Table "3.

#### Local Revenues

The term "local revenues" includes all revenues available to local community college districts from local property taxes, tuition and fees, corporate personal property tax replacement revenues, grants from the State Board of Education, and other revenue sources excluding credit hour grants, disadvantaged student grants, and new program grants distributed by the Illinois Community College Board. The local revenues included in the fiscal year 1982 budget recommendations are discussed in the following paragraphs.

Table 7-3

CALCULATION OF RESOURCE REQUIREMENTS  
FOR ILLINOIS COMMUNITY COLLEGES, FY1982

	<u>Percentage of Total Cost</u>	<u>FY1982 Cost Increase</u>
Staff Compensation	74.7%	10.5%(a)
Utilities	4.9	17.0
General Cost Increase	20.-	3.0
FY1982 Weighted Cost Increase		1.0944
FY1981 Weighted Cost Increase		x 1.0787
Two-Year Cost Increase		<u>1.1805</u>
FY1980 Public Service/Organized Research Expenditures Cost Increase		\$ 19,507.6 x 1.1805
FY1982 Public Service/Research Budget		<u>\$ 23,028.7</u>
FY1980 Unit Cost		\$ 65.34
Two-Year Cost Increase		x 1.1805
FY1982 Unit Cost		\$ 77.13
Credit Hours Budgeted for FY1982		<u>5,171,520</u>
New Program Support		\$ 398,879.3 200.0
Energy Conservation		500.0
Resource Requirements/Instruction		\$ 399,579.3
Resource Requirements/Public Service		<u>23,028.7</u>
Total FY1982 Resource Requirements		<u><u>\$422,608.0</u></u>

<sup>a</sup> Calculated on 90% of the personal services base adjusted to provide 9% increases for executive level administrative personnel.

Local Tax Revenues. The calculation of local property tax revenues is based on the projected growth in the total equalized assessed valuation for community colleges and the weighted mean tax rate for community college operations.

In prior years, the local tax revenues were based on estimates of future equalized assessed valuations for community college districts and the median operating tax rate. Because of the difficulty of projecting actual equalized assessed valuations, the Community College Finance Committee recommended that the projection of equalized assessed valuations utilized to calculate future tax revenues be based on the average annual increase experienced during the past three years. Although actual equalized assessed valuations will vary somewhat from the amount projected, this procedure is self-correcting as actual data are incorporated into future projections.

For fiscal year 1982, the projected equalized assessed valuations utilized to calculate local property tax revenues are based on a projected increase of 3.4 percent. This reflects the average annual increase in equalized assessed valuations experienced by community college districts from 1977 to 1979.

The standard local property tax contribution included in the fiscal year 1982 budget recommendations is based on the average equalized assessed valuations for community college districts projected for 1980 and 1981. An average of 1980 and 1981 equalized assessed valuations is used because of the elapsed time between tax levies and extensions and the actual collection of property tax revenues.

The Community College Finance Committee also recommended that the tax rate used to calculate local tax revenues be based on the weighted mean tax rate for community college operations rather than the median in order to avoid sharp changes in the standard tax rate caused by a change in the tax rate in a single district.

The tax rate used to calculate the local property tax resources for fiscal year 1982 is based on a weighted mean tax rate of .1966 percent. This reflects the total property tax extensions for community college operations (education and building maintenance purposes) for 1979, the last year for which actual data are available.

The standard local tax contribution is calculated by applying the weighted mean tax rate for community college operations to the average equalized assessed valuation projected for fiscal years 1980 and 1981. An adjustment is then made for collection losses and revenues received from nondistrict chargebacks. The adjustment for collection losses is based on estimated collection losses for 1978 property tax extensions against real property only. Chargeback revenues reflect payments made by school districts not included in a community college district to pay the instructional costs covered by local taxes for persons from the school district who enroll in a community college. These calculations are summarized on Table V-4.

Tuition. The Community College Finance Committee made two recommendations concerning the calculation of the standard local contribution from tuition and fees. First, it recommended that credit hours for Adult Basic Education and General Education Development (ABE/GED) courses be excluded from the calculation of tuition revenues. Tuition

Table V-4

CALCULATION OF THE FY1982 STANDARD  
LOCAL CONTRIBUTION FROM TAXES AND  
TUITION FOR ILLINOIS COMMUNITY COLLEGES

(in thousands of dollars)

Tax Contribution

Projected 1980 Equalized Assessed Valuation	\$ 62,525,584.4
Projected 1981 Equalized Assessed Valuation	\$ <u>67,780,271.4</u>
	<u>2</u>
Average 1980/1981 EAV (Cash Basis for FY1982 Tax Revenues)	\$ 65,152,927.9
FY1980 Weighted Average Tax Rate	x <u>.001966</u>
	\$ 128,090.7
FY1982 Equalization Funding	\$ <u>- 24,824.4</u>
	\$ 103,266.3
Collection Losses @ 2%	<u>- 2,065.3</u>
	\$ 101,201.0
Non-District Chargebacks	\$ <u>+ 1,427.0</u>
Standard Tax Contribution from Local Sources	\$ <u><u>101,628.0</u></u>

Tuition Contribution

FY1982 Unit Cost (non-ABE/GED)	\$ 92.73
	x <u>.20</u>
	\$ 18.55
FY1982 Budgeted SCH's (non ABE/GED)	x <u>4,272,144</u>
	\$ <u><u>70,704.0</u></u>

for many of the ABE/GED courses is paid with grants from the State Board of Education. In view of the educational needs addressed by these programs, and the fact that many students not supported by ABE/GED grants are not charged tuition, credit hours for ABE/GED courses are excluded from the calculation of tuition increases. There was a total of 906,251 ABE/GED credit hours in fiscal year 1980.

The Committee also recommended that tuition for non-ABE/GED courses not exceed 20 percent of the budgeted instructional cost per credit hour. The tuition and fee rate included in the budget recommendations for fiscal year 1982 is \$16.55. This rate is equal to 20 percent of the budgeted instructional cost per credit hour in fiscal year 1982. It represents an increase of 4.4 percent over the actual weighted average tuition and fee rate for the Fall, 1980. The calculation of the standard local contribution from tuition and fees is also presented on Table V-4.

Equalization Grants. Equalization grants totaling \$24,824,400 are recommended for fiscal year 1982. Equalization grants are provided to community college districts which have an equalized assessed valuation per in-district FTE student below the statewide average. The statewide average, defined as the "equalization threshold," is determined by multiplying the average equalized assessed valuation per in-district FTE student for all community college districts by the standard tax rate. The Community College Finance Committee recommended that the standard tax rate used to calculate equalization grants include the total amount of tax revenues for instruction and public service activities.



In prior years, one cent had been deducted from the total tax rate to exclude public service activities from the equalization formula.

For fiscal year 1982, the equalization threshold of \$678.78 per in-district FTE student is based on an average equalized assessed valuation per in-district FTE student of \$345,257 and the standard tax rate of .1966 percent. The amount of the grant provided to each eligible district is equal to the difference between the "equalization threshold" and the district's property tax revenues at the standard tax rate, multiplied by its in-district FTE enrollment. A total of \$23,334,462 is included in the recommendations for property tax equalization in fiscal year 1982. The calculation of the equalization grants for property tax revenues is summarized on Table V-5.

Property tax equalization grants are adjusted to reflect corporate personal property tax replacement revenues projected for community college districts. In prior years, the equalized assessed valuation used to calculate equalization grants included both real property and personal property assessments for corporations and utilities. All personal property taxes, however, were abolished by the General Assembly effective January 1, 1979 in accordance with the 1970 Illinois Constitution. In order to replace these revenues, the General Assembly also approved additional income taxes on corporations and partnerships and an additional tax on the invested capital of utilities. This action was taken in order to comply with the Constitutional requirement that the State replace all revenue lost by units of local government, including school districts, due to the abolition of corporate personal property taxes. Revenues from the corporate personal property replacement taxes are

Table V 5

COMMUNITY COLLEGES QUALIFYING FOR FAV EQUALIZATION FOR FY1982  
 AT STANDARD RATE OF .001966 AND LOCAL TAX CONTRIBUTION OF \$678 78

	1979 LAV	FY1980 In District FTE	LAV/FTE	Local Taxes per FTE @ .001966	\$678 78 Minus Local Tax Revenue	LAV Equalization Grants
Black Hawk	\$ 1,394,175,228	4,759	292,955.50	\$75.95	\$ 102.81	\$ 489,368
Dutton	1,989,778,401	7,625	260,954.51	511.04	165.74	1,261,768
Daville	541,251,714	1,865	290,210.01	570.55	108.21	201,849
Chicago	10,484,557,121	55,645	188,452.54	370.50	308.28	17,151,158
Thornton	1,131,055,752	3,965	285,423.64	561.14	112.64	466,441
Franklin State	933,916,482	2,919	319,959.81	629.02	49.76	145,249
Highland	541,172,201	1,525	289,291.25	568.75	110.01	167,796
Rend Lake	375,072,054	1,582	237,087.27	466.11	212.67	316,444
Belleville	1,424,510,452	4,942	288,247.36	566.69	112.09	553,949
Kishwaukee	504,486,748	1,474	342,256.95	672.88	5.90	8,697
Illinois Eastern	613,462,247	4,208	145,784.75	286.61	192.17	1,650,251
John A. Logan	455,798,907	1,900	239,894.16	471.61	207.15	191,585
Shawnee	230,637,671	1,030	223,920.07	440.23	238.55	245,706
Southeastern	207,038,606	981	210,619.11	414.08	266.70	260,200
Total						\$23,114,463

Table V-6

NET EQUALIZATION GRANTS AFTER ADJUSTMENTS FOR DIFFERENCES IN  
CORPORATE PERSONAL PROPERTY TAX (CPPT)  
REPLACEMENT REVENUES PER FTE

	1980 CPPT Operating Revenues	1980 Total FTE	CPPT Revenues/ FTE	\$96.81 Illinois CPPT Revenues	CPPT Equalization Grants	Net Equalization Grants*
Black Hawk	\$ 431,476	4,849	\$ 89.39	\$ 7.42	\$ 15,979	\$ 525,147
Benton	780,498	8,317	93.84	2.97	24,701	1,288,469
Davenport	204,360	1,887	108.30	(11.49)	(21,682)	180,167
Chicago	4,622,811	55,384	83.47	13.34	738,823	17,889,981
Chornton	188,729	4,141	45.58	51.23	212,143	678,586
Prairie State	163,748	2,910	56.27	40.54	117,973	263,220
Highland	114,038	1,743	65.41	31.48	54,695	222,491
Rock Lake	176,301	1,784	98.82	(2.01)	(3,585)	112,859
Bellefonte	474,685	5,094	93.19	1.62	18,440	572,189
Kishwaukee	105,962	1,538	68.90	27.91	42,926	1,162,1
Illinois Eastern	240,486	4,972	48.37	48.44	240,844	1,891,095
John A. Logan	185,398	1,714	108.17	(11.36)	(19,473)	174,114
Shawnee	118,631	1,052	111.78	(14.97)	(16,788)	208,918
Southeastern	80,151	1,705	47.01	49.80	84,909	145,109
Total					\$1,489,905	\$24,824,168

\* Property tax equalization grants from Table V-5 plus CPPT equalization grants

distributed to local units of government based on the proportion of the total corporate personal property tax revenues collected by each unit in prior years.

Corporate personal property taxes represented an important source of local tax revenues for many community college districts prior to 1979. In addition, because the distribution of corporate personal property tax replacement revenues depends on personal property tax assessments and collections prior to the abolition of that tax, there are wide variations in the replacement tax revenues each district is eligible to receive. Therefore, the equalization grant each district is eligible to receive based on real property taxes is adjusted to reflect differences in available corporate personal property tax replacement revenues. This adjustment is based on the difference between each district's corporate personal property tax replacement revenues per FTE student and the average replacement revenues per FTE for all community college districts. This difference is then multiplied by each district's FTE enrollment. The calculation of the adjustment to equalization grants based on corporate personal property tax replacement revenues and the total equalization grants for each eligible district is summarized on Table V-6.

The Community College Finance Committee also recommended a program of tax rate equalization for districts where the maximum authorized tax rate is below the statewide standard rate of 19.66 cents. While funding for this program was recommended for fiscal year 1981, the statutory changes required for the program were not enacted by the

General Assembly. Because of limited resources for fiscal year 1982, funding for tax rate equalization has not been included in these recommendations.

Corporate Personal Property Tax Replacement Revenues. As discussed above, the corporate personal property tax revenues eliminated in 1979 have been replaced by revenues from new taxes on corporations, partnerships, and utilities. The revenues generated from these taxes are distributed to community college districts based on personal property tax collections for 1977 (1976 for Cook County).

The Illinois Department of Revenue distributed \$19.6 million from tax replacement revenues to community college districts for fiscal year 1980. The Department of Revenue has projected, however, that total corporate personal property tax replacement revenues will decline from \$557.3 million in 1980 to \$510.0 million for fiscal year 1981. This reduction is due to the economic effects of the recession and the reduction in the replacement tax rate for corporations from 2.85 percent to 2.50 percent effective January 1, 1981. For fiscal year 1982 corporate personal property tax replacement revenues distributed to community college districts are projected to return to the level received for fiscal year 1980.

Of the total corporate personal property tax replacement revenues distributed to community college districts, it is projected that \$16,688,254 will be available for community college operations. The balance must be allocated to the bond and interest fund for debt service in accordance with statutory requirements. The maximum allocation

for debt service is based on the estimated proportion of corporate personal property tax extensions for the bond and interest fund collected in 1978. This amount was adjusted to reflect reductions in the allocation of replacement tax revenues for debt service to the bond and interest fund reported by community college districts.

Other Revenues. Community colleges receive additional revenues from a number of other sources. State Board of Education grants for adult education and vocational education programs are provided to community college districts to support specific instructional programs. These grants are jointly funded by the federal government and the State. The Illinois Community College Board has estimated that community colleges will receive \$4.7 million in grants for adult education and \$15.4 million in grants for vocational education programs in fiscal year 1982.

In addition, community college districts receive funds from a variety of other federal, State, and local sources. Given the difficulty of making accurate projections for these revenues, the Community College Finance Committee recommended that the miscellaneous revenues projected for the budget year be based on the percentage of all revenues that they represented for the most recent historical year. In fiscal year 1980, 14.16 percent of the revenues received by community college districts were from these miscellaneous revenues. Accordingly, 14.16 percent of the fiscal year 1982 resource requirements are projected to be from these miscellaneous revenues.

#### Grants to Community College Districts

The difference between the total resource requirements for the budget year and the "local revenues" available to community college

districts is funded by grants from the Illinois Community College Board. These grants include credit hour grants, disadvantaged student grants and new program grants. (Equalization grants distributed by the Illinois Community College Board are included in the calculation of local revenues.) These grants are summarized below.

Credit Hour Grants. A total of \$122,221,200 is recommended for credit hour grants in fiscal year 1982. This represents an increase of \$13,021,700 or 11.9 percent over estimated expenditures for fiscal year 1981.

The budget recommendation for credit hour grants is based on enrollments for the most recently completed fiscal year, as recommended by the Community College Finance Committee. Thus, the fiscal year 1982 recommendation for credit hour grants reflects mid-term enrollments in fiscal year 1980. Current fiscal year enrollment levels will be reflected in credit hour grants for fiscal year 1983. The use of historical enrollment data for the distribution of credit hour grants provides a stable and reliable enrollment data base for budget planning by both the State and community college districts.

The Community College Finance Committee also recommended that the credit hour grants be distributed based on the instructional costs per credit hour for seven instructional categories. The calculation of the credit hour grant rate for each of these instructional categories is summarized on Table V-7. The rates for each category of instruction are based on the actual instructional costs per credit hour in fiscal year 1980. These costs are increased by 18.05 percent to reflect the

Table V-7

## CREDIT HOUR GRANTS BY CATEGORY FOR FISCAL YEAR 1982

	FY1980 Unit Cost	FY1980 Cost Plus 18.05%	Less Tuition and Fees	Less SBE Grants	Less Standard Tax Contribution	Less Other Revenues	Plus Energy Conservation	Credit Hour Grant
Baccalaureate	\$ 69.17	\$ 81.66	\$16.55	\$ -0-	\$26.61	\$9.41	\$ .10	\$29.17
Business Occupational	64.44	76.07	16.55	5.26	26.61	9.41	.10	18.32
Technical Occupational	77.41	91.38	16.55	10.52	26.61	9.41	.10	28.17
Health	101.08	119.32	16.55	17.54	26.61	9.41	.10	49.29
Remedial/Developmental	64.87	76.58	16.55	0-	26.61	9.41	.10	24.09
ABE/GED	41.41	51.27	-0-	5.21	26.61	9.41	.10	10.10
General Studies	48.91	57.74	16.55	-0-	26.61	9.41	.10	5.25
All Categories	\$ 65.34	\$ 77.13	\$13.67	\$ 1.89	\$26.61	\$9.41	\$ .10	\$21.61

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price and salary increases included in the fiscal year 1981 appropriations and fiscal year 1982 budget recommendations. Local revenues from taxes, tuition and fees, categorical grants from the State Board of Education, and other revenues are then deducted from these costs. Finally, an additional ten cents per credit hour is added to the remainder to reflect funds included in resource requirements for energy conservation projects.

In summary, the credit hour grant rate reflects the difference between the total resource requirements per credit hour for each category of instruction and the local revenues available to community college districts for these programs. These rates and the fiscal year 1980 enrollments in each category of instruction in each district are the recommended basis for distributing fiscal year 1982 credit hour grants.

Disadvantaged Student Grants. A total of \$5.5 million is recommended for disadvantaged student grants for fiscal year 1982. This is an increase of \$400,000 or 7.8 percent over estimated expenditures for fiscal year 1981.

These grants are provided to support special services for educationally disadvantaged students. Community college districts receiving disadvantaged student grants are required to submit a plan to the Illinois Community College Board describing the services which will be supported with these funds and an annual evaluation of the district's services for disadvantaged students.

According to current statutory provisions, a basic grant of \$20,000 per college is distributed to each district. The balance of

available appropriations is then distributed based on FTE enrollments in Remedial/Developmental and ABE/GED courses

New Program Grants. The fiscal year 1982 recommendations include \$200,000 for new program grants. These funds are recommended to provide community college districts with additional resources for special nonrecurring costs associated with the implementation of new instructional programs approved by the Illinois Community College Board and the Board of Higher Education. Grants are to be allocated to community college districts by the Illinois Community College Board based on the relative priority of the new program, extraordinary costs associated with the implementation of the new program, and other resources available to the district for this purpose.

Table V-8 summarizes all of the various sources of revenue for the fiscal year 1982 recommended resource requirements of Illinois community colleges.

State Community College at East St. Louis

The fiscal year 1982 recommendations for the State Community College at East St. Louis total \$5,140,100. This is an increase of \$239,500 or 6.0 percent over estimated expenditures for fiscal year 1981.

The recommendation includes \$3,530,300 from the General Revenue Fund and State Community College Income Fund for the general operation of the College. The amount recommended for the State Community College is based on the fiscal year 1982 weighted cost increase of 9.44 percent recommended for all other community college districts. An

Table V-8

SOURCES OF REVENUE FOR ILLINOIS COMMUNITY COLLEGES  
FY1982

	<u>Instruction</u>	<u>Per Credit Hour</u>	<u>Public Service</u>	<u>Total</u>
Tax Contribution from Local Sources	\$ 97,407.9	\$18.84	\$ 5,220.1	\$102,628.0
Tax Contribution Supported by Equalization	23,561.7	4.56	1,262.7	24,824.4
Corporate Personal Property Replacement Tax	16,688.3	3.23	-0-	16,688.3
Tuition and Fees	70,704.0	13.67	-0-	70,704.0
Miscellaneous Federal, State, and Local Revenues	43,196.2	8.35	16,545.9	59,742.1
DAVTE Grants	15,400.0	2.98	-0-	15,400.0
SBE Grants for Adult Education	4,700.0	.91	-0-	4,700.0
Disadvantaged Student Grants	5,500.0	1.06	-0-	5,500.0
New Program Support	200.0	.04	-0-	200.0
Credit Hour Grants	122,221.2	23.63	-0-	122,221.2
Total	<u>\$399,579.3</u>	<u>\$77.27</u>	<u>\$23,028.7</u>	<u>\$422,608.0</u>

adjustment of \$65,700 is also included in the recommendation to reduce the difference between instructional costs per credit hour at the State Community College and the average for other relatively small community college districts.

A total of \$95,000 is included in the recommendation for the State Community College for special nonrecurring expenditures. This includes an additional \$50,000 for costs incurred as the College moves to its new facilities and \$45,000 for the repair and rehabilitation of the Officer Building.

A total of \$1,514,800 requested by the State Community College from the Contracts and Grants Fund is also included in the recommendation.

#### Illinois Community College Board Office Operations

A total of \$1,023,700 is recommended for the operation of the Illinois Community College Board office for fiscal year 1982. This represents an increase of \$101,900 or 11.1 percent over estimated expenditures for fiscal year 1981.

The recommendation includes funds for salary increases of 10.5 percent for Civil Service and professional employees and salary increases of 9.0 percent for the highest administrative positions, plus general cost increases of 8.0 percent. In addition, the recommendation includes a total of \$20,000 requested by the Illinois Community College Board for the following purposes: to provide for additional office space and rental costs, to annualize improvements in administrative compensation, and to purchase census data for community college districts. The amount of \$7,000 for purchasing census data is nonrecurring.

## VI. ILLINOIS STATE SCHOLARSHIP COMMISSION

The Illinois State Scholarship Commission (ISSC), established in 1958, was one of the first state student assistance agencies in the United States. Through ISSC's Monetary Award Program, the principal program supported with State tax funds, more than 998,000 grants totaling \$773 million have been provided to undergraduate students in Illinois colleges and universities. In addition to the Monetary Award Program, ISSC administers the Illinois Guaranteed Loan Program, several other statutory grant programs and two small federally funded programs. The requests and recommendations for ISSC operations and grants are shown on Tables VI-1 and VI-2, respectively.

### Monetary Award Program Grants

Table VI-3 outlines the historical growth in the Monetary Award Program since its beginning in fiscal year 1959. When the Monetary Award Program is compared to similar grant programs in other states, Illinois ranks fourth in the total support for need-based gift assistance. While Illinois has about 5.2 percent of the national population, support for the Monetary Award Program represents 3.7 percent of all student aid grants provided by the states.

When compared to other states, the ISSC Monetary Award Program also is among the most responsive to various student needs. The policies of the Illinois program provide for the processing of applications for students beginning in mid-year, awards to half-time students, and more generous treatment of independent students than is provided by most systems used elsewhere for determining financial need. These policies particularly benefit non-traditional, adult students.

Table VI-1  
 FY1982 REQUESTS  
 ILLINOIS STATE SCHOLARSHIP COMMISSION

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981	FY1982	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
	FY1980	FY1981	Projected Expenditures	Requests		
Honorary Award Program	\$ 83,201.6	\$ 85,758.2	\$ 85,758.2	\$116,733.0	\$30,974.8	36.1%
Awards through February 15, 1982				101,674.0		
Awards February 16 to May 15, 1982				669.0		
Summer 1982 Awards				6,791.0		
Inter-session Awards				105.0		
Increase Maximum Award				7,494.0		
Other Statutory Programs	525.0	2,395.3	2,395.3	4,587.1	2,191.8	91.5
Academic Scholarships	0	2,000.0	2,000.0	4,000.0	2,000.0	100.0
Student-to-Student Grants	250.0	250.0	250.0	325.0	75.0	30.0
National Guard Scholarship	125.0	120.3	120.3	175.0	54.7	45.5
Ancillary Programs	150.0	25.0	25.0	87.1	62.1	248.4
Loan Guarantee Fund	12,500.0	15,000.0	15,000.0	18,000.0	3,000.0	20.0
Administration	4,080.4	5,214.1	5,214.1	8,158.6	2,944.5	56.5
Financial Aid Training Program (55BAP)	23.9	25.0	25.0	25.7	7	2.8
Educational Information Centers	60.0	90.0	90.0	90.0	0	
<b>Total</b>	<b>\$100,390.9</b>	<b>\$108,482.6</b>	<b>\$108,482.6</b>	<b>\$147,594.4</b>	<b>\$39,111.8</b>	<b>36.1%</b>
<b>Source of Appropriated Funds</b>						
General Revenue Fund	\$ 81,370.3	\$ 85,891.4	\$ 85,891.4	\$119,476.1	\$33,584.7	39.1%
Federal Funds/5516	4,150.0	4,100.0	4,100.0	4,399.0	0	
Student Loan Fund	12,500.0	15,000.0	15,000.0	18,000.0	3,000.0	20.0
HEP Administrative Cost Allowance	2,286.7	3,376.2	3,376.2	5,902.6	2,526.4	74.8
Federal Program Grants	83.9	115.0	115.0	115.7	7	6

Table VI 2

FY1982 RECOMMENDATIONS  
ILLINOIS STATE SCHOLARSHIP COMMISSION

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
<b>Monetary Award Program</b>	\$ 85,758.2	\$ 85,758.2	\$116,713.0	\$ 97,655.1	\$11,897.1	13.9%
Awards through February 15, 1982			101,674.0	91,511.0		
Awards February 16 to May 15, 1982			669.0	-0-		
Summer 1982 Awards			6,791.0	-0-		
Interession Awards			105.0	-0-		
Increase Maximum Award			7,694.0	3,452.5		
Public Institution Tuition Increases				2,691.8		
<b>Other Statutory Programs</b>	2,195.1	2,195.1	4,587.1	4,562.1	2,166.8	90.5
Academic Scholarships	2,000.0	2,000.0	4,000.0	4,000.0	2,000.0	100.0
Student-to-Student Grants	250.0	250.0	325.0	300.0	50.0	20.0
National Guard Scholarships	120.1	120.1	175.0	175.0	54.7	45.5
Auxiliary Programs	25.0	25.0	87.1	87.1	62.1	248.4
<b>Loan Guarantee Fund</b>	15,000.0	15,000.0	18,000.0	18,000.0	3,000.0	20.0
<b>Administration</b>	5,214.1	5,214.1	8,158.6	8,018.5	2,804.4	53.8
<b>Financial Aid Training Program (SFAIP)</b>	25.0	25.0	25.7	25.7	.7	2.8
<b>Educational Information Centers</b>	90.0	90.0	90.0	90.0	0	-
<b>Total</b>	\$108,482.6	\$108,482.6	\$147,594.4	\$128,151.6	\$19,869.0	18.3%
<b>Source of Appropriated Funds</b>						
General Revenue Fund	\$ 85,891.4	\$ 85,891.4	\$119,476.1	\$100,231.1	\$14,341.9	16.7%
Federal Funds/SSIF	4,100.0	4,100.0	4,100.0	4,100.0	0	-
Student Loan Fund	15,000.0	15,000.0	18,000.0	18,000.0	3,000.0	20.0
ICIP Administrative Cost Allowance	1,376.2	1,376.2	5,982.6	5,982.6	2,526.4	74.8
Federal Program Grants	115.0	115.0	115.7	115.7	.7	.6

Table VI-1

HISTORICAL GROWTH IN NUMBER AND VALUE OF  
MONETARY AWARDS BY TYPE OF INSTITUTION

(in thousands of dollars)

	Private Institutions		Public Universities		Community Colleges	
	Number	Value	Number	Value	Number	Value
1958-59	921	\$ 490.1	524	\$ 92.9	13	\$ 2.8
1959-60	1,768	907.4	811	157.2	27	4.3
1964-65	1,667	2,457.1	1,811	416.8	43	7.8
1969-70	19,256	20,185.1	16,181	5,315.7	2,811	517.6
1970-71	21,016	23,546.5	20,952	7,954.0	4,401	960.1
1971-72	25,747	25,948.0	24,787	11,601.9	6,359	1,573.4
1972-73	29,121	30,668.5	31,863	18,107.3	8,606	2,315.4
1973-74	29,553	32,889.9	32,751	18,231.7	10,140	2,598.4
1974-75	30,415	36,187.2	32,225	18,689.7	14,887	3,428.2
1975-76	34,863	43,649.0	37,667	19,974.1	19,681	4,511.9
1976-77	35,908	44,891.0	34,143	18,417.0	22,473	6,437.0
1977-78	36,092	46,617.0	33,426	21,086.0	22,815	6,445.0
1978-79	36,081	51,197.0	32,812	21,567.0	21,601	6,661.0
1979-80	37,512	57,034.0	29,162	19,700.0	19,961	6,906.0
1980-81 (estimated)	35,568	56,108.0	30,590	22,507.2	19,554	7,143.0
1981-82 (projected)	39,795	61,944.5	31,302	25,137.8	22,013	8,573.0



A total of \$97.7 million is recommended for Monetary Award Program grants in fiscal year 1982. This recommendation reflects an increase of \$11.9 million or 13.9 percent over the appropriation for fiscal year 1981. The recommended funds are provided to enable the processing of Monetary Award applications through February 15, 1982, to fund higher awards for grant recipients as a result of tuition increases in public institutions, and to increase the maximum award from \$1,900 to \$2,000 for students in private institutions.

The level of funding recommended for these programs will require that ISSC modify the administrative and analytical procedures used to determine the amount of its awards. Such modification seems appropriate for several reasons. The first of these is the growth of need-based student aid in recent years. Since 1972-73, when comprehensive student aid data were first collected, the growth in student aid - particularly gift assistance - has substantially exceeded the growth in the cost of attending college. Table VI-4 shows that the proportion of undergraduate student budgets supported by gift assistance was at a record high in 1979-80, the last year for which aid data are available. This growth in gift aid is the result of both continued State support and the expansion of federally funded Basic Educational Opportunity Grants. The Middle Income Student Assistance Act, which became effective in 1979-80, increased aid from the already substantial federal program by nearly 50 percent.

The second reason is related to a trend toward reducing the contribution expected from students and their families toward higher education costs. The liberalization of ISSC's need analysis system

Table VI-4

UNDERGRADUATE COLLEGE BUDGETS FINANCED BY GIFT AID PROGRAMS  
FY1971 TO FY1980

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
<u>PUBLIC UNIVERSITIES</u>								
College Budget	\$2,394	\$2,496	\$2,537	\$2,703	\$2,794	\$2,963	\$3,240	\$3,457
Gift Assistance*	121	303	328	389	436	462	477	570
Gift Assistance Percent of College Budget	11.4%	12.1%	12.9%	14.4%	15.6%	15.6%	14.7%	16.5%
<u>COMMUNITY COLLEGES</u>								
College Budget	\$2,010	\$2,162	\$2,178	\$2,373	\$2,546	\$2,612	\$2,875	\$3,016
Gift Assistance*	109	107	169	251	315	344	348	425
Gift Assistance Percent of College Budget	5.4%	4.9%	7.8%	10.6%	11.2%	11.2%	12.1%	14.1%
<u>PRIVATE COLLEGES &amp; UNIVERSITIES</u>								
College Budget	\$3,879	\$4,084	\$4,333	\$4,730	\$4,957	\$5,208	\$5,723	\$6,349
Gift Assistance*	610	745	831	1,045	1,142	1,176	1,295	1,510
Gift Assistance Percent of College Budget	15.7%	18.2%	19.2%	22.1%	23.0%	22.6%	22.6%	24.6%

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\* Gift assistance per FTE student

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occurred gradually until the 1980-81 school year when several changes in need analysis were implemented simultaneously. As shown on Table VI-5, these recent changes shifted a substantial burden from family resources to the Monetary Award Program. Preliminary results from a longitudinal study of Monetary Award Program grant recipients since 1967-68 indicate that this shift is part of a longer trend. The proportion of student costs met through family resources has dropped from 16.9 percent in 1967-68 to 11.0 percent in 1979-80.

Table VI-6 provides data on family income and award rates for dependent and independent ISSC Monetary Award Program applicants in fiscal year 1980. These data show both the distribution of ISSC applicants by income level and status, and the percentage of applicants who are eligible for grants at the various income ranges. The results show that more than 90 percent of applicants with incomes of less than \$16,000 per year receive Monetary Award Program grants. Above the \$16,000 figure, the percentage of applicants who receive grants drops, but 25 percent of applicants reporting family incomes above \$40,000 per year were eligible for ISSC grants in fiscal year 1980.

The third reason that revisions in ISSC procedures for determining Monetary Award Program grants are appropriate is that in the current economic and fiscal climate, the requested increase of 36.1 percent for monetary awards simply are not feasible. The level of increased support recommended for the Monetary Award Program, 13.9 percent, is the largest for any major component of the budget. The fact of limited resources requires a careful examination of priorities and procedures to assure that these resources are used to meet the financial needs of the most needy applicants.

Table VI-5

COMPARISON OF EXPECTED CONTRIBUTION FROM PARENTAL INCOME  
 BASED ON EFFECTS OF ISSC NEED ANALYSIS CHANGES

<u>Income</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>79-80</u>	<u>80-81</u>
10,000	30	0	0	0	0
15,000	1,070	990	890	850	540
20,000	2,280	2,185	2,085	2,045	1,595
25,000	3,630**	3,545	3,435	3,395	2,896
30,000	4,705**	4,600	4,495	4,455	4,033

\* 2 parents, 3 children 1 in college, no housekeeping or unusual expenses.

\*\* Estimated.

Source: Illinois State Scholarship Commission.

Table VI-6

FY1980 ANNOUNCED ISSC AWARDS AS A PERCENTAGE OF APPLICANTS FOR  
DEPENDENT AND INDEPENDENT STUDENTS

Income	Dependent Students			Independent Students		
	Applicants <sup>a</sup>	Awards	Percentage With Awards	Applicants <sup>a</sup>	Awards	Percentage With Awards
\$ 0 - 2,000	880	655	74%	20,990	20,014	95%
4,001 - 8,000	3,580	3,551	99	15,040	14,135	94
8,001 - 12,000	9,300	9,201	99	6,800	6,610	97
12,001 - 16,000	11,330	10,688	94	4,160	3,721	89
16,001 - 20,000	12,620	9,840	78	2,580	2,197	85
20,001 - 24,000	13,550	8,235	61	1,740	1,030	59
24,001 - 28,000	17,730	6,575	52	1,177	486	41
28,001 - 32,000	10,706	4,760	44	440	212	48
32,001 - 36,000	8,330	2,867	34	90	78	87
36,001 - 40,000	4,510	1,458	32	140	36	26
over 40,000	5,490	1,373	25	140	35	25
Total	93,020	59,203	64%	53,297	48,554	91%

<sup>a</sup> Complete and eligible applications only are included; approximately 75 percent of students with announced awards ultimately enrolled in an Illinois college or university.

In addition to the modification of administrative procedures to assure that the most needy students receive aid, several requested programs are not recommended for funding in fiscal year 1982. These include funds for processing applications through May 1, 1982, funds for Summer, 1982 awards, and funds for intersession awards. Requested funds for a \$2,100 maximum award also have been reduced to fund an increase in the maximum award of \$2,000.

A recommendation to fund Monetary Award Program grants to students enrolled in proprietary institutions also has been deferred pending statutory authorization to make such awards. This recommendation, proposed earlier by the Board of Higher Education Policy Committee to Study Student Financial Aid, was approved by the Board of Higher Education in December, 1980.

Public Institution Tuition Increases. A total of \$2.7 million is recommended to fund higher Monetary Award Program grants resulting from tuition increases in public institutions. In public universities, the recommended 10 percent tuition increase will affect 27,100 Monetary Award Program grants. The recommended tuition increase will generate an estimated \$12.0 million in revenues for the operation of public universities. However, ISSC Monetary Award Program grants will require an estimated \$1.0 million in additional funding to offset the effects of the tuition increase for eligible ISSC applicants. An estimated \$800,000 will be required to offset the effects of projected tuition increases for 21,350 Monetary Award Program grant recipients in public community colleges.

Increase in the Maximum Award. A total of \$3.5 million is recommended to finance an increase in the maximum award from \$1,900 to \$2,000 for fiscal year 1982. An increased maximum award is necessary to enable students with financial need to have reasonable freedom of choice among and between public and private colleges in Illinois. Maintaining the health and viability of the private sector also preserves reasonable freedom of choice for future generations of college students.

Other Statutory Grant Programs

Fiscal year 1982 is the second year of the implementation of the Academic Scholarships authorized by the General Assembly and Governor in 1979. This program provides \$1,000 awards to Illinois high school graduates with demonstrated academic ability and achievement for up to four years of study in an approved Illinois college or university. Academic Scholarship recipients are initially selected on the basis of high school rank and test scores. Awards are maintained through continued enrollment in Illinois institutions. In the first year of the program, \$2.0 million were required to fund 2,000 awards of \$1,000 each. A second class of Academic Scholarship recipients will be selected this year. The total fiscal year 1982 resource requirement will be \$4.0 million.

In addition to the Academic Scholarship Program, ISSC administers one need-based and several non-need-based student aid programs. The need-based program is the Student-to-Student Grant Program which provides matching funds for student contributions to provide financial assistance beyond tuition and fees for public university students. A total of \$300,000 is recommended for this program in fiscal year 1982.

The non-need-based programs administered by ISSC include a program to assist students preparing for careers in bilingual-bicultural education, members of the National Guard who have served for a minimum of one year, and students who are dependents of firemen, policemen, or correctional officers killed or permanently disabled in the line of duty. The funds recommended for these programs in fiscal year 1982 total \$262,100.

#### Illinois Guaranteed Loan Program

Table VI-7 shows the number and value of student loans guaranteed by the Illinois Guaranteed Loan Program (IGLP) since fiscal year 1974. The dollar value of loans guaranteed through this program has increased ten-fold between fiscal year 1974 and fiscal year 1981. Most of this growth has occurred since November 1, 1978, when the new guaranteed loan provisions of the Middle Income Student Assistance Act became effective. These provisions removed the \$25,000 limit on family income, which previously limited eligibility for subsidized interest benefits under the program. The attractiveness of the program to students and their families has been further enhanced by high interest rates for other types of loans.

One direct consequence of the increase in loan volume is an increase in the administrative expenditures necessary for the loan program operations in the ISSC administrative budget. Appropriation authority for \$5.9 million is recommended for administrative cost allowances from the federal government. This represents an increase of \$2.5 million or 74.8 percent over fiscal year 1981. These funds will be



Table VI-7

## ILLINOIS GUARANTEED LOAN PROGRAM VOLUME

(in thousands of dollars)

	<u>Number of Loans</u>	<u>Value</u>
FY1974	26,857	\$ 34,583.6
FY1975	28,500	41,213.8
FY1976	32,027	43,274.5
FY1977	35,395	51,912.7
FY1978	43,371	75,603.0
FY1979	54,898	109,810.0
FY1980	104,153	230,598.1
FY1981 (estimated)	139,630	340,000.0
FY1982 (estimated)	179,104	480,000.0

used to handle increased loan guarantee applications, to improve agency financial procedures, and to expand agency loan collection efforts to control loan default levels. A portion of these funds is also required to finance salary and price increases.

The budget recommendations for ISSC also include \$18.0 million appropriated for the loan program from the Student Loan Fund (SLF). Disbursements from the Student Loan Fund are made to commercial lending institutions claiming defaults on guaranteed loans. The revenues to pay these claims are received from the federal government and deposited in the Student Loan Fund as defaulted loans are submitted for reimbursement. In addition, ISSC deposits funds collected from students who have defaulted on their loans into the Student Loan Fund and returns a portion of these funds (net of administrative cost allowances) to the federal government. In effect, the Student Loan Fund operates as a revolving fund, totally financed with loan payments and federal revenues. The appropriation simply establishes a limit to disbursements from this fund during the fiscal year.

As provided by the federal Education Amendments of 1976, the federal government reimburses states for 100 percent of the value of defaulted loans provided that state loan programs do not exceed a statutory defined default rate. Table VI-3 displays the net percentage of matured loans defaulted in Illinois and several similar states. The net default rate represents the value of unpaid loans in default, less uncollectible loans through death, bankruptcy, or permanent disability, as a percentage of matured loan paper. The low net default

rate in Illinois is the result of strong collection efforts by the Illinois Guaranteed Loan Program. The maintenance of these efforts should assure that Illinois continues to qualify for 100 percent reimbursement of defaulted loans.

Table VI-8

NET DEFAULTS AS A PERCENT OF MATURED LOANS  
FISCAL YEAR 1980

Illinois	2.5%
Michigan	3.9
New Jersey	7.4
New York	2.4
Pennsylvania	7.1

Administration

A total of \$8,018,500 is recommended for the administration of the Illinois State Scholarship Commission programs during fiscal year 1982. This recommendation includes funds for a general nine percent salary increase calculated on 90 percent of the personal services base, and a 1.5 percent catch-up increase calculated on 90 percent of the base for Civil Service staff other than top administrators. An eight percent general price increase is recommended for other goods and services. In addition, \$115,300 in General Revenue Funds is recommended for new positions. These funds are provided for improving the forecasting of resource requirements and other agency operations. The total increase recommended from General Revenue Funds is \$278,000 or 15.1 percent above fiscal year 1981 projected expenditures. Appropriation

authority of \$5.9 million is also recommended for administrative cost allowances from the federal government for the operation of the Illinois Guaranteed Loan Program.

In addition to these recommendations, appropriation authority is recommended for two federal programs administered by the Illinois State Scholarship Commission, the State Student Financial Aid Training Program (SSFATP) and Educational Information Centers.

## VII. FINANCIAL ASSISTANCE TO PRIVATE INSTITUTIONS

The Board of Higher Education's policies and budget recommendations with regard to nonpublic institutions have sought to assure reasonable freedom of choice for students with financial need and to sustain the health and vitality of the nonpublic sector in Illinois. The objective of sustaining the health of nonpublic institutions is a means of preserving for future generations the diversity of educational opportunities available today to Illinois students.

The Monetary Award Program of the Illinois State Scholarship Commission is an important means of achieving reasonable freedom of choice. ISSC awards both diminish the barrier of cost to students with financial need who wish to attend a nonpublic college or university and help sustain the overall financial health of these institutions by making it possible for such students to enroll.

The Financial Assistance Act for Nonpublic Institutions of Higher Learning, passed in 1971, directly affirms the interest of the State in preserving a strong nonpublic sector. The grants authorized by this Act are provided on the basis of the full-time-equivalent enrollment of Illinois residents in undergraduate programs. Although relatively small in the context of their total educational revenues, these grants play an important role in sustaining the financial stability of nonpublic colleges and universities. Another direct grant program, authorized by the Health Services Education Grants Act, has enabled private institutions to participate in and contribute toward the State's efforts to increase the supply of health professionals in Illinois.

Table VII-1

FY1982 REQUESTS  
FINANCIAL ASSISTANCE TO PRIVATE INSTITUTIONS

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981 Projected Expenditures	FY1982 Requests	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
	FY1980	FY1981				
Illinois Financial Assistance Act for Nonpublic Institutions of Higher Learning	\$9,850.0	\$10,900.0	\$10,900.0	\$12,700.0	\$ 1,800.0	16.5%
tuition Equalization Program	-0-	-0-	0	6,000.0	6,000.0	-
Total	\$9,850.0	\$10,900.0	\$10,900.0	\$18,700.0	\$ 7,800.0	71.6%
Source of Appropriated funds						
General Revenue Fund	\$9,850.0	\$10,900.0	\$10,900.0	\$18,700.0	\$ 7,800.0	71.6%

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Table VII-2

FY1982 RECOMMENDATIONS  
FINANCIAL ASSISTANCE TO PRIVATE INSTITUTIONS

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Illinois Financial Assistance Act for Nonpublic Institutions of Higher Learning	\$10,900.0	\$10,900.0	\$12,700.0	\$12,000.0	\$1,100.0	10.1%
Tuition Equalization Program	-0-	-0-	6,000.0	0	0	-
Total	\$10,900.0	\$10,900.0	\$18,700.0	\$12,000.0	\$1,100.0	10.1%
Source of Appropriated Funds						
General Revenue Fund	\$10,900.0	\$10,900.0	\$18,700.0	\$12,000.0	\$1,100.0	10.1%

An additional vehicle for assisting nonpublic institutions, the Tuition Equalization Program, has been proposed by the Federation of Independent Illinois Colleges and Universities. This program's objective is to reduce the size of the "tuition gap," the difference between the tuition charged to Illinois residents in public and nonpublic institutions. As proposed for fiscal year 1982, the Tuition Equalization Program would provide grants of \$400 to all Illinois resident freshmen enrolling in nonpublic institutions. The request for fiscal year 1982 is \$6.0 million; when fully implemented the total cost of the program would be approximately \$24.0 million.

While the Master Plan of the Board of Higher Education and the actions of the Governor and General Assembly have clearly established the need for and desirability of State-funded assistance to nonpublic institutions, the implementation of the Tuition Equalization Program is not recommended. One reason for not recommending funds for this proposal is that it would be unwise to undertake a new program of this size in a year when financial resources are limited. Another is that the need for a major new program of State assistance to nonpublic institutions has not been fully demonstrated.

An in-depth review of the financial condition of private colleges and universities is currently underway. This review will include both an assessment of the financial needs of nonpublic colleges and universities and the desirability of additional programs of State support such as the Tuition Equalization Program.

A total of \$12.0 million is recommended for the Financial Assistance Act during fiscal year 1982. This amount will offset inflationary



cost increases of approximately 9.5 percent and provide a modest additional amount to support the efforts of private colleges and universities to achieve greater energy conservation. The recommended appropriation should provide funds for an average grant of approximately \$132 per weighted FTE student in fiscal year 1982.

The fiscal year 1982 requests for financial assistance to private institutions are presented on Table VII-1; the recommendations for fiscal year 1982 are presented on Table VII-2.

### VIII. HEALTH EDUCATION GRANTS

The Health Services Education Grants Act authorizes the appropriation of funds to the Board of Higher Education for allocation to private institutions offering educational programs for the health professions. In accordance with this Act, grants are based upon the number of Illinois residents enrolled in such programs. A report on grants awarded under this Act for fiscal years 1970-1980 is available from the Board of Higher Education office on request.

The Medical Services Practice Act authorizes the appropriation of funds to the Board of Higher Education for allocation to public and private medical schools to support one year of clinical training for American students who have graduated from foreign medical schools. As directed by the Act, preference is given to Illinois residents in the allocation of funds.

Requests and recommendations for funds for fiscal year 1982 are presented on Tables VIII-1 and VIII-2, respectively. A total of \$19.7 million is recommended for fiscal year 1982 grants under both Acts. This represents an increase of \$2.2 million over fiscal year 1981 General Revenue Fund appropriations. Of this amount, about \$1.0 million are the result of a 9.5 percent increase in grant amounts to offset the effects of inflation. The remainder of the increase is the result of projected growth in Illinois resident enrollments in some of the programs. Programs in which higher enrollments are projected are optometry, allied health, nursing, medical residencies, and the Fifth Pathway Program.

Table VIII-1  
 FY1982 REQUESTS  
 HEALTH EDUCATION GRANTS

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981	FY1982	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
	FY1980	FY1981	Projected Expenditures	Requests		
Health Services Education Grants Act	\$16,661.9	\$18,200.0	\$18,200.0	\$19,196.6	\$1,196.6	6.6%
Medicine	8,401.1	8,961.6	8,961.6	9,664.1	722.5	8.1
Dentistry	1,549.9	1,812.9	1,812.9	1,953.4	140.5	7.8
Optometry and Podiatry	614.8	679.7	679.7	809.3	129.6	19.1
Allied Health	1,266.3	1,367.3	1,367.3	1,576.2	208.9	15.3
Nursing	2,137.4	2,670.9	2,670.9	3,100.8	629.9	23.6
Residency Programs	1,593.1	1,728.3	1,728.3	2,092.8	364.5	21.1
Hospital Capital Grants*	999.3	999.3	999.3	0	(999.3)	
Medical Services Practice Act	300.0	323.4	323.4	355.8	32.4	10.0
Fifth Pathway	300.0	323.4	323.4	355.8	32.4	10.0
Total	\$16,991.9	\$18,523.4	\$18,523.4	\$19,752.4	\$1,229.0	6.6%
Source of Appropriated Funds						
General Revenue Fund	\$15,962.6	\$17,524.1	\$17,524.1	\$19,752.4	\$2,228.3	12.7%
Capital Development Bonds	999.3	999.3	999.3	0	(999.3)	

\* Includes appropriations from Capital Development Bond Funds for Hospital Capital Grants.

Table VIII-2

 FY1982 RECOMMENDATIONS  
 HEALTH EDUCATION GRANTS

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Health Services Education Grants Act	\$18,200.0	\$18,200.0	\$19,396.6	\$19,290.8	\$1,090.8	6.02
Medicine	8,941.6	8,941.6	9,664.1	9,593.3	651.7	7.3
Dentistry	1,812.9	1,812.9	1,953.4	2,012.5	199.6	11.0
Optometry and Podiatry	679.7	679.7	809.3	731.1	51.4	7.6
Allied Health	1,367.3	1,367.3	1,576.2	1,420.3	53.0	3.9
Nursing	2,670.9	2,670.9	1,100.8	3,299.2	628.3	23.5
Residency Programs	1,728.3	1,728.3	2,092.8	2,234.4	506.1	29.3
Hospital Capital Grants <sup>A</sup>	999.3	999.3	-0-	0	(999.3)	
Medical Services Practice Act	323.4	323.4	355.8	436.8	113.4	35.1
Fifth Pathway	323.4	323.4	355.8	436.8	113.4	35.1
Total	\$18,523.4	\$18,523.4	\$19,752.4	\$19,727.6	\$1,204.2	6.52
Source of Appropriated Funds					\$	
General Revenue Fund	\$17,524.1	\$17,524.1	\$19,752.4	\$19,727.6	\$2,203.5	12.67
Capital Development Bonds <sup>A</sup>	999.3	999.3	-0-	0	(999.3)	

<sup>A</sup> Includes re-appropriations from Capital Development Bond Funds for Hospital Capital Grants.

The fiscal year 1982 recommendations will support six programs in medicine, two in dentistry, one in optometry, one in podiatric medicine, 19 in allied health, four in masters level nursing, 14 in baccalaureate nursing and 22 in diploma nursing. In addition, the recommendations will support primary care residency programs in 13 private hospitals and clinics affiliated with public medical schools.

Also included in the fiscal year 1982 recommendations is a total of \$200,000 to support increased enrollments of minority Illinois residents in private medical schools. This recommendation is based upon the Board's Master Plan and the Board report "Status of Programs for Increasing Minorities in the Health Professions" (December, 1980).

## IX. HIGHER EDUCATION COOPERATION ACT

The Higher Education Cooperation Act (HECA) is designed to promote cooperative efforts within postsecondary education. Since 1972, more than \$20.0 million have been requested by institutions in support of interinstitutional cooperation. Over \$5.6 million have been appropriated by the State of Illinois for cooperative programs during this period.

For fiscal year 1982 a total of \$1,267,800 is recommended for Higher Education Cooperation Act programs. The requests for programs funded through HECA are presented on Table IX-1. Fiscal year 1982 recommendations for each component of the HECA program are presented on Table IX-2.

### Interinstitutional Grants

Interinstitutional cooperative programs are funded each year based on project proposals submitted to the Board of Higher Education. For fiscal year 1981 the proposals submitted totaled \$2.7 million, with grants awarded in the amount of \$600,000.

The Higher Education Cooperation Act outlines four primary goals for these grants. These goals are to:

- .. encourage interinstitutional cooperation;
- .. achieve an efficient use of educational resources;
- .. distribute education services equitably; and
- .. develop innovative concepts and applications.

The Act also requires that the Board of Higher Education "shall consider in relation to each program whether it serves the public purposes expressed in this Act, whether the local community is substantially involved, whether its function could be performed better by a single

Table IX-1  
 FY1982 REQUESTS  
 HIGHER EDUCATION COOPERATION ACT

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981	FY1982	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
	FY1980	FY1981	Projected Expenditures	Requests		
Interinstitutional Grants	\$ 550.0	\$ 600.0	\$ 600.0	\$1,500.0	\$900.0	150.0%
Quad Cities Graduate Studies Center	160.0	108.0	108.0	117.0	9.0	8.3
Library Sharing Project	500.0	350.0	350.0	350.0	0	-
Educational Television Grants	640.0	150.0	150.0	240.0	90.0	60.0
<b>Total</b>	<b>\$1,790.0</b>	<b>\$1,208.0</b>	<b>\$1,208.0</b>	<b>\$2,207.0</b>	<b>\$999.0</b>	<b>82.7%</b>
<b>Source of Appropriated Funds</b>						
General Revenue Fund	\$1,790.0	\$1,208.0	\$1,208.0	\$2,207.0	\$999.0	82.7%

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Table IX-2

FY1982 RECOMMENDATIONS  
HIGHER EDUCATION COOPERATION ACT

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Inter-Institutional Grants	\$ 600.0	\$ 600.0	\$1,500.0	\$ 800.0	\$200.0	33.3%
Quad Cities Graduate Studies Center	108.0	108.0	117.0	117.8	9.8	9.1
Library Sharing Project	150.0	150.0	150.0	150.0	-0-	-
Educational Television Grants	150.0	150.0	240.0	-0-	(150.0)	-
Total	\$1,208.0	\$1,208.0	\$2,207.0	\$1,267.8	\$ 59.8	5.0%
Source of Appropriated Funds						
General Revenue Fund	\$1,208.0	\$1,208.0	\$2,207.0	\$1,267.8	\$ 59.8	5.0%

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existing institution, whether the program is consistent with the Illinois Master Plan for Higher Education, and such other criteria as it determines to be appropriate."

Interinstitutional grants have supported several cooperative graduate instructional programs; planning and implementation of degree programs involving both public and private institutions; cooperative educational services to the elderly; and interinstitutional programs to improve instructional capabilities. A current priority, recruiting and preparing minorities for medical education, also has been supported through a cooperative program involving medical schools in Chicago, COMPRAND (a community group), and the Illinois Institute of Technology.

Interinstitutional grant funds in fiscal year 1982 will provide for:

1. Cooperative efforts designed to deliver instructional services and degree programs on a regional basis.
2. Cooperative efforts to improve instructional quality and to achieve better utilization of existing faculty.
3. Projects that involve the sharing of faculty or facilities among two or more institutions.

A total of \$800,000 is recommended for interinstitutional grants for fiscal year 1982.

#### Quad-Cities Graduate Study Center

The Quad-Cities Graduate Study Center is a cooperative effort involving the states of Illinois and Iowa and public and private institutions from both states. The Center arranges and schedules graduate level instruction on a regular basis, primarily for degree seeking

residents of the Quad-Cities metropolitan area. Illinois appropriations to the Center are matched by a similar grant from the State of Iowa.

For fiscal year 1982, \$117,800 are recommended for the Quad-Cities Graduate Study Center.

#### Library Resource Sharing Project

The Library Resource Sharing Project is designed to develop a means of sharing library resources among Illinois libraries and improving the management of library collections. The funds recommended for fiscal year 1982 will provide for the extension of the on-line circulation capabilities of the University of Illinois library computer system to additional Illinois colleges or universities. The net result of these grants will be enhanced resource sharing of library materials throughout the State. The initial step in the process requires conversion of shelf list records into machine readable form for storage on a computer at the University of Illinois.

For fiscal year 1982, \$350,000 are recommended for library sharing projects.

#### Educational Television

Funds for cooperative efforts to deliver instruction by educational television and other telecommunication technologies will be available on a competitive basis under the interinstitutional grants category of the Higher Education Cooperation Act. Therefore, separate funding is not included in these recommendations for the specific purpose of educational television.

## X. BOARD OF HIGHER EDUCATION

A total of \$2,432,000 is recommended for the Board of Higher Education in fiscal year 1982. This represents an increase of \$156,800 or 6.9 percent over estimated expenditures for fiscal year 1981.

The recommendation includes \$1,626,200 from the General Revenue Fund for the operation of the Board of Higher Education office. This recommendation includes funds for a base salary increase of nine percent plus an increment of one and one-half percent for Civil Service and professional employees below the Deputy Director level. All salary increases are calculated on 90 percent of the personal services base. Funds for a general price increase of 8.0 percent are also recommended.

The recommendation also includes funds for two federally supported programs that will continue in fiscal year 1982, pending final action on federal appropriations. The projected increase for these programs is based upon the cost and salary increases recommended for office operations.

The fiscal year 1982 requests and the recommendations for the Board of Higher Education are summarized on Tables X-1 and X-2

Table X 1  
 FY1982 REQUESTS  
 BOARD OF HIGHER EDUCATION

(In thousands of dollars)

Resource Requirement	Appropriations		FY1981 Projected Expenditures	FY1982 Requests	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
	FY1980	FY1981				
Office Operations	\$1,390.0	\$1,493.5	\$1,493.5	\$1,644.1	\$150.6	10.12
Federal Programs	1,044.6	781.7	781.7	867.7	65.7	8.4
Total	\$2,434.6	\$2,275.2	\$2,275.2	\$2,491.5	\$216.3	9.52
Source of Appropriated Funds						
General Revenue Fund	\$1,390.0	\$1,493.5	\$1,493.5	\$1,644.1	\$150.6	10.12
Federal Comprehensive Planning Funds	175.0	169.0	150.0	173.4	13.4	8.4
Federal Title I Funds	801.6	580.0	580.0	628.7	48.7	8.4
Federal Title VI A and VII A Funds	18.0	0	0	0	0	
Federal HIS Capacity/ Bonding Funds	50.0	41.7	41.7	55.1	13.6	8.6

Table X 2

 FY1982 RECOMMENDATIONS  
 BOARD OF HIGHER EDUCATION

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Office Operations	\$1,491.5	\$1,491.5	\$1,666.1	\$1,626.2	\$132.7	8.9%
Federal Programs	781.7	781.7	847.4	805.8	24.1	3.1
Total	\$2,273.2	\$2,273.2	\$2,491.5	\$2,432.0	156.8	6.9%
Source of Appropriated Funds						
General Revenue Fund	\$1,491.5	\$1,491.5	\$1,666.1	\$1,626.2	\$132.7	8.9%
Federal Comprehensive Planning Funds	160.0	160.0	173.4	174.2	13.2	8.9
Federal Title I Funds	580.0	580.0	628.7	611.6	51.6	8.9
Federal Title VI A and VII A Funds	0	0	0	0	0	
Federal MIS Capacity Building Funds	51.7	51.7	65.3	0	(51.7)	

## XI. RETIREMENT

The need to provide more adequate funding for the State retirement systems is a recurring budgetary issue. The continuing growth of the unfunded accrued liabilities in these systems is a basis for concern regarding the ability of the State to pay for the retirement benefits earned by State employees in the future.

The importance of this issue has been reflected in budget recommendations by the Board of Higher Education and appropriations approved by the General Assembly and the Governor. In fiscal year 1979 the General Assembly approved appropriations for the State Universities Retirement System at the gross benefit payout level rather than the net benefit payout level which had been utilized in prior years. This method provided, for the first time in several years, funds which could be invested to cover the cost of future benefits. As a result, the ratio of assets to total accrued liabilities has stabilized in recent years.

The current status of the various retirement systems is summarized on Table XI-1. Between fiscal years 1976 and 1979, the total unfunded accrued liabilities of the State's pension systems increased from \$3.3 billion to \$4.1 billion. During this period the ratio of assets to total liabilities increased slightly from 44.4 percent to 49.0 percent. The State Universities Retirement System accounts for \$349.7 million of the total unfunded accrued liabilities. The ratio of assets to liabilities for the State Universities Retirement System also improved during this period, increasing from 46.7 percent to 50.2 percent.

Table XI-1

COMPARISON OF ASSETS AND LIABILITIES FOR  
STATE PENSION SYSTEMS

	1976		1977		1978		1979	
	Unfunded Pension Liabilities	Ratio Assets to Total Liabilities	Unfunded Pension Liabilities	Ratio Assets to Total Liabilities	Unfunded Pension Liabilities	Ratio Assets to Total Liabilities	Unfunded Pension Liabilities	Ratio Assets to Total Liabilities
State Employees	\$ 122,926.0	44.58%	\$ 129,084.5	45.49%	\$ 812,119.8	47.34%	\$ 786,964.2	51.71%
Downstate Teachers	1,838,078.9	43.87	1,875,912.2	46.68	2,036,911.8	48.22	2,327,062.4	48.27
State Universities	658,772.1	46.72	730,570.4	47.37	792,374.1	48.56	849,722.4	50.21
General Assembly	9,436.1	51.97	10,895.1	49.01	11,076.7	49.98	14,844.4	44.76
Other	76,892.6	30.52	91,614.2	29.60	100,567.0	30.42	111,733.0	31.77
Total State Pension Systems	\$3,405,803.9	44.40%	\$3,488,096.4	46.23%	\$3,751,069.4	47.75%	\$4,096,126.4	49.06%

Source: Bureau of the Budget

Table XI-1 summarizes the State Universities Retirement System estimate of fiscal year 1982 appropriations required for retirement under four alternative funding plans. Each of these funding levels is summarized below.

- .. Estimated Gross Payout is an estimate of the annual gross benefit payments made by SURS. The estimate includes both the employee and employer share of the pension payments to employees who have retired. Since a portion of retirement benefits are paid from funds contributed by employees, this funding level does provide a small sum which can be invested for future benefits.
- .. Pension Laws Commission Plan is a plan for gradually increasing the annual appropriation for retirement to the minimum required by statute. The formula recommended by the Pension Laws Commission adds a percentage increment each year to the estimated gross payout requirement. The estimated requirement shown on Table XI-1 was computed using a one percent increment based on the suggestion of the State Universities Retirement System. A smaller or larger rate could be used to achieve the basic objective of the Pension Laws Commission.
- .. Estimated Normal Cost is an annual estimate of the cost of providing future pension benefits for active employees. If the normal cost funding approach had been used from the date the retirement program was begun, the program would theoretically be fully funded. Currently, the universities



Table XI-2

FY1982 REQUESTS  
STATE UNIVERSITIES RETIREMENT SYSTEM

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981 Projected Expenditures	Estimated Gross Payout	FY1982 Requirements		Illinois Statutory Requirement <sup>A</sup>
	FY1980	FY1981			Pension Laws Contribution Plan	Estimated Normal Cost	
Board of Governors	\$ 6,508.3	\$ 7,203.6	\$ 7,203.6	\$ 7,389.7	\$ 8,353.3	\$ 12,199.9	\$ 18,000.9
Chicago State University	713.8	745.2	745.2	654.3	989.8	1,719.8	2,537.6
Eastern Illinois University	2,093.8	2,249.6	2,249.6	2,664.7	2,901.6	2,998.8	4,524.7
Governors State University	49.7	425.4	425.4	381.2	478.7	1,234.0	1,820.8
Northwestern Illinois University	935.2	1,034.4	1,034.4	926.1	1,107.4	2,295.8	3,387.4
Western Illinois University	2,279.4	2,640.4	2,640.6	2,660.0	2,763.3	3,840.3	5,666.4
Central Office <sup>AA</sup>	89.5	108.4	108.4	103.7	112.5	111.2	164.0
Board of Regents	8,282.8	9,169.7	9,169.7	10,389.5	11,519.3	14,301.5	21,102.9
Illinois State University	4,044.9	4,514.0	4,414.0	4,925.6	5,393.4	5,971.8	8,717.7
Northern Illinois University	1,880.5	4,305.0	4,304.0	5,064.5	5,640.3	7,163.5	10,569.9
Southern State University	332.1	426.0	426.0	381.7	475.2	1,157.8	1,708.3
Central Office	25.3	25.7	25.7	15.6	20.2	58.4	86.1
Southern Illinois University	7,205.2	7,906.9	7,906.9	9,105.3	10,190.7	13,740.9	20,274.5
University of Illinois	30,910.6	34,148.1	34,148.1	38,665.6	41,990.3	42,088.2	62,101.7
Total	\$52,906.9	\$58,428.3	\$58,428.3	\$65,550.0	\$72,055.2	\$ 82,130.5	\$121,479.5
Community Colleges	7,084.7	7,510.2	7,510.2	9,852.4	12,118.3	28,940.1	37,201.6
Central to Local Districts Operations	7,029.5	7,447.5	7,447.5	9,788.4	12,067.7	28,856.0	32,577.5
	55.2	62.7	62.7	64.0	50.6	84.1	124.1
Board of Higher Education	50.6	55.6	55.6	47.3	58.5	151.0	208.0
Grand Total	\$60,052.2	\$65,994.1	\$65,994.1	\$75,459.7	\$84,259.9	\$111,411.6	\$165,489.1
Source of Appropriated Funds							
General Revenue Fund	\$59,910.7	\$65,749.7	\$65,749.7	\$75,177.2	\$83,959.4	\$111,179.6	\$165,056.8
Agricultural Premium Fund	131.5	222.4	222.4	237.3	25.7	202.0	298.1
Education Fund	0	22.5	22.5	35.2	37.6	30.0	54.2

<sup>A</sup> The Illinois statutory requirement is based upon 18.68% of earnings.<sup>AA</sup> Requirements for Cooperative Computer Center are included with Board of Governors Central Office.

Table XI-1

 FY1981 RECOMMENDATIONS  
 STATE UNIVERSITY RETIREMENT SYSTEM

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Board of Governors	\$ 7,203.6	\$7,203.6	\$ 7,389.7	\$ 7,389.7	\$ 186.1	2.62
Chicago State University	75.2	75.2	854.0	854.0	108.8	14.6
Eastern Illinois University	2,249.6	2,249.6	2,664.7	2,664.7	415.1	18.5
Governors State University	525.4	525.4	381.2	381.2	(144.2)	(10.4)
Northwestern Illinois University	1,034.4	1,034.4	926.1	926.1	(108.3)	(10.5)
Western Illinois University	2,656.6	2,656.6	2,460.0	2,460.0	(186.6)	(6.8)
Central Office*	108.4	108.4	103.7	103.7	(4.7)	(4.3)
Board of Regents	9,169.7	9,169.7	10,389.4	10,389.4	1,219.7	13.3
Illinois State University	4,414.0	4,414.0	4,925.6	4,925.6	511.6	11.6
Southern Illinois University	4,104.0	4,104.0	5,064.5	5,064.5	960.5	23.4
Springfield State University	426.0	426.0	383.7	383.7	(42.3)	(9.9)
Central Office	25.7	25.7	15.6	15.6	(10.1)	(39.3)
Southern Illinois University	7,906.9	7,906.9	9,405.3	9,405.3	1,498.4	19.2
University of Illinois	34,148.1	34,148.1	38,665.6	38,665.6	4,517.5	13.2
Total	\$58,428.3	\$58,428.3	\$65,550.0	\$65,550.0	\$7,121.7	12.2
Community Colleges	7,510.2	7,510.2	9,852.4	9,852.4	2,342.2	31.2
Grants to Local Districts Operations	7,447.5	7,447.5	9,788.4	9,718.4	2,340.9	31.3
	62.7	62.7	64.0	64.0	1.3	2.1
Board of Higher Education	55.6	55.6	47.3	47.3	(8.3)	(14.9)
Grand total	\$65,994.1	\$65,994.1	\$75,449.7	\$75,449.7	\$9,455.6	14.3
Source of Appropriated Funds						
General Revenue Fund	\$65,749.2	\$65,749.2	\$75,177.2	\$75,177.2	\$9,428.0	14.3
Agricultural Premium Fund	22.5	22.5	217.3	217.3	194.8	8.7
Fine Prevention	22.5	22.5	15.2	15.2	(7.3)	(32.5)

\* Requirements for Competitive Computer Center are included with Board of Governors Central Office

contribute at the normal cost rate for employees on payrolls from external grants and contracts. The estimated normal cost rate for fiscal year 1981 is 12.66 percent of the payroll for employees participating in SURS.

- .. Minimum Statutory Payment is the amount required by legislation passed in 1967. Under this method of financing the retirement program, the employer would contribute an amount to cover the normal cost plus interest on the unfunded accrued liability. This funding approach would have the effect of stabilizing the growth in the unfunded accrued liabilities for the retirement program, but it has never been financed.

The fiscal year 1982 recommendation of \$75,449,700 reflects the gross benefit payout level as estimated by the State Universities Retirement System. This represents an increase of \$9.5 million or 14.3 percent over fiscal year 1981 appropriations. In prior years, the Board of Higher Education has recommended a funding level based on the Pension Laws Commission Plan. As noted above, however, the increase in unfunded accrued liabilities is not a problem which is unique to the State Universities Retirement System. Thus, the financial stability of each State retirement system ultimately depends on the implementation of a comprehensive funding plan for all of the systems.

Given the State's current fiscal difficulties and the limited resources available to address other critical needs in higher education, the fiscal year 1982 budget recommendations are based on the State Universities Retirement System estimate of appropriations required to meet

gross benefit payout requirements. It is strongly recommended, however, that the General Assembly and the Governor continue efforts to implement a comprehensive funding plan that will stabilize the growth of unfunded accrued liabilities in all State retirement systems.

Fiscal year 1982 recommendations for the State Universities Retirement System are presented on Table XI-3.

## XII. ILLINOIS BUILDING AUTHORITY RENTALS

In 1961, the State of Illinois created the Illinois Building Authority and authorized it to issue revenue bonds for the purpose of financing the construction of capital facilities. In 1972, the Capital Development Bond Act became law, and under its authority, the State of Illinois now finances its capital facilities by issuing general obligation bonds rather than revenue bonds through the Illinois Building Authority. Consequently, no new capital facilities have been funded through the Illinois Building Authority since fiscal year 1973.

The Illinois Building Authority method of financing capital facilities requires agencies and institutions operating these facilities to make annual rental payments to cover the interest and principal costs for the life of the revenue bonds. General Revenue Funds are appropriated annually for this purpose. When the revenue bonds have been fully retired, the annual rental payments will no longer be required.

The Illinois Building Authority has indicated that rental requirements will be \$32,258,300 in fiscal year 1982, as displayed on Table XII-1. Of the total rental requirements, \$151,900 are financed through the Universities Income Fund. This is due to an annual federal interest subsidy received by Illinois State University and Northern Illinois University. This annual subsidy is deposited into the Universities Income Fund and appropriated for the annual rental payment.

As IBA revenue bonds are retired, the need for General Revenue Funds for rental payments decreases. A decrease of \$1.4 million in rental payments will occur in fiscal year 1982. The fiscal year 1982

Table XII-1

FY1982 REQUESTS  
ILLINOIS BUILDING AUTHORITY REFITALS

(In thousands of dollars)

Resource Requirements	Appropriations		FY1981 Projected Expenditures	FY1982 Requests	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
	FY1980	FY1981				
Board of Governors	\$ 7,279.9	\$ 7,279.9	\$ 7,279.9	\$ 6,820.2	\$ (459.7)	(6.3)%
Board of Regents	2,943.2	2,943.2	2,943.2	2,521.9	(419.3)	(14.2)
Southern Illinois University	3,352.8	2,425.1	2,425.1	2,267.9	(177.2)	(7.3)
University of Illinois	8,404.9	8,404.9	8,404.9	8,059.2	(345.7)	(4.1)
Community Colleges	12,607.1	12,607.1	12,607.1	12,607.1	-0-	
Rental Requirement	14,587.9	13,660.2	13,660.2	12,258.1	(1,401.9)	(4.2)
Space Renovation and Renovation	0	0-	-0-	1,401.9	1,401.9	
Total	\$16,587.9	\$11,660.2	\$11,660.2	\$11,660.2	\$ -0-	
Source of Appropriated Funds						
General Revenue Fund	\$16,436.0	\$11,508.1	\$11,508.1	\$11,508.1	0	
Unverifies Income Fund	151.9	151.9	151.9	151.9	0	

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Table XII-2

 FY1982 RECOMMENDATIONS  
 ILLINOIS BUILDING AUTHORITY BUDGETS

(In thousands of dollars)

Resource Requirements	FY1981 Appropriations	FY1981 Projected Expenditures	FY1982 Requests	FY1982 Recommendations	Dollar Increase Over Projected Expenditures	Percent Increase Over Projected Expenditures
Board of Governors	\$ 7,279.9	\$ 7,279.9	\$ 6,820.2	\$ 6,820.2	\$ (459.7)	(6.3)%
Board of Regents	2,943.2	2,943.2	2,523.9	2,523.9	(419.3)	(14.2)
Southern Illinois University	2,425.1	2,425.1	2,247.9	2,247.9	(177.2)	(7.3)
University of Illinois	8,404.9	8,404.9	8,059.2	8,059.2	(345.7)	(4.1)
Community Colleges	12,607.1	12,607.1	12,607.1	12,607.1	0	
Rental Requirements	33,660.2	33,660.2	32,258.3	32,258.3	(1,401.9)	(4.2)
Space Renovation and Renovation	0	0	1,401.9	1,401.9	1,401.9	-
Total	\$13,660.2	\$13,660.2	\$13,660.2	\$13,660.2	0	-
Sources of Appropriated Funds:						
General Revenue Fund	\$11,508.3	\$11,508.3	\$11,508.3	\$11,508.3	0	
Universities Income Fund	151.9	151.9	151.9	151.9	0	

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Table XII-3

RECOMMENDED INSTITUTIONAL ALLOCATION OF FUNDS  
FOR SPACE REMODELING AND RENOVATION\*  
FISCAL YEAR 1982  
(dollars in thousands)

<u>Board of Governors</u>	\$ <u>157.4</u>
Eastern Illinois University	55.7
Northeastern Illinois University	24.1
Western Illinois University	77.6
<u>Board of Regents</u>	<u>197.7</u>
Illinois State University	92.0
Northern Illinois University	105.7
<u>Southern Illinois University</u>	<u>210.6</u>
Carbondale	145.0
Edwardsville	65.6
<u>University of Illinois</u>	<u>664.9</u>
Chicago Circle	231.0
Medical Center	140.0
Urbana/Champaign	293.9
Subtotal, Public Universities	<u>1,230.6</u>
<u>Community Colleges</u>	<u>171.3</u>
Total	<u>\$1,401.9</u>

\* These General Revenue Funds are not included in the institutional recommendations for operations and grants.



recommendation includes the reallocation of these funds for minor renovation and remodeling projects in older facilities on public campuses. These resources will help extend the useful life of such facilities and avoid the need for new construction.

These remodeling funds could also be a source of General Revenue Funds for energy conservation projects as recommended in the capital improvements budget. The importance of controlling soaring utilities costs has made such projects a high priority for the 1980's.

The recommended funding for LBA rentals and space remodeling and renovation is presented on Table XII-2. The recommended distribution of funds for space remodeling and renovation is presented on Table XII-3. The distribution is based on the amount of nonresidential assignable square feet (NASF) of on-campus space constructed before 1971. The total nonresidential NASF was reduced by the space used for auxiliary enterprise operations and remodeled space. No allocations were made to Chicago State University, Governors State University and Sangamon State University because most of the space on these campuses has been constructed since 1971.

APPENDIX A

PROGRAM AND OTHER SUPPORT FOR PUBLIC UNIVERSITIES

This appendix describes the program and other support recommendations for all public university campuses. In addition to the recommendations described in this appendix, specific budget recommendations have been made to support fire protection services at campuses where such services are purchased from a municipality. These recommendations are explained in Chapter IV.

BOARD OF GOVERNORS

Chicago State University

Chicago State University has given priority to the development of its health professions education programs, and budget support has been provided for nursing and allied health over the past several years. The 1982 recommendations continue to include support for health professions education in order to assist these programs in achieving accreditation, to respond to rapidly expanding enrollment in these developing programs, and to support a new baccalaureate program in Occupational Therapy that was approved by the Board of Higher Education in December, 1980.

Eastern Illinois University

Budget support for Eastern Illinois University over the past several years has focused on maintaining the quality and recognition of its core academic programs in the arts and sciences. In addition, support has been provided to address funding deficiencies shown in the Board of Higher Education's instructional cost analysis. The fiscal year 1982 budget recommendations continue to emphasize these priorities by addressing the need to replace obsolete academic equipment, and by supporting the University's efforts to strengthen and, where indicated, re-orient faculty expertise through its faculty development program. Funds are also recommended to achieve more adequate staffing in Eastern Illinois University's business program.

Governors State University

Fiscal year 1982 budget recommendations for Governors State University support the University's efforts to upgrade and replace obsolete equipment in its science and information processing programs. These recommendations will permit students to use up-to-date equipment in their field. Fiscal year 1982 funds will also provide additional faculty for the masters program in Health Services Administration and for the development of a new option in Mental Health Administration.

Northeastern Illinois University

Northeastern Illinois University has placed priority on strengthening undergraduate education in high demand, job-entry programs such as business and management and information sciences. This year's recommendations will provide funds for programs which have been inadequately funded in the past and will extend the range of programs accessible to the growing evening clientele served by the University. Fiscal year 1982 funds will also allow the University to continue a highly successful and innovative project for Chicago

area teachers, which has been supported over the past three years through a federal grant. During fiscal year 1981 alone, over 800 Chicago area teachers have participated in workshops, seminars and other activities sponsored by the University.

In addition, support for a masters level program in music, which was approved by the Board of Higher Education in December, 1980, has been provided under this year's budget recommendations. Also included are funds with which to replace the University's obsolete telephne system.

#### Western Illinois University

The budget recommendations for Western Illinois University seek to strengthen the University's business program and to provide for the replacement of obsolete equipment in micro-electronics. The fiscal year 1982 recommendations will further the University's progress in achieving accreditation in business at the graduate level, an objective consistent with the policy recommendations approved by the Board of Higher Education in May, 1980. The funds recommended will help improve the University's competitive standing as it seeks to attract additional business faculty, and to increase the number of faculty who hold the doctorate. Fiscal year 1982 funds for modernizing home economics equipment will aid the institution in its efforts to provide instruction utilizing the up-to-date techniques and procedures.

In addition, funds are recommended for building repair and maintenance, which will enable the University to undertake deferred maintenance projects necessary to avoid the deterioration of campus facilities.

#### BOARD OF REGENTS

#### Illinois State University

The budget recommendations for Illinois State University place priority on the improvement of undergraduate instruction and the correction of deficiencies in the operation and maintenance of the University's physical plant. For the past four fiscal years, Illinois State University has received resources for the improvement of undergraduate instruction which have allowed the University partially to address deficiencies shown in the Board of Higher Education's cost analyses. . fiscal year 1982 additional resources are recommended in order to improve undergraduate instruction.

### Northern Illinois University

The budget recommendations for Northern Illinois University place priority on the support of high student demand programs in computer science and home economics. These recommendations also provide for the replacement of equipment necessary to support academic programs and for the computerization of the University's financial aids system. Funds are also recommended for the completion of Wirtz Hall.

The B.S. and M.S. programs in computer science have achieved regional and national recognition which has contributed to increased student demand for these programs. Recommended resources will enable the University to meet the present enrollment demands of majors and to respond to the need for computer science instruction in other University programs. Resources recommended for home economics will enable the University to complete a reorganization of the curriculum and increase the quality and number of course offerings necessary to meet student demand.

### Sangamon State University

The budget recommendations for Sangamon State University place priority on faculty development and the organization of an upper division core curriculum. Recommended resources would enable the University to institute a campus-wide program of faculty and staff development designed to re-orient and re-train faculty for utilization in areas of greatest student demand. Recommended resources would also enable the University to plan, develop, and implement a general education core curriculum at the upper division level. Fiscal year 1982 budget recommendations also respond to a need to replace obsolete academic equipment at Sangamon State University.

### SOUTHERN ILLINOIS UNIVERSITY

#### Southern Illinois University-Carbondale

The budget recommendations for Southern Illinois University-Carbondale include support to expand computer science offerings in order to keep pace with the escalating demand for undergraduate courses in this area. Resources are also recommended for engineering and technology to ensure that programs will be re-accredited and to advance energy research related to the development and economic assessment of the Ethacoal process. Support for the law school is recommended to implement the planned expansion of the law program, which coincides with the completion of the new law school building. In the health fields, support is recommended for the educational component of the family practice residency programs and for the School of Technical Careers to launch new associate degree

programs in radiologic technology and respiratory therapy technology. Funds to restore purchasing power (related to support costs in academic units) and to upgrade equipment are recommended to improve the University's instructional and research programs.

#### Southern Illinois University-Edwardsville

The budget recommendations for Southern Illinois University-Edwardsville include support for continued development of recently approved programs in construction, engineering, and public administration. Support is also recommended for engineering and technology to help achieve and maintain accreditation. Funds recommended for the School of Nursing are to implement an off-campus baccalaureate program in the Carbondale area in response to the statewide plan for nursing education approved by the Board of Higher Education in May, 1980. Support is also recommended to address student deficiencies in communications and math skills as part of the University's special assistance program. Finally, funds are recommended to strengthen library collections related to professional programs in nursing, dentistry, and engineering.

#### UNIVERSITY OF ILLINOIS

##### University of Illinois-Chicago Circle

Support has been provided over the past several years so that the University of Illinois-Chicago Circle could develop its Extended Day program. The fiscal year 1982 budget recommendations provide for the continued expansion of Extended Day including the opening of additional instructional facilities during evening and weekend hours. Funds are also provided to upgrade instructional and research equipment and to address deferred physical plant maintenance problems. Funds generated from tuition increases exceeding ten percent have been allocated to increase the stipends received by graduate students with fellowships. These stipends have not been increased for some time.

##### University of Illinois-Medical Center

Recommendations for the Medical Center campus will provide funds for a new nursing program in the Quad Cities and a third year of support for expansion of the entering class size in medicine from 342 to 348. Funds are also recommended to complete the expansion of dental school enrollments to meet federal grant requirements. The recommendations also will continue the replacement of federal funds which in the past were used to finance the state plan for the expansion of programs in medicine and dentistry. Also addressed in these recommendations is support for replacement of obsolete and defective equipment.

### University of Illinois-Urbana/Champaign

At the University of Illinois Urbana/Champaign campus, shifts in student demand have occurred over the past several years as more students seek careers in various professional fields. To address student demand and to continue to provide quality instruction, funds are recommended for the Colleges of Veterinary Medicine, Engineering, Commerce and Business Administration, the School of Chemical Sciences, and the Department of Mathematics. A research and service effort of the College of Engineering directed toward assisting Illinois industries will be undertaken with support provided in these recommendations. In addition, resources are recommended to improve the student-to-faculty ratio in the College of Law and to develop curricular linkages between law and other disciplines. Budget recommendations are also included to help replace obsolete research and instructional equipment, address physical plant operations and maintenance deficiencies, and increase stipends for graduate students to a level necessary to continue to attract exceptional students.

In addition to these recommendations, resources from the Agricultural Premium Fund are recommended for County Board Matching Funds and the expansion of the Telenet System used to provide services to county extension offices through the Cooperative Extension Service.

### University of Illinois-General University

Funds are recommended to upgrade computer hardware required for the expansion of the Library Computer System (LCS). The University of Illinois administers the central computer facility that supports the library resource sharing network of public and private colleges and universities in the State. As in fiscal year 1981, funds are required to meet an increase in Worker's Compensation claims and to expand the training provided through the Fire Services Institute. The programs of the Fire Services Institute are supported by revenues from the Fire Prevention Fund. These recommendations also provide support to expand the effort of the University of Illinois in making faculty and staff expertise available to address problem-solving and research needs of State government.

## APPENDIX B

### TUITION IN ILLINOIS PUBLIC UNIVERSITIES

The level of tuition charged to students attending public universities in Illinois is an important public policy issue. Decisions regarding the tuition charges at public universities have important implications both for the quality of the instructional programs universities are able to provide and for student access to higher education. Like many public policy issues, the most desirable tuition policy is likely to reflect a balance between a number of goals or assumptions which if carried to an extreme may be in conflict.

The following goals and premises are relevant in the consideration of tuition policies:

1. The revenues available for higher education should be adequate to support high quality instructional programs.
2. Since both the individual student and the public share in the benefits of higher education, the cost should be shared by both.
3. While tuition charges should not be permitted to bar access to higher education for students who cannot afford to pay them, tuition policies and student financial aid decisions must be made in the context of other priorities for higher education and the State.
4. Tuition charges, particularly at public institutions, should be low enough to encourage participation in higher education by students who can afford to pay for their education.



The tuition policies established by Illinois public universities represent an effort to balance these goals and premises. In an effort to address these issues and to provide a framework for tuition decisions, the Board of Higher Education has adopted a number of policy statements.

First, the Board has recommended that the level of tuition charged in fiscal year 1980 by Illinois public universities be considered the standard for future years. The Board has also recommended that the level of tuition charged in years following fiscal year 1980 should be based on the current level adjusted for changes in costs based on relevant economic indicators including the Higher Education Price Index. The most recent publication of the Higher Education Price Index is summarized on Table 1. In fiscal year 1980 higher education institutions experienced cost increases of 9.9 percent.

The Board of Higher Education has also recommended that tuition rates for Illinois residents should not exceed one-third of instructional costs in the respective university systems. The most recent annual unit cost study is the basis for determining instructional costs. Table 2 shows the relationship between instructional costs and tuition rates since fiscal year 1974. This table indicates that except for fiscal year 1979, the proportion of undergraduate instructional costs supported by tuition has declined steadily since fiscal year 1974. The proportion of undergraduate instructional costs supported by tuition declined slightly in fiscal year 1980 despite the tuition increases approved that year.

The policy statements adopted by the Board also provide that whenever undergraduate tuition in public universities is increased, the appropriation for the Illinois State Scholarship Commission monetary

Table B-1  
 HIGHER EDUCATION PRICE INDEX  
 FISCAL YEARS 1971-1980\*

<u>Fiscal Year</u>	<u>Higher Education Price Index</u>	<u>Annual Percentage Increase Over Previous Year</u>
1971	128.6	6.4
1972	135.8	5.6
1973	143.0	5.3
1974	153.1	7.1
1975	166.2	8.6
1976	177.2	6.6
1977	188.7	6.5
1978	201.3	6.7
1979	216.9	7.7
1980	238.3	9.9

\* 1967 = 100

Table B 2

## RELATIONSHIP OF TUITION RATES TO UNDERGRADUATE INSTRUCTIONAL COSTS\*

	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981 Tuition Compared to FY1980 Costs	Recommended FY1982 Tuition Compared to FY1980 Costs
<b>Board of Governors</b>									
Undergraduate Instructional Costs	\$1,514	\$1,610	\$1,724	\$1,861	\$1,981	\$2,166	\$2,576	\$2,576	\$2,576
Undergraduate Tuition Rates Charged	420	420	420	420	510	510	558	606	667
Tuition as Percent of Undergraduate Instructional Costs	27.7%	25.8%	24.4%	22.5%	25.7%	23.6%	21.7%	23.5%	25.9%
<b>Board of Regents</b>									
Undergraduate Instructional Costs	1,500	1,588	1,651	1,723	1,829	2,169	2,408	2,408	2,408
Undergraduate Tuition Rates Charged	404	404	404	404	500	500	548	596	656
Tuition as Percent of Undergraduate Instructional Costs	26.9%	25.4%	24.5%	23.5%	27.3%	23.1%	22.8%	24.8%	27.2%
<b>Southern Illinois University</b>									
Undergraduate Instructional Costs	1,733	1,676	1,637	1,780	2,004	2,323	2,674	2,674	2,674
Undergraduate Tuition Rates Charged	429	499	429	429	522	522	571	619	681
Tuition as Percent of Undergraduate Instructional Costs	24.8%	29.6%	26.2%	24.1%	26.0%	22.5%	21.4%	23.1%	25.5%
<b>University of Illinois</b>									
Undergraduate Instructional Costs	1,639	1,786	1,818	2,012	2,113	2,284	2,583	2,583	2,583
Undergraduate Tuition Rates Charged	496	496	496	496	586	586	634	682	773
Tuition as Percent of Undergraduate Instructional Costs	30.3%	27.8%	27.0%	24.7%	27.7%	25.7%	24.5%	26.4%	29.9%

\* Undergraduate instructional costs were calculated from the annual university cost study reports. Governors State and Sangamon State Universities are excluded from the calculation of undergraduate instructional costs for FY1974 through FY1978.

awards should be increased by the amount necessary to offset the effect of tuition increases on students with financial need. This policy reflects the importance of assuring equal access to higher education regardless of the student's ability to pay.

#### Fiscal Year 1982 Tuition Recommendations

The fiscal year 1982 budget recommendations for public universities include a tuition increase of 10 percent. This recommendation is based on the policy recommendations adopted by the Board of Higher Education. In addition, the action of the University of Illinois which provided somewhat larger increases for students enrolled in high cost programs is recognized in the budget recommendations. The budget recommendations also include funds to offset the effect of these tuition increases on students with financial need.

The recommended tuition increases will provide an additional \$12.0 million in resources for higher education. These resources are essential if other priorities and needs are to be met.

The tuition rates recommended for fiscal year 1982 represent between 25.5 percent and 31.1 percent of fiscal year 1980 instructional costs. These fiscal year 1982 tuition rates, however, will represent a lower percentage of fiscal year 1980 instructional costs due to inflation in fiscal years 1981 and 1982.