

# Illinois' Higher Education Crisis: The Case for Returning Spending to Pre-Recession Levels

By Eve Rips of Young Invincibles

Over the past five years, Illinois has quietly slashed higher education funding spent directly on students by over half a billion dollars. In February of 2015, Governor Rauner announced his plans to cut higher education spending by an additional \$387 million dollars.<sup>1</sup> This translates to a more than 30 percent cut to the operational budgets of Illinois' public universities.<sup>2</sup> Cumulatively, this amounts to current and perspective cuts of close to a billion dollars of investment in our students.

Illinois was once a national leader on higher education accessibility and affordability. For a time the state led the country in providing need-based aid to students and in making sure that all students, regardless of income, could afford a quality degree.<sup>3</sup> Illinois was also one of the first states to make aid available to part-time and non-traditional students.<sup>4</sup> As recently as the 1990's, Illinois led the nation in the proportion of young adults who were enrolled in college and was a leader in keeping the share of family income required to attend a public university low.<sup>5</sup>

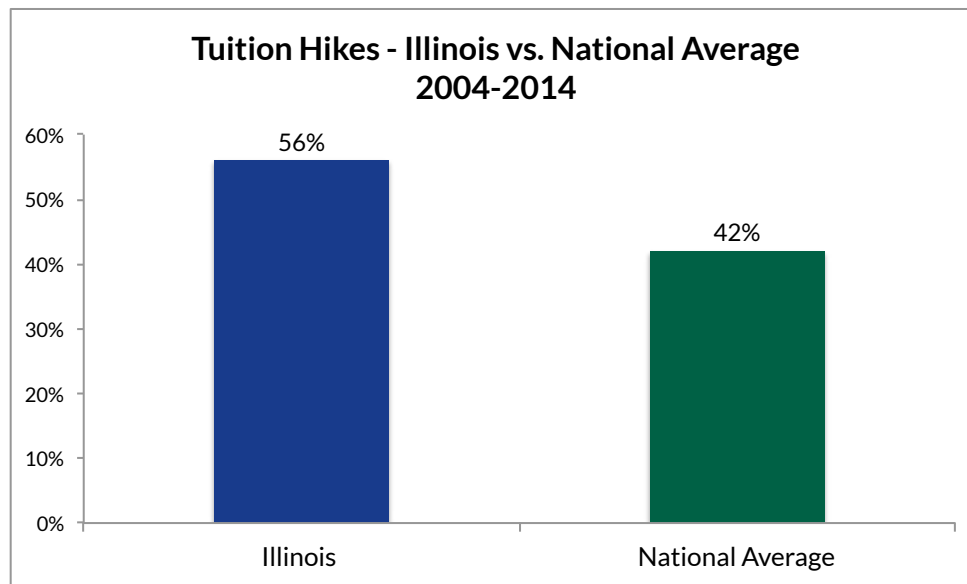
Today, however, young adults in Illinois face a particularly dire higher education landscape. With in-state tuition currently the fifth-highest in the country,<sup>6</sup> and with substantial higher education cuts looming, undergraduate education is becoming hard to afford for many Illinois families. Across Illinois, students' ability to pay for the higher education they need to succeed in today's tough economy is on the line. These budget cuts will hit the students who need the most help affording college—such as first generation students and students of color – hardest.

This issue brief outlines the current state of disinvestment in Illinois and the devastating effects the proposed budget cuts would have on the state's higher education system. Illinois' students have already been pushed past the breaking point by disinvestment in higher education, and any further cuts would be catastrophic. In 2008, Illinois committed to making sure that 60 percent of our workforce holds a college degree by the year 2025.<sup>7</sup> We need to reinvest in that goal, and to act now, not just to prevent the proposed cuts, but to push for a return to pre-recession spending on our students.

## A. Illinois' Hidden Budget Cuts

Illinois' public higher education institutions have historically charged high tuition, but paired with high levels of student aid.<sup>8</sup> In recent years, however, tuition has spiked while student aid has fallen. Over the last decade, tuition in Illinois increased by 57 percent at public four-year universities and by 38 percent at public two-year colleges. These increases are over 40 percent higher than the national average (Figure 2).<sup>9</sup> For instance, at the University of Illinois, in-state Freshmen starting at the Urbana-Champaign campus last year paid \$11,834 in tuition, compared with \$6,460 only a decade previously.<sup>10</sup> Meanwhile, from 1999 to 2008 state support for need-based grants sank 28 percent, from \$1,036 to \$745 per undergraduate full-time student.<sup>11</sup> Combined threats of upfront costs alongside increasingly excessive student debt are making degree attainment increasingly challenging for students from low-income backgrounds.

Figure 1:

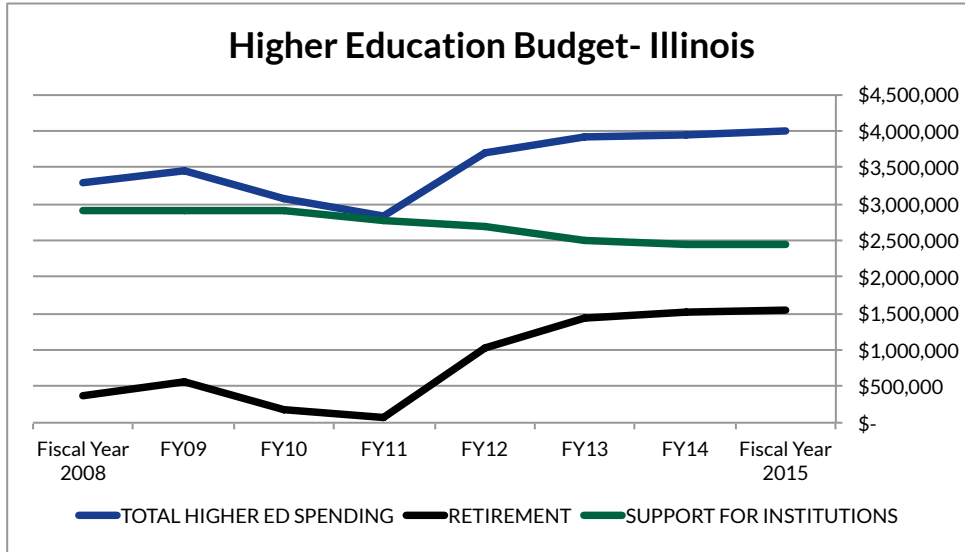


Source: Young Invincibles Analysis of College Board's Trends in College Pricing, public 4-year institutions, in-state.

On the surface, it appears that Illinois has avoided the higher education budget cuts that have plagued the rest of the country. Illinois is regularly touted as a key example of a state that has managed to increase higher education spending.<sup>12</sup> A recent U.S. News and World Report article entitled “Despite Increases, States Spend Less on Higher Ed Than Before Recession,” notes that, “North Dakota, Illinois and Alaska led the country in terms of five-year spending increases – all above 20 percent.”<sup>13</sup> Similarly, in its report on trends in tuition and fees, enrollment, and state appropriation, the College Board Advocacy & Policy Center points out that, “three states (Illinois, North Dakota, and Rhode Island) increased their [higher education] appropriations by more than 10%.”<sup>14</sup>

However, Illinois has slashed direct support to institutions -- the line items of the budget intended to allow institutions to charge lower tuition. Although the Illinois higher education budget has seen a slight overall uptick, this corresponds directly to increases in pension payments. See Figure 2, below:

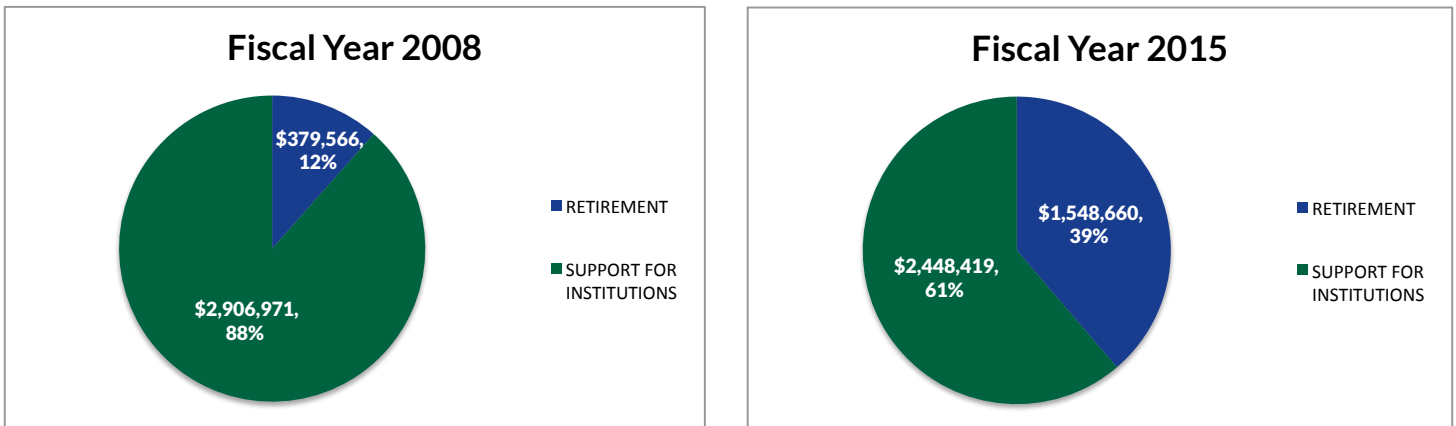
Figure 2:



Source: Young Invincibles Analysis of Illinois Office of Management and Budget. Adjusted for inflation.

Non-retirement spending has decreased by half a billion dollars since 2008. Figure 3, below, illustrate that between 2008 and 2015, the percentage of Illinois higher education spending going directly to providing support for institutions has dramatically decreased.

Figure 3:



Source: Young Invincibles Analysis of Illinois Office of Management and Budget. Adjusted for inflation.

New proposed budget cuts threaten to exasperate this hidden divestment from students and families.

## B. Proposed FY 2016 Budget Cuts

In Governor Rauner’s February 18, 2015 budget announcement, he proposed cuts of \$387 million to higher education.<sup>15</sup> When combined with the \$500 million dollar reduction in non-retirement spending seen over the past five years, the proposed cuts would bring Illinois up to an \$887,000 reduction in spending on our students in just six years. Collectively, Rauner’s proposed cuts would amount to a 30 percent cut to the operational budgets of public universities in Illinois.<sup>16</sup>

The proposed budget would have direct and devastating effects on individual campuses. For example, the University of Illinois predicts that this budget cut will translate to a reduction of about a third of its state funding.<sup>17</sup> U of I president Robert Easter has asserted that “a budget cut of that magnitude would substantially harm our students and the people of Illinois by most severely impacting the University’s core education and research missions.”<sup>18</sup> According to one estimate, when adjusted for inflation, the prospective budget cut would bring state support back to levels not seen since the 1950’s, despite the fact that enrollment at U of I is now three times higher than enrollment during the fifties.<sup>19</sup>

In the short term, these cuts will affect the ability of campuses to pay for key support services for their students. While individual campus leaders have been reluctant to lay out the specific cuts they would need to make in order to handle the proposed reductions, they have stressed that cuts are likely to mean faculty layoffs and reduced access to career and counseling services. At Eastern Illinois University, for instance, the proposed cuts could mean as many as 250 faculty and staff laid off.<sup>20</sup> Cuts might also mean reductions in specific career programming, such as the pharmacy and flight programs at Southern Illinois University.<sup>21</sup>

While some campuses, including the University of Illinois, are pledging not to increase tuition for the 2015-2016 school year,<sup>22</sup> there can be no question that if the budget cuts remain in effect, it will mean increased financial cost to students. Graduating on time is key to keeping college affordable – each extra year at a public four-year university in Illinois costs students and their parents an additional \$26,483.<sup>23</sup> Academic advising and clear academic and vocational default pathways are key to improving on-time completion rates.<sup>24</sup> Cuts that make it more difficult for students to enroll in courses, to receive needed counseling services, and to receive support on a given pathway will all decrease on-time completion rates and will quickly drive up student debt loads.<sup>25</sup>

In the long run, if these cuts are maintained, tuition will ultimately continue to increase. State disinvestment consistently leads to increases in tuition and consequently to high levels of student debt.<sup>26</sup> Illinois students and their families simply cannot handle these increases – shifting even a small portion of the burden of the proposed cuts toward tuition could quickly move Illinois from the fifth highest tuition in the country to the worst tuition of any state.

First-generation students and students of color already struggling to afford and complete a post-secondary degree are disproportionately impacted by these spikes. According to a 2012 report from the Illinois Student Assistance’s Commission’s Monetary Award Program (MAP) task force, “[e]xacerbated by college affordability issues, college credential attainment inequities [in Illinois] have increased.”<sup>27</sup> In 2012, the Institute for Research on Higher Education reported that “Illinois failed to make inroads into large and persistent higher education achievement gaps by race/ethnicity, socio-economic status, and region. African Americans and Hispanics, and individuals with low incomes, are far less likely than other Illinoisans to enroll in college or, if they do enroll, to earn degrees.”<sup>28</sup> These disparities will continue to grow as the budget continues to shrink.

## C. Restoring Funding

Without sustained investment in higher education, Illinois stands no chance of meeting its goal of 60 percent of the workforce holding a college degree by 2025. The 60x25 goal represented a substantial commitment to the economic future of Illinois and to the financial well being of young adults across the state. Failing to commit to the goal will leave a large portion of workers set up to fail in a workforce that increasingly requires higher education credentials.

Without investment, current attainment gaps will continue to persist and worsen. Illinois' tuition, already abysmal, will continue to skyrocket, and our state's need-based MAP grant program, even if current funding is maintained, will only meet a dwindling fraction of student need. To return to levels of state funding not seen in decades, when a college degree is more important to economic success than ever, would be a true embarrassment for the state.

Illinois needs to return to the promise it made as a national leader in creating opportunities for low-income students. The State Legislature must act not just to completely reject the proposed cuts, but ultimately to push for a restoration of pre-recession funding, and to recommit itself fully to the goal of 60 percent of the workforce holding college degrees by the year 2025. An investment in our students is ultimately an investment in the long-term economic future of our state.

## Citations

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