FISCAL YEAR 2016
AND
FISCAL YEAR 2017
BUDGET

STATE OF ILLINOIS
AND THE
ILLINOIS COMMUNITY COLLEGE SYSTEM

CFO Conference
October, 2016
REVENUES VS. EXPENDITURES

$0.000
$10.000
$20.000
$30.000
$40.000

Expenditures
Revenues

FY2016 is estimated spending. FY2017 is estimated spending and revenues.

Source: Commission on Government Forecasting and Accountability (CGFA)
REVENUES GENERATED FROM HIGHER INCOME TAX RATES

½ year transition to higher tax, Jan/2011
Personal 3% to 5%
Corporate 4.8% to 7%

½ year transition to higher tax, Jan/2015
Personal 5% to 3.75%
Corporate 7% to 5.25%

*2017 is estimated

Source: Commission on Government Forecasting and Accountability (CGFA)
BACKLOG OF UNPAID BILLS

As of October 11, 2016:

$8,770,834,703.16

100,234 BACKLOGGED BILLS

Source: Illinois Office of the Comptroller
ESTIMATED FY 2017 GENERAL FUNDS (GRF) BY SOURCE

Estimated Total General Funds Revenues: $29.7 Billion
Sweeps refunds and other miscellaneous revenue = $31.8 Billion

Source: Commission on Government Forecasting and Accountability
FY 2017 STATE GENERAL FUNDS BY MAJOR PURPOSE

Total GRF = $29.766 B

- Education - 46%
- Human Services - 40%
- Government Services
- Quality of Life
- Public Safety & Regulation
- Economic Development

Source: Commission on Government Forecasting and Accountability (CGFA)
What is Being Spent
- $6,984.3 Pensions Payments
- $113.0 Health Insurance Subsidies
- $2,370.0 Debt Service
- $2,473.0 Transfers to Local Governments
- $8,173.0 Medicaid
- $427.0 DCFS Services
- $3,558.0 Human Service Programs Tied to Consent Decrees
- $701.0 Human Services Appropriation
- $3,104.9 State Employee Salaries - GRF
- $7,474.2 K-12 Funding
- $1,000.0 Higher Ed
- $275.0 Budget Stabilization for Operations

What is Left to Spend
- $1,810.0 Group Insurance
- $947.7 Higher Ed
- $167.4 Other State Programs /Grants

FY2017 Budget Outlook ($ in millions)

HOW WE’VE STARTED FY2017

FY2017 COGFA Revenue Estimate: $31.8 B

Sources: FY2016 Budget Book-Governor’s Office of Management and Budget
Commission on Governmental Forecasting and Accountability
FY 2017 EDUCATION BUDGET

Spending = $18.1 B

Source: FY2016 Budget Book, 2/2015
FY 2017 HIGHER EDUCATION BUDGET

Sources: Commission on Governmental Forecasting
IL Board of Higher Education
IL Community College Board
SOURCES OF REVENUE

- Student Tuition
- Local Taxes
- State Funds

Source: Illinois Community College Board (ICCB)-- college audits
### ILLINOIS COMMUNITY COLLEGE BOARD

**CREDIT HOUR GRANT RATES BY CATEGORY FOR FISCAL YEAR 2016**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2014 Unit Cost</th>
<th>FY2016 Weighted Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baccalaureate</td>
<td>$289.42</td>
<td>$306.55</td>
</tr>
<tr>
<td>Business</td>
<td>$320.35</td>
<td>$339.31</td>
</tr>
<tr>
<td>Technical</td>
<td>$325.57</td>
<td>$344.84</td>
</tr>
<tr>
<td>Health</td>
<td>$384.55</td>
<td>$407.31</td>
</tr>
<tr>
<td>Remedial</td>
<td>$244.48</td>
<td>$258.94</td>
</tr>
<tr>
<td>ABE/ASE</td>
<td>$292.88</td>
<td>$310.21</td>
</tr>
<tr>
<td>Totals/Averages</td>
<td></td>
<td>$298.71</td>
</tr>
</tbody>
</table>

### Instructional Cost Report

Statewide instructional cost (submitted by each college) are divided by the total unrestricted hours to determine a unit cost per credit hour.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14 Direct Instructional Costs</td>
<td>$420,210,889</td>
</tr>
<tr>
<td>FY14 SU Hours</td>
<td>3,702,910</td>
</tr>
<tr>
<td>Proportion of hours</td>
<td>59.4%</td>
</tr>
<tr>
<td>Indirect Allocation</td>
<td>$688,242,922.56</td>
</tr>
<tr>
<td>Total Costs</td>
<td>$1,108,453,811.56</td>
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<tr>
<td>Funded SU hours</td>
<td>3,829,909</td>
</tr>
<tr>
<td>Unit Cost Rate</td>
<td>$289.42</td>
</tr>
</tbody>
</table>
ILLINOIS COMMUNITY COLLEGE BOARD
CREDIT HOUR GRANT RATES BY CATEGORY FOR FISCAL YEAR 2016

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td>118.35</td>
<td>118.35</td>
<td>118.35</td>
<td>118.35</td>
<td>118.35</td>
<td>118.35</td>
<td>-</td>
<td>98.63</td>
</tr>
<tr>
<td></td>
<td>233.48</td>
<td>233.48</td>
<td>233.48</td>
<td>233.48</td>
<td>233.48</td>
<td>233.48</td>
<td>115.13</td>
<td>213.76</td>
</tr>
</tbody>
</table>

**Tuition and Fees**
- Statewide Average Tuition and Fees (Tuition and Fee Certification)
- All Unrestricted Hours except Adult Education (Credit Hour Certification)
- Tuition Waivers (Tax and Budget Survey)

**Local Tax Revenues**
- Ed and O&M Fund Revenues (UFS #3)
- All Unrestricted Hours (Credit Hour Certification)
### Illinois Community College Board

#### Credit Hour Grant Rates by Category for Fiscal Year 2016

<table>
<thead>
<tr>
<th></th>
<th>Baccalaureate</th>
<th>Business</th>
<th>Technical</th>
<th>Health</th>
<th>Remedial</th>
<th>ABE/ASE</th>
<th>Totals/Averages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2014 Unit Cost</strong></td>
<td>$289.42</td>
<td>$320.35</td>
<td>$325.57</td>
<td>$384.55</td>
<td>$244.48</td>
<td>$292.88</td>
<td>$298.71</td>
</tr>
<tr>
<td><strong>FY2016 Weighted Cost</strong></td>
<td>$306.55</td>
<td>$339.31</td>
<td>$344.84</td>
<td>$407.31</td>
<td>$258.94</td>
<td>$310.21</td>
<td>$316.39</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$118.35</td>
<td>$118.35</td>
<td>$118.35</td>
<td>$118.35</td>
<td>$118.35</td>
<td>-</td>
<td>$98.63</td>
</tr>
<tr>
<td>Local Tax Revenue</td>
<td>$115.13</td>
<td>$115.13</td>
<td>$115.13</td>
<td>$115.13</td>
<td>$115.13</td>
<td>$115.13</td>
<td>$115.13</td>
</tr>
<tr>
<td>Total Reductions to Cost</td>
<td>$233.48</td>
<td>$233.48</td>
<td>$233.48</td>
<td>$233.48</td>
<td>$233.48</td>
<td>$115.13</td>
<td>$213.76</td>
</tr>
<tr>
<td><strong>Credit Hour Rate</strong></td>
<td>$73.06</td>
<td>$105.83</td>
<td>$111.36</td>
<td>$173.82</td>
<td>$25.46</td>
<td>$195.08</td>
<td>$102.63</td>
</tr>
</tbody>
</table>

**Full Funding is calculated by taking the credit hour rate and multiplying by the funded hours in each category.**

In FY2016 Full Funding = $588.3M
# Illinois Community College Board

## Credit Hour Grant Rates by Category for Fiscal Year 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2014 Unit Cost</th>
<th>FY2016 Weighted Cost</th>
<th>Less: Tuition &amp; Fees</th>
<th>Less: Local Tax Revenue</th>
<th>Total Reductions to Cost</th>
<th>Credit Hour Rate</th>
<th>State Adjustment</th>
<th>Effective Credit Hour Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baccalaureate</td>
<td>$289.42</td>
<td>$306.55</td>
<td>$118.35</td>
<td>$115.13</td>
<td>$233.48</td>
<td>$73.06</td>
<td>$(66.80)</td>
<td>$6.27</td>
</tr>
<tr>
<td>Business</td>
<td>$320.35</td>
<td>$339.31</td>
<td>$118.35</td>
<td>$115.13</td>
<td>$233.48</td>
<td>$105.83</td>
<td>$(96.75)</td>
<td>$9.08</td>
</tr>
<tr>
<td>Technical</td>
<td>$325.57</td>
<td>$344.84</td>
<td>$118.35</td>
<td>$115.13</td>
<td>$233.48</td>
<td>$111.36</td>
<td>$(101.81)</td>
<td>$9.56</td>
</tr>
<tr>
<td>Health</td>
<td>$384.55</td>
<td>$407.31</td>
<td>$118.35</td>
<td>$115.13</td>
<td>$233.48</td>
<td>$173.82</td>
<td>$(158.92)</td>
<td>$14.91</td>
</tr>
<tr>
<td>Remedial</td>
<td>$244.48</td>
<td>$258.94</td>
<td>$118.35</td>
<td>$115.13</td>
<td>$233.48</td>
<td>$25.46</td>
<td>$(23.28)</td>
<td>$2.19</td>
</tr>
<tr>
<td>ABE/ASE</td>
<td>$292.88</td>
<td>$310.21</td>
<td>-</td>
<td>$115.13</td>
<td>$115.13</td>
<td>$195.08</td>
<td>$(178.35)</td>
<td>$16.74</td>
</tr>
<tr>
<td>Totals/Averages</td>
<td>$298.71</td>
<td>$316.39</td>
<td>$98.63</td>
<td>$115.13</td>
<td>$213.76</td>
<td>$102.63</td>
<td>$(93.83)</td>
<td>$8.81</td>
</tr>
</tbody>
</table>

**Interesting Fact:**

In 1965 the credit hour rate was $11.50.

The state adjustment is prorated equally between the six categories.

Source: ICCB Technical Appendix and 1966 Data and Characteristics
ILLINOIS COMMUNITY COLLEGE SYSTEM

Fiscal Year | 2000 | 2010 | 2015 | 2016 | 2017
--- | --- | --- | --- | --- | ---
Reimbursable Credit Hours Earned | $182,826,600.00 | $296,289,187.00 | $561,367,594.00 | $588,278,913.00 | $588,278,913.00
Credit Hour Appropriation | $182,826,600.00 | $198,746,700.00 | $191,271,900.00 | $50,445,000.00 | $77,877,000.00
Annual Deficit | $ | - | $(97,542,487.00) | $(370,095,694.00) | $(537,833,913.00) | $(510,401,913.00)

Source: Illinois Community College Board (ICCB)
### Equalization Grant Funding History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2000</th>
<th>2010</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equalization Formula Calculation</td>
<td>$71,166,169</td>
<td>$159,820,327</td>
<td>$140,291,416</td>
<td>$141,127,882</td>
<td>$141,127,882</td>
</tr>
<tr>
<td>Equalization Appropriation</td>
<td>$67,796,100</td>
<td>$76,997,300</td>
<td>$73,871,500</td>
<td>$19,980,000</td>
<td>$30,922,000</td>
</tr>
<tr>
<td>Annual Deficit</td>
<td>$(3,370,069)</td>
<td>$(82,823,027)</td>
<td>$(66,419,916)</td>
<td>$(121,147,882)</td>
<td>$(110,205,882)</td>
</tr>
</tbody>
</table>

Source: Illinois Community College Board (ICCB)
ILLINOIS COMMUNITY COLLEGE SYSTEM
EQUALIZATION GRANTS

2016 Grant Formula

- Based on 2012 and 2013 EAV’s (Tax Survey)
- In-district Hours (SU/SR Certifications/ Audit)
- CPPRT (IL Department of Revenue)
- Weighted Average Tax Rate
ILLINOIS COMMUNITY COLLEGE SYSTEM
EQUALIZATION GRANTS

1. A local revenue per in-district FTE is calculated for each district

2. A statewide average of revenue per FTE is also calculated ($4,102 in FY2016)

3. Total needed for Equalization Grant Appropriation is calculated: ($141.1M in FY16)

4. All colleges below the Statewide average receive funding.
Every funding formula committee has recommended that the proration for equalization be applied to the statewide average rather than applied to each grant evenly.

This can cause a college to be prorated out of equalization because the statewide average is decreased below the college’s calculated average.

If a college is prorated out of equalization, they will receive a flat grant of $50,000.
ILLINOIS COMMUNITY COLLEGE SYSTEM
EQUALIZATION GRANTS
– FY2016 calculation example

Statewide average local revenue per FTE: $4,102.00

<table>
<thead>
<tr>
<th>Institution</th>
<th>Revenue per FTE</th>
<th>FTE</th>
<th>Difference</th>
<th>Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harper</td>
<td>$5,347</td>
<td>8,665</td>
<td>+$ 1,245</td>
<td>$0</td>
</tr>
<tr>
<td>Elgin</td>
<td>$4,296</td>
<td>6,595</td>
<td>+$ 194</td>
<td>$0</td>
</tr>
<tr>
<td>SWIC</td>
<td>$2,465</td>
<td>7,692</td>
<td>-$1,637</td>
<td>$12,589,779</td>
</tr>
<tr>
<td>IL Eastern</td>
<td>$1,274</td>
<td>3,338</td>
<td>-$2,828</td>
<td>$9,438,982</td>
</tr>
<tr>
<td>MorValley</td>
<td>$3,035</td>
<td>8,771</td>
<td>-$1,067</td>
<td>$9,360,406</td>
</tr>
</tbody>
</table>

Statewide Averages:

$4,102     FTE: 205,122     Equalization Grant: $141,121,323
### ILLINOIS COMMUNITY COLLEGE SYSTEM EQUALIZATION GRANTS

- the FY2016 proration calculation

Statewide average local revenue per FTE: **$2,276.00** (55.4739436% of $4,102)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Local Revenue</th>
<th>FTE:</th>
<th>Difference:</th>
<th>Grant:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harper</td>
<td>$5,347</td>
<td>8,665</td>
<td>+$ 3,071</td>
<td>$0</td>
</tr>
<tr>
<td>Elgin</td>
<td>$4,296</td>
<td>6,595</td>
<td>+$ 2,020</td>
<td>$0</td>
</tr>
<tr>
<td>SWIC</td>
<td>$2,465</td>
<td>7,692</td>
<td>+$ 189</td>
<td>$50,000</td>
</tr>
<tr>
<td>IL Eastern</td>
<td>$1,274</td>
<td>3,338</td>
<td>-$ 1,002</td>
<td>$3,343,080</td>
</tr>
<tr>
<td>Kankakee</td>
<td>$2,214</td>
<td>2,898</td>
<td>-$ 62</td>
<td>$179,151</td>
</tr>
<tr>
<td>MorValley</td>
<td>$3,035</td>
<td>8,771</td>
<td>-$ 759</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

Equalization Grant Appropriation: **$19,092,516**
ILLINOIS COMMUNITY COLLEGE SYSTEM
EQUALIZATION GRANTS

- the proration calculation

What does this mean?

Harper and Elgin: nothing

<table>
<thead>
<tr>
<th>College</th>
<th>FY15 Grant</th>
<th>FY16 Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWIC</td>
<td>$7,010,514</td>
<td>$50,000</td>
</tr>
<tr>
<td>IL Eastern</td>
<td>$6,571,247</td>
<td>$3,343,080</td>
</tr>
<tr>
<td>Kankakee</td>
<td>$3,520,995</td>
<td>$179,151</td>
</tr>
<tr>
<td>MorValley</td>
<td>$2,500,450</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

Equalization Grant Appropriation: $19,092,516
The statewide average rate is increased to $3,020

The grants are calculated based on $50.9M and the original allocations are subtracted from the new calculations.

SWIC: +$4,217,534
IL Eastern: +$2,484,528
Kankakee: +$2,157,561
Moraine Valley: +$0
THE STATE BUDGET
THE MAJOR ISSUES FOR THE ILLINOIS COMMUNITY COLLEGE SYSTEM

1. FY2016 Final System Appropriation: 27% of FY2015
2. FY2017 System Appropriation: 42% of FY2015
3. The system received only 69% of the FY2015 budget while the universities received 83% of the FY2015 budget.
4. Funding from the Personal Property Replacement Tax Fund will cost the system more than $3M.
1. Financial Emergency requires reduction of staff, reduction or reorganization of programs that can’t be achieved through normal processes, etc.


3. A resolution stating the institution is in a state of financial emergency must be passed by Board. (HLC Considerations)

4. IBHE has an appropriation for $20M for financial emergencies.
LOOKING FORWARD

- Veto Session Scheduled for November 15, 16, 17, 29, 30, and December 1st
  - Stop-Gap Budget Expires December 31st
  - Lame Duck Legislature
- Chargebacks
- Prior Learning Assessments
- Health Centers
- Dual Credit
- GATA
- Pension Reform
QUESTIONS?

More Information:

ICCB Website: Technical Appendix
Data and Characteristics