



ILLINOIS AND THE 2017 STATE HIGHER EDUCATION FINANCE REPORT

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Normally it would be positive to be called exceptional in a national report on higher education finance; however, Illinois is a notable exception in the State Higher Education Executive Officers annual State Higher Education Finance (SHEF) report for all of the wrong reasons. Anomalies in funding and reporting during the state budget crisis resulted in Illinois' data being pulled entirely from the 2016 SHEF report.² While data on Illinois has been reinstated in the 2017 SHEF report,³ Illinois still garners the most footnotes and exceptions in the report. This is because higher education funding in Illinois continues to reflect the state budget crisis and its aftermath. For instance, fiscal year 2017 appropriations also reflect prior years' spending as the state continues to backfill following the state budget crisis. Even with this caveat, there are important findings in the 2017 SHEF report worth highlighting.

Declines in Enrollment in Illinois

Between FY2012-2017, Illinois experienced a 14.3% decrease in public higher education full-time equivalent (FTE) enrollment. By comparison, the country experienced a 4.6% decrease. Overall, the nation's public higher education FTE enrollment has grown 7.7% since the year before the Great Recession, yet Illinois' levels declined by 8.1% since FY2008.⁴ Reflecting the impact of the Great Recession, FTE enrollment levels have gone down in most states the past five years, but Illinois' decrease was the second largest in the nation (only Alaska had a larger enrollment decrease between FY2012-2017).⁵ With 329,560 FTE students enrolled in Illinois public institutions in FY2017, the state is behind both its high watermark of enrollments in FY2011 (393,313 FTE) and FY1980 levels (342,097 FTE).⁶

Illinois Increases in State Appropriations

Across the US, state and local support for higher education reached an all-time high of \$97.3 billion in 2017. This represents 20.3% growth since 2012 in unadjusted terms.⁷ However, after adjusting for inflation, national appropriations per FTE are 11.6% below 2008 levels, the year before the start of the Great Recession.⁸

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² SHEF 2016 report. http://www.sheeo.org/sites/default/files/project-files/SHEEO_SHEF_2016_Report.pdf

³ SHEF 2017 report. <http://www.sheeo.org/projects/shef-%E2%80%94-state-higher-education-finance>

⁴ SHEF 2017 report, Table 3, page 24.

⁵ SHEF 2017 report, Figure 4, page 23.

⁶ Full Unadjusted SHEF Dataset. <http://www.sheeo.org/projects/shef-fy17>

⁷ SHEF 2017 report, page. 13.

⁸ SHEF 2017 report, page 25.

In Illinois, state appropriations for higher education increased by 32.8% per FTE in constant dollars between FY2016 and FY2017.⁹ However, as footnoted throughout the report, “a \$1.25 billion back payment in FY2017 to [Illinois’] historically underfunded higher education pension program resulted in past legacy pension funds accounting for 37.8 percent of all educational appropriations.”¹⁰

Illinois is one of 37 states that increased state appropriations since 2012 and one of four (along with Virginia, Hawaii, and South Dakota) with increases above ten percent.¹¹ In FY2017, Illinois increased its appropriations by 30.4% in constant dollars (to \$16,055 per FTE) since FY2012 (when appropriations were \$12,310 per FTE), and by 40.9% since before the recession in FY2008 (when appropriations were \$11,398 per FTE).¹² Illinois is one of 17 states that have higher education appropriations that exceeded the U.S. average in FY2017 – at \$8,412 per FTE above the national average.¹³

Net Tuition Revenues Increase in Illinois

Nationally, net tuition revenues have more than made up for cuts to state appropriations. Total education revenues (state appropriations + net tuition revenues) are at the highest level since SHEF started reporting data in 1980, and are 5.8% above 2008 levels. Across the country, net tuition revenues accounted for 46.4% of all education revenues in 2017 and, for the first time, more than half of all states relied more heavily on student tuition than on state appropriations.¹⁴

While net tuition revenues have continued to grow in Illinois, Illinois is not one of the states where public institutions are more dependent on net tuition revenue than state appropriations.¹⁵ In FY2017, net tuition revenue (\$7,183 per FTE) represented 31.7% of total education revenues (\$22,651 per FTE) in Illinois.¹⁶ A 23.9% increase in public higher education net tuition revenue in constant dollars per FTE occurred in Illinois between FY2012-2017, with a 49.2% increase since FY2008. The country has also seen a surge in net tuition revenue, a 14.6% change since FY2012 and a 37.4% increase since FY2008 to \$6,572 per FTE in FY2017.¹⁷

Illinois is one of 20 states above the US average in per capita support for higher education.¹⁸ In FY2015, state and local government funding effort for public and independent higher education per capita was \$324 in Illinois, as compared to a US average of \$289. State and local higher education support per \$1,000 of personal income was \$6.25 in Illinois in FY2015, making Illinois one of 23 states above the US average of \$5.88.¹⁹

⁹ SHEF 2017 report, Table 4, page 27.

¹⁰ See for instance the footnote on Figure 5 on page 26 of the SHEF 2017 report.

¹¹ SHEF 2017 report, page 25.

¹² SHEF 2017 report, Table 4, page 27.

¹³ SHEF 2017 report, Figure 8, page 33. Note that back payments are included in this figure.

¹⁴ SHEF 2017 report, page 8.

¹⁵ SHEF 2017 report, Figure 6, page 29.

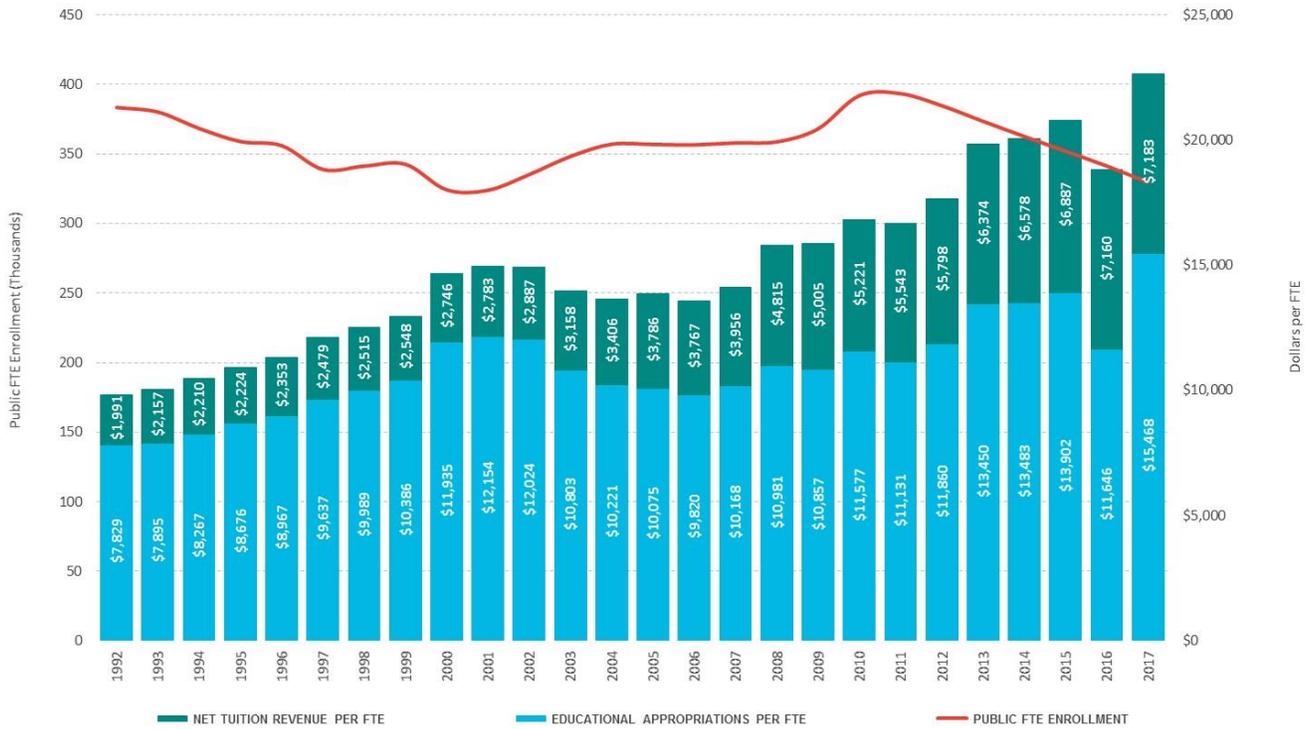
¹⁶ SHEF 2017, Illinois Wave Chart.

¹⁷ SHEF 2017 report, Table 5, page 30.

¹⁸ SHEF 2017 report, page 43.

¹⁹ SHEF 2017 report, page 44, and Table 9, page 40.

ILLINOIS
PUBLIC FTE ENROLLMENT AND EDUCATIONAL APPROPRIATIONS PER FTE, FY 1992-2017



NOTES: Data adjusted for inflation using the Higher Education Cost Adjustment (HECA). Full-time equivalent (FTE) enrollment equates student credit hours to full-time, academic year students, but excludes medical students. Educational appropriations are a measure of state and local support available for public higher education operating expenses including ARRA funds, and exclude appropriations for independent institutions, financial aid for students attending independent institutions, research, hospitals, and medical education. Net tuition revenue is calculated by taking the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. Net tuition revenue used for capital debt service is included in the net tuition revenue figures above.

SOURCE: State Higher Education Executive Officers

The “wave chart” (above) from the 2017 SHEF report presents net tuition, educational appropriations, and enrollment per FTE for Illinois from FY1999-2017.