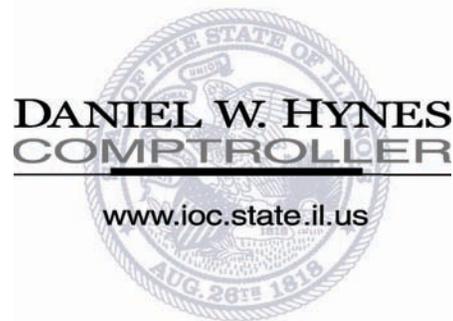


# Fiscal Focus

*A Publication of the Illinois State Comptroller*



• APRIL 2009 ISSUE •



## Education Spending in Illinois

With over one-third of the State's General Funds dedicated to education in Illinois, the unprecedented state budgetary crisis coupled with the national economic crisis is poised to create challenges for state funding of education. Current forecasts project a large budget deficit for the General Funds for fiscal year

was \$10.375 billion in fiscal year 2008 with \$8.180 billion utilized for elementary and secondary education and \$2.195 billion for higher education. The \$10.375 billion expended in fiscal year 2008 is \$3.026 billion or 41.2% higher than fiscal year 1999 spending of \$7.349 billion. The average year over year

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Education Spending from the General Funds  
Dollars in Millions

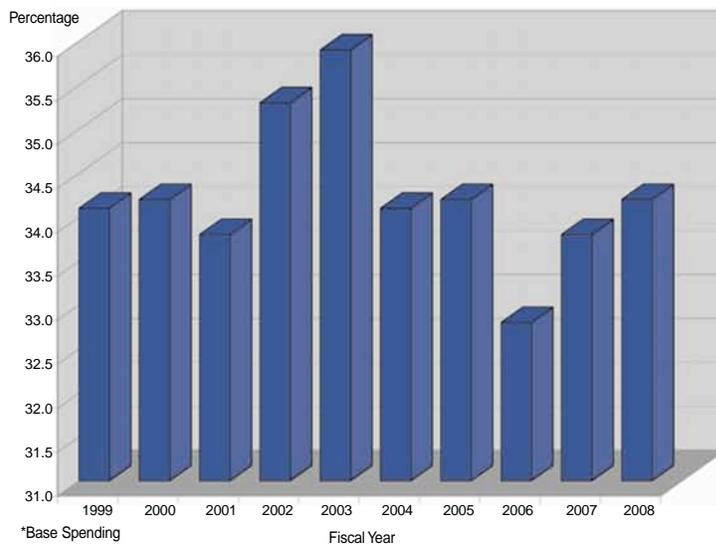
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Elementary & Secondary Education	5,135	5,528	5,848	6,162	6,121	6,275	6,758	6,730	7,360	8,180
% of Base General Funds Expended on Elem. & Sec.	23.9	24.1	23.8	24.7	25.6	25.0	25.8	24.8	25.8	26.9
Higher Education	2,214	2,333	2,470	2,637	2,471	2,308	2,210	2,190	2,269	2,195
% of Base General Funds Expended on Higher Ed.	10.3	10.2	10.0	10.6	10.3	9.1	8.4	8.1	8.0	7.2
Total Education Spending	7,349	7,861	8,318	8,799	8,592	8,583	8,968	8,920	9,629	10,375
% of Base General Funds Expended on Education	34.1	34.2	33.8	35.3	35.9	34.1	34.2	32.8	33.8	34.2

Source: Comptroller's Records.

2010. As the General Funds are far and away the biggest state funding source for both elementary and secondary education and higher education, the current outlook for increased state funding is not promising. However, it remains to be seen what impact the federal government's stimulus package will have on education funding.

Total spending from the General Funds for public education in Illinois

Percentage of General Funds Spent on Education\*  
Total Education Spending





Dear Readers:

This issue of *Fiscal Focus* takes a look at various aspects of elementary, secondary, and higher education in Illinois. The cover story looks at Illinois' General Funds spending on all types of education in the last decade and the share of state resources that are going to support this area of the budget. Other stories take a look at areas of interest such as capital spending for higher education, state revenues that are specifically pledged to elementary and secondary education, and how Illinois compares to other states in the share the state provides to support education funding.

Illinois' General Funds elementary and secondary education spending, including teachers retirement grants, increased from \$5.14 billion in fiscal year 1999 to \$8.18 billion in fiscal year 2008. Illinois' spending on general state aid has increased by over 50% over the last decade, an increase that exceeds that seen in most other areas of the state's budget.

Over the last decade, Illinois' General Funds support of higher education remained essentially flat over the decade, falling from a peak of \$2.64 billion in fiscal year 2002 to \$2.20 billion in fiscal year 2008. Capital spending by the state for higher education purposes has also fallen off during this time frame. Limited state support has put pressure on the state's universities and community colleges to increase tuition and forced universities to defer maintenance. All state support of educational programs will face a close review in the development of the state's fiscal year 2010 budget as Illinois' economic troubles strain the state's budget.

Your comments about this or our other publications are always welcome. Your input can be directed to (217) 782-6000 in Springfield, (312) 814-2451 in Chicago or via the web site at [www.ioc.state.il.us](http://www.ioc.state.il.us).

Sincerely,

Daniel W. Hynes  
State Comptroller

## Fiscal Focus

**Fiscal Focus** is one of the ways the Comptroller's Office strives to assist taxpayers and the people of Illinois. This report is designed to provide fiscal information of general interest.

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## Education Funding Reform

Article X of the 1970 Illinois Constitution states that "The State shall provide for an efficient system of high quality public educational institutions and services" and "The State has the primary responsibility for financing the system of public education." These brief sentences have led to a continuing debate over how to properly fund public education. In particular, are sufficient funds being provided for public education, should changes be made to the formula for distributing state education funds among school districts, and is the locally levied property tax asked to provide too great a share of funds for education? The debate has also touched on funding for nontraditional forms of education such as charter schools and often addresses nonfinancial topics such as school accountability and school reorganization. The product of the debate has included commission reports, proposed legislation, and legal actions.

The starting point for these discussions is that Illinois depends upon locally generated property tax revenues for a greater share of education funding than other states. This causes a wide variance between the funds available for education in property rich districts versus property poor districts.

Regionalism further complicates the formulation of Illinois education reform packages. Urban districts with poverty pockets such as the Chicago School District and older suburban districts, affluent suburban districts, and small low income rural districts are all competing for bigger slices of the education funding pie. Distribution formula issues include how much extra weight should be given to low income pupils and the division of school monies between the financial need focused general state aid program versus categorical

*Education Funding Reform continued, page 9*

increase in education funding over the past ten years is \$336 million or 4.0%.

Over one-third of all General Funds base spending in Illinois is directed to education. The percentage of General Funds dollars spent on education over the last ten fiscal years has ranged from a low of 32.8% in fiscal year 2006 to a high of 35.9% in fiscal year 2003 with an average level of 34.2%.

Although the share of General Funds spending dedicated to education has remained fairly steady over the last ten years, the portion for elementary and secondary education has increased substantially while higher education has not. Over the last ten years, elementary and secondary education's share of the General Funds has increased three percentage points from 23.9% in fiscal year 1999 to 26.9% in fiscal year 2008. Higher education's share over the same timeframe has decreased 3.1 percentage points from 10.3% to 7.2%.

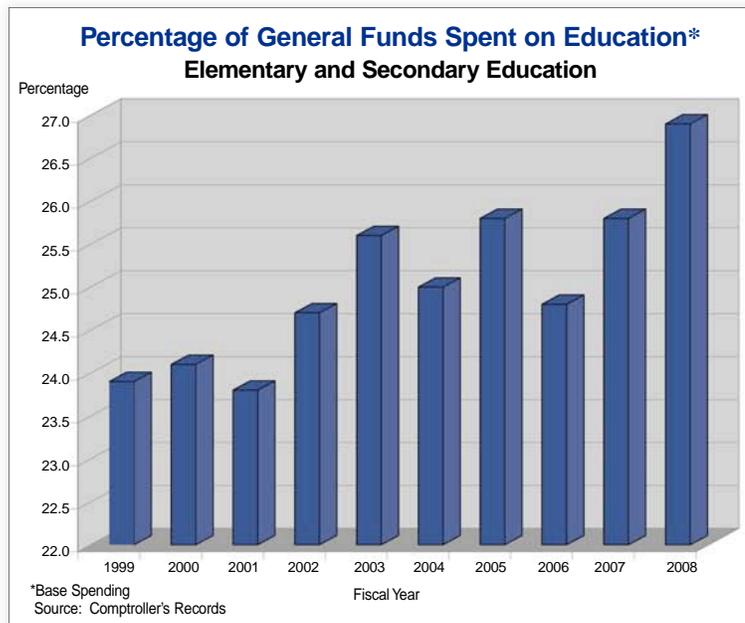
### Elementary and Secondary Education

The majority of state spending for public elementary and secondary education comes from the state's General Funds which include the

Fund). Fiscal year 2008 General Funds' public elementary and secondary education spending by the State Board of Education and the Downstate and Chicago Teachers' Retirement systems totaled \$8.180 billion, \$3.045 billion or 59.3% more than fiscal year 1999 expenditures of \$5.135 billion.

Nearly half of the increase over the last ten years has occurred in the last two fiscal years

state's fiscal condition. However, even challenging fiscal times did not deter large increases in spending over the past two fiscal years. From fiscal year 1999 to fiscal year 2002, the average annual growth was \$342 million or 6.3% reflecting the state's strong financial position and a ramp up in pension contributions. In fiscal year 2003, spending declined by \$41 million or 0.1% as the state



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operations	\$ 152	\$ 181	\$ 236	\$ 244	\$ 129	\$ 163	\$ 102	\$ 106	\$ 122	\$ 110
Awards and Grants:										
General State Aid	2,922	2,983	2,985	3,232	3,142	3,446	3,662	3,896	4,127	4,424
Retirement	564	649	732	821	931	739	673	609	614	1,116
Special Education	512	605	637	656	633	698	758	792	822	959
Transportation	297	377	421	454	438	502	562	573	613	662
Early Childhood Education	154	170	180	183	183	213	242	272	318	341
Reading Improvement	83	83	83	83	79	79	76	76	76	76
Bilingual Education	56	56	63	63	60	63	65	67	67	74
Vocational Education	52	47	54	52	52	36	36	36	39	39
All Other	323	377	447	374	474	334	362	303	362	380
Total Awards and Grants	4,983	5,347	5,612	5,918	5,992	6,112	6,856	6,824	7,239	8,070
Total, Public Elem. & Sec. Education General Funds Expenditures	\$ 5,135	\$ 5,528	\$ 5,848	\$ 6,162	\$ 6,121	\$ 6,275	\$ 6,758	\$ 6,730	\$ 7,360	\$ 8,180

\*Includes the State Board of Education and Teachers Retirement Systems.  
Source: Comptroller's Records.

General Revenue Fund (the state's main operating fund) and three funds specifically earmarked for education (Education Assistance Fund, Common School Fund and the General Revenue-Common School Special Account

(\$1.450 billion increase or 21.5% over two years). Prior to the last two fiscal years, the growth in elementary and secondary education spending was largely reflective of the

was in the midst of a fiscal crisis. After a small increase in spending in fiscal year 2004, General Funds spending jumped \$483 million or 7.7% in fiscal year 2005. Fiscal year 2006

*Cover Story continued, page 4*

spending of \$6.730 billion was actually a decrease of \$28 million or 0.4% from the previous year. This decrease was due to a decrease in funding to the Teachers' Retirement System.

The largest State Board of Education spending program is apportionment or general state aid. For fiscal year 2008, the State Board spent \$4.424 billion on apportionment grants, an increase of \$1.502 billion or 51.4% over the past ten fiscal years. Legislation which established minimum foundation levels of financial support for school districts accounted for a significant portion of the increases in apportionment grants.

Until fiscal year 1998, a special equalization formula was used to determine apportionment grants to districts based on average daily attendance guaranteeing each district a minimum amount of resources per student provided the district made a sufficient tax effort. For fiscal year 1998, enacted legislation established foundation levels of financial support that were deemed appropriate for a student to receive an "adequate" education. Those levels were established as \$4,100 for fiscal year 1998, \$4,225 for 1999, \$4,325 for 2000, \$4,425 for 2001, \$4,560 for 2002 and 2003, \$4,810 for 2004, \$4,964 for 2005, \$5,164 for 2006, \$5,334 for 2007, \$5,734 for 2008 and \$5,959 for fiscal year 2009. In subsequent years, the General Assembly will determine the appropriate foundation level with advice from the Education Funding Advisory Board consisting of five members appointed by the Governor. It should be noted that the foundation levels enacted are below the Education Funding Advisory Board's recommended levels.

Up through fiscal year 2003 the fastest growing segment of public education spending was retirement grants. State grant payments to the retirement systems supplement employee contributions and investment income in funding the teachers' retirement systems. Fiscal year 2003 spending for retirement totaled \$931 million, \$630 million or more than triple fiscal year 1994 contributions from ten years earlier of \$301 million. This significant increase in retirement grants was due to pension funding legislation that

took effect in fiscal year 1996. This legislation provides for a 50-year phase-in period with the ultimate goal of increasing the actuarial funded ratio to 90.0%. The act also provides the Comptroller with continuing appropriation authority for the required employer contributions.

From fiscal year 2003 through fiscal year 2007, retirement contributions declined from the General Funds. A decrease of \$192 million in fiscal year 2004 from \$931 million to \$739 million was due to the sale of pension funding bonds. Some of the proceeds from this sale were deposited directly with the Teachers' Retirement System helping to offset the actuarially required contribution from the General Funds. In fiscal year 2005, contributions increased \$234 million to \$873 million. However, in fiscal year 2006, contributions declined by \$264 million due to statutory measures which lowered required contribution levels for fiscal years 2006 and 2007. Contribution levels were back up to actuarial requirements in fiscal year 2008 with \$1.116 billion in spending. For fiscal year 2009, \$1.271 billion was appropriated; however, that amount is approximately \$255 million lower than actuarial requirements and TRS is using continuing appropriation authority to obtain the full amount.

The remainder of grant spending for elementary and secondary education consists primarily of categorical grants. Categorical grants are payments earmarked to school districts for specific purposes such as special education, transportation, early childhood education and reading improvement.

The largest categorical grant program is for special education for the handicapped which includes reimbursements to school districts for approved personnel who perform services in special education programs. Special education grant payments of \$958 million in fiscal year 2008 were \$446 million or 87.1% higher than fiscal year 1999 payments of \$512 million.

The second largest categorical program is transportation, which provides grants to reimburse allowable costs of school districts above a required local contribution to provide

transportation for regular, vocational, and special education students. Fiscal year 2008 transportation grant spending of \$662 million was \$365 million or 122.9% higher than fiscal year 1999 spending of \$297 million.

Grants for early childhood education have grown substantially over the past ten years. Spending of \$341 million in fiscal year 2008 was more than double the \$154 million expended in fiscal year 1999. These grants provide funds for early childhood programs and services that will help young children enter school ready to learn. Programs funded include the Pre-kindergarten Program for children at risk of academic failure and the Early Childhood Parental Training Program.

Other sizeable grant programs include Reading Improvement (\$76 million in fiscal year 2008), Bi-lingual Education (\$74 million), and Vocational Education (\$39 million). Both Reading Improvement and Vocational Education spending has declined over the past ten years while Bi-lingual Education increased.

The smallest category of General Funds spending for public education is operations with spending of \$110 million in fiscal year 2008. While the bulk of operations spending at most agencies are typically for employee salaries and benefits, some programs at the State Board are coded as lump sum operations and include both grant and operations type spending. This accounts for the variances from year to year.

## Higher Education

Higher education spending from the state's General Funds totaled \$2.195 billion in fiscal year 2008, \$19 million or 0.9% less than the \$2.214 billion spent in fiscal year 1999 and \$442 million or 16.8% less than the \$2.637 billion spent in fiscal year 2002. General Funds higher education spending increased every year from fiscal year 1999 through fiscal year 2002 and has declined every year since, except for a slight increase in fiscal year 2007. Utilizing other state funds for pension payments to the State Universities Retirement System has accounted for the declines in recent years as institutional spending has remained relatively flat.

*Cover Story continued, page 5*

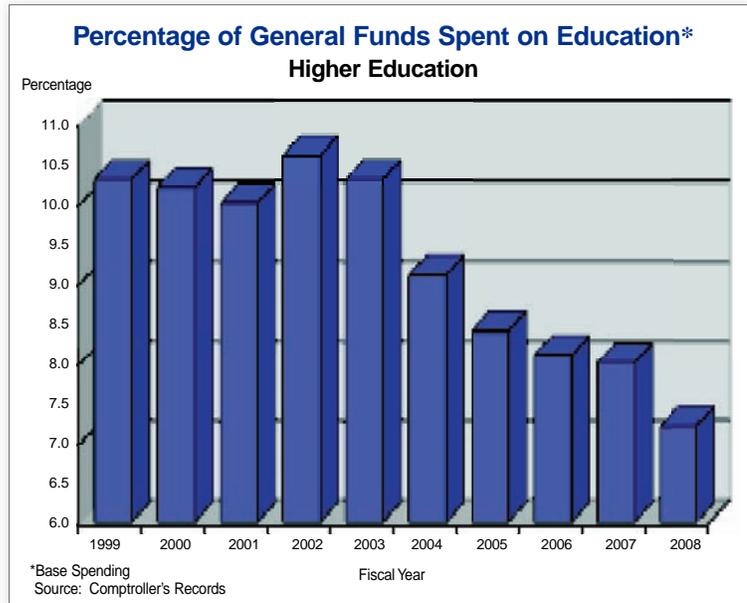
Higher Education General Funds Expenditures (15 months) (Dollars in Millions)										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
University of Illinois	684	713	754	795	726	685	699	698	710	722
Southern Illinois University	210	219	233	247	228	213	217	217	223	227
Northern Illinois University	101	106	112	117	108	100	102	103	104	106
Illinois State University	80	83	88	92	85	79	80	80	82	83
Western Illinois University	55	58	61	64	59	55	56	56	57	58
Eastern Illinois University	45	48	51	54	51	47	48	48	48	49
Northeastern Illinois University	38	40	43	45	42	38	39	39	40	41
Chicago State University	37	38	41	44	40	39	39	39	41	43
Governors State University	23	25	26	28	26	24	24	26	28	28
Board of Higher Education	80	95	97	111	105	61	41	41	43	34
Community College Board	288	301	319	368	353	339	346	347	354	355
Student Assistance Commission	352	374	403	420	378	388	382	389	399	426
Mathematics and Science Academy	14	14	15	16	13	14	16	16	17	17
Universities Retirement System	206	218	226	235	256	225	120	90	122	5
Universities Civil Service Merit Board	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>2,214</b>	<b>2,333</b>	<b>2,470</b>	<b>2,637</b>	<b>2,471</b>	<b>2,308</b>	<b>2,210</b>	<b>2,190</b>	<b>2,269</b>	<b>2,195</b>

Source: Comptroller's Records.

Nearly one-third of higher education spending from the General Funds goes to the University of Illinois. Of the \$2.195 billion in spending in fiscal year 2008, \$722 million or 32.9% was by the University of Illinois. Fiscal year 2008 U of I expenditures are \$38 million higher than fiscal year 1999 but \$73 million less than fiscal year 2002 expenditures.

Spending by the Student Assistance Commission is the second largest with \$426 million expended in fiscal year 2008, \$74 million or 21.0% higher than fiscal year 1999. Unlike all other higher education entities, with the exception of the Mathematics and Science Academy, the Student Assistance Commission's level of spending was at its highest point in fiscal year 2008 looking over the last ten years. Most of the General Funds spending by the Commission is for scholastic grants through the state's Monetary Award Program (MAP).

Spending through the Illinois Community College Board (ICCB) to the state's 48 community colleges totaled \$355 million in fiscal year 2008, \$67 million or 23.3% more than fiscal year 1999. Fiscal year 2002 was the peak year for spending by the ICCB with \$368 million.



Southern and Northern Illinois Universities both exceeded \$100 million in spending annually from the General Funds over the past ten fiscal years.

### Fiscal Year 2009 and Beyond

Fiscal year 2009 General Funds appropriations for elementary, secondary and higher education total \$11.328 billion, \$835 million

or 8.0% higher than fiscal year 2008 appropriations of \$10.493 billion. Elementary and secondary education appropriations are up \$506 million or 6.1%, while higher education appropriations from the General Funds are up \$329 million or 14.9%, including retirement contributions.

Cover Story continued, page 6

On top of the \$506 million increase for elementary and secondary education there will be approximately \$255 million more of an increase as the Teachers' Retirement System appropriations are inadequate to meet required funding levels. The \$329 million increase for higher education includes a \$317 million increase in university retirement contributions as revenues became less available from another state fund. In fiscal year 2008 all but \$5 million in retirement contributions were made from the State Pensions Fund. However, in fiscal year 2009, the General Funds will have to contribute to the State Universities Retirement System.

For fiscal year 2010, the State Board of Education has requested an increase of \$173 million or 2.3%. If approved by the General Assembly and signed by the Governor, this increase would be the lowest over the past decade except for fiscal year 2003 when education funding was reduced. As part of the Board's recommendation, general state aid would be increased \$114 million, which would effectively increase the state's general state aid foundation level by \$130 to \$6,089. Included in this \$114 million increase are grants and programs that previously were separate from general state aid and are now being collapsed in to give districts more flexibility. An increase of \$145 million in mandated categorical grants for such services as special education and transportation is also requested. On top of the State Board of Education's requested increase of \$173 million for fiscal year 2010 is a certified increase of \$637 million for teachers' retirement. Together, these increases total \$810 million for elementary and secondary education.

## Illinois' Higher Education System

Illinois has a long tradition of excellence in higher education. The University of Illinois, established as a Land Grant school in 1862, has been and continues to be a national leader in many disciplines. Over the years, the system of higher education has become more diverse and complex. There is a strong array of public and private institutions that includes 12 public universities, 48 community colleges, 99 private, non-profit institutions, and 26 proprietary institutions.

The public universities include Chicago State University, Eastern Illinois University, Governors State University, Northeastern Illinois University, Western Illinois University, Illinois State University, Northern Illinois University, Southern Illinois University (Carbondale and Edwardsville), and the University of Illinois (Urbana-Champaign, Chicago and Springfield). The community colleges are spread throughout 39 local community college districts. The private schools include names such as the University of Chicago and Northwestern University, while DeVry Institute of Technology and the Rockford Business College are examples of some of the proprietary institutions.

### State Higher Education Agencies

In addition to the public universities and community colleges, there are a number of other state agencies that are involved in higher education in Illinois and receive state appropriations. The Illinois Board of Higher Education (IBHE) is responsible for the planning and coordination of higher education. The IBHE develops an annual state budget for higher education, reviews and approves degree-granting programs offered by public and independent institutions, and reviews and approves the operating authority for independent post-secondary institutions. In addition, the IBHE administers grants for health education, engineering equipment, cooperative work-study, professional development for teachers, matching funds for federal and other agency contributions, as well as grants authorized by the Higher Education Cooperation Act and the Financial Assistance Act for Non-public Institutions of Higher Education.

The Illinois Community College Board (ICCB) is responsible for administering the Public Community College Act to maximize the ability of community colleges to provide high-quality, accessible, cost-effective educational opportunities for the individuals and communities they serve. This authority includes statewide planning, coordination of programs and services, approval of new units of instruction, and the provision of grants to community colleges.

The ICCB oversees the 48 community colleges that provide a wide range of programs that prepare students for college or for good paying jobs. For example, the ICCB plays a significant role in the education and training of Illinois workers through programs such as adult education, vocational training, family literacy, English as a second language, and workforce development and training. Community colleges offer training in over 240 different occupations.

State involvement in higher education also includes the Illinois Student Assistance Commission (ISAC) that administers student financial assistance programs to help needy students finance their college educations, and the Illinois Mathematics and Science Academy (IMSA) that provides advanced math and science learning in a residential high school setting to 650 academically talented students in grades 10-12. The State Universities Retirement System and the Universities Civil Service Merit Board complete the list of higher education agencies.

Faced with a budget deficit of at least \$9 billion in fiscal year 2010 budget negotiations, education funding certainly faces a difficult budgetary situation in the coming fiscal year.

However, the federal government's American Recovery and Reinvestment Act (ARRA) of 2009 provides the states with additional fund-

*Cover Story continued, page 7*

# Midwest Student Exchange Program

In December 2006, The Illinois Board of Higher Education approved Illinois' participation in the Midwest Student Exchange Program (MSEP) but it will not go into effect until an individual institution in Illinois elects to participate in the program.

The MSEP is a program that offers reduced tuition rates to students in the states of Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, and Wisconsin. The MSEP serves as the Midwest's largest multi-state tuition reciprocity program with over 140 campuses from participating states offering enrollment to students at reduced tuition rates. Public institutions enrolling students under the MSEP agree to charge no more than 150% of the in-state resident tuition rate while private institutions offer a 10% reduction on

their tuition rates. A student must enroll as a non-resident student at a participating MSEP campus to receive the discount. Currently, Illinois does not have any institutions that are participating in reciprocity agreements. The other Midwestern states of Iowa, South Dakota, and Ohio do not participate in MSEP at this time either.

According to a report sponsored by the Illinois Board of Higher Education and the Center for the Study of Education Policy at Illinois State University, Illinois has suffered an imbalance of in and out migration for years. Illinois ranks as the second highest net exporter of college students in the United States. Some reasons why Illinois students go out of state to college are affordability (getting the lowest overall cost), perceived quality of

education, selectivity (choice of college), distribution (higher institutional grants and scholarships), capacity (enrollment size) and marketing of Illinois colleges and universities.

According to a 2007-2008 National Comparison on Tuition and Fee Rates conducted by the Washington Higher Education Coordination Board, Illinois' undergraduate tuition and required fees (at a state's flagship university) for a non-resident was \$25,216, the highest among neighboring states. Missouri (\$18,754), Iowa (\$19,445), Wisconsin (\$21,434), and Indiana (\$22,316) were lower. The Illinois resident rate of \$11,130 was notably higher than Iowa (\$6,273), Wisconsin (\$7,184), Indiana (\$7,837) and Missouri (\$8,089). ■

## COVER STORY—concluded from page 6

ing for specific education programs, including some money for states to help maintain the state's financial support of education. While the specifics regarding the availability of these funds will depend on choices made by the Governor and Legislature, it may mitigate some of the impact of the challenging budget situation for the education entities.

The Governor appears prepared to use a portion of the ARRA money in order to subsidize Illinois' sup-

port for elementary and secondary education. Last month, the Governor recommended fiscal year 2010 General Funds appropriations for the State Board of Education to increase by \$176 million, an increase when many other areas of the state's budget had recommended decreases. The Governor proposed reducing

appropriations for teachers' retirement grants \$443 million (and related modifications to retiree benefits) for an aggregate decline of \$267 million for elementary and secondary education. Recommended General Funds appropriations for higher education are \$158 million less than fiscal year 2009, due in part to reductions in appropriations for the State Universities Retirement System tied to benefit changes. ■



## Education Spending in Illinois

# Capital Spending for Higher Education

An examination of state funded capital expenditures for higher education shows a marked decline in recent years. At the same time, deferred maintenance at higher education institutions is on the rise. Capital expenditures by the state include bond fund spending which utilizes bond proceeds from state general obligation or Build Illinois bonds and spending from other funds which is utilized for infrastructure projects. Bond fund spending is the primary source of capital spending for higher education.

Since fiscal year 2000, the state has averaged \$152.9 million in capital spending annually. Total spending over the last nine years is \$1.376 billion. The highest year of spending was

higher education since fiscal year 2000 include the Tobacco Settlement Recovery Fund (\$13.2 million), Fund for Illinois' Future (\$12.8 million), General Revenue Fund (\$11.2 million) and the Coal Development Fund (\$0.5 million).

Since fiscal year 2000, the university has received \$442.7 million or 32.2% of the total for an average of \$49.2 million per year. The second largest total goes to the state's community colleges with much of the money funneled through the Illinois Community College Board. Since fiscal year 2000, com-

**Capital Spending for Higher Education by Fund**  
FY 2000 - FY 2008  
Dollars in Millions

Fund	Fiscal Year									Total
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Capital Development Fund	108.4	139.5	183.5	223.4	135.2	117.4	125.7	77.9	36.8	1,147.8
Build Illinois Bond Fund	3.2	6.9	17.0	32.4	46.5	21.4	22.3	30.6	10.2	190.5
General Revenue Fund	1.9	0.4	0.1	0.0	0.0	3.3	2.7	0.0	2.8	11.2
Coal Development Fund	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Fund for Illinois' Future	12.4	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	12.8
Tobacco Settlement Recovery Fund	0.0	1.6	11.6	0.0	0.0	0.0	0.0	0.0	0.0	13.2
<b>Total</b>	<b>126.4</b>	<b>148.6</b>	<b>212.4</b>	<b>255.8</b>	<b>181.7</b>	<b>142.1</b>	<b>150.7</b>	<b>108.5</b>	<b>49.8</b>	<b>1,376.0</b>

Source: Comptroller's Records.

**Capital Spending for Higher Education by Institution**  
Fiscal Year 2000 to Fiscal Year 2008  
Dollars in Millions

Institution(s)	Fiscal Year									Total
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Chicago State University	2.8	3.2	6.1	9.3	10.6	7.3	17.7	4.7	2.0	63.7
Eastern Illinois University	1.3	11.4	11.7	4.1	1.3	3.4	20.1	19.4	5.0	77.7
Governors State University	0.7	1.1	7.2	13.4	1.7	0.3	0.5	0.4	0.2	25.5
Illinois State University	3.2	3.3	2.2	10.2	14.7	12.8	5.2	1.6	9.1	62.3
Northeastern Illinois University	3.5	3.7	3.8	4.9	5.2	2.8	0.8	0.4	1.4	26.3
Notre Dame University	6.6	8.4	13.5	9.3	1.3	3.9	2.1	1.3	1.5	47.9
Western Illinois University	3.2	5.6	7.6	2.9	0.7	0.5	2.4	2.5	1.2	26.6
Southern Illinois University	15.7	9.5	24.7	35.0	16.7	1.2	7.6	24.3	9.1	143.8
University of Illinois	27.1	37.9	84.1	91.2	68.4	72.8	58.1	18.5	4.6	442.7
Community Colleges*	45.8	61.1	58.6	55.0	40.5	20.1	23.9	30.7	15.7	351.4
All Other	16.5	3.4	12.9	20.5	20.6	17.0	12.5	4.7	0.0	108.1
<b>GRAND TOTAL</b>	<b>126.4</b>	<b>148.6</b>	<b>212.4</b>	<b>255.8</b>	<b>181.7</b>	<b>142.1</b>	<b>150.7</b>	<b>108.5</b>	<b>49.8</b>	<b>1,376.0</b>

Source: Comptroller Records.  
\* Includes spending by individual community colleges as well as the Illinois Community College Board.

munity colleges have spent \$351.4 million which is 25.5% of the total. Together, the University of Illinois and community colleges have spent 57.7% of higher education capital funds.

Deferred maintenance estimates as reported by public universities and community colleges were nearly \$3.030 billion in fiscal year 2008. This is up \$1.806 billion or 147.5% from \$1.224 billion in fiscal year 2000. Declining support from the state along with increased maintenance costs and aging facilities all play a part in the

fiscal year 2003 when \$255.8 million was expended and the lowest year was fiscal year 2008 when only \$49.8 million was spent. Each of the last four fiscal years has fallen below the decade average, reflecting the significant slowdown in state support for higher education infrastructure. The lack of a statewide capital plan is cited as a major reason for the slowdown in state support. The Capital Development Fund, which is funded with general obligation bond proceeds, is the main source of capital expenditure funding for higher education. Since fiscal year 2000, nearly \$1.148 billion has been spent on higher education from this fund accounting for 83.4% of the total. Build Illinois Bond Fund expenditures are the second largest source with \$190.5 million. Other funds utilized for

**Deferred Maintenance Estimates**  
As Reported by Public Universities and Community Colleges  
Dollars in Millions

Institution(s)	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Chicago State University	30.0	49.3	43.2	47.3	57.1	61.0	63.4	64.0	67.1
Eastern Illinois University	103.3	129.5	122.0	99.4	100.1	99.1	113.2	120.7	127.8
Governors State University	3.2	6.3	4.9	5.4	5.2	5.4	8.1	27.5	24.3
Illinois State University	90.0	122.7	116.6	112.0	249.7	250.4	255.4	254.9	260.0
Northeastern Illinois University	14.0	14.7	19.8	18.5	19.3	16.7	27.6	62.1	65.8
Notre Dame University	80.0	77.1	77.9	74.9	76.5	70.5	83.5	85.3	84.9
Western Illinois University	69.0	72.6	67.4	50.2	51.2	59.0	59.1	105.8	101.0
Southern Illinois University	205.0	191.3	209.5	219.5	295.3	393.2	442.6	493.4	506.7
University of Illinois	400.0	398.2	575.7	799.4	823.3	875.8	1,079.3	1,385.0	1,524.7
Community Colleges*	229.7	229.7	168.9	208.0	213.0	220.0	236.2	257.3	267.3
<b>GRAND TOTAL</b>	<b>1,224.2</b>	<b>1,291.4</b>	<b>1,405.9</b>	<b>1,634.6</b>	<b>1,890.7</b>	<b>2,051.1</b>	<b>2,370.4</b>	<b>2,836.0</b>	<b>3,029.6</b>

Source: IBHE Technical Questions (Table 9)  
\*Fiscal Years 2007 & 2008 estimates for Community Colleges are IBHE estimates based on previous year and escalation.

As expected, Illinois' flagship university, the University of Illinois has received the largest portion of state monies for capital projects.

escalating backlog of maintenance projects. Over half of the estimated deferred maintenance was at the University of Illinois. ■

grants, particularly those grants where distribution is not related to school district property tax bases. The need to satisfy standards set by the federal No Child Left Behind law has added an additional issue to the education funding debate.

## Recent Proposals

The most recent state commission established to review education funding is the Education Funding Advisory Board (EFAB). EFAB is a continuing board created by Public Act 90-548 in December 1997 to recommend the foundation level and the supplemental aid level for districts with high concentrations of poverty children. In an October 2002 report, EFAB went further to provide recommendations for systemic education funding reform. The EFAB recommendations pertaining to funding reform were to reduce reliance on the local property tax through guaranteed property tax relief and increase the state share of funding through a fair, reliable, and predictable revenue stream. The suggestion for implementing these principles was to raise the personal income tax rate from 3% to 4% with a proportionate corporate tax rate increase to generate \$2.8 billion. Additional revenue could come from broadening the sales tax to include some services. Property tax relief would come from a \$3.5 billion reduction in taxes for education purposes. A School District Property Tax Relief Fund would be created to receive the portion of revenues from the increased state taxes that would be given to school districts to replace the reduced property tax revenues.

Since quality public education is the key to a well educated labor force and because financing education takes such a large share of tax revenues, private groups, including special task forces established specifically to address education issues and long-established civic groups have focused on public education.

The Metropolitan Planning Council study on “Resolving the School Funding Debate” (May 2007) is an example of a civic group that has turned its energies to this problem. Their proposal was to raise the state income tax rate to 5% with protection to working

class families provided by raising the personal exemption, expanding the earned income credit, and possibly adding a child tax credit and to provide property tax relief with a flat grant to relatively wealthy districts and larger grants to distressed areas of the state. The remaining funds after property tax relief can be used for raising the foundation level, increasing state support for categorical grants such as special education, early childhood education, and teacher mentoring programs and to finance investment funds to meet the capital needs of schools. The Council also includes a variety of reform measures including better information on student achievement, school performance and school finance and pension reform.

The intended outcome of all these activities is education reform legislation. The most recent high profile legislative proposal was the February 2008 tax swap proposal (SB 2288) sponsored by Senator Meeks. The proposal had income tax rates increased with the personal rate rising from 3% to 5% and the corporate rate rising from 4.8% to 8.0%. For lower income Illinoisans, the cost of the higher tax rate would be offset by a Family Tax Credit. Income tax revenues would be up \$7.2 billion based on the rate increases less \$600 million for the Family Tax Credit leaving a net gain of \$6.6 billion in state revenues. In recognition of the state’s accumulated Medicaid and pension debts, \$1.7 billion would be available to put the state on a more sound fiscal footing. Of the remaining \$4.9 billion, \$3.1 billion would go for elementary and secondary education. This would be offset by \$2.5 billion in property tax relief leaving a net gain of \$600 million. Higher education, which has received limited state funding increases in recent years, would receive \$300 million. Finally, \$1 billion would be available for the Invest in Illinois program to fund infrastructure needs of Illinois.

Other new revenue streams could also provide the additional revenue for school funding reform and property tax relief. For example in 2005, former Governor Blagojevich proposed additional funds for education in Illinois by expanding the number of

slot machines and gaming tables in Illinois. In 2006, the funds were to come from selling or leasing the state lottery. EFAB’s proposal to consider expanding the sales tax base to include the cost of additional services has already been mentioned.

## Legal Challenges

School funding in Illinois can also be challenged through the courts. Is the state providing an efficient system of public education and is it meeting its primary responsibility for funding education in Illinois? In cases filed after the adoption of the 1970 Constitution, the Supreme Court ruled that phrase “primary responsibility” for state funding for primary and secondary education was meant to be a goal rather than a requirement that the state carry a larger share of the burden for financing education.

The Supreme Court turned to the meaning of an “efficient system of high quality public” education in *Committee for Education Rights v. Edgar* (1996). The plaintiffs contended students in poorer districts received an inadequate education. The Court noted that questions concerning the efficiency and thoroughness of the school system were solely the purview of the General Assembly. A further review of the public school funding system in *Lewis E. v. Spagnolo* (1999) concerned whether the Constitution granted the right to a minimally adequate education. Again, the Court ruled questions concerning the quality of education are legislative issues.

In August 2008, a new complaint was filed in the state circuit court as *Chicago Urban League v. State of Illinois*. In asking that the current funding scheme be declared unconstitutional, plaintiffs claim the current system violates the Illinois guarantee that all students receive a high quality education and discriminates against families based on race. Plaintiffs in the new case argue the adoption of a new set of state learning and achievement goals and federal No Child Left Behind measures now allow the courts to determine whether the state’s funding scheme provides for high quality education to all pupils. ■

# Revenues Dedicated for Education

In fiscal year 2008, over \$4.2 billion in General Funds revenues was dedicated to fund education. The amount of revenue specifically available for education has steadily increased over the years as sources of revenue were added or increased.

The most recognized dedicated revenue source is the State Lottery. However, it is nei-

ther the most important nor the oldest source. That distinction is held by the state sales tax which generated \$1.8 billion or almost 43% of the total General Funds education revenues in fiscal year 2008. Since 1959, a portion of the state sales tax revenues were earmarked for elementary and secondary education. Currently, 25% of state sales tax revenues are deposited into the General Revenue-Common School Special Account Fund.

**State Revenues Dedicated for Education**  
\$ in millions

Fiscal Year	Sales Taxes	Lottery Fund Transfers	Income Taxes	Riverboat Gambling Revenues	Cigarette Taxes	Public Utility Taxes	All Other	TOTAL
1988	\$ 874	524	0	0	84	0	5	1,487
1989	929	586	0	0	76	2	7	1,600
1990	953	594	353	0	72	12	9	1,993
1991	982	580	374	0	89	12	7	2,004
1992	992	611	380	8	64	12	113	2,180
1993	1,019	587	401	54	66	12	82	2,221
1994	1,088	552	423	118	43	12	8	2,244
1995	1,157	588	455	171	42	12	9	2,434
1996	1,194	594	485	205	42	12	9	2,541
1997	1,242	590	527	185	43	12	9	2,608
1998	1,312	560	583	170	49	47	10	2,731
1999	1,395	540	609	240	180	113	9	3,086
2000	1,499	515	651	330	139	120	9	3,263
2001	1,482	501	659	460	140	127	8	3,377
2002	1,505	555	604	470	140	122	8	3,404
2003	1,508	540	590	553	137	102	10	3,440
2004	1,580	570	599	661	141	112	128	3,791
2005	1,649	614	668	542	158	103	7	3,741
2006	1,774	670	735	685	154	101	8	4,127
2007	1,784	622	815	685	172	109	7	4,194
2008	1,805	657	889	564	172	110	7	4,204

Source: Comptroller Records

Two sources began earmarking revenues to education in fiscal year 1986. The best known source of funding for elementary and secondary education, the state lottery started transferring monies into the Common School Fund that year while prior to that time the transfer was to the General Revenue Fund. In fiscal

year 2008, lottery transfers totaled \$657 million or about 15.6% of the total General Funds education revenues for the year. Also in fiscal year 1986, the cigarette tax was increased with a portion of the increase allocated to the Common School Fund. Since then there have been various changes in the allocation of the cigarette tax and \$172 million was deposited into the fund in fiscal year 2008.

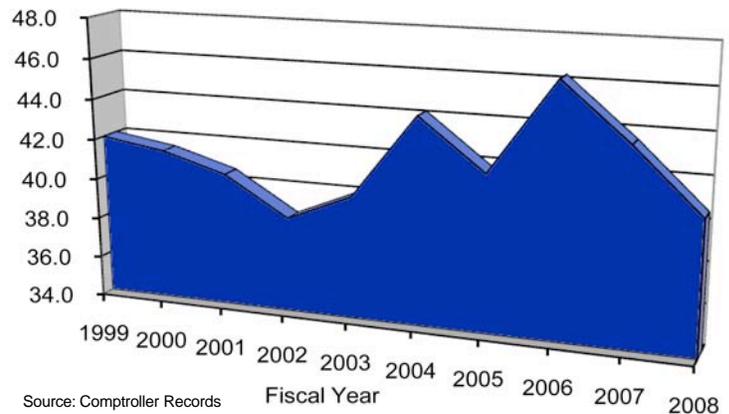
The next big change in revenues for education occurred in fiscal year 1990 with the then temporary but now permanent increase in state income tax rates. The Education Assistance Fund was established with 7.3% of income tax revenues dedicated for deposit into the fund. Income tax revenues are now the second largest source of revenue for education accounting for \$889 million or 21.1% of total dedicated education revenues

in fiscal year 2008. Two years later, the Education Assistance Fund received another boost in revenues with the implementation of riverboat gambling in fiscal year 1992. With \$564 million transferred in fiscal year 2008, it is the fourth largest source representing 13.4% of total education revenues for the year.

Fiscal year 1990 was the first full year of deposits of public utility tax revenue into the Common School Fund (\$12 million a year from the telecommunication tax). Beginning in fiscal year 1998, a portion of the telecommunications excise tax was deposited into the fund. All other sources of education revenues have been minor except for selected years when one time revenues such as the amnesty taxes or Build Illinois reserve revenues were deposited into the Common School Fund. However, the second oldest source of dedicated education revenues is the deposit of bingo tax revenues into the Common School Fund which began in fiscal year 1972.

While these revenues are dedicated for education, they have over the years provided less than half the funding for education spending. In fiscal year 2008, dedicated sources of General Funds revenues accounted for 40.5% of General Funds education expenditures. Over the past 20 years, the highest rate was 46.3% in fiscal year 2006. Even excluding the small portion for higher education, these dedicated

**Education Revenues as a Percent of Education Spending**



Source: Comptroller Records

sources still provide less than half the funding for elementary and secondary education. The General Revenue Fund continues to be the main source of funding for education. ■

# Higher Education Enrollment Trends

An estimated 22,391 students receive their graduate and/or post graduate degrees from the five most populated universities in the state of Illinois each year. Chances are good that these students and students across the nation will be picking up a diploma in the area of business, social science, education and psychology.

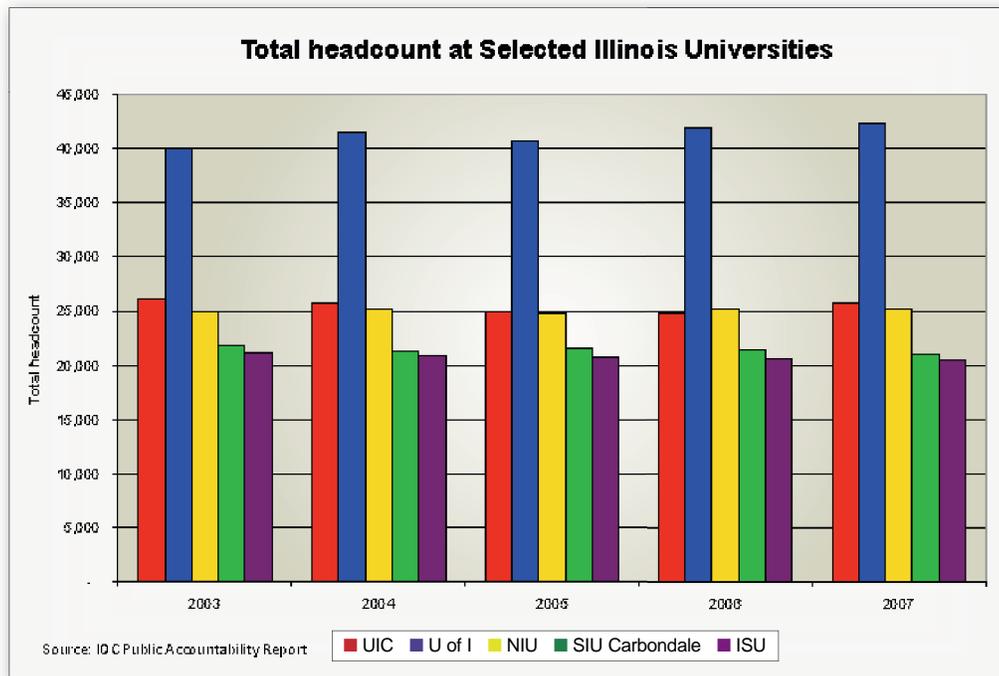
The most popular major both at Illinois' universities and nationwide has been business. In 1970 however, the most popular major was education, and business was the third most popular major. According to a 2007 report published by the U.S. Department of Education, National Center for Education Statistics, other majors of choice by students interested in a service profession such as teaching and social work, have helped keep the areas of social science, education and psychology on the most popular list.

In recent years the parks, recreation, leisure and fitness area of study has gained popularity. Thirty-eight years ago this area barely made the list. Since then, it has grown from 1,621 graduates to 22,888, surpassing other majors such as public administration and foreign languages. Some traditional majors such as English, Math, Physical Science and Engineering, have been on the decline in past years.

Student enrollment at the University of Illinois Urbana (U of I), has steadily increased from fiscal year 2003 to fiscal year 2007. Average undergraduate headcount at the U of I during this five year period is approximately 30,084. Total headcount has averaged 41,306 during the same period. Part-time enrollment has averaged 8.3% during those five years at the U of I.

The University of Illinois at Chicago (UIC) experienced a 9.1% drop in undergraduate headcount from 16,543 in fiscal 2003 to 15,150 in fiscal 2006. However in fiscal 2007 undergraduate headcount was reported at 15,672 or a 3.4% increase from the prior year. Total headcount at the UIC decreased 5.3% during the same four year period, while increasing 3.8% in fiscal 2007. Average part-time enrollment at the UIC during this five year span has been 18.5%.

Northern Illinois University (NIU) has experienced a slight increase in undergraduate headcount of 4.3% from 18,104 in fiscal 2003 to 18,917 in fiscal year 2007 with a yearly average of 18,359. Total headcount improved by 1.2% during the same time span and has averaged 25,098. Part-time enrollment at NIU has been on a steady decrease while averaging 25.2% over this five year period. ■



# Local, State and Federal Funding for Education

Public education (K-12) is financed by local, state and federal governments. According to the National Center for Education Statistics, the school district's revenues vary greatly depending on the state in which the school district is located. Below is a summary of the highest and lowest ranking states when it comes to funding by their local, state or federal government as well as the comparison to Illinois' surrounding states. Hawaii and Washington, D.C. have only one school district each, therefore neither is comparable to the other states.

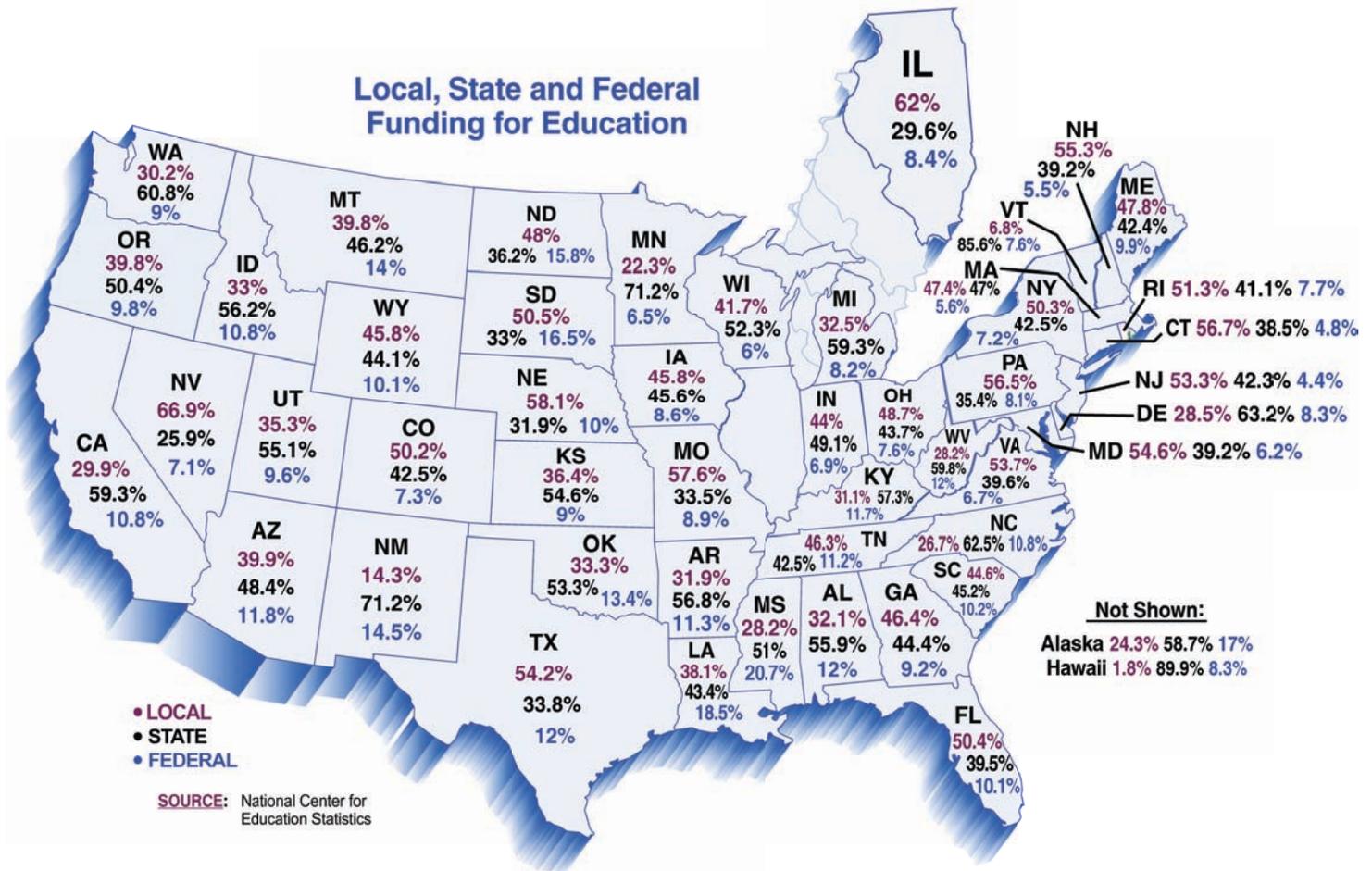
According to the data compiled by the State Education Reforms (SER) for the National Center for Education Statistics, for Fiscal Year 2006 Illinois' percentage was among the low-

est, ranking 49th, when it comes to state government support. Illinois' state government share of school funding was 29.6%, with only one state, Nevada, ranking lower with 25.9%. Vermont (85.6%) Minnesota (71.2%) New Mexico (71.2%) Delaware (63.2%) and North Carolina (62.5%) had the highest amount of state support for their schools' funding. Among neighboring states, Michigan has a state contribution of 59.3%, Wisconsin 52.3%, Indiana 49.1%, Iowa 45.6% and Missouri 33.5%.

As a result, Illinois' local school revenues support a larger share of the cost of K-12 education than districts in other states ranking 2nd with 62%. Nevada ranked 1st with 66.9%, Nebraska 3rd with 58.1% and Missouri 4th

with 57.6%, of the districts' revenues coming from local government sources. Local government shares for neighboring states are: Iowa, 45.8%; Indiana, 44%; Wisconsin, 41.7%; and Michigan, 32.5%.

The amount of support from federal sources that Illinois school districts received was 8.4% which ranked 32nd. The top 5 federally supported states are: Mississippi, 20.7%; Louisiana, 18.5%; Alaska, 17%; South Dakota, 16.5%; and North Dakota, 15.8%. The lowest ranked states are New Hampshire with 5.5%, Connecticut with 4.8% and New Jersey with 4.4% being contributed by the federal government. ■



# Affordability

How affordable is higher education for students and their families? The National Center for Public Policy and Higher Education has conducted independent research on a family's ability to pay for community colleges and 4-year public colleges based on their average income for a family in that state. The report, *Measuring Up 2008*, states that, "Higher Education has become less affordable for students and their families" when the cost of attending college is considered relative to family income.

The data provided in *Measuring Up 2008* shows that Illinois is ranked 27th among all states when it comes to a family's ability to pay for community college because they would have to use 24% of their income to pay for expenses. For a public 4-year college, Illinois ranks 42nd out of 50 and families would have to use 35% of their income. The percentages appear to be consistent with *Measuring*

*Up 2006*, when Illinois families also used 24% of their income to pay for community college and 35% of their income to pay for a public 4-year college.

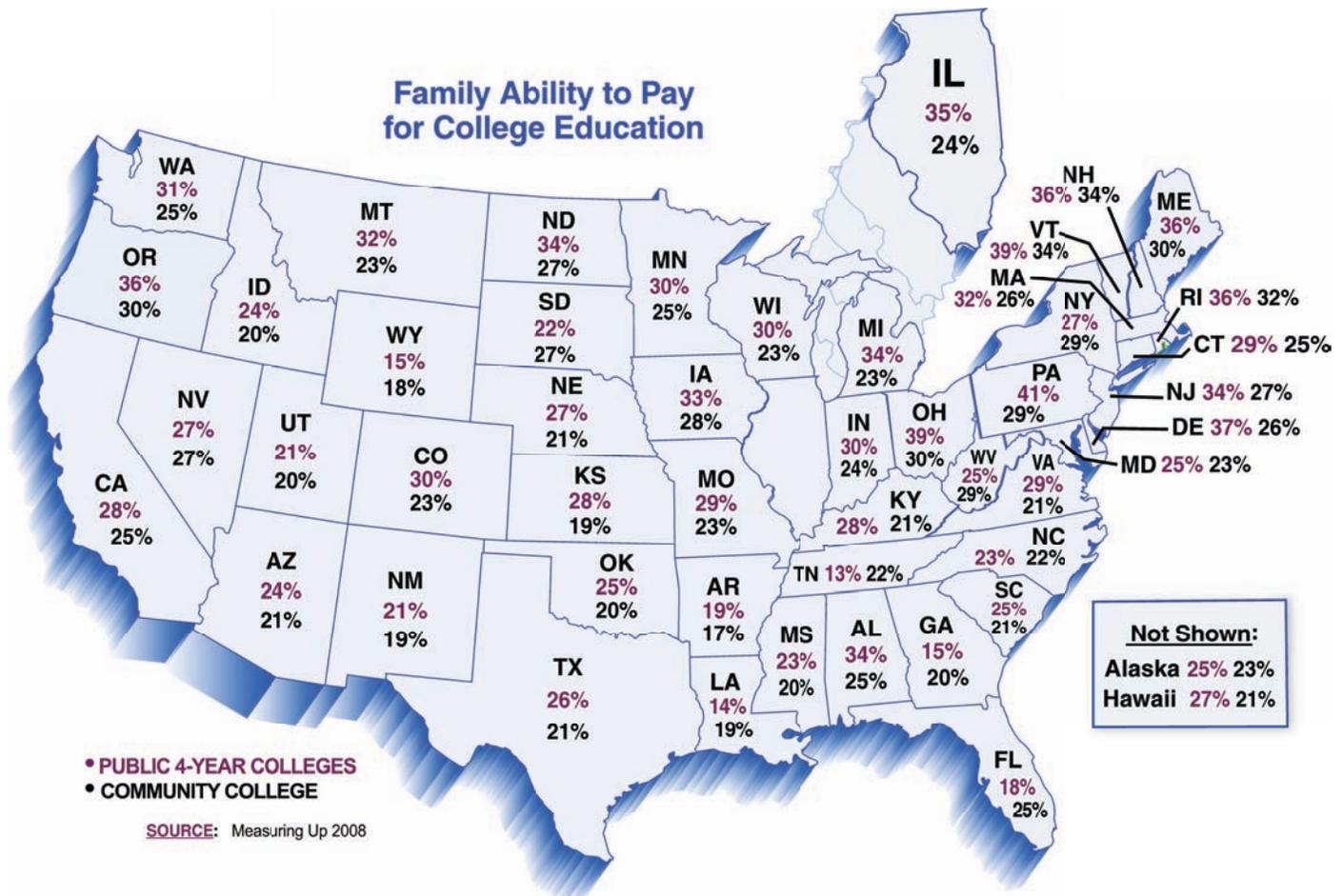
Arkansas is ranked first on community college affordability requiring 17% of a family's income and Wyoming is ranked second with families using just 18% of their income. The most affordable 4-year public colleges based on a family's income are Tennessee which is ranked first using 13% and Louisiana which is ranked second with 14%.

The states that ranked the lowest, or the most unaffordable, when it comes to a family's ability to pay for community college are Vermont and New Hampshire, which are both ranked 49th, using 34% of a family's income. The states ranked the lowest for affording public 4-year colleges are Pennsylvania, which ranked 50th using 41% of a family's income,

and Vermont and Ohio which both ranked 48th using 39%.

Other states in the Midwest had rankings that ranged from 20th to 41st when comparing the affordability of community colleges. For example, Michigan, Missouri and Wisconsin all tied and ranked 20th with 23%, Indiana and Illinois were tied, ranking 27th with 24% and Iowa ranked the highest at 41st with 28%. Public 4-year colleges ranged from 27th to 42nd in the rankings. Missouri had the lowest ranking at 27th with 29%, Indiana and Wisconsin ranked 30th with 30%, Iowa ranked 37th with 33%, Michigan ranked 39th with 34% and Illinois came in the highest at 42nd with 35%.

The map below shows a complete listing of states based on a family's ability to pay for community colleges and public 4-year colleges. ■



# Community Colleges

Though their importance may be overlooked, community colleges play a significant role within the national and statewide educational system. They give students the opportunity to achieve higher learning, which subsequently leads to higher wages. In addition to offering an Associate's Degree in multiple fields, community colleges provide training for industries ranging from emergency services to nursing. Additionally, enrolling at a community college can be a cost-effective solution for students who cannot afford to pay the tuition required by a four-year college or university. Coursework completed at a community college can be used as remedial preparation for higher education, or can be transferred as credit to a four-year institution.

Nationwide 6.5 million students were enrolled in a total of 1,053 public and private community colleges in 2006, while 11.2 million students were enrolled in public and private four-year schools. Community college students make up approximately 37% of all college students, according to the National Center for Education Statistics. The American Association of Community Colleges (AACC)

## Illinois Community Colleges

The community college system has enjoyed a long history in Illinois. The state lays claim to Joliet Junior College, the nation's first "junior college" and predecessor to the modern-day community college. Established in 1901, it began as an experimental program for those who had graduated high school. By 1937, this and other junior colleges had been absorbed by the state's public school system. Then in 1965, the Illinois legislature passed the Illinois Junior College Act, a decision which took junior colleges out of the public school system and placed them under the authority of the Illinois Board of Higher Education.

To date, 48 public community colleges have been established in Illinois in 39 community college districts. A study by the National Center for Education Statistics reports that over 350,000 students are currently enrolled in these schools. Illinois' community college system is the fifth largest in the nation and the third largest in terms of enrollment. California has the largest system in both categories with 1.4 million students enrolled in 111 com-

time was only \$2,350. In addition, most community college students work while in school and can therefore subsidize their education. Of full-time community college students, 50% work part-time and 27% work full-time. Of part-time students, 50% work full-time while 33% work part-time. When students receive their community college degrees and certifications, their wages increase considerably.

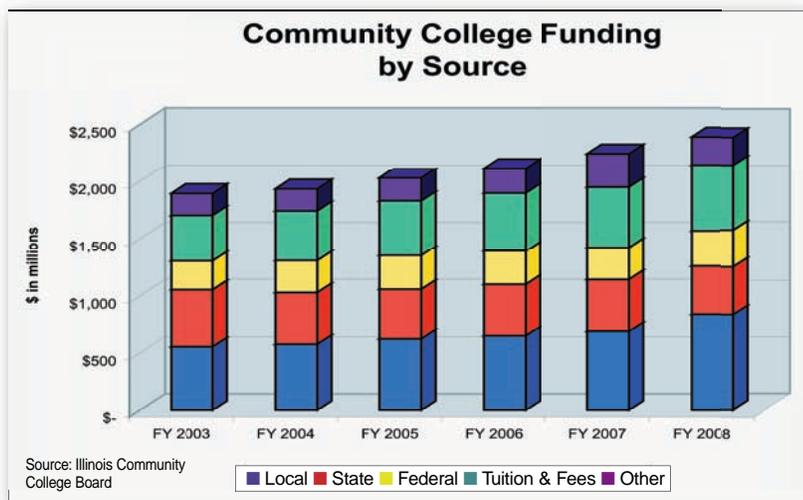
## Earnings Gains and Areas of Study

According to a 2007 report issued by the Center for Governmental Studies at Northern Illinois University, students completing community college in 2005 saw an average pre-enrollment to post-completion earnings increase of \$6,628. Even students who left school without completing a degree saw their earnings increase by \$3,207 in 2005, pointing to the theory that any education beyond high school results in economic benefits. Students with the largest earnings gains completed programs in protective services, construction trades, and health and related sciences services. With the ability to increase earnings at a low cost, it is no wonder that 80% of firefighters, law enforcement officers, and Emergency Medical Technicians, along with 59% of new nurses are credentialed at community colleges.

## Community College Funding

According to the AACC, the average community college receives 37% of its revenues from the state, 17% from tuition and fees, 21% from local revenues (such as property taxes), 16% from federal sources and 9% from other sources. The accompanying chart illustrates funding for community colleges in Illinois between fiscal year 2003 and fiscal year 2008. In fiscal year 2008, 18% of its revenues came from the state, 24% from tuition and fees, 35% from local revenues, 13% from federal sources and 10% from other sources.

The State of Illinois falls below the national average in its funding of community colleges. As a result, these institutions must rely on a great deal of local support, as well as the tuition and fees paid by their students. Since



provides slightly different numbers, stating that students enrolled in community colleges make up 46% of all U.S. undergraduates and 41% of all first-time freshmen. In Illinois, the Illinois Community College Board reports that 63.7% of all 2007 fall-term students within the Illinois public higher education system are community college students.

munity colleges, followed by Texas with 540,000 students enrolled in 64 community colleges.

The key to high enrollment is affordability. The Illinois Community College Board reported in May 2008 that the average cost of attending an Illinois community college full

# Illinois Section 529 Plans

Illinois operates three college savings plans that offer significant tax savings for families accumulating funds to pay the cost of higher education. Two qualified state tuition programs under Section 529 of the Internal Revenue Code are administered by the State Treasurer: the Bright Start and Bright Directions College Savings Programs. Both of these savings programs provide tax exempt earnings to meet higher education expenses. Bright Start investments can be sold by any federally insured financial institution and by credit unions lawfully doing business in Illinois. Bright Directions investments are sold through financial advisors to families utilizing a financial advisor to assist in developing a plan to accumulate college savings. Each provides a variety of investment options allowing the saver to tailor their investment plan for their taste for risk and the time frame until the educational savings will be needed.

The third section 529 plan, College Illinois, is a prepaid tuition plan administered by the Illinois Student Assistance Commission (ISAC). Current discounted payments guarantee the cost of tuition and mandatory fees at Illinois public universities and community colleges will be met when the beneficiary attends college. Contract benefits can also be applied at private and out-of-state colleges and universities.

Though relatively new, College Illinois was authorized in legislation passed in November 1997, Bright Start commenced operations in March 2000, and Bright Directions began in November 2005, these three programs have quickly grown to be components of many college savings plans.

A key difference in the investment options is who bears the market risk. Investment risk for Bright Start and Bright Directions is similar to the risk borne by any purchaser of mutual

nois, the state bears much of the investment risk. Funds will be provided at the rate of state institution tuition and fees. If the investment return on College Illinois purchase payments is insufficient to make these payments, the state is responsible for the difference. However, in certain circumstances, the state may be able to discontinue the plan if it is found to be financially infeasible.

As of June 30, 2008, Bright Start had over \$2.4 billion in assets for 128 thousand Illinois participants and 41 thousand participants outside Illinois. Bright Directions had \$377 million in assets from almost 35 thousand participants who were largely from Illinois. College Illinois held \$1.187 billion in assets representing over 53 thousand contracts with a purchased value of \$1.460 billion.

As of June 30, 2008, the College Illinois actuaries estimated that the program had a \$273.2 million fund deficit, \$189.0 million greater than the \$84.2 million year earlier deficit. The largest factor in the increase in the deficit was a \$159.5 million shortfall between the expected

and actual asset appreciation. The deficit has increased during fiscal year 2009 as the value of current assets declined from \$992.7 million at the end of fiscal year 2008 to \$726.6 million at the close of February 2009. ■

	Bright Start	Bright Directions	College Illinois
<b>Net Assets</b>	<b>\$2,413.5</b>	<b>\$377.3</b>	<b>\$1,186.6*</b>
<b>Present Value of Future Payments plus Admin. Costs</b>			<b>\$1,459.8</b>
<b>Illinois Participants</b>	<b>128,018</b>	<b>33,449</b>	
<b>National Participants</b>	<b>41,036</b>	<b>1,410</b>	
<b>Contracts in Force</b>			<b>53,127</b>
<b>* Net assets includes market value of assets held by fund plus present value of future receipts from contract purchasers.</b>			
<b>Source: ISAC and Illinois' State Treasurer's Office</b>			

funds. If the investments do well, the college saver has a pleasant bonus, but if the investments underperform, college savings will fall short of the planned goal. Under College Illi-

## Community Colleges concluded from page 14

fiscal year 2003, the state support of community colleges has fallen from \$487.8 million to \$419.1 million, a fall in share of funding from 26% to 18%. Local share of support has increased from 29% to 35% of total community college support, while tuition and fees has risen from 21% to 24% of the funding mix.

Given the nation's economic climate, not to mention the financial crisis facing the state, it is safe to assume that an influx of Illinois students may soon consider attending community colleges. The wide array of study options, along with the reasonable price tag and flexibility to work while attending school, make

such schools an attractive option. However, if the state continues to under fund these programs, the burden to students and local taxpayers may become too great to support such an interest. ■

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GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES

(Dollars in Millions)

	Six Months			
	Dec. 2008	FY 2009	Change From Prior Year	
			\$	%
<b>Total General Funds</b>				
Available Balance	\$ 109	\$ 141	\$ (501)	(78.0) %
Revenues	3,996	14,618	(577)	(3.8)
Expenditures	3,890	14,544	(704)	(4.6)
Ending Balance	\$ 215	\$ 215	\$ (374)	(63.5) %
<b>General Revenue Fund</b>				
Available Balance	\$ 28	\$ 48	\$ (176)	(78.6) %
Revenues	3,659	12,667	(428)	(3.3)
Expenditures	3,604	12,632	(633)	(4.8)
Ending Balance	\$ 83	\$ 83	\$ 29	53.7 %
<b>Common School Special Account Fund</b>				
Available Balance	\$ 68	\$ 14	\$ (22)	(61.1) %
Revenues	162	916	(17)	(1.8)
Expenditures	154	854	(31)	(3.5)
Ending Balance	\$ 76	\$ 76	\$ (8)	(9.5) %
<b>Education Assistance Fund</b>				
Available Balance	\$ 1	\$ 72	\$ (303)	(80.8) %
Revenues	90	667	(49)	(6.8)
Expenditures	65	713	48	7.2
Ending Balance	\$ 26	\$ 26	\$ (400)	(93.9) %
<b>Common School Fund</b>				
Available Balance	\$ 13	\$ 6	\$ (1)	(14.3) %
Revenues	554	2,499	669	36.6
Expenditures	537	2,475	663	36.6
Ending Balance	\$ 30	\$ 30	\$ 5	20.0 %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS ANALYSIS OF EXPENDITURES

(Dollars in Millions)

	Six Months			
	Dec. 2008	FY 2009	Change From Prior Year	
			\$	%
<b>Expenditures:</b>				
<b>Awards and Grants:</b>				
Healthcare & Family Services	\$ 335	\$ 3,476	\$ (306)	(8.1) %
Elem. & Sec. Education:				
State Board of Education	837	3,512	511	17.0
Teachers Retirement	127	763	205	36.7
Total, Elem. & Sec. Education	\$ 964	\$ 4,275	\$ 716	20.1 %
Human Services	258	1,706	72	4.4
Higher Education	64	453	48	11.9
All Other Grants	159	795	(51)	(6.0)
Total, Awards and Grants	\$ 1,780	\$ 10,705	\$ 479	4.7 %
<b>Operations:</b>				
Other Agencies	\$ 485	\$ 2,944	\$ 96	3.4 %
Higher Education	177	939	96	11.4
Total, Operations	\$ 662	\$ 3,883	\$ 192	5.2 %
Regular Transfers Out	\$ 374	\$ 1,350	\$ (68)	(4.8) %
All Other	\$ (1)	\$ 4	\$ (5)	(55.6) %
Vouchers Payable Adjustment	\$ 1,075	\$ (1,398)	\$ 198	N/A
<b>Total, Base Expenditures</b>	<b>\$ 3,890</b>	<b>\$ 14,544</b>	<b>\$ 796</b>	<b>5.8 %</b>
Cash Flow Transfer - Hospital Provider Fund	0	0	(1,200)	(100.0)
Transfers to Repay GRF Short-Term Borrowing	0	0	(300)	(100.0)
Total, Expenditures	\$ 3,890	\$ 14,544	\$ (704)	(4.6) %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT

(Dollars in Millions)

	Six Months			
	Dec. 2008	FY 2009	Change From Prior Year	
			\$	%
<b>Personal Services:</b>				
Regular Positions	\$ 346	\$ 1,999	\$ 29	1.5 %
Other Personal Services	17	99	(1)	(1.0)
Total, Personal Services	\$ 363	\$ 2,098	\$ 28	1.4 %
Contribution Retirement	46	278	57	25.8
Contribution Social Security	15	96	0	0.0
Contribution Group Insurance	105	606	65	12.0
Contractual Services	57	353	43	13.9
Travel	2	10	0	0.0
Commodities	9	59	(5)	(7.8)
Printing	1	3	(1)	(25.0)
Equipment	1	12	2	20.0
Electronic Data Processing	2	28	8	40.0
Telecommunications	6	31	2	6.9
Automotive Equipment	2	18	2	12.5
Other Operations	53	291	(9)	(3.0)
Total, Operations	\$ 662	\$ 3,883	\$ 192	5.2 %

GENERAL FUNDS REVENUES

(Dollars in Millions)

	Six Months			
	Dec. 2008	FY 2009	Change From Prior Year	
			\$	%
<b>Revenues:</b>				
<b>State Sources:</b>				
Cash Receipts:				
Income Taxes:				
Individual	\$ 765	\$ 4,119	\$ 29	0.7 %
Corporate	190	613	(26)	(4.1)
Total, Income Taxes	\$ 955	\$ 4,732	\$ 3	0.1 %
Sales Taxes	646	3,645	(81)	(2.2)
Other Sources:				
Public Utility Taxes	106	559	45	8.8
Cigarette Taxes	29	175	0	0.0
Inheritance Tax (gross)	32	144	(56)	(28.0)
Liquor Gallonage Taxes	12	83	1	1.2
Insurance Taxes and Fees	58	139	25	21.9
Corporation Franchise Tax and Fees	15	106	(10)	(8.6)
Investment Income	2	33	(84)	(71.8)
Cook County IGT	0	65	(22)	(25.3)
Other	29	197	(17)	(7.9)
Total, Other Sources	\$ 283	\$ 1,501	\$ (118)	(7.3) %
Total, Cash Receipts	\$ 1,884	\$ 9,878	\$ (196)	(1.9) %
<b>Transfers In:</b>				
Lottery Fund	\$ 60	\$ 294	\$ (13)	(4.2) %
State Gaming Fund	20	250	(120)	(32.4)
Other Funds	20	177	(124)	(41.2)
Total, Transfers In	\$ 100	\$ 721	\$ (257)	(26.3) %
Total, State Sources	\$ 1,984	\$ 10,599	\$ (453)	(4.1) %
Federal Sources	\$ 612	\$ 2,343	\$ (24)	(1.0) %
<b>Total, Base Revenues</b>	<b>\$ 2,596</b>	<b>\$ 12,942</b>	<b>\$ (477)</b>	<b>(3.6) %</b>
Short Term Borrowing	1,400	1,400	200	16.7
Cash Flow Transfer - Hospital Provider Fund	0	0	(300)	(100.0)
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	\$ 3,996	\$ 14,618	\$ (577)	(3.8) %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS

(Dollars in Millions)

	Six Months			
	Dec. 2008	FY 2009	Change From Prior Year	
			\$	%
<b>State Board of Education:</b>				
General State Aid	\$ 416	\$ 2,087	\$ 352	20.3 %
All Other	421	1,425	159	12.6
Healthcare & Family Services	335	3,476	(306)	(8.1)
Human Services	258	1,706	72	4.4
<b>Higher Education:</b>				
Student Assistance Commission	19	212	0	0.0
Community College Board	0	179	3	1.7
Other	45	62	45	264.7
Teacher's Retirement	127	763	205	36.7
Children and Family Services	69	365	(25)	(6.4)
Aging	49	242	40	19.8
Revenue	2	10	0	0.0
All Other	39	178	(66)	(27.0)
Total, Awards and Grants	\$ 1,780	\$ 10,705	\$ 479	4.7 %

**GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES**  
(Dollars in Millions)

	Seven Months			
	Jan. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Total General Funds</b>				
Available Balance	\$ 215	\$ 141	\$ (501)	(78.0) %
Revenues	2,393	17,011	(1,142)	(6.3)
Expenditures	2,357	16,901	(1,357)	(7.4)
Ending Balance	\$ 251	\$ 251	\$ (286)	(53.3) %
<b>General Revenue Fund</b>				
Available Balance	\$ 83	\$ 48	\$ (176)	(78.6) %
Revenues	2,037	14,704	(955)	(6.1)
Expenditures	2,061	14,693	(1,118)	(7.1)
Ending Balance	\$ 59	\$ 59	\$ (13)	(18.1) %
<b>Common School Special Account Fund</b>				
Available Balance	\$ 76	\$ 14	\$ (22)	(61.1) %
Revenues	144	1,060	(29)	(2.7)
Expenditures	138	992	(29)	(2.8)
Ending Balance	\$ 82	\$ 82	\$ (22)	(21.2) %
<b>Education Assistance Fund</b>				
Available Balance	\$ 26	\$ 72	\$ (303)	(80.8) %
Revenues	143	809	(53)	(6.1)
Expenditures	92	804	(112)	(12.2)
Ending Balance	\$ 77	\$ 77	\$ (244)	(76.0) %
<b>Common School Fund</b>				
Available Balance	\$ 30	\$ 6	\$ (1)	(14.3) %
Revenues	540	3,039	978	47.5
Expenditures	538	3,013	985	48.6
Ending Balance	\$ 32	\$ 32	\$ (8)	(20.0) %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

**GENERAL FUNDS REVENUES**  
(Dollars in Millions)

	Seven Months			
	Jan. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Revenues:</b>				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 1,144	\$ 5,262	\$ (165)	(3.0) %
Corporate	58	671	(57)	(7.8)
Total, Income Taxes	\$ 1,202	\$ 5,933	\$ (222)	(3.6) %
Sales Taxes	571	4,216	(132)	
Other Sources:				
Public Utility Taxes	104	663	8	1.2
Cigarette Taxes	29	204	0	0.0
Inheritance Tax (gross)	23	168	(53)	(24.0)
Liquor Gallonage Taxes	16	99	(1)	(1.0)
Insurance Taxes and Fees	5	144	(9)	(5.9)
Corporation Franchise				
Tax and Fees	17	123	(10)	(7.5)
Investment Income	0	33	(98)	(74.8)
Cook County IGT	0	65	(35)	(35.0)
Other	53	250	(18)	(6.7)
Total, Other Sources	\$ 247	\$ 1,749	\$ (216)	(11.0) %
Total, Cash Receipts	\$ 2,020	\$ 11,898	\$ (570)	(4.6) %
Transfers In:				
Lottery Fund	\$ 46	\$ 339	\$ (33)	(8.9) %
State Gaming Fund	55	305	(108)	(26.2)
Other Funds	16	194	(131)	(40.3)
Total, Transfers In	\$ 117	\$ 838	\$ (272)	(24.5) %
Total, State Sources	\$ 2,137	\$ 12,736	\$ (842)	(6.2) %
Federal Sources	\$ 256	\$ 2,599	\$ (200)	(7.1) %
<b>Total, Base Revenues</b>	<b>\$ 2,393</b>	<b>\$ 15,335</b>	<b>\$ (1,042)</b>	<b>(6.4) %</b>
Short Term Borrowing	0	1,400	200	16.7
Cash Flow Transfer - Hospital Provider Fund	0	0	(300)	(100.0)
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	\$ 2,393	\$ 17,011	\$ (1,142)	(6.3) %

**GENERAL FUNDS ANALYSIS OF EXPENDITURES**  
(Dollars in Millions)

	Seven Months			
	Jan. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Expenditures:</b>				
Awards and Grants:				
Healthcare & Family Services	\$ 603	\$ 4,079	\$ (70)	(1.7) %
Elem. & Sec. Education:				
State Board of Education	525	4,037	576	16.6
Teachers Retirement	127	890	239	36.7
Total, Elem. & Sec. Education	\$ 652	\$ 4,927	\$ 815	19.8 %
Human Services	258	1,964	68	3.6
Higher Education	75	528	79	17.6
All Other Grants	90	886	(68)	(7.1)
Total, Awards and Grants	\$ 1,678	\$ 12,384	\$ 824	7.1 %
Operations:				
Other Agencies	\$ 506	\$ 3,450	\$ 125	3.8 %
Higher Education	172	1,111	93	9.1
Total, Operations	\$ 678	\$ 4,561	\$ 218	5.0 %
Regular Transfers Out	\$ 352	\$ 1,701	\$ 41	2.5 %
All Other	\$ 1	\$ 5	\$ (4)	(44.4) %
Vouchers Payable Adjustment	\$ (352)	\$ (1,750)	\$ (936)	N/A
<b>Total, Base Expenditures</b>	<b>\$ 2,357</b>	<b>\$ 16,901</b>	<b>\$ 143</b>	<b>0.9 %</b>
Cash Flow Transfer - Hospital Provider Fund	0	0	(1,200)	(100.0)
Transfers to Repay GRF Short- Term Borrowing	0	0	(300)	(100.0)
Total, Expenditures	\$ 2,357	\$ 16,901	\$ (1,357)	(7.4) %

**COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT**  
(Dollars in Millions)

	Seven Months			
	Jan. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Personal Services:</b>				
Regular Positions	\$ 341	\$ 2,340	\$ 23	1.0 %
Other Personal Services	17	116	0	0.0
Total, Personal Services	\$ 358	\$ 2,456	\$ 23	0.9 %
Contribution Retirement	48	326	67	25.9
Contribution Social Security	16	112	0	0.0
Contribution Group Insurance	110	715	68	10.5
Contractual Services	77	430	49	12.9
Travel	1	11	(1)	(8.3)
Commodities	10	69	(5)	(6.8)
Printing	1	4	0	0.0
Equipment	1	13	1	8.3
Electronic Data Processing	2	31	10	47.6
Telecommunications	5	36	2	5.9
Automotive Equipment	1	19	0	0.0
Other Operations	48	339	4	1.2
Total, Operations	\$ 678	\$ 4,561	\$ 218	5.0 %

**COMPARISON OF SPENDING FOR AWARDS AND GRANTS**  
(Dollars in Millions)

	Seven Months			
	Jan. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>State Board of Education:</b>				
General State Aid	\$ 416	\$ 2,503	\$ 403	19.2 %
All Other	109	1,534	173	12.7
Healthcare & Family Services	603	4,079	(70)	(1.7)
Human Services	258	1,964	68	3.6
Higher Education:				
Student Assistance Commission	27	240	(9)	(3.6)
Community College Board	9	188	7	3.9
Other	39	100	81	426.3
Teacher's Retirement	127	890	239	36.7
Children and Family Services	32	398	(42)	(9.5)
Aging	37	278	42	17.8
Revenue	0	11	(2)	(15.4)
All Other	21	199	(66)	(24.9)
Total, Awards and Grants	\$ 1,678	\$ 12,384	\$ 824	7.1 %

**GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES**  
(Dollars in Millions)

	Eight Months			
	Feb. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Total General Funds</b>				
Available Balance	\$ 251	\$ 141	\$ (501)	(78.0) %
Revenues	1,795	18,806	(1,260)	(6.3)
Expenditures	1,938	18,839	(1,542)	(7.6)
Ending Balance	\$ 108	\$ 108	\$ (219)	(67.0) %
<b>General Revenue Fund</b>				
Available Balance	\$ 59	\$ 48	\$ (176)	(78.6) %
Revenues	1,556	16,259	(1,047)	(6.0)
Expenditures	1,577	16,269	(1,212)	(6.9)
Ending Balance	\$ 38	\$ 38	\$ (11)	(22.4) %
<b>Common School Special Account Fund</b>				
Available Balance	\$ 82	\$ 14	\$ (22)	(61.1) %
Revenues	116	1,176	(40)	(3.3)
Expenditures	140	1,132	(35)	(3.0)
Ending Balance	\$ 58	\$ 58	\$ (27)	(31.8) %
<b>Education Assistance Fund</b>				
Available Balance	\$ 77	\$ 72	\$ (303)	(80.8) %
Revenues	62	872	(62)	(6.6)
Expenditures	134	939	(207)	(18.1)
Ending Balance	\$ 5	\$ 5	\$ (158)	(96.9) %
<b>Common School Fund</b>				
Available Balance	\$ 32	\$ 6	\$ (1)	(14.3) %
Revenues	513	3,552	1,222	52.4
Expenditures	537	3,550	1,242	53.8
Ending Balance	\$ 8	\$ 8	\$ (21)	(72.4) %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

**GENERAL FUNDS REVENUES**  
(Dollars in Millions)

	Eight Months			
	Feb. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Revenues:</b>				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 624	\$ 5,886	\$ (250)	(4.1) %
Corporate	28	699	(81)	(10.4)
Total, Income Taxes	\$ 652	\$ 6,585	\$ (331)	(4.8) %
Sales Taxes	456	4,672	(178)	(3.7)
Other Sources:				
Public Utility Taxes	87	750	0	0.0
Cigarette Taxes	29	234	0	0.0
Inheritance Tax (gross)	23	190	(66)	(25.8)
Liquor Gallonage Taxes	10	109	(1)	(0.9)
Insurance Taxes and Fees	13	156	(17)	(9.8)
Corporation Franchise Tax and Fees	11	134	(15)	(10.1)
Investment Income	16	50	(95)	(65.5)
Cook County IGT	94	159	(34)	(17.6)
Other	31	281	(18)	(6.0)
Total, Other Sources	\$ 314	\$ 2,063	\$ (246)	(10.7) %
Total, Cash Receipts	\$ 1,422	\$ 13,320	\$ (755)	(5.4) %
Transfers In:				
Lottery Fund	\$ 38	\$ 377	\$ (39)	(9.4) %
State Gaming Fund	15	320	(109)	(25.4)
Other Funds	17	211	(116)	(35.5)
Total, Transfers In	\$ 70	\$ 908	\$ (264)	(22.5) %
Total, State Sources	\$ 1,492	\$ 14,228	\$ (1,019)	(6.7) %
Federal Sources	\$ 253	\$ 2,852	\$ (191)	(6.3) %
<b>Total, Base Revenues</b>	<b>\$ 1,745</b>	<b>\$ 17,080</b>	<b>\$ (1,210)</b>	<b>(6.6) %</b>
Short Term Borrowing	0	1,400	200	16.7
Cash Flow Transfer	50	50	(250)	(83.3)
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	\$ 1,795	\$ 18,806	\$ (1,260)	(6.3) %

**GENERAL FUNDS ANALYSIS OF EXPENDITURES**  
(Dollars in Millions)

	Eight Months			
	Feb. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Expenditures:</b>				
Awards and Grants:				
Healthcare & Family Services	\$ 579	\$ 4,658	\$ 126	2.8 %
Elem. & Sec. Education:				
State Board of Education	550	4,587	607	15.3
Teachers Retirement	127	1,018	274	36.8
Total, Elem. & Sec. Education	\$ 677	\$ 5,605	\$ 881	18.6 %
Human Services	238	2,202	64	3.0
Higher Education	169	696	75	12.1
All Other Grants	78	964	(78)	(7.5)
Total, Awards and Grants	\$ 1,741	\$ 14,125	\$ 1,068	8.2 %
Operations:				
Other Agencies	\$ 427	\$ 3,877	\$ 121	3.2 %
Higher Education	183	1,294	106	8.9
Total, Operations	\$ 610	\$ 5,171	\$ 227	4.6 %
Regular Transfers Out	\$ 232	\$ 1,883	\$ (35)	(1.8) %
All Other	\$ 1	\$ 7	\$ (1)	(12.5) %
Vouchers Payable Adjustment	\$ (646)	\$ (2,397)	\$ (1,351)	N/A
<b>Total, Base Expenditures</b>	<b>\$ 1,938</b>	<b>\$ 18,789</b>	<b>\$ (92)</b>	<b>(0.5) %</b>
Cash Flow Transfer	0	50	(1,150)	(95.8)
Transfers to Repay GRF Short-Term Borrowing	0	0	(300)	(100.0)
Total, Expenditures	\$ 1,938	\$ 18,839	\$ (1,542)	(7.6) %

**COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT**  
(Dollars in Millions)

	Eight Months			
	Feb. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Personal Services:</b>				
Regular Positions	\$ 327	\$ 2,667	\$ 19	0.7 %
Other Personal Services	16	132	0	0.0
Total, Personal Services	\$ 343	\$ 2,799	\$ 19	0.7 %
Contribution Retirement	85	412	117	39.7
Contribution Social Security	16	128	0	0.0
Contribution Group Insurance	45	760	50	7.0
Contractual Services	50	480	17	3.7
Travel	1	12	(1)	(7.7)
Commodities	10	79	(3)	(3.7)
Printing	0	4	(1)	(20.0)
Equipment	1	14	1	7.7
Electronic Data Processing	4	34	11	47.8
Telecommunications	4	40	2	5.3
Automotive Equipment	2	20	0	0.0
Other Operations	49	389	15	4.0
Total, Operations	\$ 610	\$ 5,171	\$ 227	4.6 %

**COMPARISON OF SPENDING FOR AWARDS AND GRANTS**  
(Dollars in Millions)

	Eight Months			
	Feb. 2009	FY 2009	Change From Prior Year	
			\$	%
<b>State Board of Education:</b>				
General State Aid	\$ 416	\$ 2,918	\$ 431	17.3 %
All Other	134	1,669	176	11.8
Healthcare & Family Services	579	4,658	126	2.8
Human Services	238	2,202	64	3.0
Higher Education:				
Student Assistance Commission	90	329	(11)	(3.2)
Community College Board	77	265	5	1.9
Other	2	102	81	385.7
Teacher's Retirement	127	1,018	274	36.8
Children and Family Services	12	410	(62)	(13.1)
Aging	46	325	57	21.3
Revenue	3	14	(1)	(6.7)
All Other	17	215	(72)	(25.1)
Total, Awards and Grants	\$ 1,741	\$ 14,125	\$ 1,068	8.2 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES

(Dollars in Millions)

	Nine Months			
	March 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Total General Funds</b>				
Available Balance	\$ 108	\$ 141	\$ (501)	(78.0) %
Revenues	2,357	21,162	(1,371)	(6.1)
Expenditures	2,274	21,112	(1,853)	(8.1)
Ending Balance	\$ 191	\$ 191	\$ (19)	(9.0) %
<b>General Revenue Fund</b>				
Available Balance	\$ 38	\$ 48	\$ (176)	(78.6) %
Revenues	2,046	18,305	(1,140)	(5.9)
Expenditures	2,026	18,295	(1,347)	(6.9)
Ending Balance	\$ 58	\$ 58	\$ 31	114.8 %
<b>Common School Special Account Fund</b>				
Available Balance	\$ 58	\$ 14	\$ (22)	(61.1) %
Revenues	124	1,299	(57)	(4.2)
Expenditures	100	1,231	(69)	(5.3)
Ending Balance	\$ 82	\$ 82	\$ (10)	(10.9) %
<b>Education Assistance Fund</b>				
Available Balance	\$ 5	\$ 72	\$ (303)	(80.8) %
Revenues	283	1,155	116	11.2
Expenditures	276	1,215	(139)	(10.3)
Ending Balance	\$ 12	\$ 12	\$ (48)	(80.0) %
<b>Common School Fund</b>				
Available Balance	\$ 8	\$ 6	\$ (1)	(14.3) %
Revenues	361	3,912	1,299	49.7
Expenditures	330	3,879	1,290	49.8
Ending Balance	\$ 39	\$ 39	\$ 8	25.8 %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS ANALYSIS OF EXPENDITURES

(Dollars in Millions)

	Nine Months			
	March 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Expenditures:</b>				
<b>Awards and Grants:</b>				
Healthcare & Family Services	\$ 548	\$ 5,206	\$ 7	0.1 %
Elem. & Sec. Education:				
State Board of Education	841	5,428	678	14.3
Teachers Retirement	127	1,145	308	36.8
Total, Elem. & Sec. Education	\$ 968	\$ 6,573	\$ 986	17.6 %
Human Services	246	2,448	61	2.6
Higher Education	74	770	84	12.2
All Other Grants	114	1,077	(79)	(6.8)
Total, Awards and Grants	\$ 1,950	\$ 16,074	\$ 1,059	7.1 %
<b>Operations:</b>				
Other Agencies	\$ 529	\$ 4,407	\$ 175	4.1 %
Higher Education	114	1,408	137	10.8
Total, Operations	\$ 643	\$ 5,815	\$ 312	5.7 %
Regular Transfers Out	\$ 194	\$ 2,077	\$ (142)	(6.4) %
All Other	\$ 0	\$ 6	\$ (2)	(25.0) %
Vouchers Payable Adjustment	\$ (513)	\$ (2,910)	\$ (1,630)	N/A
<b>Total, Base Expenditures</b>	\$ 2,274	\$ 21,062	\$ (403)	(1.9) %
Cash Flow Transfer	0	50	(1,150)	(95.8)
Transfers to Repay GRF Short-Term Borrowing	0	0	(300)	(100.0)
Total, Expenditures	\$ 2,274	\$ 21,112	\$ (1,853)	(8.1) %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT

(Dollars in Millions)

	Nine Months			
	March 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Personal Services:</b>				
Regular Positions	\$ 268	\$ 2,935	\$ 23	0.8 %
Other Personal Services	16	148	0	0.0
Total, Personal Services	\$ 284	\$ 3,083	\$ 23	0.8 %
Contribution Retirement	86	498	167	50.5
Contribution Social Security	15	143	0	0.0
Contribution Group Insurance	104	864	57	7.1
Contractual Services	60	540	24	4.7
Travel	1	13	(2)	(13.3)
Commodities	11	91	(1)	(1.1)
Printing	1	5	(1)	(16.7)
Equipment	1	15	0	0.0
Electronic Data Processing	12	46	22	91.7
Telecommunications	6	46	2	4.5
Automotive Equipment	3	23	0	0.0
Other Operations	59	448	21	4.9
Total, Operations	\$ 643	\$ 5,815	\$ 312	5.7 %

GENERAL FUNDS REVENUES

(Dollars in Millions)

	Nine Months			
	March 2009	FY 2009	Change From Prior Year	
			\$	%
<b>Revenues:</b>				
<b>State Sources:</b>				
Cash Receipts:				
Income Taxes:				
Individual	\$ 721	\$ 6,607	\$ (286)	(4.1) %
Corporate	284	983	(137)	(12.2)
Total, Income Taxes	\$ 1,005	\$ 7,590	\$ (423)	(5.3) %
Sales Taxes	498	5,170	(241)	(4.5)
<b>Other Sources:</b>				
Public Utility Taxes	127	878	25	2.9
Cigarette Taxes	29	263	0	0.0
Inheritance Tax (gross)	29	219	(72)	(24.7)
Liquor Gallonage Taxes	10	119	(1)	(0.8)
Insurance Taxes and Fees	60	216	18	9.1
Corporation Franchise Tax and Fees	16	150	(16)	(9.6)
Investment Income	8	57	(97)	(63.0)
Cook County IGT	0	159	(34)	(17.6)
Other	31	312	(18)	(5.5)
Total, Other Sources	\$ 310	\$ 2,373	\$ (195)	(7.6) %
Total, Cash Receipts	\$ 1,813	\$ 15,133	\$ (859)	(5.4) %
<b>Transfers In:</b>				
Lottery Fund	\$ 63	\$ 440	\$ (37)	(7.8) %
State Gaming Fund	25	345	(109)	(24.0)
Other Funds	38	248	(123)	(33.2)
Total, Transfers In	\$ 126	\$ 1,033	\$ (269)	(20.7) %
Total, State Sources	\$ 1,939	\$ 16,166	\$ (1,128)	(6.5) %
<b>Federal Sources</b>	\$ 418	\$ 3,270	\$ (193)	(5.6) %
<b>Total, Base Revenues</b>	\$ 2,357	\$ 19,436	\$ (1,321)	(6.4) %
Short Term Borrowing	0	1,400	200	16.7
Cash Flow Transfer	0	50	(250)	(83.3)
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	\$ 2,357	\$ 21,162	\$ (1,371)	(6.1) %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS

(Dollars in Millions)

	Nine Months			
	March 2009	FY 2009	Change From Prior Year	
			\$	%
<b>State Board of Education:</b>				
General State Aid	\$ 416	\$ 3,334	\$ 460	16.0 %
All Other	425	2,094	218	11.6
Healthcare & Family Services	548	5,206	7	0.1
Human Services	246	2,448	61	2.6
<b>Higher Education:</b>				
Student Assistance Commission	69	398	(6)	(1.5)
Community College Board	2	267	7	2.7
Other	3	105	83	377.3
Teacher's Retirement	127	1,145	308	36.8
Children and Family Services	52	462	(64)	(12.2)
Aging	43	368	68	22.7
Revenue	2	16	(2)	(11.1)
All Other	17	231	(81)	(26.0)
Total, Awards and Grants	\$ 1,950	\$ 16,074	\$ 1,059	7.1 %

## *Fiscal Focus*

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### **DID YOU KNOW...**

- In fiscal year 2008, 34.2% of base General Funds expenditures went to education – 26.9% to elementary & secondary education and 7.2% to higher education.
- \$4.2 billion in Illinois' General Funds revenues in fiscal year 2008 were specifically pledged to education purposes, but made up less than half of all education spending. State lottery revenues of \$657 million accounted for 6.3% of education spending.
- Illinois' spending on capital projects for higher education fell from a peak of \$255.8 million in fiscal year 2003 to \$49.8 million in fiscal year 2008, while estimates of deferred maintenance at campuses exceeded \$3 billion that same year.
- In Illinois, local school revenues provided 62% of the financial support for elementary and secondary education in fiscal year 2006. This was the second highest level of local dependence in the United States behind only Nevada.
- The ability of Illinois' families to pay for college costs continues to be a concern as Illinois ranked 42nd in the nation when comparing costs at the state's 4-year universities to average family incomes.
- Illinois falls below the national average in state support of community colleges with 18% of those campuses' revenues coming from the state versus 37% nationally. State support has fallen by 14% since fiscal year 2003. ■