

Fiscal Focus

A Publication of the Illinois State Comptroller



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Higher Education Costs Continue to Increase

Higher education again is facing the issue of the affordability of a college degree. This issue is not new, but it is receiving renewed interest in light of recent sharp increases in student tuition and fees. According to the College Board, nationally, average tuition and fees rose 51% for public four-year colleges and universities during the 10-year period ending in 2004-05. However, for the last academic year alone, average tuition and fees jumped 10.5% increasing from \$4,645 to \$5,132.

One factor that has been discussed in analyses of the recent increases in tuition and fees is the level of state support. Tight budgets have led many states to hold the line or even cut spending for higher education. The National Association of State Budget Officers reports that state spending for higher education dropped from 15.5% of general fund expenditures in 1987 to 12.2% in 2003. A survey by the National Conference of State Legislatures found that state appropriations for higher education in fiscal year 2004 decreased 2% compared to fiscal year 2003.

During the last 20 years, the cost of paying for a college education has shifted away from the government toward students and their parents. Viewed from a macro perspective, the College Board reports that the share of institutional revenue from state appropriations dropped from 50% in 1980 to 36% in 2000, while the share from student tuition and fees increased from 13% to 18%. Seen from a micro perspective, state appropria-

tions per full-time equivalent student (FTE) are down. According to the College Board, state appropriations per FTE declined by 9% in constant dollars between 2000-01 and 2002-03 alone.

A Review of Higher Education in Illinois

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 University and the Rockford Business College are examples of some of the proprietary institutions.

COVER STORY continued, page 5



Dear Readers:

This issue of *Fiscal Focus* is devoted to higher education in Illinois. Although the overall system includes public, private and proprietary institutions, this issue concentrates on the role of state government in supporting public colleges and universities, and on the growing concern that higher education is becoming less affordable to many Illinoisans.

State support should not be taken for granted, especially in light of continuing budget problems. State expenditures of appropriated funds for higher education totaled \$2.6 billion in fiscal year 2005, down 10.6 percent from the \$2.9 billion spent in fiscal year 2002. The General Funds share of higher education expenditures also decreased, slipping from 90.0 percent in fiscal year 2002 to 84.4 percent in fiscal year 2005. Fiscal year 2006 General Funds appropriations for higher education, including retirement, total \$2.2 billion, a decrease of \$27 million from the appropriations level for fiscal year 2005.

With state support constrained, colleges and universities not surprisingly have raised tuition and fees. That prospect is not good news for college students and their parents, because they have had to pick up a larger share of the costs, often by taking out loans. The issue of affordability is important because higher education is believed by many to be a guarantee of future well-being, not only for individuals, but also for society as a whole. It is critical that policy makers and the public are cognizant of the issues confronting higher education in Illinois.

Your comments about this or our other publications are always welcome. Your input can be directed by phone at (217)782-6000 in Springfield, (312)814-2451 in Chicago, by mail at 201 Capitol Building in Springfield, Illinois, 62706, or via the web site at www.ioc.state.il.us.

Sincerely,

Daniel W. Hynes
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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College Savings Options

Fiscal Smarts

Many families try to accumulate savings for higher education expenses before their children enter college to cover costs in excess of grants and scholarships. Illinois helps college savers by sponsoring programs that provide tax savings that reduce the cost of accumulating a nest egg to help pay college expenses.

Two college savings programs, College Illinois and Bright Start, are derived from Section 529 of the Internal Revenue code (commonly known as "529" plans). The 2001 federal Economic Growth and Tax Relief Reconciliation Act made the earnings in 529s tax free until 2010, a marked improvement from 529s prior tax deferral benefits. Earnings under both plans are tax deferred and under current federal law are tax free if used before December 31, 2010. In *college savings* plans, savings can be invested in accounts with designated money managers primarily in mutual funds. Under *prepaid tuition* plans, family members can make

advanced tuition purchases to lock in future tuition costs. Additionally, the state has issued tax exempt general obligation bonds especially designed to meet the needs of college savers.

College Illinois

College Illinois is a prepaid tuition program. Plan earnings are exempt from state and federal income taxes until 2010 under current law. In addition, a new state tax deduction allows Illinois taxpayers to deduct contributions up to \$10,000 for individuals and \$20,000 for joint filers from their taxable state income. College Illinois participants avoid tuition inflation by locking in a current price to cover future college tuition and fees. The plan is administered by the Illinois Student Assistance Commission (ISAC) and is open to all Illinois residents as well as non-residents purchasing for beneficiaries resident in Illinois.

COLLEGE SAVINGS OPTIONS continued, page 4

Is Higher Education in Illinois Affordable?

Affordability is of particular concern for the lowest income Americans. How difficult is it to pay for college when family income, the cost of attending college, and student financial assistance are taken into account? The National Center of Public Policy and Higher Education (NCPPE) recently took a look at affordability trends in Illinois and other states in *Measuring Up 2004*.

As more students are preparing for higher education, the enrollment demands in many states are growing. But, the rising cost of college throughout the nation has made colleges and universities less affordable compared with a decade ago and higher education remains inaccessible for many students and families.

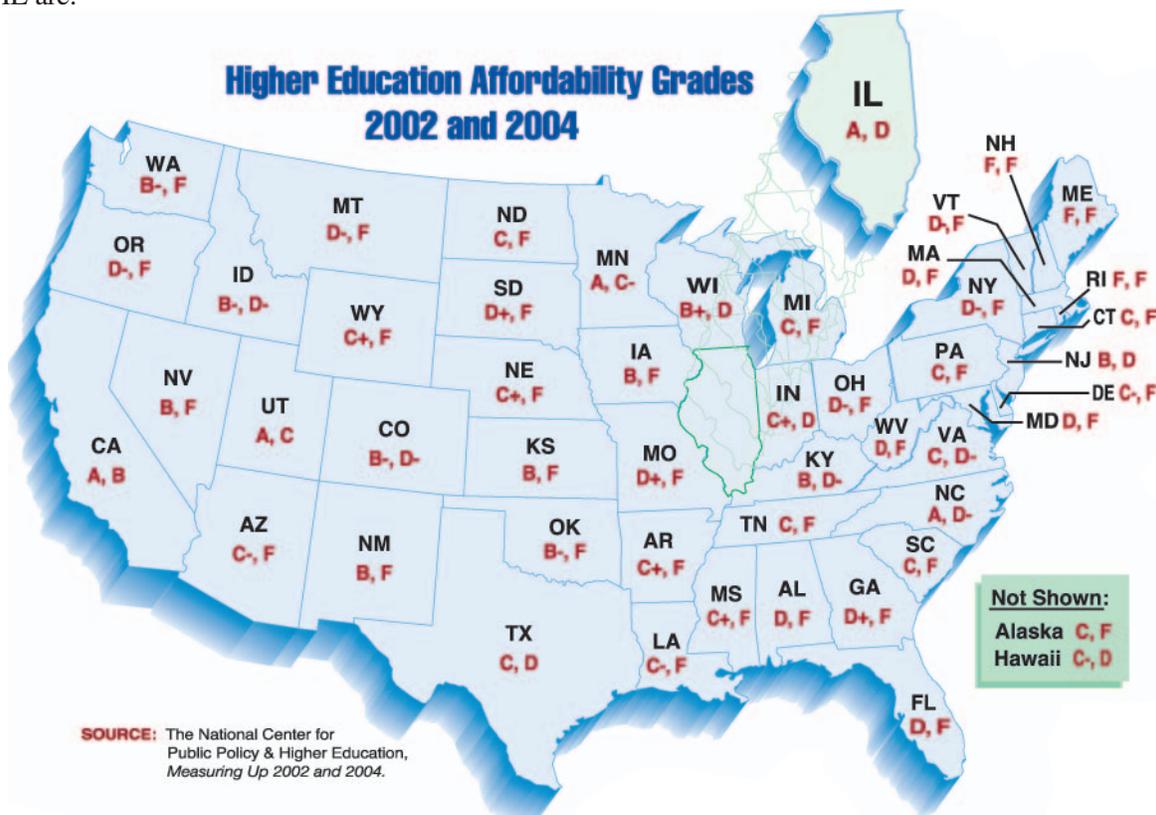
Over the past decade, the cost of attending college (tuition + expenses) nationally grew much faster than either inflation or family income. Research suggests that rising tuition costs are not the result of one single cause, but rather a culmination of factors such as: decreasing government support, increasing campus information technology needs, rising facilities maintenance costs, changing student characteristics, growing student expectations, and increasing enrollment.

Five national trends concerning college affordability according to the NCPPE are:

- 1) Increases in tuition have made colleges and universities less affordable for most American families.
- 2) Federal and state financial aid to students have not kept up with increases in tuition.
- 3) More students and families at all income levels are borrowing more than ever before to pay for college.
- 4) The steepest increases in public college tuition have been imposed during times of great economic hardship.
- 5) State financial support of public higher education has increased, but tuition has increased more.

Illinois had consistently provided a high level of need-based financial aid for students over the past decade in preparing young people for education and training beyond high school when compared to the other states. Recently, the state has lost ground providing students and families with an affordable higher education as tuition prices have increased and state financial aid has been reduced. Although one of just five states to receive a grade of A for affordability according to *Measuring Up 2002*,

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College Savings Options continued from page 2

The contracts pay 100% of tuition and fees at Illinois public institutions. If the beneficiary opts to attend a private institution or a public school outside of Illinois, the benefit is equal to the mean weighted average of tuition and mandatory fees at Illinois public institutions. The recipient is responsible for any additional tuition and fees levied by the institution. Benefits can be transferred to other family members at any time. Contracts can be canceled at any time subject to cancellation fees. If a contract is canceled after three years, 2% annual interest or current program value is received, depending on the reason for the refund.

According to ISAC, more than 42 thousand College Illinois contracts have been purchased paying for 138 thousand years of college. Approximately \$500 million has been invested with a purchaser commitment of \$700 million. Parents have purchased 85% of the contracts with 10% purchased by grandparents and 5% by other purchasers such as friends or extended family members. Benefits have been dispersed as follows: 48% to Illinois public universities, 22% to out-of-state schools, 16% to Illinois private schools, and 14% to Illinois community colleges.

Bright Start

Bright Start is the designated college savings program for Illinois administered by the state Treasurer. An investment advisor

has created investment options similar to mutual funds. Interest is tax deferred on investments in these accounts and tax exempt if they are used for college expenses. Illinois residents can deduct their Bright Start contributions (up to \$20,000 for joint filers) from their Illinois taxable income. Owners of these accounts who use the funds for purposes other than qualified higher education expenses will owe income taxes on the earnings plus a 10% penalty. A federal sunset provision will cause the federal tax exemption for qualified withdrawals to expire at the end of 2010 unless the exemption is extended.

As is the case with making an investment in a mutual fund, there is risk involved in the Bright Start investments with no guarantee that returns will be as large as the investor might expect. A variety of investment options are offered to allow investors to balance risk with expected return. For example, with an aged-based option the portfolio gets more conservative as the child gets older and comes closer to needing the monies in the account. Other investment plans include an equity option, a balanced option combining stock funds and bond funds, a fixed income option, and a principal protection income option.

As of June 30, 2005, Bright Start had assets of \$1.445 billion almost all invested in mutual funds. Bright Start competes with the 529 college savings plans offered by

other states. Illinoisans may invest in 529 savings plans offered by other states, while Bright Start attracts investment from residents in other states. Savers who invest in plans from other states lose the state specific tax benefits offered by their home state plan and the fees charged may vary by plan.

Illinois College Savings Bonds

Between January 1988 and October 2002, Illinois issued 12 series of the Illinois College Savings Bonds with an original principal amount of \$2.1 billion and a total value at maturity of \$4 billion. Illinois College Savings Bonds are tax-exempt zero-coupon bonds. Each bond, which pays no interest until maturity, is purchased at a discount so that the original principal amount plus accrued interest equals \$5,000 at maturity. The discount is determined by financial market conditions at the time of sale. There are no plans for additional issues of Illinois College Savings Bonds at this time.

Interest on Illinois College Savings Bonds is exempt from both federal and Illinois income taxes. Investments in College Savings Bonds need not be used for education purposes; however if monies received when the bonds mature are used for Illinois college or university expenses, a bonus incentive grant equal to \$20 for each year the bond is held is available subject to appropriation. In fiscal year 2006, \$650 thousand has been appropriated for bonus incentive grants. ■

Is Higher Education Affordable concluded from page 3

Illinois' grade dropped to D in the 2004 report. The map on page 3 shows the Measuring Up grades for other states, many of which received grades of D or F for affordability in 2004.

Families in Illinois devote a large share of family income to attend public and private four-year colleges and universities.

Over the past decade the average share of income has increased from 25% to 30% to pay for public four-year institutions after financial aid is factored in the average. The 40% of the population with the lowest incomes earn on average \$21,750 each year. If a student from such a family were to attend a community college in Illinois, their net cost (tuition, room, and

board minus financial aid) to attend college would represent about 32% of their annual income. If the same student were to attend a public four-year college in Illinois, their net cost (tuition, room, and board minus financial aid) to attend college would represent about 44% of their annual income. ■

Enrollment Trends

If undergraduate enrollment figures are any indication, the “demand” for higher education in the United States has grown steadily. According to the National Center for Educational Statistics (NCES), fall enrollment figures have grown from just over 7 million students in 1970 to about 16.5 million in 2003, and are projected to reach 17.0 million by 2007 and possibly 18.2 million by 2010.

leges and universities is shown in the table. Unlike the national trend, total fall enrollments in Illinois public colleges and universities have fluctuated for the period from 1995 to 2005. Although the total is up by over 33,000 students, the trend for public universities is rather flat with minor fluctuations up and down from year to year. For example, for the period from 1995 to 2004, the enrollment at Chicago State University is down 2,268 students, but there was a

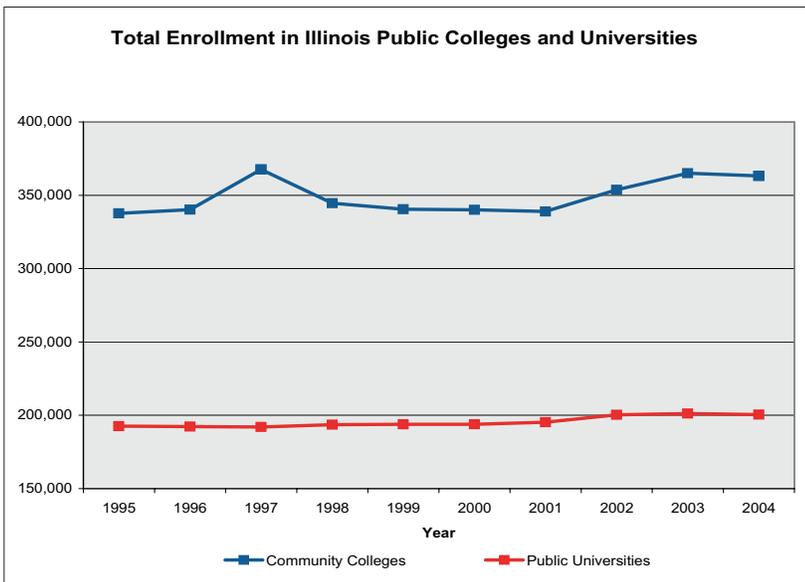
students enrolled in both community colleges and public universities in Illinois started to increase again.

Faculty Counts and Degrees Conferred

Like fall enrollment figures, faculty counts at Illinois public universities also fluctuate from year to year. Some universities had more faculty in 2005 than they had in 1998, and some had fewer faculty members. The

Institution	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
University of Illinois-Urbana/Champaign	38,420	38,841	38,070	38,307	38,851	38,465	39,291	39,999	40,458	40,687
University of Illinois-Chicago	24,870	24,931	24,921	24,799	24,610	24,942	24,955	26,138	25,764	24,865
Northern Illinois University	22,218	21,609	22,082	22,473	22,843	23,248	23,783	24,948	25,260	24,820
Southern Illinois University-Carbondale	22,418	21,863	21,908	22,251	22,323	22,552	21,598	21,873	21,387	21,589
Illinois State University	19,756	19,722	20,331	20,394	20,470	20,755	21,240	21,183	20,860	20,757
Western Illinois University	12,115	12,184	12,200	12,610	12,934	13,089	13,206	13,461	13,469	13,558
Southern Illinois University-Edwardsville	11,047	11,151	11,207	11,520	11,877	12,193	12,442	12,708	13,295	13,493
Northeastern Illinois University	10,386	10,035	10,224	10,545	10,937	10,941	10,999	11,409	11,825	12,164
Eastern Illinois University	11,424	11,711	11,777	11,735	11,226	10,637	10,531	11,163	11,522	11,651
Chicago State University	9,103	9,462	8,722	8,416	7,580	6,914	7,079	7,158	7,040	6,835
Governors State University	6,073	6,199	6,117	6,164	6,150	6,105	5,860	5,897	5,664	5,652
University of Illinois-Springfield	4,702	4,611	4,463	4,334	4,079	3,942	4,288	4,451	4,574	4,396
Public University Total	192,532	192,319	192,022	193,548	193,880	193,783	195,272	200,388	201,118	200,467
Community College Total	337,716	340,151	367,605	344,556	340,522	340,101	339,002	353,705	365,019	363,204
Total	530,248	532,470	559,627	538,104	534,402	533,884	534,274	554,093	566,137	563,671

Source: Illinois Colleges and Universities, Illinois Board of Higher Education.



In Illinois, 801,548 full and part-time students were enrolled in higher education institutions in the fall of 2004, with about 45% enrolled in community colleges, 25% in public universities, and 30% in private universities. A breakout of the public col-

leges and universities is shown in the table. Unlike the national trend, total fall enrollments in Illinois public colleges and universities have fluctuated for the period from 1995 to 2005. Although the total is up by over 33,000 students, the trend for public universities is rather flat with minor fluctuations up and down from year to year. For example, for the period from 1995 to 2004, the enrollment at Chicago State University is down 2,268 students, but there was a

University of Illinois-Urbana/Champaign had the largest faculty with 2,090 in 2005, followed by the Chicago campus with 1,119, Southern Illinois University-Carbondale with 888 and Northern Illinois University with 875. For most of the institutions, the head counts dipped in 2000 or 2001 before rising to current levels. Overall, the total full-time faculty head count is up from 12,365 in 1998 to 12,932 in 2005 (see table on page 6).

Despite falling off in 1996 and 1997, the number of degrees conferred by Illinois public universities is beginning to increase. From 1995 to 1997, the number of conferred degrees decreased from 43,170 to 41,901 (-2.9%). This downward trend reversed direction in 1998 and by 2003 the number of degrees conferred by Illinois public universities had grown to 45,987, an increase of 9.8% over the 1997 low. The three institutions in the University of Illinois system accounted for 17,408 or 37.9% of

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the degrees conferred in 2003. The Carbondale and Edwardsville campuses of Southern Illinois University were a distant second awarding 8,286 or 18.0% of the degrees in 2003.

State Higher Education Agencies

In addition to the public universities and community colleges, there are a number of

ation 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

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 (see *Focus on Spending*), 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 University Retirement System and the Universities Civil Service Merit Board complete the list of higher education agencies.

Institution	1998	1999	2000	2001	2002	2003	2004	2005
University of Illinois-Urbana/Champaign	1,746	1,702	1,722	1,715	2,160	2,160	2,120	2,090
University of Illinois-Chicago	1,056	1,056	1,009	1,030	1,182	1,166	1,150	1,119
Southern Illinois University-Carbondale*	862	853	868	839	1,279	1,230	1,200	888
Northern Illinois University	891	856	847	852	887	911	901	875
Illinois State University	784	807	839	842	865	813	846	831
Eastern Illinois University	577	568	556	559	569	584	590	633
Western Illinois University	587	596	590	604	615	605	619	608
Southern Illinois University-Edwardsville	457	451	460	459	459	470	491	503
Northeastern Illinois University	280	329	272	270	352	370	398	415
Chicago State University	279	272	259	257	258	250	250	235
University of Illinois-Springfield	147	155	148	149	166	165	167	162
Governors State University	176	185	189	185	195	188	168	138
	7,842	7,830	7,759	7,761	8,987	8,912	8,900	8,497
Community College Total	4,523	4,522	4,502	4,527	4,287	4,380	4,433	4,435
Total	12,365	12,352	12,261	12,288	13,274	13,292	13,333	12,932

* Includes medical faculty in 2002-2004.
Source: Illinois Colleges and Universities, Illinois Board of Higher Education.

Higher Education Expenditures

State government expenditures from appropriated funds in support of higher education operations and grants totaled \$2.6 billion in 2005. This total includes approximately \$2.2 billion in General Funds (the General Revenue Fund and the Educational Assistance Fund).

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 Cooper-

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.

University	1995	1996	1997	1998	1999	2000	2001	2002	2003
University of Illinois-Urbana/Champaign	9,738	9,524	9,472	9,539	9,506	9,561	9,377	10,103	10,417
University of Illinois-Chicago	5,130	4,897	5,006	5,243	5,077	5,265	5,552	5,568	5,912
Southern Illinois University-Carbondale	6,259	6,211	6,242	5,997	5,938	5,767	5,841	5,858	5,636
Northern Illinois University	4,738	4,959	4,667	4,673	4,692	4,723	4,878	5,092	5,388
Illinois State University	4,701	4,299	4,293	4,146	4,266	4,782	4,748	4,882	4,876
Western Illinois University	2,975	2,832	2,658	2,599	2,699	2,822	2,837	2,931	3,078
Eastern Illinois University	2,763	2,583	2,604	2,717	2,780	2,853	2,704	2,700	2,709
Southern Illinois University-Edwardsville	2,048	2,040	2,076	2,141	2,155	2,257	2,500	2,511	2,650
Northeastern Illinois University	1,673	1,549	1,481	1,451	1,480	1,585	1,597	1,657	1,669
Governors State University	1,180	1,156	1,340	1,344	1,392	1,437	1,561	1,401	1,505
University of Illinois-Springfield	867	988	891	923	936	960	947	972	1,079
Chicago State University	1,098	1,110	1,171	1,212	1,193	1,103	1,112	1,077	1,068
Total	43,170	42,148	41,901	41,985	42,114	43,115	43,654	44,752	45,987

Source: Illinois Colleges and Universities, Illinois Board of Higher Education.

The ICCB oversees a system of 48 community colleges located in 39 districts that provide a wide range of programs that prepare students for college or for good paying jobs. For example, the ICCB plays a significant

As a group the colleges and universities have the largest share of state higher education expenditures. For example, in 2005 the colleges and universities accounted for \$1,330.7 million or 50.8% of the total state

expenditures followed by the Student Assistance Commission with \$560.7 million (21.4%), the Community College Board with \$394.9 million (15.1%), the State Universities Retirement System with \$273.3 million (10.4%), and the Board of Higher Education with \$42.2 million (1.6%).

Within the category of colleges and universities, the University of Illinois led the way with expenditures of \$723.2 million followed by Southern University with \$217.5 million, Northern Illinois with \$102.8 million, Illinois State University with \$80.5 million, and Western Illinois University with \$56.4 million.

Expenditures of total appropriated funds for higher education increased \$399 million or 18% from 1997 to 2005. The largest part of that increase came from the Community College Board where expenditures increased \$125 million or 46.2% from \$270 million to \$395 million. Expenditures for the State Universities Retirement System jumped \$114 million or 71.3%, and Student Assistance Commission spending grew by \$77 million or 15.9%.

Appropriated General Funds expenditures increased \$270 million or 13.9% over that same period. As a percent of total higher education spending, General Funds expenditures decreased slightly from 87.4% in 1997 to 84.4% in 2005.

Higher education has not fared as well compared to elementary and secondary education. Appropriations for elementary and secondary education increased from 14.2% of total funds appropriated in fiscal year 1997 to 15.1% in fiscal year 2006, but appropriations for higher education purposes dropped from 8.0% to 5.6% during that period.

Costs Per Credit Hour

Public colleges and universities are complex institutions that differ in tradition, size and mission. Typically, larger universities with doctoral research missions have higher costs than smaller universities primarily serving undergraduates. Although there are a few exceptions, this pattern tends to hold when examining costs per credit hour for Illinois

public universities. For example, for 2004 the instructional costs per credit hour averaged \$170.88 for lower division students, \$262.02 for upper division students, \$452.58 for graduate level I students and \$724.37 for graduate II level students. Similarly, the costs per credit hour for upper division students at Western Illinois University were \$239.06 compared to \$283.67 at the UI-Urbana/Champaign.

Percent of General Funds Appropriations		
	FY 1997	FY 2006
Higher Education	8.0%	5.6%
Elementary and Secondary	14.2%	15.1%

Source: Office of the Comptroller.

Higher Education Revenues

Public colleges and universities do not rely solely on state funds. Total revenues available also include sources such as tuition and fees, federal grants, private funding, and income from sales and services. Since August 1, 1996, tuition and fee revenues in Illinois are held by the universities outside of the state treasury and are no longer

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Illinois Higher Education Expenditures - Appropriated Funds (\$ in Millions)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
University of Illinois	\$ 661.560	\$ 659.161	\$ 686.349	\$ 719.054	\$ 768.080	\$ 829.749	\$ 790.170	\$ 731.931	\$ 723.206
Southern Illinois University	199.327	199.595	210.898	220.741	236.452	251.564	230.563	213.645	217.539
Northern Illinois University	95.104	97.404	101.101	106.153	112.038	116.840	111.946	99.854	102.820
Illinois State University	74.920	75.799	81.022	83.324	87.764	92.437	85.323	78.904	80.452
Western Illinois University	51.407	52.442	55.108	58.181	61.700	64.780	59.533	55.018	56.393
Eastern Illinois University	41.298	41.870	45.987	47.638	51.093	57.932	52.207	47.358	47.945
Northeastern Illinois University	46.479	36.079	39.171	42.430	43.534	44.994	42.610	38.362	39.204
Chicago State University	30.537	34.105	36.991	39.288	41.406	43.529	40.393	39.624	38.845
Governors State University	30.084	22.722	23.891	24.855	26.748	27.726	25.629	23.710	24.280
Board of Higher Education	61.753	81.500	95.074	111.193	104.702	130.510	115.525	71.742	42.219
Community College Board	270.126	284.526	304.974	308.643	327.951	402.539	417.723	388.412	394.852
Student Assistance Commission	483.810	476.222	483.201	496.826	603.173	607.041	573.316	551.636	560.716
Mathematics and Science Academy	13.139	13.369	14.182	14.714	15.768	16.545	14.342	15.056	16.675
Universities Retirement System	159.547	201.624	218.844	227.239	235.391	243.392	272.606	1,663.326 *	273.251
Universities Civil Service Merit Board	1.048	1.125	1.002	1.129	1.178	1.210	1.111	1.115	1.047
Appropriated Funds Total	\$ 2,220.139	\$ 2,277.542	\$ 2,397.795	\$ 2,501.408	\$ 2,716.977	\$ 2,930.789	\$ 2,832.996	\$ 4,019.693 *	\$ 2,619.443
General Funds Total	\$ 1,940.386	\$ 2,062.505	\$ 2,208.683	\$ 2,332.900	\$ 2,469.819	\$ 2,636.951	\$ 2,471.175	\$ 2,308.207	\$ 2,209.952
General Funds % of Total Appropriated	87.4%	90.6%	92.1%	93.3%	90.9%	90.0%	87.2%	57.4% *	84.4%

NOTE: Beginning August 1, 1996, tuition and fee revenues became locally held funds controlled by the universities and are no longer included in the state appropriations process.

* Includes Pension Funding Bond Proceeds of \$1.432 billion. Excluding those funds, General Funds would have totaled 89.2% of appropriated expenditures.

Tuition and Fee Trends

Tuition and fees at Illinois public universities and community colleges have increased rapidly in recent years. For fiscal year 2005 (academic year 2004-2005), tuition and fees averaged \$6,565 at public universities and \$2,138 at community colleges. Since fiscal year 1990, the average annual increase in tuition and fees at universities was 7.1% while community colleges experienced a 5.7% annual increase. However, the average annual increase over the past five years was 10.5% for universities and 6.6% for community colleges. During this period, the state has confronted serious financial difficulties which resulted in a decline in state support for higher education from the General Funds. To offset this decline in revenues, tuition and fees have experienced greater increases. Recent tuition increases also have been impacted by the Truth-in-Tuition legislation, which locked in tuition costs at a student's freshman year level beginning in the fall of 2004.

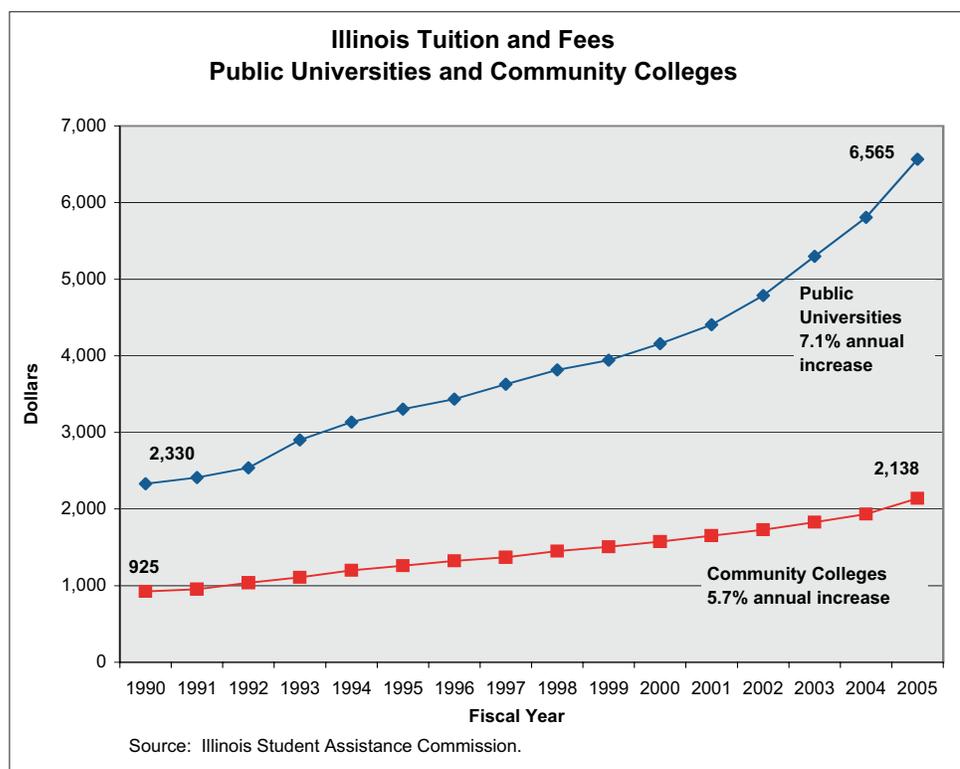
For the 2004-2005 academic year, tuition and fees for full-time in-state undergraduate students at Illinois public universities ranged from \$4,622 at Governors State University to \$7,944 at the University of Illinois Urbana/Champaign campus. For that academic year, public community college tuition and fees range from a low of \$1,440 at Shawnee Community College to a high of \$2,555 at William Rainey Harper College. Out-of-state residents pay higher tuition and fees that are comparable to rates charged at private institutions. For example, at the University of Illinois Urbana/Champaign, the current (2005-2006 year) undergraduate tuition and fees for in-state students is \$8,670. This increases to \$22,756 for out-of-state students.

Families whose children want to attend private institutions face considerably higher tuition and fees. Only a few private colleges had tuition and fees under \$10,000 and most were in the \$12,000 to

\$25,000 range. Two private institutions in Illinois had full-time tuition and fees in excess of \$30,000 – Northwestern University (\$30,085) and the University of Chicago (\$30,729). It should be noted that the actual expenditure on tuition and fees can be reduced by various forms of student assistance including scholarships, tuition waivers, and campus employment.

Tuition and fees have increased well in excess of the rate of inflation in recent years with the greatest percentage growth at public universities. Between fiscal year 1990 and fiscal year 2005, average tuition and fees at Illinois public universities grew \$4,235 or over 2.8 times (181.8%) their 1990 level. Community college tuition and fees increased \$1,213 or over 2.3 times while private institutions increased \$11,551 or 2.4 times their 1990 level. The comparable increase in the consumer price index over the past 16 years was 49.7%, averaging a little over 2.7% a year.

Fiscal year 2006 General Funds appropriations for higher education, excluding retirement, are \$2.104 billion, \$3 million or 0.1% above fiscal year 2005. Continued fiscal difficulties at the state level will serve to limit opportunities for additional funding for higher education. Limited funding and the impact of the truth-in-tuition law will put further pressure on higher education institutions to increase tuition and fees. ■



Student Assistance in Illinois

Financial assistance to meet college expenses is available in many forms including state, federal, institutional, and private scholarships, grants, and loans, as well as state-funded tuition waivers and employment provided by schools. For academic year 2003-04, students at Illinois higher education institutions received \$4.8 billion in student financial aid: \$1.3 billion from the federal government, \$768 million from state appropriations including tuition waivers and employment, \$1.2 billion from institutional funding and \$1.6 billion from other sources including guaranteed loans.

Of all state-funded scholarship and grant aid in Illinois, over \$379 million is administered through the Illinois Student Assistance Commission (ISAC). ISAC administers the Monetary Award Program (MAP) as well as several smaller scholarship and grant programs, and originates, purchases and guarantees loans under the Federal Family Education Loan Program (FFEL). Altogether the scholarships, grants, and loans administered by ISAC help hundreds of thousands of Illinois students access the postsecondary education of their choice.

MAP is one of the largest programs of its kind in the nation. Awards are based on financial need and are applicable only to tuition and mandatory fees. Among other criteria, students must attend approved Illinois institutions as an undergraduate.

Individual financial need is determined through a unified application form that also is used to determine eligibility for federal aid. For fiscal year 2005, MAP awards were limited to the lesser of \$4,521, 2003-04 tuition/fee rates, or unmet need.

In academic year 2004-05 (fiscal year 2005) ISAC processed 150,311 MAP awards, the largest number in program history. Approximately 39% of MAP recipients attended a community col-

lege, 23% attended a private or proprietary institution, and 29% attended a public university. About 40% of recipients were freshmen, 26% were sophomores, and 34% were upperclassmen. In fiscal year 2005, about 39% of the students receiving MAP grants were determined to have no financial resources to contribute to their college education. The average annual family income of fiscal year 2005 MAP recipients was just over \$23,000 per year.

Just under \$331 million was spent on MAP awards in fiscal year 2005. Students at private and proprietary institutions received \$163.2 million, students at public universities received \$120.2 million, and students at community colleges received \$47.3 million. In fiscal year 2005, the average MAP award paid was \$2,200. Compared to the average tuition and fee figure for all Illinois students (public and private) of \$7,993 for aca-

Illinois Student Assistance Commission Fiscal Year 2005

Scholarship and Grant Programs	Recipients	Expenditures	Average
Monetary Award Program (MAP)	150,311	\$330,750,920	\$2,200
Silas Purnell Illinois Incentive for Access (IIA) Grants	18,720	\$6,880,750	\$368
Student to Student Grants	3,427	\$949,576	\$277
Higher Education License Plate (HELP) Grants	n/a	\$51,650	n/a
Illinois Future Teacher Corps Scholarships	555	\$3,770,517	\$6,794
Minority Teacher Scholarships	607	\$2,797,510	\$4,609
Teacher/Child Care Provider Loan Repayment	48	\$230,791	\$4,808
Illinois Scholars Program	n/a	\$3,020,000	n/a
Dependents Grant Programs	69	\$349,997	\$5,072
Illinois Veteran Grants	11,511	\$19,217,037	\$1,669
National Guard Grants	1,698	\$4,216,713	\$2,483
Merit Recognition Scholarships	5,458	\$5,372,000	\$984
Optometric Education Scholarship Program	10	\$50,000	\$5,000
Bonus Incentive Grants	399	\$219,000	\$549
Federal Robert C. Byrd Scholarships	1,074	\$1,589,986	\$1,480
Total	193,887	\$379,466,447	
Federal Family Education Loan Program Guarantees			
Federal Stafford Subsidized Loan Program	119,709	\$536,641,983	\$4,483
Federal Stafford Unsubsidized Loan Program	90,390	\$494,123,642	\$5,467
Federal PLUS Loan Program	12,375	\$120,192,678	\$9,713
Federal Consolidation Loan Program	28,387	\$827,675,438	\$29,157
Total	250,861	\$1,978,633,741	

Source: Illinois Student Assistance Commission.

Illinois Student Assistance Commission Monetary Award Program

Fiscal Year	Private & Proprietary		Public Universities		Community Colleges		All Sectors	
	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars
1990	36,540	\$98,006,118	36,739	\$54,072,168	36,811	\$18,112,141	110,090	\$170,190,427
1991	35,455	\$97,506,151	39,612	\$65,237,393	38,139	\$19,664,380	113,206	\$182,407,924
1992	35,666	\$95,161,060	40,999	\$67,066,269	38,090	\$20,985,782	114,755	\$183,213,111
1993	34,992	\$99,488,032	40,356	\$78,955,892	34,903	\$22,397,927	110,251	\$200,841,851
1994	36,439	\$95,801,111	44,386	\$85,877,285	42,316	\$24,886,083	123,141	\$206,564,479
1995	38,547	\$115,013,713	44,222	\$94,261,070	44,450	\$30,409,433	127,219	\$239,684,216
1996	40,443	\$123,705,056	44,297	\$99,375,316	45,243	\$32,191,571	129,983	\$255,271,943
1997	39,679	\$125,819,964	44,749	\$105,282,746	43,179	\$32,159,287	127,607	\$263,261,997
1998	40,566	\$133,837,139	45,378	\$112,795,843	41,095	\$33,039,431	127,039	\$279,672,413
1999	45,788	\$154,182,512	45,849	\$116,419,385	44,819	\$36,066,502	136,456	\$306,668,399
2000	47,729	\$167,512,118	44,280	\$120,842,602	44,688	\$37,405,512	136,697	\$325,760,232
2001	48,563	\$179,445,117	44,663	\$128,109,930	46,195	\$41,016,991	139,421	\$348,572,038
2002	48,169	\$192,310,324	44,094	\$133,559,601	48,481	\$46,490,577	140,744	\$372,360,502
2003	43,760	\$169,912,141	39,844	\$119,989,270	48,421	\$45,254,556	132,025	\$335,155,967
2004	45,418	\$163,043,629	43,824	\$125,550,410	51,656	\$43,213,447	140,898	\$331,807,486
2005	47,576	\$163,164,366	43,989	\$120,241,126	58,746	\$47,345,428	150,311	\$330,750,920

Source: Illinois Student Assistance Commission.

included in the state appropriations process. Nevertheless, tuition and fee revenues are a critical financial component supporting higher education.

As expected, tuition and fees are lower at the community college level than at four-year universities. For example, full-time

land region (\$6,839) followed by the Middle States (\$6,300), the Midwest (\$6,085), the Southwest (\$4,569), the South (\$4,143), and the West (\$4,130). Illinois' average of \$6,565 places it slightly above the national, Midwest and Middle States averages.

The federal government provided more than \$81 billion in student aid in 2003-04. Approximately 70% of this aid was in the form of loans and 21% in the form of grants (the remainder was in tax benefits). Some of the increased reliance on loans may be due to the decline in the purchasing power of grants. For example, the average federal Pell Grant to financially needy students covered 35% of public four-year college charges in 1980-81. By 2003-04, the average Pell Grant covered only 23% of the total charges.

Some analysts find the rapid growth in the amount of unsubsidized federal loans to cover college costs an alarming trend. Unsubsidized loans are available to any students and are more expensive because the students are responsible for the interest that accrues while they are enrolled. Subsidized loans require students to show financial need and are less expensive because the fed-

Instructional Costs per Credit Hour by Student Level, 2004

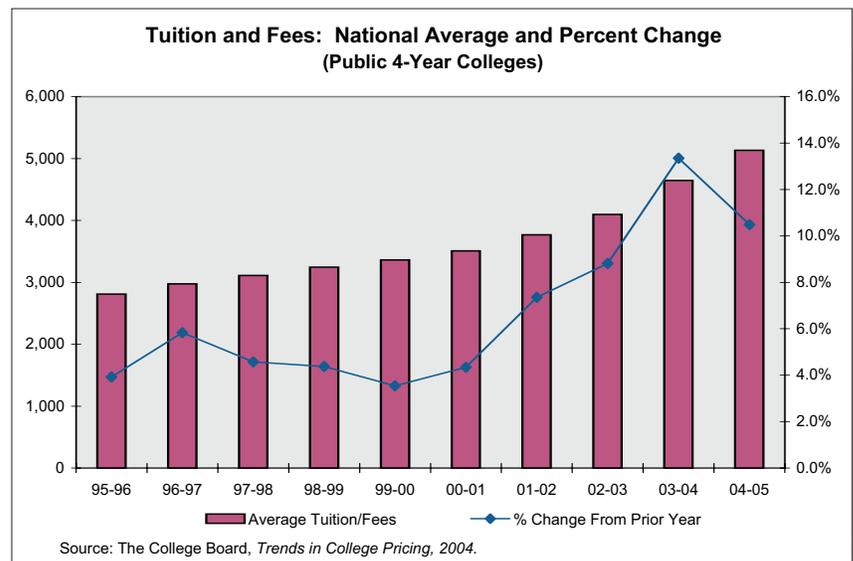
Institution	Lower	Upper	Graduate I	Graduate II
Chicago State University	\$290.03	\$338.95	\$349.50	NA
University of Illinois-Springfield	\$322.94	\$285.94	\$353.03	\$1,087.46
University of Illinois-Urbana/Champaign	\$153.44	\$283.67	\$521.25	\$756.56
Governors State University	NA	\$270.04	\$370.06	NA
Southern Illinois University-Carbondale	\$187.86	\$268.08	\$529.30	\$651.56
Northeastern Illinois University	\$186.96	\$264.08	\$405.67	NA
Eastern Illinois University	\$207.18	\$260.72	\$397.39	NA
University of Illinois-Chicago	\$138.25	\$250.77	\$535.02	\$707.51
Illinois State University	\$165.70	\$248.46	\$403.18	\$472.81
Northern Illinois University	\$160.38	\$245.98	\$382.23	\$590.88
Southern Illinois University-Edwardsville	\$175.09	\$240.83	\$465.48	\$625.71
Western Illinois University	\$172.21	\$239.06	\$374.27	NA
University Average	\$170.88	\$262.02	\$452.58	\$724.37

Source: Illinois Colleges and Universities, Illinois Board of Higher Education.

tuition and fees at Illinois Eastern Community College were \$1,530 in 2005 while Governors State University charged \$4,622, Western Illinois University charged \$6,183, and the University of Illinois-Urbana/Champaign charged \$7,944. Even the most expensive community college (William Rainey Harper College) with tuition and fees of \$2,555 for the 2004-05 academic year was substantially lower than Governors State University.

Tuition and fees for undergraduates at Illinois four-year public universities averaged \$6,565 for 2005, while the average tuition and fees for community colleges was \$2,138 (see *Focus on Revenue*). Nationally, tuition and fees for undergraduates attending in-state public universities in 2005 averaged \$5,132 an increase of \$487 or 10.5% over the previous year. According to the College Board's annual report entitled "Trends in College Pricing 2004," the 10.5% increase and the 13% increase the previous year are the highest rates of increase since 1993.

The College Board's report indicates that tuition and fees are highest in the New Eng-



Financial Aid Trends

Nationally, students received over \$122 billion (in constant dollars) in financial aid from all sources (federal, state, institutional, other) in 2003-04, an 11% increase over the previous year. Loans per FTE student increased 111% in the past decade compared to an increase of 64% in grants per FTE. By 2003-04, loans constituted 56% of all financial aid, grants 38%, tax benefits 5%, and student work 1% (see line chart on page 11).

eral government pays the interest that accrues while the students are enrolled. Over the past decade the dollar volume of subsidized loans increased 79% while the volume of unsubsidized loans grew 1,039%.

Based on data from the National Postsecondary Student Aid Study, the American Council on Education reported that in 2003-04, 60% of all bachelor's degree recipients graduated with some federal student loan

debt. The median amount borrowed by students at public colleges was \$14,671 and the median amount for students at private institutions was \$17,125.

Debt burden is defined as the percentage of monthly income required to make monthly student loan repayments. Student assistance research considers a monthly debt burden of 8% or less as “manageable.”

lege expenses and state grants for low-income families were used as affordability measures, and the completion scores for each state were based on the number of freshmen returning for their sophomore years and the number of students completing degrees within five years.

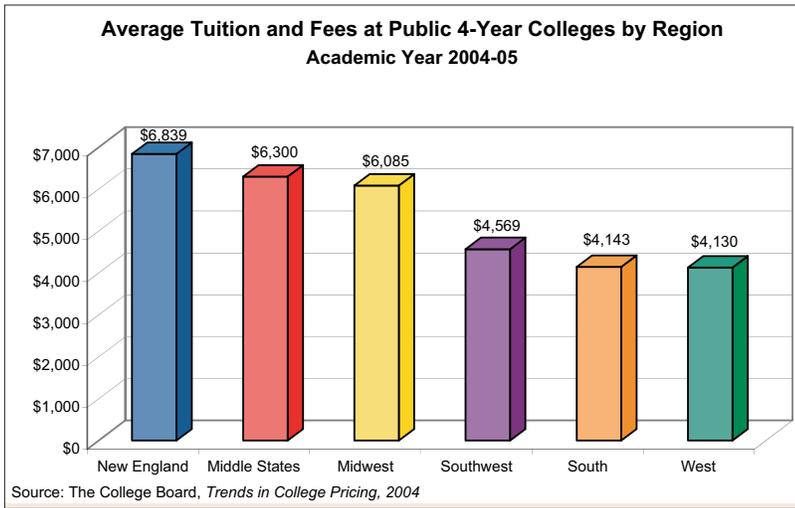
Benefits were scored with measures such as adult literacy skills, eligible residents voting

grade this category. The indicators will include items such as state literacy levels, teacher preparation, and the problem solving skills of college graduates.

Affordability Declines

Unfortunately, Illinois’ grade for affordability was a D, a drop of three letter grades from the A received in the “Measuring Up 2002” report. [See *How Illinois Stacks Up.*] The National Center’s research concluded:

- Illinois’ investment in need-based financial aid is high when compared to other states; nonetheless, the share of income needed to pay for college is large compared with other states.
- Over the past decade, the share of income needed to pay for college expenses after financial aid at public four-year institutions has increased from 25% to 30% (the share was 23% in 2002).
- In the same period, the state has decreased its commitment to financially needy students.



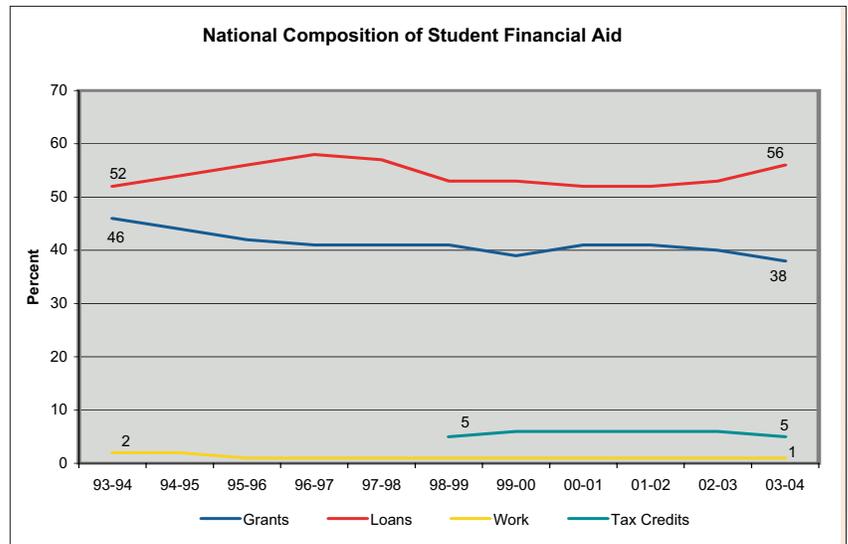
From 1994 to 2001, the percentage of borrowers above the 8% mark remained steady at 36.5%. However, the proportion of student borrowers earning less than \$15,000 a year after graduation and having a debt burden greater than 17% increased from 35% in 1994 to 60% in 2001.

Evaluating Higher Education

In a recent report by the National Center for Public Policy and Higher Education entitled “Measuring Up 2004: the State-by-State Report Card for Higher Education,” Illinois received the following grades: Preparation (grade B+), Participation (grade A), Affordability (grade D), Completion (grade B), Benefits (grade B-) and Learning (+).

Preparation scores were based on measures such as high school completion rates and K-12 achievement tests. Participation was measured by the number of high school freshmen enrolling in college within 4 years and the number of working-age adults (age 25 to 44) enrolled in some type of postsecondary education. Family ability to pay col-

lege expenses and state grants for low-income families were used as affordability measures, and the completion scores for each state were based on the number of freshmen returning for their sophomore years and the number of students completing degrees within five years. Illinois was one of five states to receive a + grade in the learning category primarily because the five states (Kentucky, Nevada, Oklahoma, and South Carolina were the others) decided to participate in a national project to develop the indicators used to



- Undergraduate students borrowed an average \$3,615 in 2004, up from \$2,979 a decade ago (the average was \$3,379 in 2002).

One indicator that is used to measure affordability is family ability to pay for higher education expenses. The increase in the

Cover Story continued on page 12

share of income from 25% to 30% mentioned above is the average for all income groups together. The affordability issue is much more salient when the income groups are broken out for analysis. As shown in the chart, there is a large disparity between low and high income families in Illinois and their ability to send their children to college.

Difficult Public Policy Choices Remain

Higher education is still believed by many people to be a guarantee of future well-being, not only for individuals, but also for society at large. Although once believed to be the province of the wealthy, higher education is viewed by many as an opportunity for persons from all socio-economic backgrounds to better themselves. However, over the last 10 years in particular, changes in state funding, tuition and fees, and financial aid have reached a point where the affordability of a college education is in question. The trends seem clear. State appropriations for higher education are declining. Federal expenditures for student financial aid are growing but are not keeping up with tuition increases. Federal support is shifting away from grants and toward loans. The percent of family income needed to pay for a college education is increasing as tuition is rising faster than inflation or median family incomes, and student loan debt is on the rise.

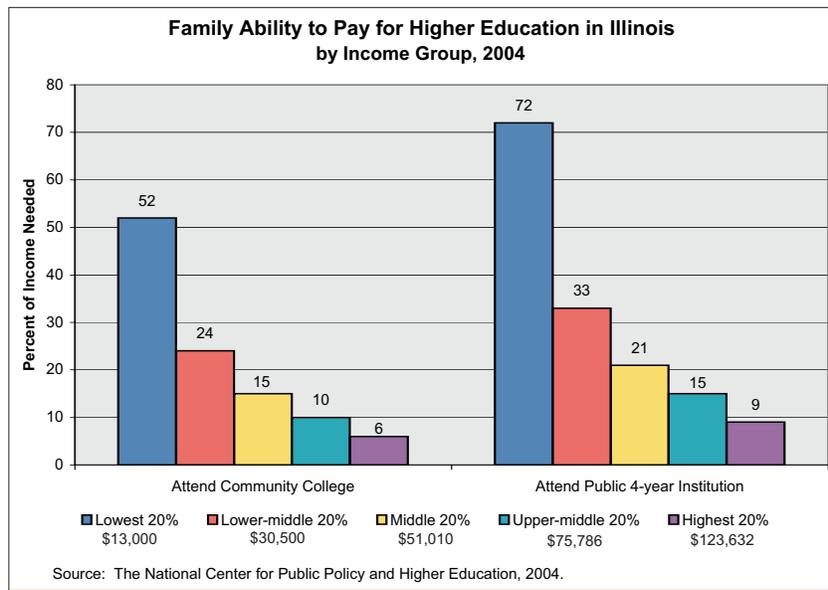
For the most part, state governments have reacted to the issue of affordability with more traditional approaches. In the Midwest, for example, Ohio capped annual tuition increases at 6% for each of the next two years and Minnesota instituted a 7% cap for the 2005-06 school year. Ohio also

increased the maximum award under its College Opportunity Grant Program by 14%, and Wisconsin appropriated more for its financial aid programs. In addition, Wisconsin changed its tax code to allow an income tax deduction equal to twice the average amount of resident tuition at four-year institutions during the most recent fall semester.

Illinois' actions were mixed. Funding for the need-based Monetary Award Program was increased to \$346.7 million this year. However, even with the increase, funding remains below the spending level of \$372.4 million established in 2003. In addition, the fiscal year 2006 budget eliminated funding for the Merit Scholarship Program.

al achievement and improving teacher quality all the way from pre-school through to completion of a college degree. The goal is to ensure that students have a chance to succeed at every level. The Governor of Virginia has proposed a higher education initiative that by the year 2010 would expand capacity to accommodate an additional 61,000 college students, produce an additional 10,000 degrees, and increase higher education research and development expenditures to \$1 billion. A key question is where the money will come from to support these objectives. State appropriations for higher education are below what they were in 2001-02, and as a result, tuition and fees in Virginia have increased at rates of 15%, 15% and 9% over the last three years.

Colorado has embarked on a plan to introduce market forces into higher education. Starting in 2005, there will be no direct state appropriations from the state's General Fund to individual institutions. Instead, each in-state undergraduate attending a public (or participating private) college or university will receive a tuition stipend (voucher) for \$2,400. It is hoped that the vouchers will encourage more underserved students to pursue a college education,



Some analysts question the wisdom of states spending more on financial aid at the same time they are reducing funding for higher education overall. They argue that new and innovative approaches to increase the affordability of higher education are needed if higher education is to meet its potential for individuals and society as a whole.

One topic that is gaining renewed interest is K-16, a concept of strengthening education-

tion, and serve as an incentive for institutions to focus on enrolling, retaining and graduating students by providing a quality, relevant education. Other initiatives such as a universal ACT college entrance exam, tougher high school college preparation curricula, and special skills development for high school seniors needing remediation will also be implemented. Whether this bold plan will succeed in meeting its goals, of course, remains to be seen. ■

Health Care Costs Pressure State Finances

Department of Healthcare and Family Services grant expenditures (Medicaid) from the General Funds in the first quarter of fiscal year 2006 increased \$897 million or 70.0% compared to the same time last year. This growth in Medicaid spending, due in part to unusual spending patterns associated with the program last year, offset an impressive increase in economic revenues. The increase in health care spending was somewhat anticipated. At the end of fiscal year 2004, the state borrowed \$850 million to take advantage of the temporary increase in reimbursement rates. This borrowing reduced Medicaid expenditures in the first quarter of last year. As a result, Department of Healthcare and Family Services grant appropriations for fiscal year 2006 are up \$1.203 billion.

The increased pressure on state finances is evident in the graph of adjusted daily cash balances. At the end of September, the adjusted General Revenue Fund (GRF) balance was negative \$919 million. The GRF balance on September 30, 2005 was \$207 million with a backlog of \$1.126 billion in unpaid bills. It should be noted that the GRF balance includes \$194 million in charge-back and fee transfers which have not been recognized by the State Treasurer due to that office's concerns about the constitutionality of these transactions.

As can be seen in the accompanying chart, the negative GRF balance is following a similar course as it has over the past four years. Some of the fluctuations in the chart are due to short-term borrowing in the past three fiscal years. With the current trend for fiscal year 2006, it is possible that the backlog of unpaid bills in the possession of the IOC could exceed \$2 billion in the near future.

On the revenue side, there has been better than expected growth in economic driven revenues. Income taxes are up 10.7% and sales taxes grew 8.2%. These increases exceed revenue estimates used to construct the FY 2006 budget.

Base Revenues

At the end of the first quarter, base revenues declined from \$6.558 billion to \$6.393 billion (\$165 million or 2.5%). Most of the decline is due to an expected decrease in other transfers while economic driven revenues exceeded expectations.

All other transfers dropped \$601 million due primarily to a one-time transfer last year of \$433 million from the Medicaid Provider Relief Fund to pay debt service on the June 2004 \$850 million short-term borrowing. There were fund sweeps of \$152 million last year compared to \$35 million this year. Also, there were \$39 million in chargeback transfers by the end of September and none so far this year.

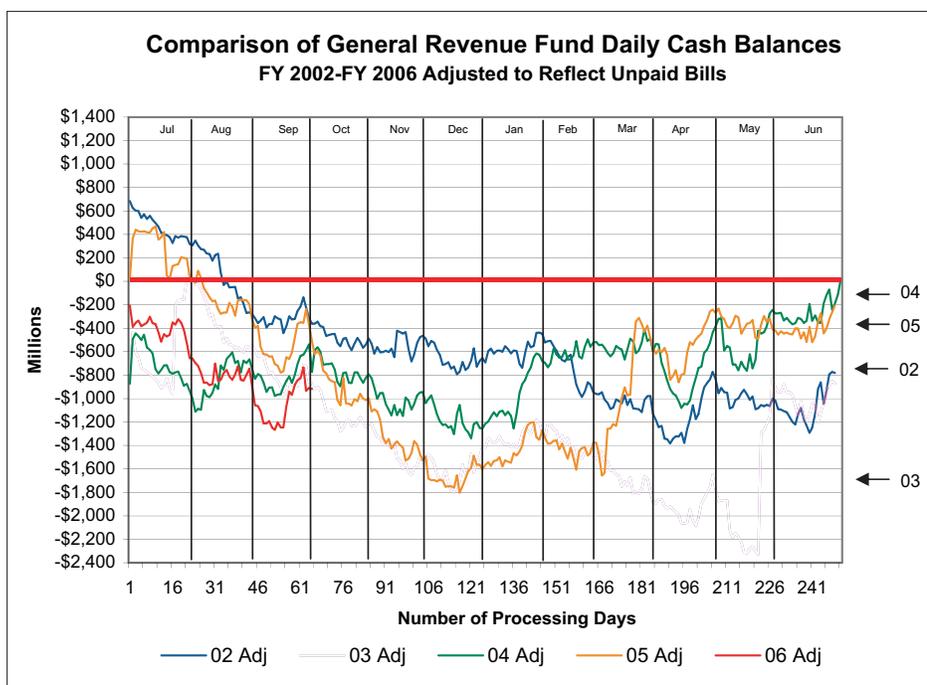
Cash receipts from state sources increased \$246 million or 5.5% driven economic revenues. Income tax receipts increased \$202 million or 10.7% with individual up \$143 million (8.5%) and corporate up \$59 million (28.2%). Sales taxes grew by \$138 million or 8.2%. All other receipt sources were down \$94 million due to expected declines in cigarette taxes, riverboat gambling taxes, and Cook County intergovernmental transfers. Last year there was a one-time \$50 million diversion of cigarette taxes to the General Funds, riverboat gambling tax rates changed to prior levels and the increase diverted to the Common

School Fund ended, and the Cook County transfer agreement was reduced this year.

Federal sources increased \$152 million or 13.6% due primarily to the growth in Medicaid spending.

Base Expenditures

Through September, base General Funds spending increased \$118 million or 1.8%. The expected large increase in Medicaid spending over the first quarter of last fiscal year



HEALTH CARE COSTS continued, page 14

Health Care Costs concluded from page 13

was mostly offset by the large decrease in transfers out. General Funds appropriations are up \$546 million or 2.3% over last year. Through the first quarter of fiscal year 2005, 24.5% of General Funds appropriations have been expended compared to 20.8% last year.

The increase in both the amount and pace of spending is directly attributable to Medicaid grant spending by the Department of Healthcare and Family Services. Medicaid grant spending of \$2.179 billion is up \$897 million or 70.0% from last year. The increase in Medicaid is due to a \$1.203 billion increase in appropriations. This increase follows a \$505 million decrease from the year before that was enabled by short-term borrowing utilized in fiscal year 2004 to take advantage of increased reimbursement rates. In fiscal year 2004 the state's reimbursement rate for Medicaid was increased from 50% to 53% and the state also received half of the \$422 million in federal grants under the Jobs and Growth Tax Relief Reconciliation Act in the first quarter. In the first quarter of fiscal year 2006, 34.6% of Medicaid appropriations were expended.

Transfers out of \$673 million in the first three months of fiscal year 2006 are \$743 million or 52.5% less than the \$1.416 billion transferred in the first quarter last fis-

cal year. Last fiscal year, \$914 million was transferred to the General Obligation B. R. & I. Fund compared to only \$265 million in the first quarter this year.

Other areas of spending which decreased from last year include teachers' retirement grants (down \$52 million or 25.5%) and agency operations (down \$9 million or 0.7%).

Areas of spending which increased other than Medicaid include State Board of Education grants (up \$79 million or 7.0%), Human Services grants (up \$46 million or 5.7%), higher education grants (up \$40 million or 28.2%), and higher education operations (up \$22 million or 6.0%).

What Lies Ahead

As stated previously, it is anticipated that the backlog of unpaid bills will continue to grow over the coming months as historical revenue and spending patterns emerge. Currently, the backlog is \$1.126 billion and the number of days payments are delayed is over three weeks. Last year at this time the backlog was \$535 million with payment delays of 10 days, reflecting the cash flow impact of the short-term borrowing in June of 2004. By last December payment delays exceeded six weeks and totaled \$1.8 billion. It is highly probable that the current backlog will surpass these figures by the end of the second quarter of this year. It should be

noted that these delays do not include the days billings are held by the agencies.

Since 2002, the state has utilized short-term borrowing to alleviate significant payment backlogs and it employed similar strategies in the 1990s to address these same issues. Many in the provider community appear to have become reliant on the periodic infusions of revenue made available from yearly borrowing initiatives. Maintaining a large volume of unpaid bills places an undue burden on the state's providers and there is a real concern that absent state action, a disruption of vital state services could occur that would not be limited to health care. The Comptroller has proposed a cash management plan that includes borrowing \$1.1 billion short-term to reduce payment backlogs and provide needed relief to these providers. The plan would by design leverage federal reimbursements and effectively accelerate the receipt of federal revenues. Because of the timing imbalance between the receipt of revenues and expenditures, the state has utilized short-term borrowing in eight of the past 15 years. Short-term borrowing is not a panacea but continued economic revenue growth will help to reduce the spending pressures associated with these critical programs. ■

[Editor's Note: A short-term borrowing plan of \$1 billion proposed by the Comptroller was approved by the Governor and Treasurer and implemented in November.]

Student Assistance concluded from page 9

and fee figure for all Illinois students (public and private) of \$7,993 for academic year 2004-05, the average MAP award represented 28% of the total.

The FFEL program ensures Illinois students and families have access to private capital for loans to meet college expenses.

Under the program, ISAC guarantees, purchases and originates loans made to qualified students. Loan volume has fluctuated over the past decade reflecting a variety of program changes. From fiscal year 1991 to 1995, loan volume increased substantially reflecting higher loan limits, the creation of a new

federal unsubsidized loan and increased college costs. Beginning in fiscal year 1996, the federal government began to provide direct student loans, reducing the number and amount of loans guaranteed by ISAC. Currently, ISAC guarantees about 40% of the student loans made in Illinois. ■

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

	Twelve Months			
	June 2005	FY 2005	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 360	\$ 182	\$ (135)	(42.6) %
Revenues	2,557	28,183	1,134	4.2
Expenditures	2,420	27,868	684	2.5
Ending Balance	\$ 497	\$ 497	\$ 315	173.1 %
General Revenue Fund				
Available Balance	\$ 103	\$ 24	\$ 23	N/A %
Revenues	2,182	24,241	984	4.2
Expenditures	2,087	24,067	833	3.6
Ending Balance	\$ 198	\$ 198	\$ 174	725.0 %
Common School Special Account Fund				
Available Balance	\$ 66	\$ 12	\$ (50)	(80.6) %
Revenues	141	1,649	68	4.3
Expenditures	191	1,645	14	0.9
Ending Balance	\$ 16	\$ 16	\$ 4	33.3 %
Education Assistance Fund				
Available Balance	\$ 159	\$ 124	\$ (85)	(40.7) %
Revenues	121	1,210	83	7.4
Expenditures	25	1,079	(133)	(11.0) %
Ending Balance	\$ 255	\$ 255	\$ 131	105.6 %
Common School Fund				
Available Balance	\$ 32	\$ 22	\$ (22)	(50.0) %
Revenues	638	3,386	205	6.4
Expenditures	642	3,380	177	5.5
Ending Balance	\$ 28	\$ 28	\$ 6	27.3 %

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)

	Twelve Months			
	June 2005	FY 2005	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 698	\$ 7,979	\$ 707	9.7 %
Corporate	195	1,172	236	25.2 %
Total, Income Taxes	\$ 893	\$ 9,151	\$ 943	11.5 %
Sales Taxes	564	6,595	264	4.2
Other Sources:				
Public Utility Taxes	91	1,056	(23)	(2.1)
Cigarette Taxes	33	450	50	12.5
Inheritance Tax (gross)	30	310	88	39.6
Liquor Gallonage Taxes	16	147	20	15.7
Insurance Taxes and Fees	63	342	(20)	(5.5)
Corporation Franchise Tax and Fees	22	181	18	11.0
Investment Income	10	73	18	32.7
Cook County IGT	23	433	5	1.2
Riverboat Gambling Taxes	17	152	19	14.3
Other	95	500	26	5.5
Total, Other Sources	\$ 400	\$ 3,644	\$ 201	5.8 %
Total, Cash Receipts	\$ 1,857	\$ 19,390	\$ 1,408	7.8 %
Transfers In:				
Lottery Fund	\$ 74	\$ 614	\$ 44	7.7 %
State Gaming Fund	56	547	17	3.2
Pension Contribution Fund	0	0	(1,395)	(100.0)
Other Funds	175	1,352	195	16.9
Total, Transfers In	\$ 305	\$ 2,513	\$ (1,139)	(31.2) %
Total, State Sources	\$ 2,162	\$ 21,903	\$ 269	1.2 %
Federal Sources	\$ 395	\$ 4,257	\$ (932)	(18.0) %
Total, Base Revenues	\$ 2,557	\$ 26,160	\$ (663)	(2.5) %
Short-Term Borrowing	0	765	765	N/A
Transfer from				
Budget Stabilization Fund	0	276	50	22.1
Cash Flow Transfer - Hospital Provider Fund	0	982	982	N/A
Total, Revenues	\$ 2,557	\$ 28,183	\$ 1,134	4.2 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

	Twelve Months			
	June 2005	FY 2005	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 322	\$ 4,859	\$ (688)	(12.4) %
Elem. & Sec. Education:				
State Board of Education	869	5,713	330	6.1
Teachers Retirement	81	933	188	25.2
Total, Elem. & Sec. Education	\$ 950	\$ 6,646	\$ 518	8.5 %
Human Services	134	2,774	129	4.9
Higher Education	27	765	(4)	(0.5)
All Other Grants	70	1,140	(7)	(0.6)
Total, Awards and Grants	\$ 1,503	\$ 16,184	\$ (52)	(0.3) %
Operations:				
Other Agencies	\$ 415	\$ 4,916	\$ 101	2.1 %
Higher Education	22	1,431	(111)	(7.2)
Total, Operations	\$ 437	\$ 6,347	\$ (10)	(0.2) %
Regular Transfers Out	\$ 221	\$ 3,658	\$ 1,139	45.2 %
All Other	1	57	72	N/A
Vouchers Payable Adjustment	77	(401)	(1,272)	N/A
Total, Base Expenditures	\$ 2,239	\$ 25,845	\$ (123)	(0.5) %
Transfers to Repay GRF Short-Term Borrowing	181	1,044	(172)	(14.1)
Cash Flow Transfer - Hospital Provider Fund	0	979	979	N/A
Total, Expenditures	\$ 2,420	\$ 27,868	\$ 684	2.5 %

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

	Twelve Months			
	June 2005	FY 2005	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 204	\$ 3,331	\$ 1,192	55.7 %
Other Personal Services	15	178	(67)	(27.3)
Total, Personal Services	\$ 219	\$ 3,509	\$ 1,125	47.2 %
Contribution Retirement	31	464	15	3.3
Contribution Social Security	13	167	14	9.2
Contribution Group Insurance	90	1,022	110	12.1
Contractual Services	27	478	(23)	(4.6)
Travel	1	18	1	5.9
Commodities	9	115	(2)	(1.7)
Printing	1	7	0	0.0
Equipment	2	28	11	64.7
Electronic Data Processing	3	36	(9)	(20.0)
Telecommunications	5	54	0	0.0
Automotive Equipment	2	19	0	0.0
Other Operations	34	430	(1,252)	(74.4)
Total, Operations	\$ 437	\$ 6,347	\$ (10)	(0.2) %

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

	Twelve Months			
	June 2005	FY 2005	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 607	\$ 3,682	\$ 236	6.8 %
All Other	262	2,031	94	4.9
Public Aid	322	4,859	(688)	(12.4)
Human Services	134	2,774	129	4.9
Higher Education:				
Student Assistance Commission	8	378	(4)	(1.0)
Community College Board	0	338	0	0.0
Other	19	49	0	0.0
Teacher's Retirement	81	933	188	25.2
Children and Family Services	22	506	(7)	(1.4)
Aging	23	267	26	10.8
Revenue	1	16	(16)	(50.0)
All Other	24	351	(10)	(2.8)
Total, Awards and Grants	\$ 1,503	\$ 16,184	\$ (52)	(0.3) %

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

	July 2004	July 2005	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 182	\$ 497	\$ 315	173.1 %
Revenues	2,078	1,876	(202)	(9.7)
Expenditures	1,747	1,646	(101)	(5.8)
Ending Balance	\$ 513	\$ 727	\$ 214	41.7 %
General Revenue Fund				
Available Balance	\$ 24	\$ 198	\$ 174	725.0 %
Revenues	1,763	1,560	(203)	(11.5)
Expenditures	1,677	1,553	(124)	(7.4)
Ending Balance	\$ 110	\$ 205	\$ 95	86.4 %
Common School Special Account Fund				
Available Balance	\$ 12	\$ 16	\$ 4	33.3 %
Revenues	140	156	16	11.4
Expenditures	0	0	0	0.0
Ending Balance	\$ 152	\$ 172	\$ 20	13.2 %
Education Assistance Fund				
Available Balance	\$ 124	\$ 255	\$ 131	105.6 %
Revenues	80	86	6	7.5
Expenditures	25	46	21	84.0
Ending Balance	\$ 179	\$ 295	\$ 116	64.8 %
Common School Fund				
Available Balance	\$ 22	\$ 28	\$ 6	27.3 %
Revenues	96	74	(22)	(22.9)
Expenditures	46	47	1	2.2
Ending Balance	\$ 72	\$ 55	\$ (17)	(23.6) %

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)

	July 2004	July 2005	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 478	\$ 524	\$ 46	9.6 %
Corporate	22	33	11	50.0
Total, Income Taxes	\$ 500	\$ 557	\$ 57	11.4 %
Sales Taxes	563	622	59	10.5
Other Sources:				
Public Utility Taxes	79	77	(2)	(2.5)
Cigarette Taxes	33	34	1	3.0
Inheritance Tax (gross)	21	19	(2)	(9.5)
Liquor Gallonage Taxes	14	15	1	7.1
Insurance Taxes and Fees	2	4	2	100.0
Corporation Franchise				
Tax and Fees	13	10	(3)	(23.1)
Investment Income	3	10	7	233.3
Cook County IGT	54	40	(14)	(25.9)
Riverboat Gambling Taxes	13	4	(9)	(69.2)
Other	25	49	24	96.0
Total, Other Sources	\$ 257	\$ 262	\$ 5	1.9 %
Total, Cash Receipts	\$ 1,320	\$ 1,441	\$ 121	9.2 %
Transfers In:				
Lottery Fund	\$ 61	\$ 50	\$ (11)	(18.0) %
State Gaming Fund	43	45	2	4.7
Other Funds	466	62	(404)	(86.7)
Total, Transfers In	\$ 570	\$ 157	\$ (413)	(72.5) %
Total, State Sources	\$ 1,890	\$ 1,598	\$ (292)	(15.4) %
Federal Sources	\$ 188	\$ 278	\$ 90	47.9 %
Total, Base Revenues	\$ 2,078	\$ 1,876	\$ (202)	(9.7) %
Short-Term Borrowing	0	0	0	0.0
Transfer from Budget				
Stabilization Fund	0	0	0	0.0
Total, Revenues	\$ 2,078	\$ 1,876	\$ (202)	(9.7) %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

	July 2004	July 2005	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 262	\$ 629	\$ 367	140.1 %
Elem. & Sec. Education:				
State Board of Education	16	106	90	562.5
Teachers Retirement	72	50	(22)	(30.6)
Total, Elem. & Sec. Education	\$ 88	\$ 156	\$ 68	77.3 %
Human Services	257	271	14	5.4
Higher Education	1	13	12	1,200.0
All Other Grants	94	84	(10)	(10.6)
Total, Awards and Grants	\$ 702	\$ 1,153	\$ 451	64.2 %
Operations:				
Other Agencies	\$ 356	\$ 388	\$ 32	9.0 %
Higher Education	29	98	69	237.9
Total, Operations	\$ 385	\$ 486	\$ 101	26.2 %
Transfers Out	\$ 720	\$ 222	\$ (498)	(69.2) %
All Other	9	1	(8)	(88.9) %
Vouchers Payable Adjustment	(69)	(216)	(147)	N/A
Total, Base Expenditures	\$ 1,747	\$ 1,646	\$ (101)	(5.8) %
Transfers to Repay Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	\$ 1,747	\$ 1,646	\$ (101)	(5.8) %

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

	July 2004	July 2005	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 188	\$ 260	\$ 72	38.3 %
Other Personal Services	20	17	(3)	(15.0)
Total, Personal Services	\$ 208	\$ 277	\$ 69	33.2 %
Contribution Retirement	43	37	(6)	(14.0)
Contribution Social Security	13	14	1	7.7
Contribution Group Insurance	27	23	(4)	(14.8)
Contractual Services	34	68	34	100.0
Travel	2	1	(1)	(50.0)
Commodities	10	9	(1)	(10.0)
Printing	1	1	0	0.0
Equipment	3	3	0	0.0
Electronic Data Processing	4	3	(1)	(25.0)
Telecommunications	2	4	2	100.0
Automotive Equipment	1	1	0	0.0
Other Operations	37	45	8	21.6
Total, Operations	\$ 385	\$ 486	\$ 101	26.2 %

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

	July 2004	July 2005	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 0	\$ 0	\$ 0	0.0 %
All Other	16	106	90	562.5
Public Aid	262	629	367	140.1
Human Services	257	271	14	5.4
Higher Education:				
Student Assistance Commission	0	3	3	N/A
Community College Board	0	5	5	N/A
Other	1	5	4	400.0
Teacher's Retirement	72	50	(22)	(30.6)
Children and Family Services	52	35	(17)	(32.7)
Aging	21	24	3	14.3
Revenue	0	1	1	N/A
All Other	21	24	3	14.3
Total, Awards and Grants	\$ 702	\$ 1,153	\$ 451	64.2 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES

(Dollars in Millions)

	Two Months			
	August 2005	FY 2006	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 727	\$ 497	\$ 315	173.1 %
Revenues	2,356	4,232	128	3.1
Expenditures	2,375	4,021	32	0.8
Ending Balance	\$ 708	\$ 708	\$ 411	138.4 %
General Revenue Fund				
Available Balance	\$ 205	\$ 198	\$ 174	N/A %
Revenues	2,018	3,579	84	2.4
Expenditures	1,980	3,534	18	0.5
Ending Balance	\$ 243	\$ 243	\$ 240	N/A %
Common School Special Account Fund				
Available Balance	\$ 172	\$ 16	\$ 4	33.3 %
Revenues	147	303	29	10.6
Expenditures	178	178	42	30.9
Ending Balance	\$ 141	\$ 141	\$ (9)	(6.0) %
Education Assistance Fund				
Available Balance	\$ 295	\$ 255	\$ 131	105.6 %
Revenues	103	189	18	10.5
Expenditures	106	152	(19)	(11.1)
Ending Balance	\$ 292	\$ 292	\$ 168	135.5 %
Common School Fund				
Available Balance	\$ 55	\$ 28	\$ 6	27.3 %
Revenues	264	338	39	13.0
Expenditures	288	335	34	11.3
Ending Balance	\$ 31	\$ 31	\$ 11	55.0 %

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)

	Two Months			
	August 2005	FY 2006	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 576	\$ 1,100	\$ 69	6.7 %
Corporate	12	45	2	4.7
Total, Income Taxes	\$ 588	\$ 1,145	\$ 71	6.6 %
Sales Taxes	588	1,210	109	9.9
Other Sources:				
Public Utility Taxes	100	178	35	24.5
Cigarette Taxes	34	68	(12)	(15.0)
Inheritance Tax (gross)	19	37	(14)	(27.5)
Liquor Gallonage Taxes	11	27	1	3.8
Insurance Taxes and Fees	16	20	0	0.0
Corporation Franchise				
Tax and Fees	17	27	2	8.0
Investment Income	11	21	14	200.0
Cook County IGT	0	40	(14)	(25.9)
Riverboat Gambling Taxes	0	4	(19)	(82.6)
Other	47	95	0	0.0
Total, Other Sources	\$ 255	\$ 517	\$ (7)	(1.3) %
Total, Cash Receipts	\$ 1,431	\$ 2,872	\$ 173	6.4 %
Transfers In:				
Lottery Fund	\$ 64	\$ 114	\$ 21	22.6 %
State Gaming Fund	60	105	12	12.9
Other Funds	20	82	(532)	(86.6)
Total, Transfers In	\$ 144	\$ 301	\$ (499)	(62.4) %
Total, State Sources	\$ 1,575	\$ 3,173	\$ (326)	(9.3) %
Federal Sources	\$ 505	\$ 783	\$ 178	29.4 %
Total, Base Revenues	\$ 2,080	\$ 3,956	\$ (148)	(3.6) %
Short-Term Borrowing	0	0	0	0.0
Transfer from				
Budget Stabilization Fund	276	276	276	N/A
Total, Revenues	\$ 2,356	\$ 4,232	\$ 128	3.1 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES

(Dollars in Millions)

	Two Months			
	August 2005	FY 2006	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 941	\$ 1,569	\$ 849	117.9 %
Elem. & Sec. Education:				
State Board of Education	445	551	41	8.0
Teachers Retirement	51	100	(27)	(21.3)
Total, Elem. & Sec. Education	\$ 496	\$ 651	\$ 14	2.2 %
Human Services	296	567	(2)	(0.4)
Higher Education	84	98	20	25.6
All Other Grants	110	194	(23)	(10.6)
Total, Awards and Grants	\$ 1,927	\$ 3,079	\$ 858	38.6 %
Operations:				
Other Agencies	\$ 467	\$ 854	\$ 1	0.1 %
Higher Education	130	228	42	22.6
Total, Operations	\$ 597	\$ 1,082	\$ 43	4.1 %
Regular Transfers Out	\$ 261	\$ 483	\$ (536)	(52.6) %
All Other	\$ 1	\$ 4	\$ (12)	(75.0) %
Vouchers Payable Adjustment	\$ (411)	\$ (627)	\$ (321)	N/A
Total, Base Expenditures	\$ 2,375	\$ 4,021	\$ 32	0.8 %
Transfers to Repay GRF Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	\$ 2,375	\$ 4,021	\$ 32	0.8 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT

(Dollars in Millions)

	Two Months			
	August 2005	FY 2006	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 308	\$ 568	\$ 63	12.5 %
Other Personal Services	18	34	(1)	(2.9)
Total, Personal Services	\$ 326	\$ 602	\$ 62	11.5 %
Contribution Retirement	17	55	(39)	(41.5)
Contribution Social Security	14	29	1	3.6
Contribution Group Insurance	101	124	(14)	(10.1)
Contractual Services	54	122	26	27.1
Travel	2	3	0	0.0
Commodities	13	22	3	15.8
Printing	1	2	0	0.0
Equipment	7	9	(2)	(18.2)
Electronic Data Processing	8	11	2	22.2
Telecommunications	7	10	0	0.0
Automotive Equipment	2	4	1	33.3
Other Operations	45	89	3	3.5
Total, Operations	\$ 597	\$ 1,082	\$ 43	4.1 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS

(Dollars in Millions)

	Two Months			
	August 2005	FY 2006	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 323	\$ 323	\$ (7)	(2.1) %
All Other	122	228	48	26.7
Public Aid	941	1,569	849	117.9
Human Services	296	567	(2)	(0.4)
Higher Education:				
Student Assistance Commission	6	9	6	200.0
Community College Board	78	83	9	12.2
Other	0	6	5	500.0
Teacher's Retirement	51	100	(27)	(21.3)
Children and Family Services	55	90	(21)	(18.9)
Aging	26	50	6	13.6
Revenue	0	1	0	0.0
All Other	29	53	(8)	(13.1)
Total, Awards and Grants	\$ 1,927	\$ 3,079	\$ 858	38.6 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES

(Dollars in Millions)

	Three Months			
	Sept. 2005	FY 2006	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 708	\$ 497	\$ 315	173.1 %
Revenues	2,437	6,669	111	1.7
Expenditures	2,545	6,566	118	1.8
Ending Balance	\$ 600	\$ 600	\$ 308	105.5 %
General Revenue Fund				
Available Balance	\$ 243	\$ 198	\$ 174	N/A %
Revenues	2,081	5,660	72	1.3
Expenditures	2,117	5,651	61	1.1
Ending Balance	\$ 207	\$ 207	\$ 185	N/A %
Common School Special Account Fund				
Available Balance	\$ 141	\$ 16	\$ 4	33.3 %
Revenues	151	454	37	8.9
Expenditures	201	379	60	18.8
Ending Balance	\$ 91	\$ 91	\$ (19)	(17.3) %
Education Assistance Fund				
Available Balance	\$ 292	\$ 255	\$ 131	105.6 %
Revenues	129	318	28	9.7
Expenditures	131	283	(10)	(3.4)
Ending Balance	\$ 290	\$ 290	\$ 169	139.7 %
Common School Fund				
Available Balance	\$ 31	\$ 28	\$ 6	27.3 %
Revenues	277	615	33	5.7
Expenditures	296	631	65	11.5
Ending Balance	\$ 12	\$ 12	\$ (26)	(68.4) %

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)

	Three Months			
	Sept. 2005	FY 2006	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 719	\$ 1,818	\$ 143	8.5 %
Corporate	222	268	59	28.2
Total, Income Taxes	\$ 941	\$ 2,086	\$ 202	10.7 %
Sales Taxes	602	1,811	138	8.2
Other Sources:				
Public Utility Taxes	91	269	19	7.6
Cigarette Taxes	32	100	(41)	(29.1)
Inheritance Tax (gross)	22	59	(10)	(14.5)
Liquor Gallonage Taxes	13	40	2	5.3
Insurance Taxes and Fees	62	82	(12)	(12.8)
Corporation Franchise				
Tax and Fees	15	43	1	2.4
Investment Income	10	31	23	287.5
Cook County IGT	0	40	(37)	(48.1)
Riverboat Gambling Taxes	0	4	(38)	(90.5)
Other	29	124	(1)	(0.8)
Total, Other Sources	\$ 274	\$ 792	\$ (94)	(10.6) %
Total, Cash Receipts	\$ 1,817	\$ 4,689	\$ 246	5.5 %
Transfers In:				
Lottery Fund	\$ 55	\$ 169	\$ 26	18.2 %
State Gaming Fund	60	165	12	7.8
Other Funds	16	98	(601)	(86.0)
Total, Transfers In	\$ 131	\$ 432	\$ (563)	(56.6) %
Total, State Sources	\$ 1,948	\$ 5,121	\$ (317)	(5.8) %
Federal Sources	\$ 489	\$ 1,272	\$ 152	13.6 %
Total, Base Revenues	\$ 2,437	\$ 6,393	\$ (165)	(2.5) %
Short-Term Borrowing	0	0	0	0.0
Transfer from				
Budget Stabilization Fund	0	276	276	N/A
Total, Revenues	\$ 2,437	\$ 6,669	\$ 111	1.7 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES

(Dollars in Millions)

	Three Months			
	Sept. 2005	FY 2006	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Healthcare & Family Services	\$ 609	\$ 2,179	\$ 897	70.0 %
Elem. & Sec. Education:				
State Board of Education	660	1,211	79	7.0
Teachers Retirement	51	152	(52)	(25.5)
Total, Elem. & Sec. Education	\$ 711	\$ 1,363	\$ 27	2.0 %
Human Services	285	851	46	5.7
Higher Education	84	182	40	28.2
All Other Grants	119	313	6	2.0
Total, Awards and Grants	\$ 1,808	\$ 4,888	\$ 1,016	26.2 %
Operations:				
Other Agencies	\$ 402	\$ 1,256	\$ (9)	(0.7) %
Higher Education	159	386	22	6.0
Total, Operations	\$ 561	\$ 1,642	\$ 13	0.8 %
Regular Transfers Out	\$ 190	\$ 673	\$ (743)	(52.5) %
All Other	\$ 1	\$ 5	\$ (42)	(89.4) %
Vouchers Payable Adjustment	\$ (15)	\$ (642)	\$ (126)	N/A
Total, Base Expenditures	\$ 2,545	\$ 6,566	\$ 118	1.8 %
Transfers to Repay GRF Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	\$ 2,545	\$ 6,566	\$ 118	1.8 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT

(Dollars in Millions)

	Three Months			
	Sept. 2005	FY 2006	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 298	\$ 866	\$ 43	5.2 %
Other Personal Services	18	52	3	6.1
Total, Personal Services	\$ 316	\$ 918	\$ 46	5.3 %
Contribution Retirement	30	85	(59)	(41.0)
Contribution Social Security	14	43	0	0.0
Contribution Group Insurance	108	232	3	1.3
Contractual Services	43	164	25	18.0
Travel	1	4	(1)	(20.0)
Commodities	10	32	2	6.7
Printing	1	2	0	0.0
Equipment	3	12	(1)	(7.7)
Electronic Data Processing	3	14	1	7.7
Telecommunications	4	14	(1)	(6.7)
Automotive Equipment	2	6	1	20.0
Other Operations	26	116	(3)	(2.5)
Total, Operations	\$ 561	\$ 1,642	\$ 13	0.8 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS

(Dollars in Millions)

	Three Months			
	Sept. 2005	FY 2006	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 322	\$ 646	\$ 12	1.9 %
All Other	338	565	67	13.5
Healthcare & Family Services	609	2,179	897	70.0
Human Services	285	851	46	5.7
Higher Education:				
Student Assistance Commission	71	81	23	39.7
Community College Board	6	88	5	6.0
Other	7	13	12	N/A
Teacher's Retirement	51	152	(52)	(25.5)
Children and Family Services	51	141	(31)	(18.0)
Aging	22	73	10	15.9
Revenue	3	4	3	300.0
All Other	43	95	24	33.8
Total, Awards and Grants	\$ 1,808	\$ 4,888	\$ 1,016	26.2 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES

(Dollars in Millions)

	Four Months			
	Oct. 2005	FY 2006	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 600	\$ 497	\$ 315	173.1 %
Revenues	1,920	8,589	13	0.2
Expenditures	1,948	8,514	96	1.1
Ending Balance	\$ 572	\$ 572	\$ 232	68.2 %
General Revenue Fund				
Available Balance	\$ 207	\$ 198	\$ 174	N/A %
Revenues	1,612	7,272	19	0.3
Expenditures	1,581	7,232	39	0.5
Ending Balance	\$ 238	\$ 238	\$ 154	183.3 %
Common School Special Account Fund				
Available Balance	\$ 91	\$ 16	\$ 4	33.3 %
Revenues	144	597	44	8.0
Expenditures	163	541	53	10.9
Ending Balance	\$ 72	\$ 72	\$ (5)	(6.5) %
Education Assistance Fund				
Available Balance	\$ 290	\$ 255	\$ 131	105.6 %
Revenues	100	418	36	9.4
Expenditures	138	421	27	6.9
Ending Balance	\$ 252	\$ 252	\$ 140	125.0 %
Common School Fund				
Available Balance	\$ 12	\$ 28	\$ 6	27.3 %
Revenues	293	908	31	3.5
Expenditures	295	926	95	11.4
Ending Balance	\$ 10	\$ 10	\$ (58)	(85.3) %

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)

	Four Months			
	Oct. 2005	FY 2006	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 556	\$ 2,375	\$ 168	7.6 %
Corporate	61	328	88	36.7
Total, Income Taxes	\$ 617	\$ 2,703	\$ 256	10.5 %
Sales Taxes	575	2,386	172	7.8
Other Sources:				
Public Utility Taxes	70	338	20	6.3
Cigarette Taxes	33	133	(50)	(27.3)
Inheritance Tax (gross)	19	79	(9)	(10.2)
Liquor Gallonage Taxes	13	52	2	4.0
Insurance Taxes and Fees	1	83	(11)	(11.7)
Corporation Franchise				
Tax and Fees	21	64	4	6.7
Investment Income	11	42	29	223.1
Cook County IGT	0	40	(90)	(69.2)
Riverboat Gambling Taxes	0	4	(51)	(92.7)
Other	28	152	(2)	(1.3)
Total, Other Sources	\$ 196	\$ 987	\$ (158)	(13.8) %
Total, Cash Receipts	\$ 1,388	\$ 6,076	\$ 270	4.7 %
Transfers In:				
Lottery Fund	\$ 44	\$ 214	\$ 30	16.3 %
State Gaming Fund	55	220	12	5.8
Other Funds	58	156	(633)	(80.2)
Total, Transfers In	\$ 157	\$ 590	\$ (591)	(50.0) %
Total, State Sources	\$ 1,545	\$ 6,666	\$ (321)	(4.6) %
Federal Sources	\$ 375	\$ 1,647	\$ 334	25.4 %
Total, Base Revenues	\$ 1,920	\$ 8,313	\$ 13	0.2 %
Short-Term Borrowing	0	0	0	0.0
Transfer from				
Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	\$ 1,920	\$ 8,589	\$ 13	0.2 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES

(Dollars in Millions)

	Four Months			
	Oct. 2005	FY 2006	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Healthcare & Family Services	\$ 615	\$ 2,794	\$ 950	51.5 %
Elem. & Sec. Education:				
State Board of Education	408	1,619	57	3.6
Teachers Retirement	51	202	(83)	(29.1)
Total, Elem. & Sec. Education	\$ 459	\$ 1,821	\$ (26)	(1.4) %
Human Services	267	1,118	75	7.2
Higher Education	74	257	38	17.4
All Other Grants	120	433	(35)	(7.5)
Total, Awards and Grants	\$ 1,535	\$ 6,423	\$ 1,002	18.5 %
Operations:				
Other Agencies	\$ 412	\$ 1,668	\$ 5	0.3 %
Higher Education	180	566	75	15.3
Total, Operations	\$ 592	\$ 2,234	\$ 80	3.7 %
Regular Transfers Out	\$ 186	\$ 859	\$ (900)	(51.2) %
All Other	\$ 1	\$ 6	\$ (44)	(88.0) %
Vouchers Payable Adjustment	\$ (366)	\$ (1,008)	\$ (42)	N/A
Total, Base Expenditures	\$ 1,948	\$ 8,514	\$ 96	1.1 %
Transfers to Repay GRF Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	\$ 1,948	\$ 8,514	\$ 96	1.1 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT

(Dollars in Millions)

	Four Months			
	Oct. 2005	FY 2006	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 318	\$ 1,184	\$ 64	5.7 %
Other Personal Services	17	70	7	11.1
Total, Personal Services	\$ 335	\$ 1,254	\$ 71	6.0 %
Contribution Retirement	30	115	(58)	(33.5)
Contribution Social Security	14	57	0	0.0
Contribution Group Insurance	100	333	19	6.1
Contractual Services	56	220	41	22.9
Travel	2	6	(1)	(14.3)
Commodities	10	42	3	7.7
Printing	0	2	0	0.0
Equipment	1	13	(1)	(7.1)
Electronic Data Processing	3	16	0	0.0
Telecommunications	6	20	0	0.0
Automotive Equipment	2	8	2	33.3
Other Operations	33	148	4	2.8
Total, Operations	\$ 592	\$ 2,234	\$ 80	3.7 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS

(Dollars in Millions)

	Four Months			
	Oct. 2005	FY 2006	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 323	\$ 968	\$ 28	3.0 %
All Other	85	651	29	4.7
Healthcare & Family Services	615	2,794	950	51.5
Human Services	267	1,118	75	7.2
Higher Education:				
Student Assistance Commission	54	135	21	18.4
Community College Board	12	100	7	7.5
Other	8	22	10	83.3
Teacher's Retirement	51	202	(83)	(29.1)
Children and Family Services	71	212	(5)	(2.3)
Aging	24	96	15	18.5
Revenue	1	5	2	66.7
All Other	24	120	(47)	(28.1)
Total, Awards and Grants	\$ 1,535	\$ 6,423	\$ 1,002	18.5 %

Did You Know...

- ★ The state offers two types of college savings plans with state income tax benefits:
College Illinois! offers parents the opportunity to prepay college tuition at locked-in prices – www.collegeillinois.com.
Bright Start savings offers parents the chance to invest money for college in various savings alternatives – <https://www.brightstartsavings.com>.
- ★ University tuition and fees in Illinois increased at more than twice the rate of inflation over the last 15 years.
- ★ Almost 46,000 degrees were conferred by Illinois public universities in 2003.
- ★ In 2004, over 800,000 full and part-time students were enrolled in higher education institutions in Illinois.
 - ✓ Illinois public universities enrolled over 200,000 students while community colleges enrolled over 360,000.
 - ✓ Private non-profit institutions enrolled about 206,000 and proprietary institutions enrolled about 32,000.
- ★ Over 150,000 financially needy students received scholarship aid under Illinois' Monetary Assistance Program (MAP) in 2005.
- ★ Nationally, average tuition and fees at public four-year colleges and universities rose 51% during the 10-year period ending in 2003-04 and 10.5% in the last academic year alone.
- ★ The median amount borrowed by bachelor degree recipients at public universities in the United States in 2003-04 was \$14,671.

See inside this issue of *Fiscal Focus* for more information on higher education. ■

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